

3860 0101

J. McLaren Forbes
Consulting Geologist
Apt. 304, 280 Island Ave.
Reno, Nevada 89501

November 20, 1965

TO: Mr. W. T. Griswold
Manager, Mineral Department
Kern County Land Company
600 California Street
San Francisco, California 94180

SUBJECT: SIXTEEN-TO-ONE MINE

The Sixteen-to-One Mine near Silver Peak, Nevada, is being developed on a strong silver bearing vein.

The Sixteen-to-One Mine and adjacent properties warrant thorough examination should it appear at all possible for Kern County Land Company to negotiate a reasonable deal with the Mid-Continent Uranium Corporation and the Sunshine Mining Company.

A brief visit was made to the Mid-Continent Uranium Corporation's Sixteen-to-One Mine near Silver Peak, Nevada, on November 9, 1965. Mr. Norman E. Ebbley, President of Mid-Continent, and Mr. Jack O. Jones, Manager at the Sixteen-to-One showed the property to me.

Mid-Continent Uranium Corporation is developing the following properties in the Red Mountain or Silver Peak Mining District, Esmeralda County, Nevada. These properties are approximately 10 miles southwest of Silver Peak, Nevada:

Sixteen-to-One Mine - lease and option
Mohawk or Argentite mine - lease and option
Sanger Mine - lease and option
Nivloc Mine (formerly Desert Silver) - a 50-50 interest
with the Sunshine Mining Company.

These properties are shown on a map in the attached "Special Report to the Stockholders, November 1, 1964", by the Mid-Continent Uranium Corporation.

An abstract of the working agreement between Mid-Continent Uranium Corporation and Sunshine Mining Company is given on page 2 of the "Special Report to the Stockholders".

Mr. W. T. Griswold
November 20, 1965

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From a visual inspection of the mine workings, the assay maps, and assuming the sampling and assaying to be correct, these figures appear to be reasonable and might well be achieved.

Reportedly, the metallurgy is not complicated. The ore is not mangiferous and recovery should be above 90%.

The mine is only partially developed. There is certainly a good possibility of extending the known ore body as well as finding other ore chutes along the strike or at depth.

Aside from the Sixteen-to-One vein, there are also ore potentials on the other property held by Mid-Continent Uranium in this district. These appear to be worthy of consideration and their ore reserves, if substantiated, would materially increase the over-all value of the property.

The President of the Mid-Continent Uranium Corporation is:

Norman E. Ebbley
Uranium Center Building
Grand Junction, Colorado
(303) 243-1280

The President of Sunshine Mining Company is:

Thomas McMannus
Sunshine Mining Company
P. O. Box 1080
Kellog, Idaho 83837

Mr. Louis Beryl is reportedly Chairman of the Board of Sunshine Mining Company. His telephone number in New York is DIGBY 4-7162.

J. McLean Forbes

Mr. W. T. Griswold
November 20, 1965

Page 2

The Mid-Continent Uranium Corporation has explored a strong vein, by drifting from the main adit level, in their Sixteen-to-One Mine. This mine is in the Red Mountain mining district about 10 miles southwest of Silver Peak, Esmeralda County, Nevada.

The Sixteen-to-One vein zone has been developed for approximately 400 feet along its strike on the main adit level at about 400 feet below the outcrop. The vein zone is along a strong structure which strikes N. 52° E., dips 75° SE., and is steepening below the level.

Diamond drilling has found the vein zone and structure to continue for at least 300 feet below the main level and 1,000 feet to the west. Apparently no exploratory drilling was done to the east.

