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**WESTERN METAL PRODUCERS CORP.**

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Item 33

REPLY TO:  
P. O. BOX 2021  
RENO, NEVADA

JULY 12, 1965

TELEPHONE  
RENO 322-4840

BRIEF DESCRIPTION OF THE GIANT PATENTED MINE AND THE CONTACT  
METALS MINE, MILLET MINING DISTRICT, NYE COUNTY, NEVADA.

LOCATION :

Approximately 45 miles from Austin , Nevada - 4½ miles off of the main Austin-Tonopah Highway, in Park Canyon, West Side of Smoky Valley, Nye County, Nevada.

It is about three miles from the highway , at the Millet Ranch, marked by " Giant Mine" sign on the West side of the road, to the mouth of Park Canyon. Some new road rehabilitation has recently been accomplished to the canyon. Some one and one half mile of new road has been built up the North Fork of Park Canyon to above the Giant Mine's lower cross-cut tunnel. It is in need of some balast and smoothening. Some one third mile remains to be built to the upper tunnel and main shaft dumps of the Giant Mine. A new road was built up the South Fork of Park Canyon to the lower and main tunnel dump of the Contact Metals Mine during the Summer of 1964. This road is in good condition excepting for needed grading.

OWNERSHIP :

- a). The Giant Mine is a patented property under lease with option to purchase between owner and the Western Metal Producers Corp. \$200 minimum royalty and 10% royalty of the net-to-the-mine-bin returns are applicable against a \$50,000 purchase price.
- b). The Contact Metals Mine is held by location and assessment work. It is under lease with purchase option to Gilbert H. Dotson, 3172 St. Albans Drive, Los Alamitos, California, and James H. Wren, 604 South Wells Avenue, Apt. No. 4, Reno, Nevada. Agreement calls for a minimum monthly royalty of \$200 per month paid to property owners, 10% of the net smelter returns applicable against a purchase price of \$25,200 remaining out of an original total price of \$28,000.
- c). Both agreements on the above properties are in good standing.



## GIANT-CONTACT MINES OUTLINE OF JULY 12, 1965 :

### HISTORY :

The Giant Mine was the major producer of silver ores in the district before 1900. Its oxide ore was milled in a primitive treatment plant designed along the lines of the early inefficient Virginia City, Nevada mills. At intersection of the main cross-break with the Contact Metals Vein very rich oxide ores along with native silver outcropped on the surface. Slow hand mining methods were employed and the ore was packed to the cabin site for transfer to wagons. The wagon haul was about one and one-half mile to the mill site. Reportedly this production phase of the property produced some one and one half million dollars, chiefly in silver values. Underground mining progressed to the 90' level, down the 58 degree dip of the main cross-break. As depth was obtained the oxidized ore and native silver graded off into sulphides and the sulphides held a percentage of zinc which had been no problem in the upper straight oxide ore. This gradation from oxides into sulphides carrying zinc was, no doubt, the cause of the early operation suspension. The same metallurgical inability to handle more complex ores forced the termination of many other Nye County, Nevada properties. Example : Tybo Mine, Nye County, Nevada. Early operators produced some three million dollars with the same milling process used at the Giant Mine plus an early charcoal smelter. Sulphides containing zinc forced termination of the first production stage. Treadwell-Yukon Mining Company started a differential flotation mill at Tybo on May 13, 1929 and produced some \$7,000,000 between 1929 and 1937 at about 1/3rd the present market on lead-zinc, and sustained a 25% tailing loss as differential flotation was then in its infancy. Sulphidization had not yet been developed.

Subsequent to the early production at the Giant Mine a 640' cross cut tunnel was driven to a point vertically below the upper tunnel's connection with the 90' level winze. Apparently they did not recognize the geologic significance of an ore "rake" influenced by the main cross-break on the Contact Metals Vein. Therefore, the entry was driven about 160' Northerly from point where the main cross-break intersection with the Contact Metals Vein will occur on the level of the cross-cut elevation. It appears as though the Giant Vein was not cut as the x-cut was stopped about 20' or more short.

In the late 1930s, Philip and Louis Meyer , now of P. O. Box 462, Tonopah, Nevada rehabilitated the Giant Mine road up the North Fork of Park Canyon to the cabin site. Under a leasing agreement with the present property owner, L. L. Farrington, several thousand dollars worth of good grade ore was produced and packed down to the cabin site for truck loading and hauling to the McGill Smelter near Ely, Nevada. The Meyer Bros. agreement was terminated by Farrington who took over the operation personally.



## GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

### HISTORY, Continuation :

After taking back the property from the Meyer Bros. Farrington built a single track cable tram line from an ore bin in the canyon bottom to the upper tunnel dump. He reports that \$35,000 in ore value was shipped during that period to about 1940. The mining machinery was inefficient and due to the rugged nature of the terrain plus low metal markets Farrington's operations were suspended before World War 2. The University of Nevada Bulletin, Vol. XLV, January 1951, No. 3, Geology and Mining Series No. 50, Mineral Resources of Nye County, Nevada, carries a description of the Farrington operation. The Nevada Minerals Yearbook, 1939 states that an average grade of 0.15 Oz. gold, 40 ounces silver and 4% lead per ton was produced. At present metal markets this assay would amount to \$68.97 per ton, although it was much lower in value during 1939.

The CONTACT METALS MINE was first prospected about the same time as the early operation on the Giant Mine was conducted. Two levels were started on the Contact Metals Vein but it was soon found that the sulphide ore mineralization occurred practically on the surface with a zinc percentage and the early mills of that period could not effect an efficient recovery.

The Giant Mine was acquired by Western Metal Producers Corp in October of 1964. Some considerable sampling, surveying and studies have been conducted by Dr. Irving B. Gray, Geologist and James H. Wren, Mining Engineer since the acquirement date.

The Contact Metals Mine operating agreement was negotiated by James H. Wren in May of 1965 and is now the property of him and G. H. Dotson.

### GEOLOGY :

The Giant and Contact Metals Mines are on the East slope of the Toiyabe Mountain Range. That range rises steeply on its East slope from the base of the Big Smoky Valley at 6,000 feet above sea level to over 10,000 general ridge elevation to a highest point of 11,775 feet at the Arc Dome.

A granodiorite intrusion is exposed in the district along much of the lower East flank of the range and according to Ferguson and Muller is probably of Jurassic age. The granodiorite intrudes Cambrian quartzites near the Northern part of the district and Permian quartzites and slates between Ophir and North Twin River Canyons. Muller and Ferguson show the Cambrian to be overlain by Ordovician slates and limestones, which in turn are overlain by the Permian quartzites and slates.



## GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

### GEOLOGY, Continuation :

The Giant and Contact Metals Mines veins are in limestone which is bound on the West by a massive intrusive stockworks and on the Northwest, North and Northeast by intrusives. Mineralized silicious replacement of limestone has been noted at various points on the properties.

Over 1,000 feet of Contact Metals Vein strike length has been proven and some additional footage can be added Northerly after some shallow overburden stripping has been done N-W of the main shaft.

Over 400 feet of Giant Vein strike length has been proven and more distance will be added after above Northerly stripping has been done. This stripping and surface channeling N-W of the main shaft is of some considerable importance as the Giant Vein and the Contact Metals Vein intersect N-W of the main shaft, along with the probable intersection of another cross-break. At this point an excellent possibility of a new ore body, ore shoot system exists. Good grade float ore has been found in the talus here. Early operators we, no doubt, aware of this float ore too but as the projected intersection of the veins is at a lower elevation than the main shaft collar, sulphide evidence in some of the specimens created a condition of little importance to them.

Some considerable limestone depth on the properties is expectable. Elevation at a point in limestone on the ridgeline between the Giant and Contact Metals Mines, near the Giant Vein is : 8352'. The lower cross-cut tunnel in some 640', without any sign of limestone being cut off by intrusives, is at an elevation of: 7656'. Therefore, there is a proven limestone verticle depth of 696'. In view of the steep angle dip, possibly Westerly of the massive intrusive stockworks on the Westerly side of the limestone, some much greater depth of the limestone below the lower cross-cut elevation is assured. It is reasonable to assume that the minimum Contact Metals Vein dimesions are : 1,000' on strike X 700' verticle depth.

