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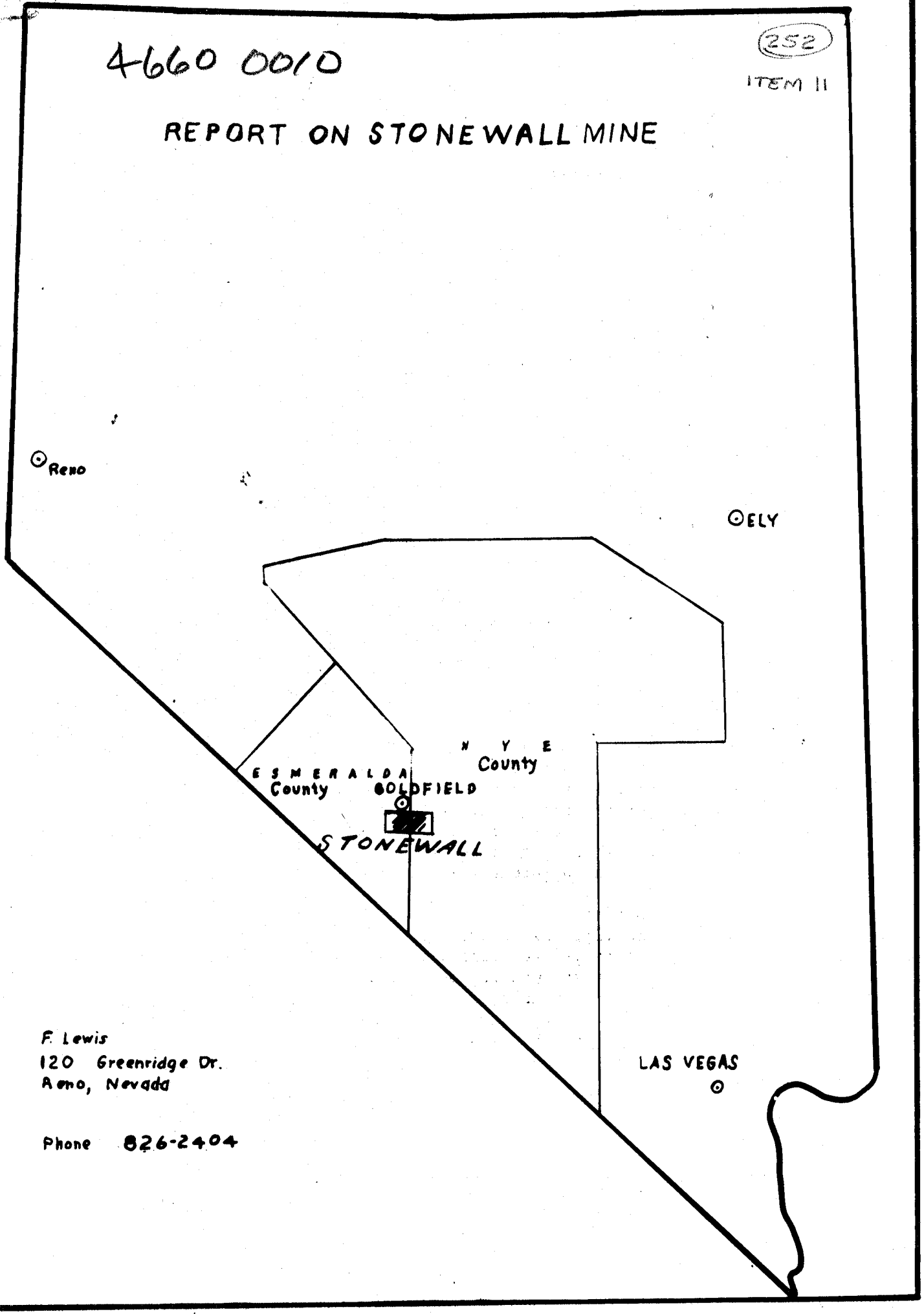
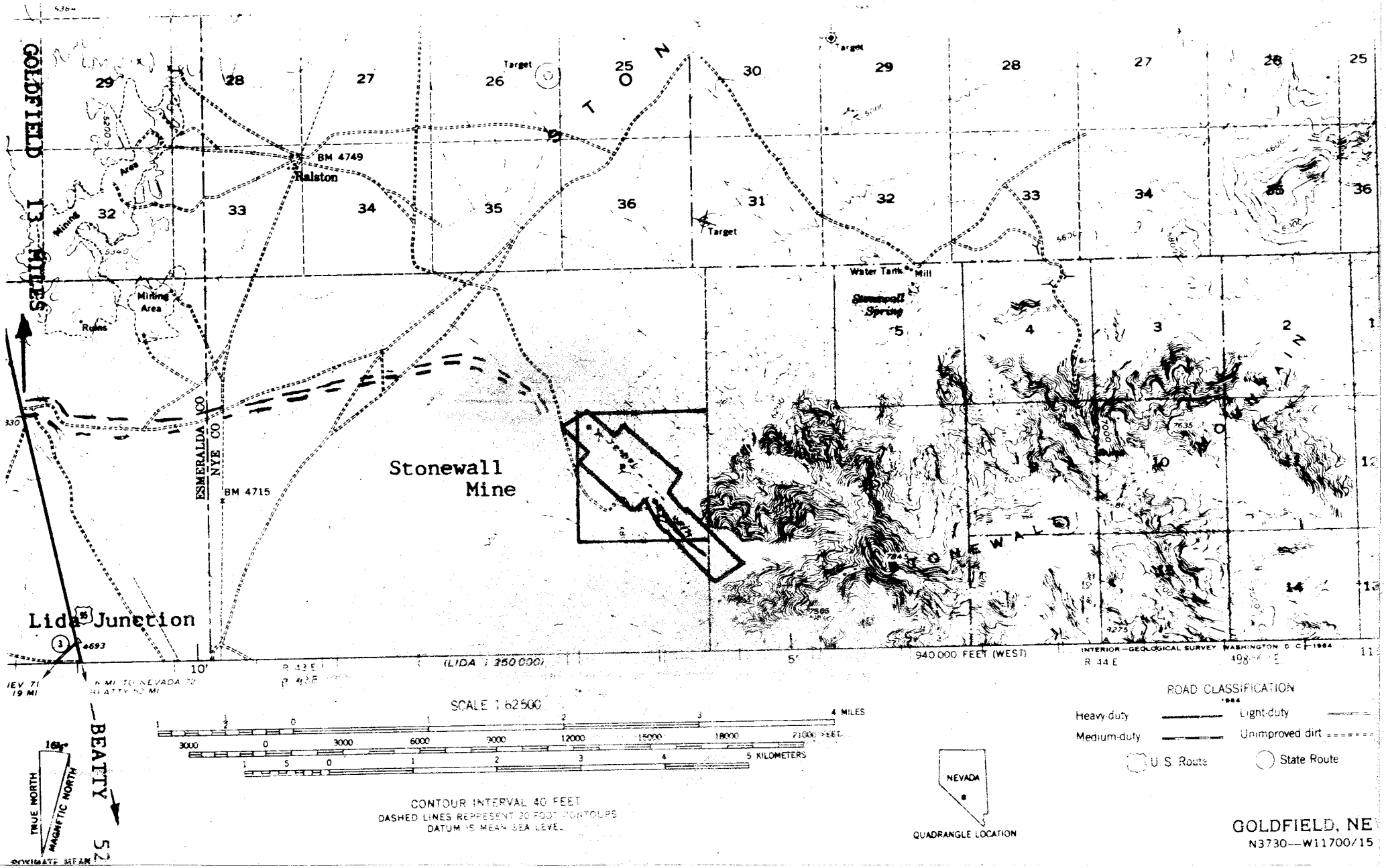
ITEM 11

