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August 18, 1964

Mr. Elmer Swerdfeger,
Mining Engineer,
Fairplay Hotel,
Fairolay, Colorado.

Dear Elmer:

Concerning the mercury portion of our telephone conversation of Saturday last (Augustbl5) these appear to be the meat of your comments:

1- property lies in the Tempiute area of Lincoln County, Nevada (approximately 125 miles southeast by road from Tonapah).

2- 80,000 tons of 3.5 lb/ton mercury ore is blocked out and you feel that this could represent only about 10% of the ultimate potential.

3- The Cinnabar ore is so fine and dusty that normal roasting in furnace or direct retorting would be runinOus; concentration, therefore, before ultimate ~~roasting~~ retorting is a requirement.

4- You believe that open pit mining and milling can be done for $2.50 per ton.

5- You contend that property can be had and prepared for mining and milling for $200,000.

6- You have some of your own money in the property, do not have the lease and option you once had, but could renegotiate same if supported by firm, trustworthy backing.

As I gathered it your proposition entails:

1- supporting interest would finance repossession of property and develop property for operation.

2- You would want to operate property.

3- All initial profits would go towards the return of capital investment; in this you would want your past expenditures included.

4- With all cleared then you would expect a 50% interest in the future profits of the operation and the privilledge of running the program.

Aware as I am that telephones breed misconceptions your review of the above and comments will be appreciated.

I am not sure that all or any of the above would be acceptable to us, nor that the property will have an appeal , but the deposit sounds interesting and the outline above, plus possible additions, is a good place from which to start.

You can rest assured that this letter suggests that the reports you have at hand would be studied with interest and that I would look forward to a field examination with you, after the two weeks you have suggested or at our mutual convenience.

The support I have in mind would be reliable and see matters through if it were decided to proceed.

With best regards,

David LeCount Evans.

465 Court Street,
Reno, Nevada.

465 Cpurt

September 8, 1964

Mr. Elmer Swerdfeger,
M.ning Engineer,
Fairplay Hotel,
Fairplay, Colorado.

Dear Elmer:

Since leaving Alamo with the abundance of information, provided by reports and notes. entrusted to me, studies have been completed here and during my three day stay in Palo Alto.

As you know I could only concur with the geological picture, provided in the three reports, and agree with you in the field that material exposed by trenches and carried to depth by your drilling, should extend far beyond the center of development established to date.

But you will recall that from the begining I was apprehensive regarding the "weighting" of values and thicknesses in the holes drilled at approximate twenty five foot centers. Not so lucidly expressed at the time was my reaction to the intervals and values per hole, employed in the reserve calculations of the Melbye and Arnold report. Initial study in Alamo indicated that, before any agreement on reserve estimates, I should repeat the calculations.

Concerning "weighting" of values and thicknesses, Charles Melbye and Charles Arnold in their report of January 13, 1957, arrived at their values and thic knesses per triangular block as follows: (see their page 5)

> "Triangular ore reserve blocks were calculated with ore holes comprising the apex's of the triangles. Volume of each block was calculated by multiplying the <u>average width</u> of the ore in the holes at the apex's by the area of the triangle. Positive ore was extended 12½ feet beyond ore holes on the perimeter of the drilled areas."

Reference was made only to the widths of ore; it is assumed that grade was arrived at by similar averages of values at the three apexes.

I consider this proceedure only as something to provide a <u>better</u> arithmetic average. In past, personal evaluations I have always carried it a step further by using the size of the three angles in a triangle to truly <u>weight</u> values and thicknesses.

By this I mean that each value and thickness has been multiplied by the degree of angle at that apex, with the sum of the three multiplacations then divided by 180 to get an average value. In short, an angle of 110 degrees would have a far greater influence on the final average that an angle, say, of 23 degrees.

As for the "intervals and values' per hole, my reaction after a hole by hole study has been that after discarding the very obvious waste on top (as much as 15 feet in places) in which I agree Melbye and Arnold, they went directly to lesser thicknesses and much better grade. ignoring one to two pound material, above and below the richer material in many cases.