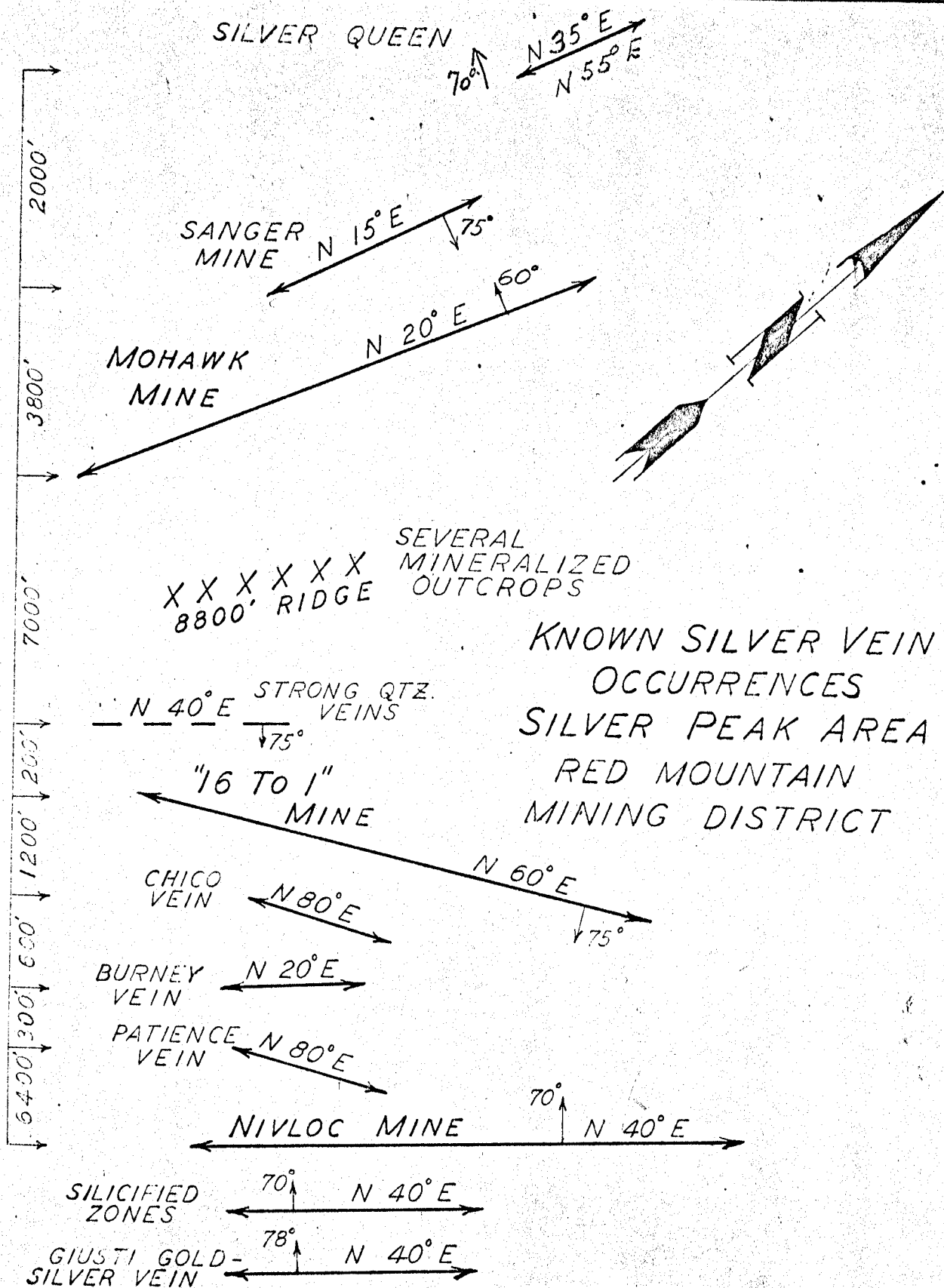
The Sixteen-to-One hanging wall footwall veins follow along a strong composite structure or fault zone, 25 to 60 feet in width. Where seen, the veins were composed of white quartz, sheared and banded, mixed with seams of calcite and occasional inclusions of wall rock. The sulphide minerals, which are not abundant, are found in the quartz as narrow bands and seams. Galena, ^{chalcopryite} sphalerite and pyrite are present and the predominant silver mineral is believed to be argentite. Native silver is found as small wires and dendrites.

The Sixteen-to-One vein structure is in a series of volcanics. The main adit, driven to the structure, crosscuts andesite and andesite breccias. From the portal to the hanging wall vein the adit is in andesite and enters rhyolite only after passing through the footwall vein.