### MINERAL OCCURRENCE :

Mineralized cross-breaks intersecting the Contact Metals and Giant Veins are responsible for the occurrence of economic grade ore. Vein system relationship to these cross-breaks, after study and sampling, prove the mineral occurrence control. The main cross-break which intersects the Giant Vein at one point Westerly from the main shaft on the Giant Mine also intersects the Contact Metals Vein at the shaft collar where major silver production was achieved. This cross-break has presented a good projection baseline for calculations as it has been proven over 100' down the 58 degree cross-break dip to the upper tunnel level with added footage down the winze at the same average dip.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

MINERAL OCCURRENCE, Continuation :

At points of intersection on the main cross-break with the Contact Metals Vein good grade ore widths are open for inspection of from 4' to 15' in thickness. The ore makes out away from the Contact Metals Vein on the strike of the cross-break for some distance. The walls of the upper tunnel winze, with a high grade core removed for some 20' down the dip run \$35 to \$40 per ton. This winze is reportedly 70' deep, all in ore. However, it is blocked off 20' below the level by a muck pile on top of a bulkhead reported. This bulkhead will be cleaned off and a full inspection and evaluation of the ore in the winze made. There is considerable shipping ore and beneficiating ore tonnage available above the upper tunnel level at site of winze collar.

The Giant Vein Westerly from the main shaft holds two opened ore exposures on intersections further proving that the ore shoots are related to intersections of mineralized cross-breaks with the two major veins. a). 12' of ore width, 6' of which is \$60 per ton rock. b). Shallow shaft with 4'-6' ore width at \$60 per ton containing 42 ounces of silver.

The Contact Metals Mine's lower tunnel face is in mineral now. It is highly impregnated with pyrite ( fe ), and shows sulphide lead with some sphalerite. This ore can be beneficiated at start of operations with simple jig treatment. The upper tunnel portal is inaccessible before a few tons are removed from the lead set area. However, about 75 tons of the last output, sampled twice separately checked at \$35 per ton. This ore is combined oxides-sulphides. It is expected that the lower tunnel's production will be chiefly of sulphide character. There are a number of cuts and pits on the Contact Metals Vein strike to the Giant Property Line. All of these openings sampled showed silver values. The various cross-breaks intersecting with the Contact Metals Vein are each expected to bring a good grade ore shoot into the lower tunnel line.

For later consideration is a highly mineralized area on the Giant Vein near the endline of the Giant Mine. This zone with silicious replacement holds excellent potential of major ore body widths. It will dip eventually into the Contact Metals property.

The Contact Metals Mine and the Giant Mine should be worked by a single operator with one overhead. The " rake" of Giant ore shoots will put them across the Contact Metals Mine endline on the basis of the cross-breaks' Southerly dip.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

METALLURGY-MINERALOGY :

Zinc is not a factor in the surface ores exposed on the Ginat Property. Near future ore produced from the \$60 per ton Giant Vein exposures can be shipped direct to smelter without zinc consideration.

Sulphide ore produced in the near future from the upper tunnel Giant winze area, over \$35 per ton can be shipped as direct smelting crude at first to build up an operating capital reserve until the initial setup subscription has been paid out. Eventually, though, additional depth below the tunnel level ore shoot at the winze area will require as a matter of good operating economics separation of the lead concentrates from the zinc by means of selective flotation either at property site or a custom market like the U. S. Smelting, Refining & Mining Company's Midvale , Utah market or the Austin, Nevada mill. Zinc in both the Giant and Contact Metals Mines will be a pay-product in the sulphide zones.

Above direct crude ore shipments, for the most possible near future income, should be some sort of beneficiation on the property at the mouth of Park Canyon, in form of a jig plant. This will consist only of a small primary and secondary crusher taking the head product down to minus 1/4" with secondary crusher discharge to a rougher jig, thence over a cleaner jig with that jig hutch product going to a dewatering rake for shipment. Tailings from this operation can be stored for future flotation treatment as they'll contain about 25% of the head value. Not only will considerable trucking charge be saved by on property beneficiation but treatment charges as well at smelter or custom mill and much more volume can be produced from the mines above the direct shipment excellent grade crude ore. A beneficiating head of \$20 could not be marketed at a profit and would result in a loss if shipped direct. In the sulphide zones on account of high iron pyrite ( needed at a lead smelter), a concentration ratio of five to one will be the product of the cleaner jig hutch. Cost-profit relative to the beneficiation at \$20 per ton head value will be listed under " Economics" herein. Much of the rougher plant product will be well above \$20 per ton but even at that figure a very acceptable profit can be realized with the direct shipment rock added.