I am sure that their intent was good, but my feeling has been that since all material is low grade, extreme difficulty in such selective mining would be experienced, and one would have to take all obviously mineralized material in the final program.

On these bases, ie: weighting the values in my usual manner and as described above, and taking one pound plus values above and below higher grade shows, the area of Positive ore, represented by Melbye's 44,809 tons at 3.37 pounds per ton, becomes 64,000 tons at 2.13 pounds per ton.

This I know will cause you great concern, but even with greater leniency, here and there, which might reduce tonnage and bring values up to 2.5 pounds, the mercury content is considered too low, and cannot be recommended to my associates.

With best regards and genuine regret I am,

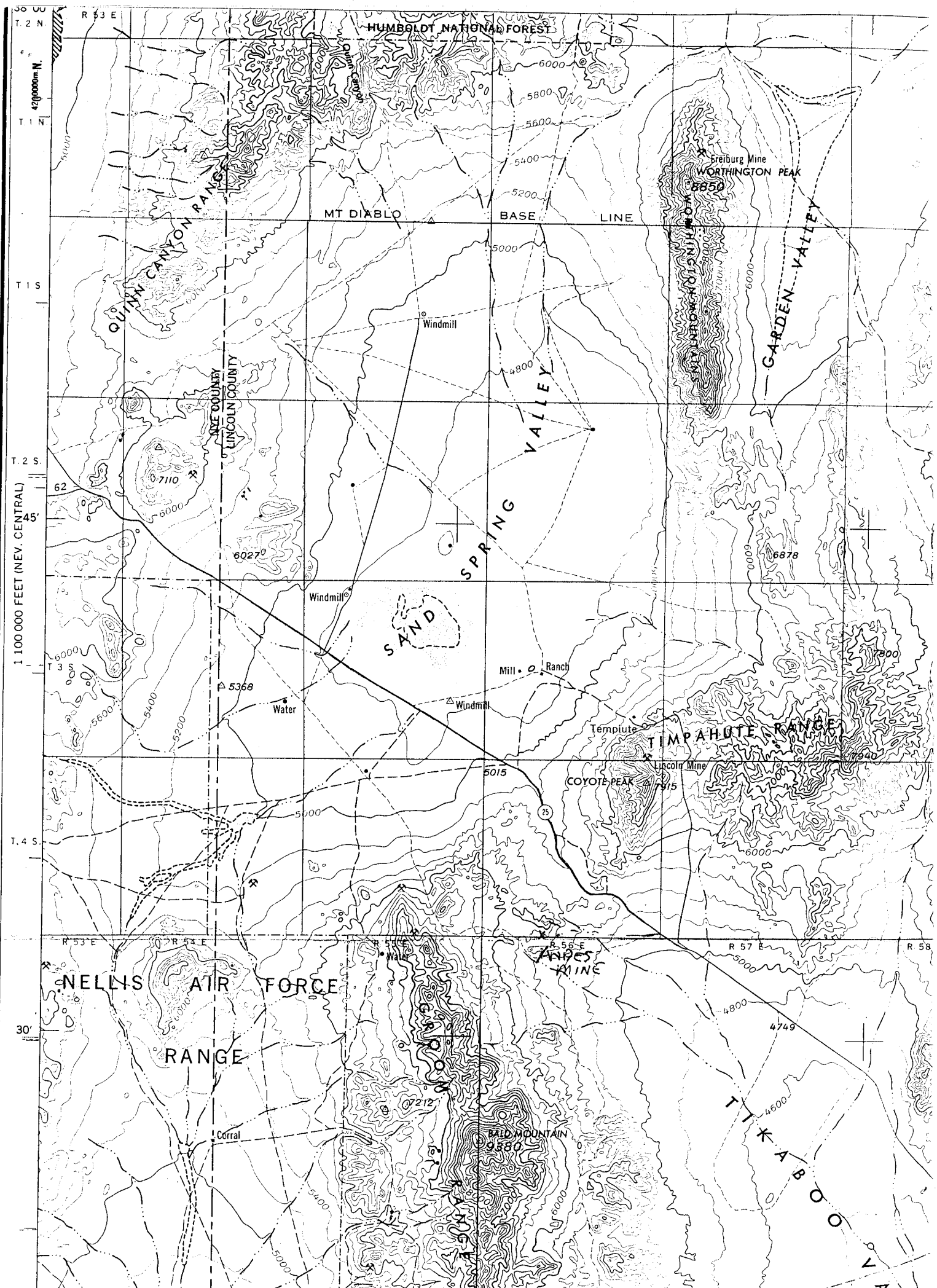
Yours sincerely,

David LeCount Evans

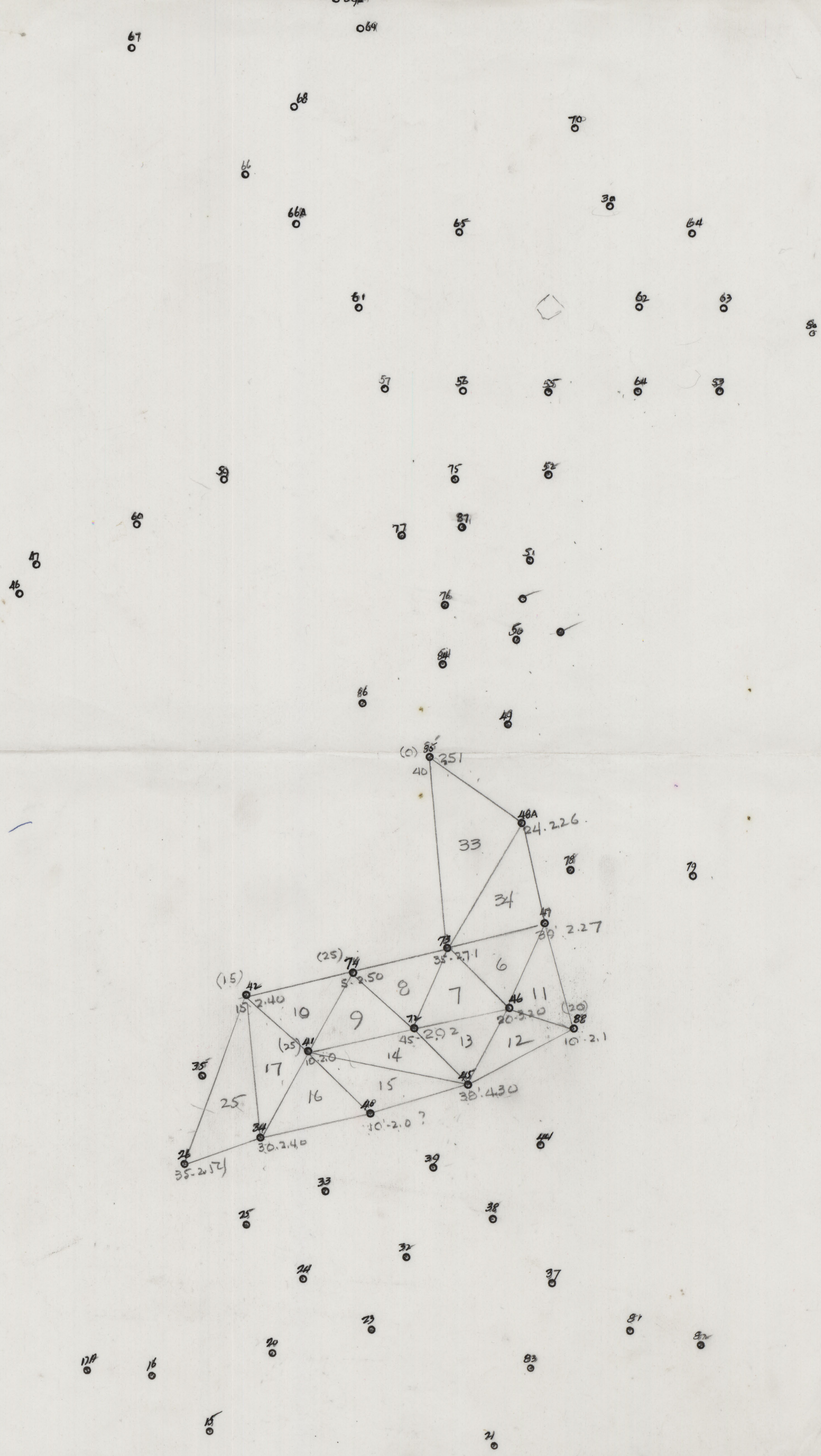
cc: Mr. Benj. C. Charles,
Box 140, San Juan Capistrano,
California.

