4280 0029

Seven Troughs, Nevada

(From Harold Simpson)

SEVEN TROUGH PROPERTY

298

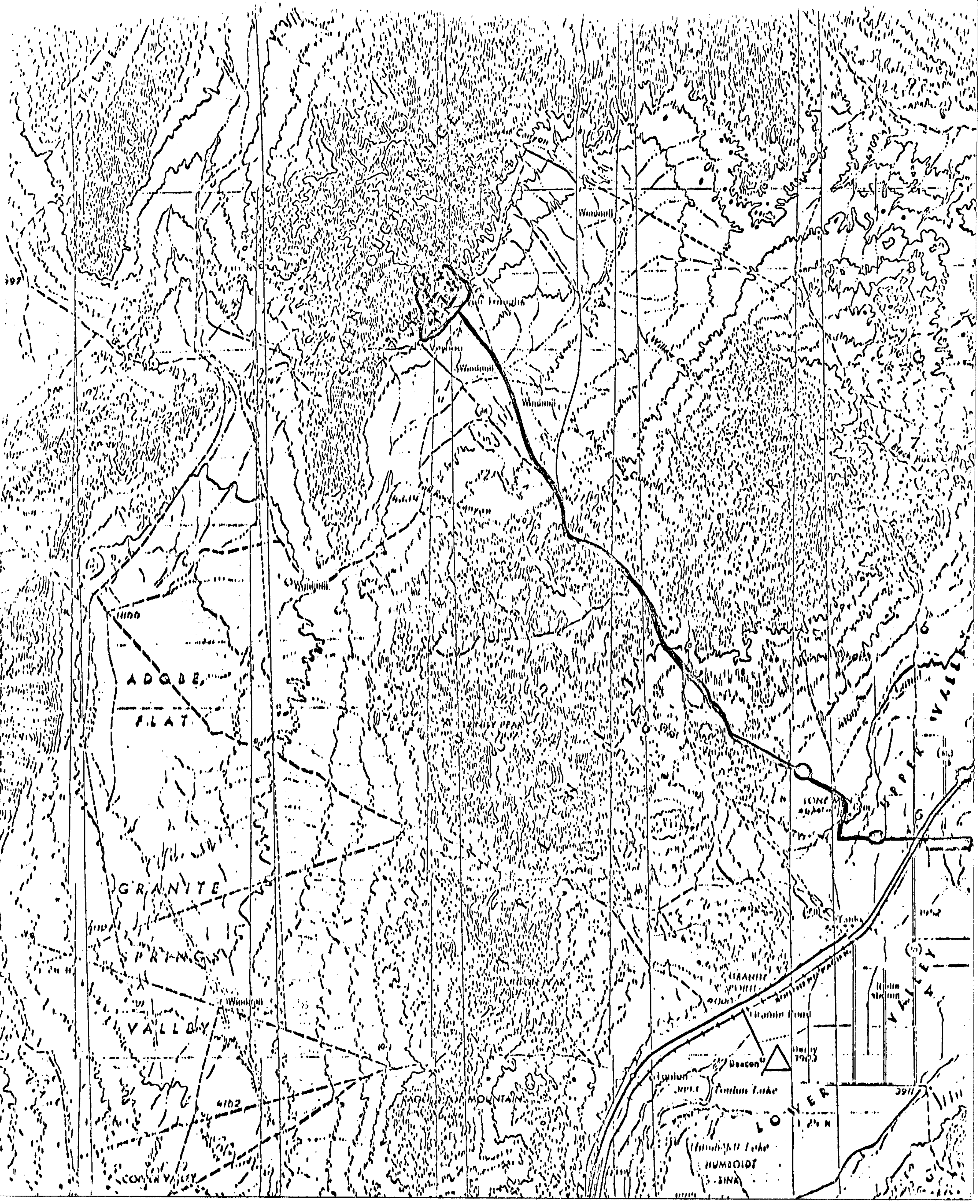
ITEM 29

DESCRIPTION

This group of mining claims consisting of 65 patented claims and 75 staked claims (see Exhibit "A") are located in the Seven Trough Mining District on the East slope and foothills of the Seven Trough Mountain Range in Pershing County, Nevada, approximately 29 miles Northwest of Lovelock, Nevada and are referred to collectively as the Seven Trough Group.