There is about 1,000 tons of main shaft dump that sample pits showed an average of \$29 per ton. There is about 500 tons of upper tunnel dumpage that sampled out at \$20 per ton. Due to the oxide fines that will be lost as slimes in a jig plant, simple screening at dump sites will probably produce a direct shipment product of the minus 1/2" fines. Plus 1/2" product can be put through the jig plant.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

METALLURGY-MINERALOGY : Continuation.

All footage advance tonnage from the lower Contact Metals Mine tunnel can be beneficiated by the jig plant and sold. All of this tonnage will contain a high percentage of sulphide minerals. Upper tunnel Contact Metals Mine stockpile can be treated the same as the Giant dumps. The fact that zinc is higher in the Contact Metals workings than at the upper tunnel workings of the Giant is due to the fact that the Contact Metals workings are at a lower elevation than the Giant upper tunnel level. When that area attains the same depth, generally zinc percentage will probably be the same.

Differential of silver ratio to lead at the various Giant Mine exposures is due to the different cross-breaks which, no doubt, are individual solution channels - some of high silver and low lead with others of silver and greater lead percentage. The native silver production is expected only in the upper levels of the Giant and in and around the ridge-crest area of the Contact Metals Mine. The native silver is of secondary mineral occurrence mineral nature and therefore will not be present in the straight sulphide zones. Its presence in the oxide zones, however, will make very high grade tonnage from time to time.

EXISTING DEVELOPMENT :

| Footage   | Value      |
|---|------------|
| One and one half mile of new Giant Mine road... | \$8,000.00 |
| " " " " " " " Contact Metals road               | 4,000.00   |
| 100' of upper Contact Metals tunnel .....       | 2,000.00   |
| 100' of lower " " " .....                       | 2,000.00   |
| 640' of Giant lower cross-cut tunnel .....      | 12,800.00  |
| 370' of upper Giant level workings.....         | 7,400.00   |
| 150' of upper Giant level ore passes to surface | 3,000.00   |
| Giant winze - 50' .....                         | 2,500.00   |
| 50' Giant Vein shaft .....                      | 2,500.00   |
| 12 pits and channels on mineral @ \$200 Ea..... | 2,400.00   |

NOTE : All drifting and x-cut footage value  
discounted \$15 per foot for rehabilitation.  
Excepting for right at entry portals



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

EXISTING DEVELOPMENT, Continuation :

no caving or sloughing of the ground has been experienced in the workings. No inventory value has been placed upon trails, tramline, ore bin, or Giant cabin.

Replacement value of development as it stands..... \$46,600.00

WORKINGS ELEVATION DIFFERENTIAL ( approximate)

|                                 |       |                  |
|---------------------------------|-------|------------------|
| Mineralized ridge area .....    | 8352' | above sea level. |
| Upper Giant Vein Shaft Collar.. | 8098' | " " " .          |
| New high grade strike area..... | 8094' | " " " .          |
| Giant Main Shaft .....          | 7996' | " " " .          |
| Upper Tunnel Giant Mine .....   | 7912' | " " " .          |
| Lower Giant Cross-cut.....      | 7656' | " " " .          |
|                                 |       |                  |
| Contact Metals Upper Tunnel.... | 7854' | " " " .          |
| Contact Metals Lower Tunnel.... | 7798' | " " " .          |

RECOMMENDED DEVELOPMENT :

GIANT MINE

Estimated Cost

1. Completion of road from upper end to main shaft dump and lower dump at upper tunnel..... \$3,000.00
2. 150' of upper tunnel level rehabilitation with 20# rail, 3" air line, 1" water line, 10" ventilation pipe, side-swiping and back raising, stringers over winze collar @ \$20 Ft..... 3,000.00
3. 500' of sectionalized drill steel test holes to spot shortest distance to ore shoots out of existing development, @ \$2.50 per foot..... 1,250.00
- Sample assaying-engineering expenses.. 350.00
4. 200' of 5'X 7' production haulage entries @ %35 per foot - 20# rail, ties on 30" centers 4" X 6" stock, 3" air line, 1" water line, 10" ventilation line, ditch, will be part in ore ..... 7,000.00
5. Lower x-cut portal area leveled, front end loader to load fines for road balast. Road grading..... 1,000.00



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

RECOMMENDED DEVELOPMENT :

GIANT MINE, Continuation.

