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PLAN OF OPERATION

(Extracted from "History Booth Mining Co.")

The major concept of the company's planning is based around four phases of operation, each phase small unto itself. When compared to large company operations, but sound and practical to the point where each is designed to "stand on its own feet," irrespective of the company's other phases of operation, and each so designed that realistic net earnings and dividend potential will accrue annually.

These four phases involve the mining and milling of ore bodies of proved value and extent, as follows:

Phase One: Silver and Lead, with Zinc, Molybdenum, and Tungsten as secondary values. Silver and Lead Milling, operation presently.

Phase Two: Gold, with cyanide milling operation.

Phase Three: Copper, with Uranium as secondary "tailings" value. Milled to "sponge copper" concentrates.

Phase Four: Uranium. No milling operation around this phase is planned. Shipments of mined ore to processing plant only, when such facilities are available to our area, as now planned by Apex Minerals Corp., Austin, Nevada.

A public offering of \$300,000, from which the company will net \$240,000 is now planned to provide the necessary working capital to put these four phases into sound and practical operation. While \$60,000 seems a high price to pay for this needed capital, our young company appreciates that it has no experience quotient to offer the public in determining our true value and general potential. We can offer only honest purpose, realistic and sound past research, and proved property values around which to operate. The company is staking its future, and the reputation of its officers, around this past research and sound planning, with the basic concept of developing our potential from our present small beginnings into major proportions.

The Booth Mining Co. Inc. was born on October 9, 1958, at Reno, Nevada, when our Articles of Incorporation were filed with the Secretary of State of Nevada. Shortly, thereafter, the company was qualified in California. We feel that full authority to conduct all phases of our planned operation is necessary in both States, inasmuch as the properties and peoples involved encompass both States. To this end, we are now preparing the prerequisite informative material to present to the Commissioner of Corporations of California in order to obtain the formal authorities and license to permit our \$300,000 public offering. Our corporate status in the State of Nevada also provides these authorities in that State.

We are further preparing the Exemption Certificate to be filed with San Francisco headquarters of the Securities and Exchange Commission for exemption under Regulation A of the Securities Act of 1933. In informal but explanatory telephone conversations with Mr. Arthur Berggren, attorney for SEC at San Francisco, Mr. Berggren advised us that he believes we can qualify for our \$300,000 public offering under the Regulation A Exemption.

Mr. Leander L. James, attorney, with offices at San Jose, California, has been retained by the company to act as legal counsel to advance and fulfill our California requirements. It is expected that Mr. James' advice and counsel will be invaluable to our young company as we advance along our chosen line of endeavor. He will be one of a trio of able attorneys, which include Mr. Bruce Roberts, Reno, Nevada, and Mr. Richard Arnason, of Antioch, California, who will assist us as we develop our present and future planning.

To define more fully the company's four phases of planned operation, the following is a briefed resume.

Phase One:

This involves the operation of the Sylvania Lead and Silver Mines, in conjunction with the present concentrating mill of approximately 100 TPD capacity, located on the property. The mine and mill operation is located in Esmeralda County, Nevada, with post office address Dyer, Nevada. Access to and from the property is along good roads, adequate water is developed and diesel power is now in use. Electrical power will shortly be available, after many years of demands for such from the potential area users.

The mines are developed around proved lead and silver values in healthy volume, with zinc, molybdenum, and tungsten as secondary values and also in good volume. Under present operation, only silver and lead are prominent values. Zinc becomes a "penalty" at the smelter (Selby, California). The unrealistic price of tungsten puts this metal presently "on the shelf." "Moly", with its present soaring values, makes this metal a very interesting component.

The installation of flotation units into the flow plan of the mill, plus the addition of a smelter unit commensurate to handle the full daily mill output, will not only recover the zinc and "moly" but considerably more than double the net income from the operation. Arrangements for the flotation units have already been made, and these units should be installed within thirty days. The smelter unit will be installed, at a cost of approximately \$35,000, when financial considerations around our public offering permits it. In the meantime the mill will operate on a better recovery basis than heretofore. No smelter unit has ever been contained in this operation previously, all concentrates being shipped to an outside smelter. No custom smelting is being considered in our planning.

The opinions and basic concept of the mine's value and potential as put forth by Mr. Lyttleton Price, E.M., and presently by Mr. J. Paul Jones, E.M. (see opinions attached) rates this mine as a "very profitable venture with a relative small outlay of money," when considered around proper financing and economical supervision.

The proper financing to place this operation onto a practical and sound production schedule is \$60,000. Of this amount, \$25,000 is presently needed, with \$35,000 for the smelter unit when available. In the report of Mr. J. Paul Jones, a practical cost breakdown is arrived at, showing an \$8.93 net profit per ton of mined ore. This figure is conservative by intent, costs of operation are computed high and returns are figured low. Mr. Jones advised us that he figures any mine's actual potential as only 25% of its real potential; that if a mine can adjust itself to a 75% loss of its true potential through inadequate financing, poor management, and other such factors not normal, under good management, it's a good mine in his opinion.