REPORT ON STONEWALL MINE



F. Lewis
120 Greenridge Dr.
Reno, Nevada

Phone 826-2404



GOLDFIELD, NE

N3730—W11700/15

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HISTORY OF THE STONEWALL MINE

The early history of the Stonewall Mine as related to Frank W. Lewis by Alex Bettles, May 27, 1965. The remembrances are of 50 years ago.

The uncle to Alex Bettles, Mr. A. J. Bettles, obtained the Stonewall Mining Property shortly after he sold his interest in the Utah Copper Mine to Anaconda Copper (now the Anaconda Mine) for 1 million dollars cash (gold) during the early part of the 1900's. A. J. Bettles' son, Gordon C. Bettles (cousin to the marrator) was then in the Golden School of Mines in Colorado.

Upon graduation from school, Gordon Bettles, financed by his father, entered upon the Stonewall Mine to begin its development.

The shaft was sunk upon the vein to a depth of 500 feet. In the bottom of the shaft they hit heavy water, with the mine showing great promise. They had a good grade of milling ore continuously down the shaft, exceeding the shaft compartment size. The vein can be measured along the surface of the ground for a strike length of over 1,000 feet. By putting the shaft down they proved the ore was continuously productive down to 500 feet of depth. They drifted out along the vein to block some ore.

The wagon trail up to the mine was steep and tortuous. There was water in the bottom of the shaft which prohibited the easy deepening of the mine, and the family had 1 million dollars cash (gold) sitting in the bank.

The decision was made to go down to the bottom of the hill and drive a long tunnel in under the ore body. This tunnel would increase the distance below the bottom of the shaft along the dip of the vein by 400 feet. This would more than double the reserves of the mine. It would also drain the water. At the same time it would solve the transportation problem by allowing the use of an underground tramway, and make a substantial saving by eliminating expensive hoisting of the ore up the shaft incline.

The price of Silver in these early days was one of steady increase. Fifty cents per ounce in 1915, then $.65 per ounce in 1916. In 1917 the price went to $.81 per ounce, and $.96 per ounce in 1918. The product of this mine was doubling in value right before their eyes. The family didn't really need the cash, so the decision was made to begin the tunnel and not attempt to mine or mill any of the ore from the upper shaft at all. In 1919 the price of Silver had gone to $1.11 per ounce.

The father died during the development and the entire project fell upon the son.

The tunnel was begun and progressed toward the vein area, its ultimate goal being 4,500 feet, though they hoped to hit upon the extension of the vein long before that.

Silver sank in value, and the costs of the long tunnel soared upward.

Still they perservered using their own money. They turned the tunnel out to the hanging wall and traversed toward their goal. They did not hit the junction of the ore, and their money began to run short so the decision was made to raise public funds. Money was easy to get in these days for mining ventures, so ½ million dollars was raised and the tunnel progressed until it reached the area of the projection below the shaft where the ore should have been. No vein. Just a big fault.

During this period the price of Silver fell off to $.62 per ounce in 1921, but began to go up again and was $.69 per ounce in 1925.

But where was the ore. They drifted North. They drifted South, and West. No ore. Just the fault. The fault itself showed small bunches of very high grade ruby Silver ore. In desperation they raised up to the bottom of the shaft. They knew the ore was there.

Gordon Bettles was older now. No doubt thinner and probably greying. In addition to his own fortune, he had sunk a great deal of public funds into the project. But still he knew he could make it for didn't he have a fortune in blocked ore just for the mining? Even at $.65 per ounce it still represented a fortune in ore. Silver had never in the history of our country dropped below $.50 per ounce, and for most of our history it had ranged above $.60 and from there up to $1.35 in 1860.

So they raised up to the bottom of the shaft above. Just 50 feet short of the bottom they hit the vein where it had been sheared off by a fault.

1929. The stock market and panic hit. Silver fell to $.52. In 1930 to $.38, 1932 to $.27.

Gordon Bettles' cousin, Alex Bettles, was the last person on the property, and he removed the remaining houses to meet the housing shortage being created by the work at Hoover Dam.

Broken financially and no doubt in spirit, Gordon Bettles retreated to the Phillipines to mine Gold, just in time to be captured, then killed by the Japanese after a year in a concentration camp.

Alex Bettles, the narrator of the above, has no financial interest in the above, but he was close to his cousin and the above story

Gold Figured at $180 an ounce
Silver figured at $6 an ounce

1.8 g. Ag
ASSAYED 1 FOOT
PORPHRY HANGING WALL

ASSAYED 4 FEET
QUARTZ VEIN
.02 Au.
9.9 Ag.

.05 Au
9.0 Ag

ASSAYED 4 FEET
PORPHRY-LEACHED
.005 Au
1.5 Ag

ASSAYED 1 FOOT
QUARTZ
.02 Au
7.8 Ag

$10.80

$63

$9.90

$50.40

On either side of the bold Quartz outcrop is altered porphry. The arrea appears altered and mineralized although the less consoidated narure of the porphry suggested it would be more leached it nevertheless assays. This suggests the possibility that open pit mining methods would be possible along a side zone including the Quartz vein. This tonnage would be supplimented by the higher grade underground material

checks out with all of the other information I have been able to assemble. He is naturally bitter toward the memory of this property and what it did to his family.