ACCESS AND LOCATION

Lovelock is located on U.S. Interstate 80 approximately 90 miles N.E. of Reno, Nevada. The Seven Troughs Group is reached by travelling on Nevada Highway #48 N.W. from Lovelock approximately 15 miles on a black-top road, then turning approximately due North on a well-maintained gravel road marked Sulphur, Seven Troughs, Rabbit Hole and others. This gravel road runs approximately 14 miles across sage valley to the base of the Seven Trough Mountains and to an old mining camp known and marked as Tunnel Camp. The tunnel Camp area, except for the buildings and dumps are included within this group of claims. The Seven Troughs' dumps are reached from Tunnel Camp by driving N.E. along the base of the mountain on a gravel road approximately 1 mile to the old town site of Mazuma and then N.W. up Seven Troughs Canyon approximately 2 miles to the major mine workings. In addition to the Tunnel Camp area and Seven Troughs Canyon other property involved herewith is reached by travelling S.W. from Tunnel Camp Approximately 12 miles to the old town site of Vernon then due North up Vernon Canyon approximately 2 miles to the major workings. This brings you within 3/4 of a mile to the Seven Troughs dumps but on the South side of the ridge forming the South slope of Seven Troughs Canyon.



ADOBE
FLAT
GRANITE
SPRING
VALLEY
Windmill
Canyon
Deacon
Toulon Lake
Humboldt Lake
HUMBOLDT
LOWER
4102
3911

HISTORY

Gold and silver were first discovered in the Seven Troughs area in 1905 with gold values exceeding silver values about 10 to 1 throughout the whole area. Serious production started in 1906 - 07 with the highest values reported at $200,000 per ton and many reports of $50 to $75,000 per ton were reported. The "poor guy" who could only produce $1,000 to $5,000 per ton ore was hardly able to get recognition. The primary life of the Seven Troughs area was from 1905 to 1918 with some activity continuing until 1934 with very little activity since that time. During the peak year of production $2,432,453.00 was recovered; at today's metal prices this would be approximately $20,000,000.00 for the one year's production. The accumulative total population of the Seven Troughs district during the primary production period has been estimated at 2,500 people.

PROPERTY EVALUATION

The Seven Troughs district was, by comparison with other districts in Nevada, late in discovery, and had it not been for World War I and a tight money situation following, this district would no doubt have grown into a very major mining district in Nevada.

The geological structure of the area is a series of major veins striking approximately N.S. and dipping slightly west with the major workings having been conducted by primary shafts and drifting in the veins. The vein material is primarily a porphyrytic schist with lime contacts. The whole area seems to be bounded on the West by very tight black shale and on the East by a monzonite.

Since the FUVM leasehold is only concerned with the surface dumps and since the underground working could not be safely entered at this time, further evaluation will be confined to the surface areas. The vein structures were, from historical reports, 30 to 40 feet wide and contained a primary "pay streak". The "pay streak" was so valuable that the rest of the vein structure became relatively unimportant and ended up on the dump for eventual cyanide treatment. The dump material, with the exception of parts of the Tunnel Camp dump, is all composed of mineralized vein material, This happens because the veins were so wide that no country rock was mined.

The overall economic picture for gold continued to deteriorate steadily and interest in gold properties virtually disappeared until the recent increase in gold prices from $35 per ounce to approximately $175 per ounce.

Some recovery attempts have been done on a very limited basis in the past by trommels and table, or bowls. There was not enough natural water flow for this type of operation to be profitable. These attempts also were recovering only the "fines" in the dump and all material ¼" plus was going right on through the trommel.

All of the oversize material carries an equal value but until the advent of the IMMCO mill, there was not an economical means available to mill the total dump material to a fine size by a dry process where it could then be processed. The fine material in the dump represents less than 20% of the total volume.

Assay values on the recovery of the fines from all dumps in the total area, except parts of Tunnel Camp dump, reflect a minimum value of $10.00 per ton and a maximum value of $50.00 per ton. Assay values of the total dump material after milling reflect an average recoverable value of $30.00 per ton.

None of the dump material appears to exceed 8" in size thus precluding the necessity of primary crushing.

RECOMMENDATION

The dumps are so situated as to be separated into 4 distinct locations of about equal volume:-

1. Vernon Canyon,
2. Tunnel Camp,
3. South side of Seven Troughs Canyon, and
4. North side of Seven Troughs Canyon.

For reasons of convenience and economics, it is recommended that the four locations be approached as separate operations, except for the development of water. Water should be developed collectively for both Seven Trough Canyon areas and in anticipation for Tunnel Camp from the same well. Vernon Canyon water requirements can be developed separately or from an existing well near the mouth of Vernon Canyon.