P.S. I would appreciate your Boulder address so that materials can be safely returned.

DLE



WESTERN UNITED STATES 1:250,000 CALIENTE, NEVADA; UTAH



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66A
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(0) 85 251
40
48A 24.2.26
33
78
79
34
47 39 2.27
(25) 74 5. 2.50
73 35. 2.7.1
6
(15) 42 2.40
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9
46 20.3.20
11
(20) 88 10.2.1
72 45. 2.9.2
13
12
(25) 41 10.2.0
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16
45 38.4.30
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40 10.2.0 ?
34 30.2.40
26 35-2.52
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17A
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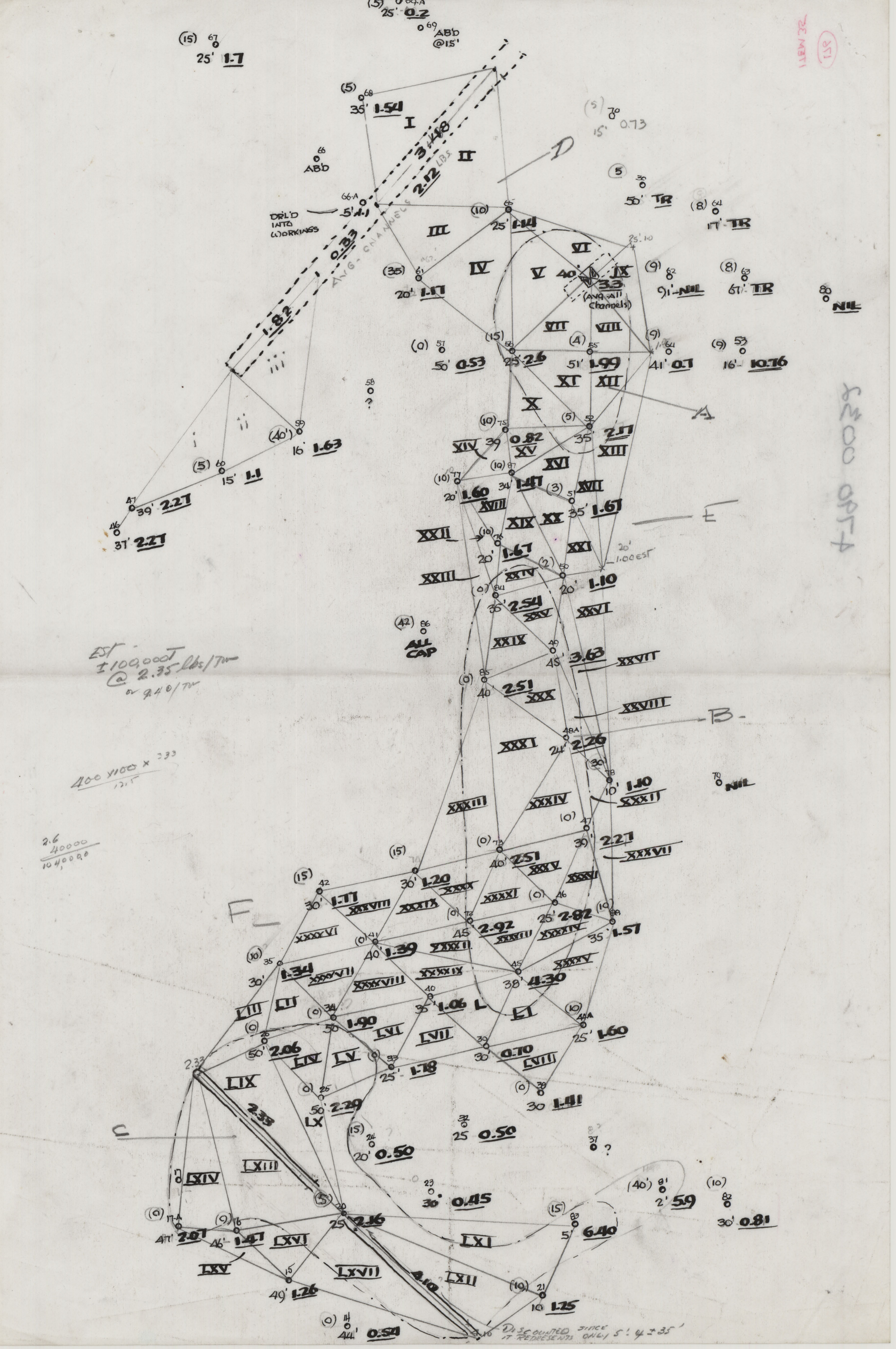