ANALYSIS AND RECENT HISTORY

For some unknown reason a former owner split up the property and thereafter it could not be considered as a unit. It remained in this condition until I acquired the several pieces. While split up it was impossible to consider a development.

At the site of the shaft is an ore pile. The ore was evidently dug up during the early exploration. Careful general samples indicate the ore will average as follows: 11.03 ounces of Silver to the ton, and .05 in Gold. The vein gangue is quartz. Considering a certain amount of weathering, waste mixing, and high grading and picking over the ore piles, one can anticipate the ore might be somewhat higher. One small ore pile went over $50 per ton.

The vein on the surface measures from 4 to 20 feet in thickness over a strike length of 1,000 feet. The shaft showed ore all the way to the bottom 500 feet and the raise up from the tunnel developed an additional reserve of 50 feet. All total then this indicates a vertical vein 550 feet deep and 1,000 feet along the surface.

The ore should be milling grade and profitable at todays prices, but it is variable and dependent upon several factors of cost.

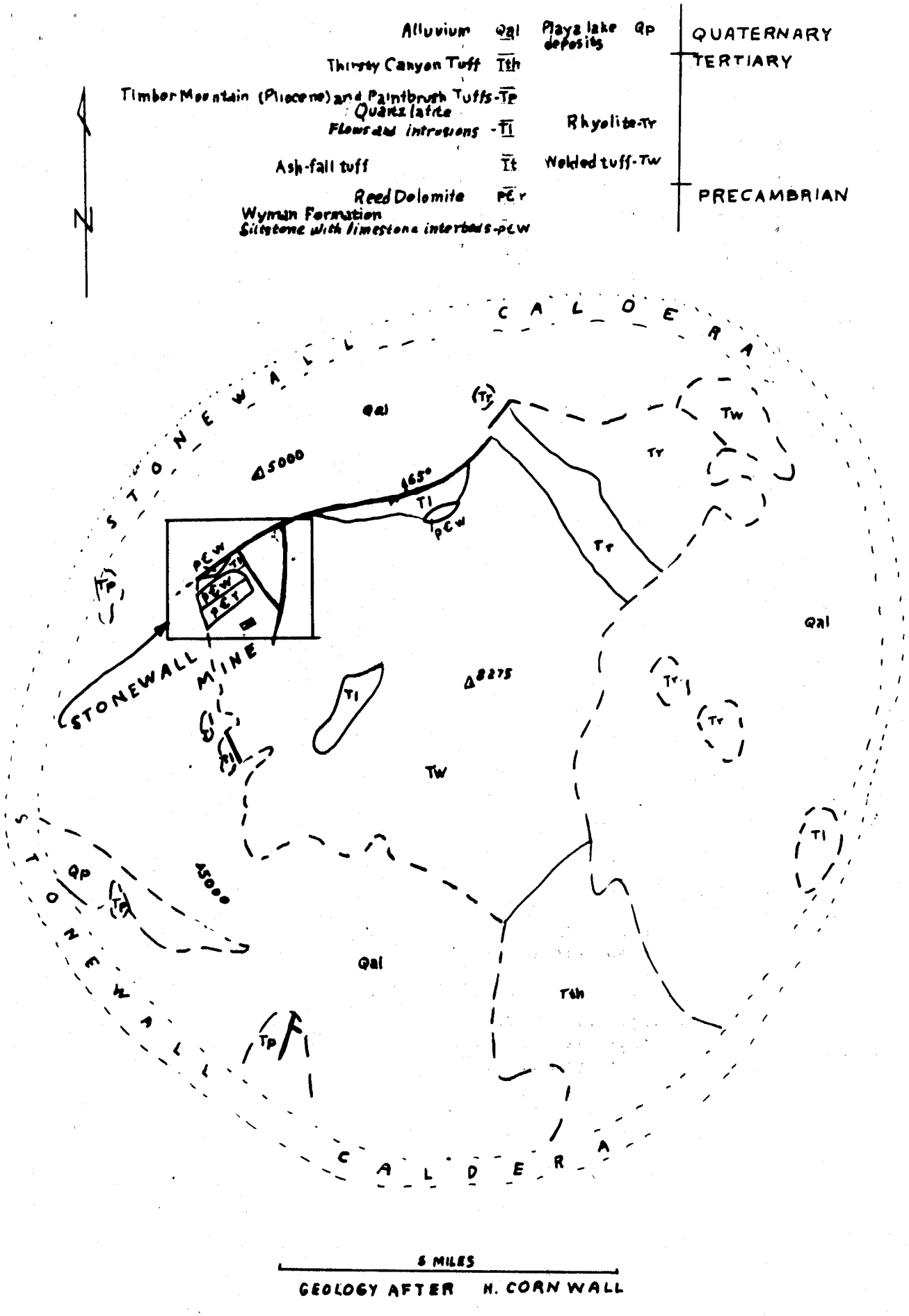
In my opinion, by using modern drilling methods, one could also expect to pick up the faulted segments of the vein ore shoot that caused so much disappointment to the early developers. This would lengthen the life of the mine, and double, triple, or more the size of the reserves. Possibly too, one would find enriched sections of the faulted blocks of ore.