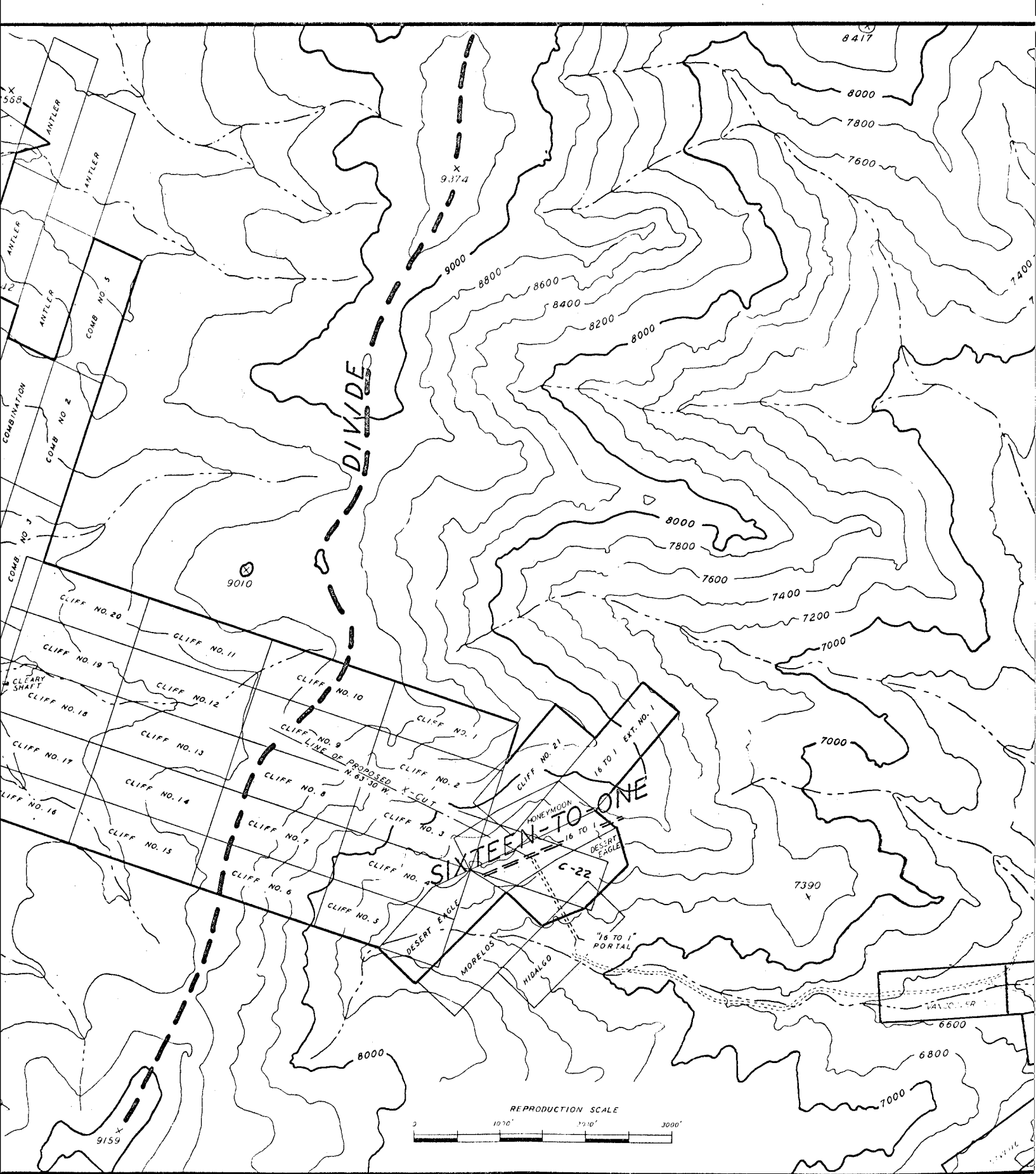
The vein zones have been developed by drifting on the main, or footwall vein, and along the hanging-wall vein. The main vein is from 20 to 40 feet in width, with the higher grade portion about 12 feet wide. The hanging-wall vein varies from 2 to 6 feet in width. The lower grade material, between these two zones, is from 10 to 20 or more feet thick.

Ore reserves, as calculated by the Mid-Continent Uranium Corporation are as follows: Includes all classes of ore - positive, probable and possible:

	<u>Width in feet</u>	<u>Tons</u>	<u>Ounces per Ton</u>		<u>\$</u>
			<u>Au</u>	<u>Ag</u>	
Main Vein	12.5	296,000	0.095	14.10	21.52
H. W. Vein	3.9	30,000	0.028	14.51	19.70
Total		326,000			21.35



MID-CONTINENT URANIUM CORP.



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Thomas McMannus
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P. O. Box 1080
Kellog, Idaho 83837

Mr. Louis Beryl is reportedly Chairman of the Board of Sunshine Mining Company. His telephone number in New York is DIGBY 4-7162.

February 9, 1967

Mr. F.N. Spencer, Jr.
Vice President
Cerro Development Company
300 Park Avenue
New York, N.Y. 10022

Dear Frank:

The people at Mid-Continent Mining Company tell me that Sunshine has paid the necessary sum so that they now have a two-thirds interest in the property. They do not know just what plans Sunshine has concerning getting it into production. Mid-Continent is trying to get an option on the two-thirds interest now held by Sunshine mining. If they get this option they will let me know how the situation stands.

For my services and telephone expenses, while looking into the availability of the Sixteen-to-One mine at Silver Peak, Nevada, my charge will be \$50.00.