The recommended operational approach is to mill all of the dump material and process it through bowls and onto clean up tables. The free gold will be amalgamated and the remaining sulphide material treated chemically. Proper engineering and location of processing facilities will require the absolute minimum of handling of material from the dump to the mill. Care must be taken to prevent burying the operation with the relocated dump material and to locate catch ponds for recirculating water.

Water, power and living facilities all have to be developed since none of these are available on the property.

SUMMARY

The Seven Trough Group whether approached collectively or as four individual operations, represents a very high return potential, low risk, immediate cash flow project.

If approached with adequate initial financial backing to insure a continued operation from the start, this project could produce a dollar volume return, at today's prices, far exceeding the bonanzas of past history.

Projected costs of equipment, development, set-up and operation are included herewith as attachments.

The 65 patented and 75 staked claims known as the "Seven Troughs" group is owned by Miss Isaranda F. Sanborn of Hagerman, Idaho. Miss Sanborn entered into a lease agreement with Mr. H. A. Leighton of Lovelock, Nevada for the entire group of claims on a net smelter return (N.S.R.) royalty of 10%. (See Exhibit A)

H. A. Leighton, the leaseholder, has conveyed certain portions of his equity to Mountain Basin Development Corporation (M.B.C.) in return for services and previous financial consideration.

First United Venture Mining has subsequently acquired the operating rights to the entire "Seven Troughs" group through a joint venture agreement with H. A. Leighton and M.B.C. (See Exhibit B)

SEVEN TROUGHS MINING PROJECT 74-3

This project (74-3) will encompass two of the four Seven Troughs mine dumps, and will represent the initial operation of the Seven Troughs group.

These dumps are located on both the north and south side of Seven Troughs Canyon, and together comprise approximately one million tons of mine and mill tailings.

By virtue of combining the "two" locations and operating them as a unit, supervision, operation and economics are greatly improved upon.

The initial operation will be established at a capacity of 500 tons per day and will be capitalized for $200,000 dollars.

PRODUCTION COST ANALYSIS

	TONS PER DAY			
	500	1,000	1,500	
PROCESSING				
Mill Complete	34,500	69,000	34,500	
Motors	5,000	10,000	5,000	
Bowls	7,500	12,500	5,000	
Tables	2,250	3,000	3,000	
Recovery Systems				
Special Equipment				
Miscellaneous	2,000	2,000	2,000	
SUB-TOTAL	$51,250	$96,500	$49,500	
SUPPORT				
Loader or Bulldozer	15,000	15,000	15,000	
Truck(s)	5,000	5,000	5,000	
Compressor				
Slusher				
Welding Equipment	1,000	500		
Generator				
Grizzly & Hoppers	2,500	2,500	2,500	
Pumps	2,000	4,000	1,000	
Motors				
Special Equipment	3,000	3,000	3,000	
Miscellaneous	4,000	4,000	2,000	
SUB-TOTAL	$32,500	$34,000	$28,500	

PRODUCTION COST ANALYSIS (continued)

	TONS PER DAY			
LOGISTICAL	500	1,000	1,500	
Water Development	45,000			
Tanks, Fuel, & Water	2,500	500	500	
Generator	4,000	7,000	7,000	
Living Qtrs. (On Site)	4,000	2,000	2,000	
Special Equipment				
Miscellaneous	1,500	1,000	1,000	
SUB-TOTAL	$57,000	$10,500	$10,500	
EXPENDABLE				
Hand Tools	1,500	500	250	
Pipe, Hoses & Fittings	2,250	750	500	
Cable, Nails, Etc.	500	500	250	
Electrical	750	250	250	
Timber	500	500	250	
Miscellaneous	2,000	1,000	500	
SUB-TOTAL	$7,500	$3,500	$2,000	
INITIAL & LEASE				
Site Preparation	5,000	1,000	1,000	
Transp. & Set-up	3,000	2,500	1,500	
Engineering	3,000	1,000	500	
Administration	1,000			
Working Capital Reserve	9,750			
SUB-TOTAL	$21,750	$4,500	$3,000	
OFFERING COSTS				
Commissions	20,000			
Expenses	10,000			
SUB-TOTAL	$30,000			
GRAND TOTAL	$200,000	$149,000*	$93,500*	

* 1. The agreement between First United Venture Mining (FUVM) and H.A. Leighton and Mountain Basin Development Corporation (MBC) (see exhibit "B") provides for certain costs to be recovered by FUVM from initial production proceeds. these costs include, but not limited to:

A. Equipment Costs

B. Water development

C. Engineering and surveying

"Initial Production" is defined as all production prior to and up until a capacity of five hundred (500) tons per day is attained.