(5) 69-A 25' 0.2
69 ABD @15'
(15) 67 25' 1.7
(5) 68 35' 1.54
I
II
3.48
2.12 LBS
66 ABD
66-A 5' 1.1
DRL'D INTO WORKINGS
0.33
AVG-CHANNELS
1.82
i
ii
iii
III
IV
(10) 65 25' 1.14
(35) 61 20' 1.17
(5) 70 15' 0.73
D
5 36 50' TR
(8) 64 17' TR
25' 1.0
VI
V
40'
IX
3.3
(AVG ALL Channels)
(9) 62 91' NIL
(8) 63 67' TR
80 NIL
VII
VIII
(15) 56 25' 2.6
(4) 55 51' 1.99
(9) 1.0 64 41' 0.7
(9) 53 16' 10.76
(0) 57 50' 0.53
58 ?
(40') 59 16' 1.63
(5) 60 15' 1.1
47 39' 2.27
46 37' 2.27
XI
XII
X
A
(10) 75 39 0.82
(5) 52 35' 2.17
XIV
XV
XIII
XVI
(10) 87 34' 1.47
(10) 77 20' 1.60
XVIII
(3) 51 35' 1.67
XVII
XIX
XX
E
XXII
(10) 76 20' 1.67
XXI
20' 1.00 EST
XXIII
XXIV
(2) 50 20' 1.10
(0) 84 35' 2.54
XXV
XXVI
(42) 86 ALL CAP
XXIX
49 45' 3.63
XXVII
(0) 85 40' 2.51
XXX
XXVIII
B
XXXI
48A 24' 2.26
(30) 78 10' 1.10
70 NIL
XXXIII
XXXIV
XXXII
(0) 47 39' 2.27
XXXVII
(0) 73 40' 2.51
XXXV
XXXVI
(15) 74 30' 1.20
XXXX
(15) 42 30' 1.77
XXXVIII
XXXIX
XXXXI
(0) 46 25' 2.82
(10) 88 35' 1.57
F
XXXXVI
(0) 72 45 2.92
XXXXIII
XXXXIV
(0) 41 40' 1.39
XXXXII
(10) 35 30' 1.34
XXXXVII
XXXXVIII
XXXXIX
45 38' 4.30
XXXXV
40 35' 1.06
L
LI
LIII
LII
(0) 34 50 1.90
LVI
LVII
(10) 44A 25' 1.60
(0) 26 50' 2.06
LIV
LV
33 25' 1.78
39 30' 0.70
LVIII
2.33
LIX
(0) 25 50' 2.29
LX
(0) 38 30 1.41
2.33
C
(15) 24 20' 0.50
32 25 0.50
37 ?
LXIII
17 LXIV
23 30' 0.45
(40') 81 2' 5.9
(10) 82 30' 0.81
(5)
(0) 17-A 47' 2.07
(9) 16 46' 1.47
LXVI
20 25 2.16
(15) 83 5' 6.40
LXI
LXV
15 49' 1.26
LXVII
4.10
LXII
(10) 21 10 1.25
(0) 14 44' 0.54
10
DISCOUNTED SINCE IT REPRESENTS ONLY 5' @ ±35'
EST – ±100,000T @ 2.35 lbs/Ton or 9.40/Ton
400 × 100 × 2.33 / 12.5
2.6 × 40000 = 104,000.0
1TEW 32
TJR