Are you going to ~~refill the position of Chief Geologist~~ at ~~the~~ Keith had at Cerro? If you are going to do so, either by the use of consultants or ~~by hiring a new~~ chief geologist, I ~~should~~ like to be considered in your planning.

I have not decided whether I should go to the AIME Annual Meeting in Los Angeles. I may take in one or two days. Will you be there?

Sincerely

J. McLaren Forbes

CERRO DEVELOPMENT COMPANY

DIVISION OF **CERRO CORPORATION**

300 PARK AVENUE
NEW YORK, N. Y. 10022

January 24, 1967

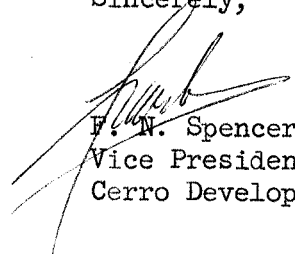
Mr. J. McLaren Forbes
Apt. 304
280 Island Avenue
Reno, Nevada 89501

Dear Mac:

Thanks very much for the information on Silver Peak and the Mid-Continent Mining Company with your letter of January 16. As you say, this is not without interest, but the deal looks a bit tough even if Sunshine bows out. I should think it would be best to wait for the outcome of the Sunshine-Mid-Continent controversy before taking any action. Perhaps you could keep watch in some manner and let me know in due course.

Many thanks, Mac, for doing this. Send your bill for the services along to me.

Sincerely,



F. W. Spencer, Jr.
Vice President
Cerro Development Company

FNS:jm

January 16, 1967

Mr. F.N. Spencer Jr.
Cerro Corporation
300 Park Avenue
New York, N.Y.

Dear Frank:

Enclosed you will find the data that I have gathered on the Sixteen to One mine near Silver Peak, Nevada. When I talked to Mr. Ebbley, on the telephone, I found that very little work had been done on the property since I saw it in November of 1965. I doubt that a trip to the property would be in order until the availability of the property is assured and Cerro finds they are somewhat interested.

Should the enclosed data be of interest I can either contact Mr. Ebbley to find out how the situation now stands, at this date, or you can do so yourself.

As I told you and Frank the Sixteen to One vein was one of the strongest veins that I had seen for a long time. I think that at even the present price of silver the property is worth considering.

I expect to be here in Reno for the next few weeks. Right now I am getting some reports finished up.

Best regards for the New Year.

Sincerely

J. McLaren Forbes

Norman E Ebbley, President
Mid-Continent Uranium Co.-p.
Fifth + Road
Grand Junction, Colorado 81501

303 243 1280

Phone call Ebbley - 2-2-67. Situation its same.
Levenshine has paid the ^{72,500} 49,750??

January 20, 1966

Mr. W.N. Spencer Jr.
Manager Mining and Exploration Division
Cerro Corp
300 Park Avenue
New York, New York

Dear Frank:

I was pleased to have had a visit with you at the Mining Congress in Las Vegas. I only wish that we had had more time to visit.

My project with Kern County Land Company came to a close at the end of 1965. I am now on the lookout for other things to do. Should you know of anyone needing a man with my qualifications I would be pleased to know who they are. Up to now I have found consulting work to be quite interesting and the time element has been such that it has worked in very well with family health problems. If the right permanent position should present itself I would certainly be interested in considering it.

A short time ago a friend of mine was inquiring if I knew of a company that would look at projects on a finders fee basis. He felt that he knew where there had been the possibility of a new discovery by one of the major companies. He felt that there was still open ground and wanted to find someone to go into it on a finders fee basis.

It seems to me that Stan Keith once intimated to me that Cerro, at times, would accept properties on this basis. If so how does one go about making a presentation?

Coppermines, at one time, looked at a property just south of Gardnerville, Nevada. It was called the United States Copper Company. We would have liked to have done something but could not make a deal. I once talked to Stan Keith about the property and found that Cerro had had the same experience. I have, more or less, kept in touch with this property ever since Coppermines sold out. I would like to take another look at it. I understand that the portion of the ownership that would not deal with large companies has changed hands. Would you be interested in my looking into this matter and finding out if a deal could be made?

Sincerely,

J. McLaren Forbes

CERRO CORPORATION

300 PARK AVENUE • NEW YORK, N. Y. 10022

February 3, 1966

Mr. J. McLaren Forbes
280 Island Avenue, Apt. 304
Reno, Nevada 89501

Dear Mac:

It was good to hear from you in your letter of January 20. I, too, am sorry that we did not have a better chance to visit at the convention, but those gatherings are a bit hectic, to put it mildly.