One exploration target could be an open pit material in the hang-wall side, bedded ore, of vein and mineralizing system.

The area of the claims is the mineralized center of the Stonewall Caldera. The quartz and porphyry vein strikes and courses from Tertiary into Pre-Cambrian sediments suggesting very complicated geology.

COMMENTS OF R. GARDNER AND ASSOCIATES - GEOLOGISTS

The quartz vein and the mineralized and altered wall rock outcropping on the Mindanao patent is the main feature of interest in this area. This vein is fault-controlled. The altered zone associated with the vein strikes into the area of the Sterlag No. 1 claim.


Alluvium Qal
Playa lake deposits Qp
QUATERNARY
Thirsty Canyon Tuff Tth
TERTIARY
Timber Mountain (Pliocene) and Paintbrush Tuffs-Tp
Quartz latite
Flows and intrusions -Tl
Rhyolite-Tr
Ash-fall tuff Tt
Welded tuff-Tw
Reed Dolomite PCr
PRECAMBRIAN
Wyman Formation
Siltstone with limestone interbeds-PCw
N
CALDERA
STONEWALL
Qal
Tr
Tw
Tl
PCw
Tp
STONEWALL MINE
Qp
Tth
5000
8275
5 MILES
GEOLOGY AFTER H. CORNWALL

The region is one of intense faulting. From preliminary examination of the property, there appears to be at least two periods of faulting represented; one pre-mineralization and the other post-mineralization. One should not overlook the possibility that the picture may be far more complicated than this, as would be revealed by detailed mapping.

The igneous rocks present indicate at least two distinct periods of intrusion, perhaps Nevadan and Laramide. One must consider the possibility of an Early to Middle Tertiary age for the silicic volcanic rocks exposed in the northwestern part of the property. The sedimentary rocks exposed on the property consist of a faulted sequence of limestones, limey shales and quartz sandstone. The age of these rocks is not known at this time, but lithologically they appear to correlate with Middle and Upper Cambrian (since determined to be Pre-Cambrian F.W.L.), and perhaps Ordovician units elsewhere in the western Great Basin. These sedimentary rocks show considerable local alteration, and in some instances contain chalcopyrite and pyrite in hand specimens. This is particularly apparent on the Sterlag No. 2 and Silver Star claims.

Generally speaking, the area has the necessary components to produce mineral deposits, i.e., calcareous sedimentary rocks older than the time of mineralization; fault zones and complementary fractures to act as passageways for mineralizing solutions; intermediate to silicic igneous rocks, both in intrusive and extrusive masses. It is not known presently to which igneous body the mineralization is related. However, as in most cases in the Great Basin, this is not a simple prospect to evaluate from a geologic standpoint. In order to explore the property at all effectively, it will be necessary to map the surface geology in detail and, similarly, map the long tunnel which portals on the Sterlag No. 4 claim. From such maps adequate cross-sections could be prepared which would give a much clearer picture of the faulting as it controls mineralization. Several reasonable drill targets doubtless exist on the property at fault intersections in favorable stratigraphic horizons, but these will remain unknown until further work is done.