Mr. Jones' breakdown was also figured around a one-shift daily operation of 30 TPD, using the same manpower factor as would be necessary for a 50 TPD operation. He further figured only a low grade milling ore of 10% lead and 10 ounces of silver per ton, whereas past experience has shown the milling ore running to high grade.

Further, no consideration was given to the zinc and "moly" values which will considerably add to the yearly net.

We concur with Mr. Jones' cost estimates. It is our kind of thinking, and very closely parallels our estimates before his opinions were expressed. Based on this, a \$100,000 net for our first year of operation must be taken as a highly possible

and realistic figure, with the very definite expectation that this net will be considerably higher. A \$250,000 net is easily possible, and will be made the goal for the first year of operation.

Phase Two

This phase involves the operation of the Ratcliffe Mine, a highly respected gold property, owned also by the Clair brothers, as is the Sylvania mine. It is located about six miles east of the old town of Ballaret, California, easterly out of Lone Pine, California, in the Panamint Range.

Our company has a six-months' option on this property, but we are definitely committed, in terms of company policy, to pick up the option within this time.

The Ratcliffe, like Sylvania, is one of the very few good mining properties today which the most intensive research can uncover. It is not a worked out old gold property where the present "pickins" are few. It has been owned like Sylvania, for the last half century by the Clair family, formerly headed by Mr. W. D. Clair, who later willed it to his two sons, presently Mr. Don H. Clair and his brother, of Dyer, Nevada.

Mr. Jones will shortly make a detailed survey of the Ratcliffe and come up with realistic cost figures to support the operation. First estimates of the original outlay to place this mine into practical operation around a cyanide milling process on a 50 TPD program, increasing to 100 TPD within a few months, run to \$100,000. Mr. Clair believes this figure can be cut to \$65,000, including our commitment of \$15,000 first payment, based on the present procurement of first-rate milling equipment at low cost due to the inoperative tungsten condition.

We are committed to a first payment of \$15,000 on Ratcliffe to pick up our option and change it into a lease purchase agreement.

Both properties have been operated by the Clair family in a spasmodic fashion, according to the dictates of their financial needs, with never much thought to extensive or prolonged operation. No operation of Ratcliffe has been conducted by the present Clair owners. The last engineering survey of the property was made in 1935 by Mr. Oscar H. Hershey, E.M. to confirm other previous reports by Mr. A. D. Nash, E.M., and other recognized engineers (see enclosed reports).

The Ratcliffe is a valuable mining property. In the phraseology of Mr. J. Paul Jones, it should be able to survive the depletion of 75% of its true potential and still make a mine of interesting values, involving 10% royalties to be applied against the full purchase price of \$350,000.

We must therefore estimate that our initial outlay around Ratcliffe will approximate \$100,000, of which \$50,000 will be expended in re-establishing the old milling operation, \$15,000 for operational rights, and \$35,000 for miscellaneous expenses. Included in miscellaneous expenses is an approximate \$4000 outlay to increase the present water supply to the milling operation, necessary under an expanded milling program. The \$31,000 still remaining in the miscellaneous account, appears more than adequate to insure placing Ratcliffe on a sound operating basis within Mr. Jones' estimate of \$100,000.

Phase Three:

This phase involves the mining and milling of good grade copper ore from our Flemrock Mine located about 20 miles northwest of Bishop, California, in the White Mountains. Representative sampling of this vein type deposit, by a chemical assay through the San Joaquin Research Laboratory at Stockton, California, shows an average 10% copper content, supported by a 1% uranium content.

No consideration is given in this phase of operation to the uranium values beyond stockpiling the copper tailings for future exploitation, if and when practical and possible. The uranium phase is contained in Phase Four. To process this copper ore, a milling process is imperative under present mining conditions. Here our company faces a problem. Considerable research has been done to make a determination of this problem which resolves itself into two factors: One, to lease and operate our own processing mill; and, two, to contract our milling operation around a custom mill in which our initial costs would be minor for putting Flemrock into production, as against a somewhat higher cost in overall operation, due to the milling expense in excess of that we would experience in processing our own ore with our own mill.

Fortunately, for our company outlook, there are numerous good mills in our vicinity now shut down due to the tungsten decline. Some are for sale, some for lease, some will change over to copper for a reasonable consideration around custom milling. The field is presently wide open for our company to deal very favorably on our own concepts around this phase of operation. We favor leasing and conducting our own milling operation, which would reduce our overall costs by approximately \$3.00 per ton, but increase our initial outlay by some \$20,000.

Mr. J. Paul Jones has surveyed the situation around the Red Hill Mill at Bishop, California. This mill was operating on Tungsten until approximately two years ago. Here the change over to sponge copper milling would approximate an outlay of \$20,000, involving the installation of flotation units into its present flow pattern.

Mr. Jones was very much impressed with the Red Hill mill, but was very definitely against the \$8.00 per ton milling charge for our copper ore, as put forth by Mr. J. Russell, the present operator of the mill. Under contract considerations, Mr. Russell could probably be contained within a \$5.00 per ton operational cost to us, as against a \$3.00 per ton figure if we operated ourselves. As these two cost figures come closer together, the problem presents itself to us as to whether to relieve ourselves of the milling responsibility, or to save this extra net per ton by milling ourselves.