Your question about finders' fees and commissions is rather a knotty one. We don't normally get into deals of this nature, one reason being that we always prefer to go the normal route in which, if a broker is involved, his commission is the responsibility of the seller rather than the buyer. We also prefer that the broker has an "exclusive" on what he is trying to sell. Perhaps this is not exactly what you are talking about, but it amounts to the same thing. I believe some companies have from time to time given people a "hunting license" to bring properties to them for a consideration.

The thing we are sensitive about (and I think other mining companies are too) is people bringing in a proposition in which they have no real interest or authority to deal on - in other words, bringing in an "idea". So frequently it turns out that we have had the same idea, too, or in case of a mine, we have already considered it. This becomes embarrassing if the "finder" expects a fee for bringing us something we already know about. This is somewhat the case with the U. S. Copper property. We would not want to commission you to act for us unless we could first come to an agreement as to your fees. By the same token, we could send one of our employees to make another stab, or a consultant on a straight per diem basis. However, if you, personally, obtained an option on it and then brought it to us, that would be quite "regular".


I don't like to get technical with an old friend, Mac, but I am bound by our policies at Cerro. We think that our approach is sure to avoid misunderstanding.

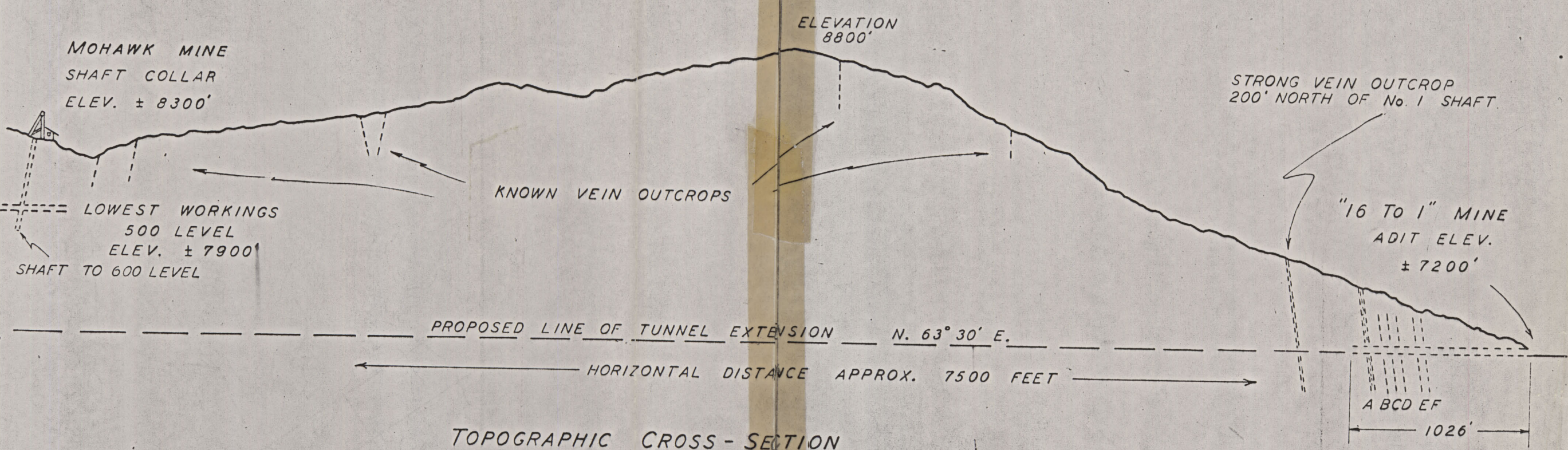
Mr. J. McLaren Forbes

This is written rather hurriedly as I am leaving for South America tomorrow.

Best regards to you and Sue.

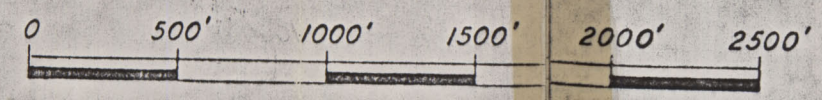
Sincerely,


F. N. Spencer, Jr.



TOPOGRAPHIC CROSS-SECTION
LOOKING NORTHEAST

- A - MAIN VEIN 32' - 13.3' OF 15.5 AG .078 AU
OR 8.0' OF 19.06 AG .105 AU
- B - HW VEIN - 4.0' - 20.0 AG
- C - STRINGER - 12" - 35.59 AG
- D - " - 19" - 2.90 AG
- E - " - 4" - 64.6 AG
- F - " - 8" - 9.88 AG



MID-CONTINENT URANIUM CORP.		
SECTION - "16 To 1" TO MOHAWK		
DRAWN 3-17-64 J.O.J.	SCALE 1" = 500'	DWG. NO. Δ

38600 0401