In conclusion, I feel the property certainly merits further exploration and I recommend such a program be initiated.

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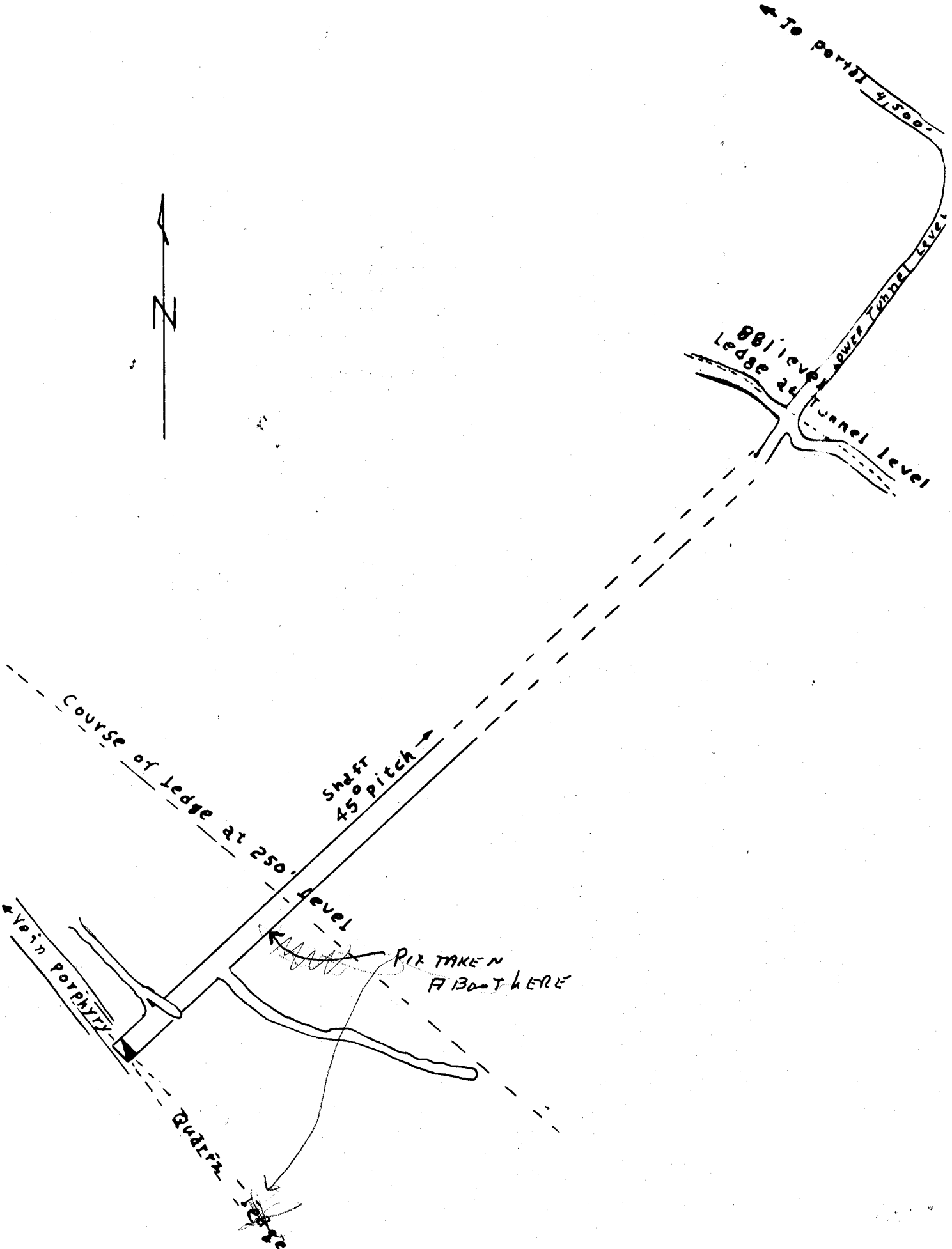
To portal 4,500'
N
Lower Tunnel Level
881 level
Ledge 24
Tunnel level
Course of Ledge at 250' level
Shaft
45° pitch
PIX TAKEN
FROM THERE
Vein Porphyry
Quartz
Ledge