Andaconda Copper and Kennecott Copper are both operating properties at a profit on ore averaging under 1%. Their operations are large and they are burdened by heavy overhead. They mine fringe area deposits and "country rock" to feed their hungry milling operations. We feel that we can consistently feed our milling operation, whether company operated or contracted, with selective high grade ore, due to our small operation around a mine which is not pressed by a hungry mill quotient, and the large ore body in evidence.

Our company's planning can go either way on our copper program. Since this is Phase Three in our planning, it is quite likely that it will not go into operation until Phase One and Phase Two are in practical operation. Our continued research and possible commitments, however, will run concurrently with the first two phases. We have allocated \$40,000 as the top figure to place Flemrock into a practical going operation.

Phase Four:

This involves mining of recognized values in uranium deposits and shipments to a concentration plant within our area, if and when such an installation is

available. We have no present uranium ores which would make practical the long haul to the Vitro Corp. at Salt Lake City, presently our nearest uranium mill, a 1100 mile round trip from our mines.

Our area of operation in the uranium field was temporarily by-passed by the AEC in favor of the Ambrosia area in New Mexico. Belatedly we are getting recognition by the "green light" being given to the Apex Minerals Corporation of Austin, Nevada, to construct the first uranium concentrating mill in our area. When this mill goes into production, we can start shipments from the Flemrock, discussed in Phase Three because of its copper values, and the Milmar, located in the White Mountains about six miles to the northwest out of Oasis, California.

At the present time it is expected that Apex Minerals will construct their processing plant, since they are the only company in the area now given the blessings of the AEC.

From our present planning, we are taking a "wait and see" attitude. This phase of operation depends upon others, not ourselves. We have little control over the situation until a concentrating mill goes into operation in our area, making practical the shipment of our ores. A \$10,000 initial cost would place this phase into practical operation, if and when such an operation is feasible.

There is, however, a brighter side to Phase Four. In our development program around Flemrock, which is contained within our operational mining costs, and which includes a 2-man development team, it is planned to drive a tunnel 1500 feet below the present oxidized open pit operation to meet the expected sulphide zone or richer unweathered ore. There is a reasonable right to expect the uranium values to improve, along with the copper. The deposit is zoned around an extrusive veined-type showings which indicate intrusive betterment at depth. It is not unreasonable to expect that the uranium values will increase with depth into a parent ore of the pitchblende or uraninite class, since the oxide deposits are of the vein type, shot up from deep intrusive deposits in the Cambrian age or earlier.

If our copper exploration also develops a distinctive uranium deposit, we will be independent of an uranium processing plant in our area. Such ^{ore} at around \$1600 per ton could be shipped at long distances, without heavy penalties in proportionate cost factors.

There is, however, no definite calculation that our company can depend upon to insure any such result. So we place no emphasis on this. It is a possible occurrence. If it does happen, it only increases the value of our Phase Four, which presently is of uncertain value. Phase Four could become a very important operation in our planning. Reversely, it could be an operation to table until the factors needed for our practical operation are met.

We place Phase Four in a doubtful but hopeful category.

Summing up, it will take a maximum of \$210,000 to place these four phases into operation. Definite priority is given to Sylvania, with Ratcliffe a close second. These first two phases will cost \$160,000. Sylvania will be ready to go into a 30 TPD operation within 30 days. It will take from 4 to 6 months to develop Ratcliffe. Copper production around Flemrock could be initiated within 3 months. There is approximately 40 tons of ore now stockpiled at Flemrock. The \$40,000 initial costs will be reduced to approximately \$25,000 if we contract our milling angle.

Lastly, the company has dedicated itself to a policy of realistic annual dividends, to be declared at the end of each fiscal year. We believe that a company normally unable to make a proper return to its stockholders is either mismanaged or

unsuccessful. We are going to "sweat out" a 20% dividend our first year if possible, but will definitely dedicate ourselves to 10%. Sylvania will have to carry the heaviest load the first year, with Ratcliffe and then Flemrock picking up their eventual share of the load.

Fortunately our company's planning is not burdened with ~~high-salaried~~ executive costs nor "plush-carpet" office expense. No salaries are proposed for the officers or directors for at least the first year of our operation, since each member of the board has adequate income outside the corporate structure. We feel that it will take this first year to develop a practical experience quotient of costs of operation versus net income. In the meantime our "offices" will be those of our Attorney's, our Secretary's, our Treasurer's, our homes, and our field mining camp -- all rent free. Realistic changes, of course, in this present pattern will come with the expected growth of our company, but only when such are demonstrated to be sound and practical.

Application for the registration and listing of the Booth Mining Co, Inc, stock with the San Francisco Mining Exchange is now being prepared, with acceptance by the Exchange being expected when our public offering permits us to acquire the minimum number of stockholders, approximately 150, which the Exchange requires. Of the 16 Listing Requirements, we can presently qualify on all but the minimum number of stockholders.

BOOTH MINING CO, INC.

George L. Booth
Chairman of the Board