Gross costs from "Initial Production" should approximate $150,000, and will be paid after allowing for the net royalty payment, but prior to any distribution to H. A. Leighton or M. B. C.

2. The capital requirements to provide for increased tonnage capacities, shall come from two sources:

1. The recovery costs from "Initial Production" as explained above, and,
2. From the "New Equipment Reserve" fund as specified in the "Income flow analysis".

INCOME FLOW ANALYSIS *

	Day	Month	500 TPD 1st Year	1,000 TPD 2nd Year	1,500 TPD 3rd Year
Gross Income @ $ 10.00 Per Ton	$ 5,000	$100,000	$1,200,000	$2,400,000	$3,600,000
LESS: Total Operating Expense	1,750	35,000	420,000	720,000	900,000
NET Production Return	3,250	65,000	780,000	1,680,000	2,700,000
LESS: Royalty/Lease Payments	325	6,500	78,000	168,000	270,000
LESS: New Equipment Reserve	290	5,800	69,600	151,000	---
NET NET Return	2,635	52,700	623,400	1,361,000	2,430,000
LESS: 50 % Split With H. A. Leighton - M.B.C.	1,317	26,350	316,200	680,500	1,215,000
NET PROFIT to FUVM-	1,317	26,350	316,200	680,500	1,215,000
Pre-Tax Profit** to:					
@ 50 %	658	13,175	158,100	41,900	
@ 40 %				200,000	
@ 25 %				39,175	160,825
@ 10 %					57,170
Projected Annual Return			$158,100	$281,075	$217,995

Projected 3 Year Return $657,170

Plus Continued 10% Interest for Life of Project

* All Figures subject to 10% Variation Due to Inadvertant Shut-downs

** Based upon $200,000 Gross Investment

INCOME FLOW ANALYSIS:

As a Percentage of Gross Income

	500 TPD		1,000 TPD		1,500 TPD	
Gross Income (Daily)	$5,000	100.0%	$10,000	100.0%	$15,000	100.0%
Less Operating Costs	1,750	35.0%	3,000	30.0%	3,750	25.0%
Less Royalty/Lease Payments	325	6.5%	700	7.0%	1,125	7.5%
Less New Equipment Reserve	290	5.8%	630	6.3%	--	--
Net Net Return	2,635	52.7%	5,670	56.7%	10,125	67.5%
Net Profit to FUVM-Joint Venture	1,317	26.35%	2,835	28.35%	5,062	33.75%

* TOTAL OPERATING EXPENSE ANALYSIS

At 500 Tons Per Day

	Per Day	Per Month	Per Year
LABOR			
1 Heavy Equipment Operator	$60.00	$1,200.00	$14,400.00
3 Miners @ $50.00 Per Day	150.00	3,000.00	36,000.00
1 Helper-Mechanic	50.00	1,000.00	12,000.00
1 Mine Foreman	60.00	1,200.00	14,400.00
1 Mine Superintendent	75.00	1,500.00	18,000.00
	395.00	7,900.00	94,800.00
Plus 25% Taxes, FICA, NIC	99.00	1,980.00	23,760.00
	494.00	9,875.00	118,560.00
ADMINISTRATION			
Payroll, Insurance, Accounting			
Legal, & Marketing Expenses	90.00	1,800.00	21,600.00
ENGINEERING			
Consulting, Assays	30.00	600.00	7,200.00
EQUIPMENT MAINTENANCE			
@ $ 1.60 Per Ton	800.00	16,000.00	192,000.00
OPERATIONAL COSTS			
Fuel, Oil, Grease, Supplies	336.00	6,720.00	80,640.00
	$1,750.00	$35,000.00	$420,000.00

TOTAL OPERATING EXPENSES

As a Percentage of Gross Income

	@ 500 TPD	@ 1,000 TPD	@ 1,500 TPD
Labor & Supervision	9.88 %	8.41 %	6.45 %
Administration	1.80 %	1.35 %	1.01 %
Engineering & Consulting	.60 %	.45 %	.36 %
Equipment & Systems Maintenance	16.00 %	14.00 %	12.50 %
Operational costs	6.72 %	5.79 %	4.68 %
TOTAL	35. %	30. %	25. %

See Nevada Historical Society (Reno) Manuscript Collection on T-Troughs

Also Bruce Miller