Carried Balance

\$15,600.00

|   |             |
|---|-------------|
| 6. Strip of overburden off of Giant Vein, Contact Metals Vein and cross-break intersection North of Main Shaft in area of high grade float ore where the occurrence of a major ore shoot is anticipated. Tractor ramp from proposed upper main shaft dump road to the new high grade strike and Westerly 50' shaft with \$60 rock. Drilling, blasting and bulldozing hanging wall off of the two areas ore to produce some immediate shipping tonnage. Cost estimate..... | \$ 3,500.00 |
| 7. Trailerhouse equity purchase, haul, setup, utilities installation, three months payments.....  | 1,000.00    |
| 8. 3/4 ton pickup, down payment, three months payments.....   | 750.00      |
| 9. Workman's Compensation Insurance deposit   | 350.00      |
| 10. Liability insurance .....   | 250.00      |
| 11. Nevada corporation formation .....  | 400.00      |
| 12. Laboratory work.....  | 600.00      |
| 13. Estimated direct cost total.....  | \$22,450.00 |
| 14. Overhead, engineering and geologic work, supervisor of contractors, travel expense, marketing contacts, etc.....  | 3,500.00    |
| 15. Over head - direct cost total .....   | 25,950.00   |
| 16. 10% contingency .....   | 2,595.00    |
| 17. Total pre-production income estimate..  | \$28,545.00 |

NOTE : The above will cover a three months period. There will be some production income before this period runs out from the area West of the Main Shaft and the dump screenings. Therefore, that income will furnish an operating reserve while being paid for first underground shipments.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

RECOMMENDED DEVELOPMENT :

GIANT MINE, Continuation :

TIME ELEMENT TO COMPLETE OUTLINED PRE-PRODUCTION WORK :

- a). Completion of road..... Two weeks.
- b). 500' of sectionalized steel  
drilling in-order-to spot  
direct entry bearings..... Two weeks.
- c). Rehabilitation of mine  
workings ..... Two weeks.
- d). Ore connection driving, sill-  
ing off stoping, cleaning out  
winze..... Six weeks.
- e). Total time estimate to estab-  
lish consistent production  
shipment schedule..... Three months.

CONTACT METALS MINE :

- 1. Canyon road grading..... \$250.00
- 2. Handling overburden off of production  
tunnel portal area..... 1,000.00
- 3. Truck ramp from lower tunnel dump to  
upper dump, cleaning upper tunnel cut,  
loading out ore stockpile, bulldozer  
ripping on vein croppings for possible  
immediate direct crude ore shipment  
tonnage..... 2,500.00
- 4. 200' 5'X 7' production tunnel advance,  
3" air line, 1" water line, 10" ventil-  
ation line, 4"X 6" ties, 20 Lb. rail,  
@ \$35 per foot contract cost. This  
entry will deliver beneficiating tonnage  
from the start. Known firm cost..... 7,000.00
- 5. Three months minimum royalty..... 600.00
- 6. Direct Contact Metals Mine laboratory  
fees, sample freight , etc..... 300.00
- 7. Pre-production cost estimate, if ran  
with Giant Mine - single overhead... \$11,650.00



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

RECOMMENDED DEVELOPMENT :

CONTACT METALS MINE, Continuation :

8. Page 10 pre-production cost estimate if Giant Mine and Contact Metals Mine are worked by a single operator..... \$11,650.00
9. Contingency 10% on single operator basis..... 1,165.00
10. Total estimate, single operator basis ..... \$12,815.00
11. If the Contact Metals Mine is operated as a separate unit from the Giant Mine project, the following additional cost will be added :
  - a). Liability insurance ..... 250.00
  - b). Workmen's Compensation Insurance deposit 350.00
  - c). Trailerhouse equity purchase, setup, haul, utilities, 3 months payments..... 1,000.00
  - d). 3/4 ton pickup down payment, 3 months payments ..... 750.00
  - e). Service, travel expenses, engineering-Geology, contractor supervisor, marketing contacts expenses, etc..... 3,500.00
  - f). Nevada corporation formation ..... 400.00
  - g). Added total , if separate unit..... 5,850.00
  - h). \$11,650 direct cost plus \$5,850..... 17,500.00
  - i). 10% contingency ..... 1,750.00
  - j). Total estimate-single operation..... \$19,250.00
12. Combined single operator cost estimate..... \$41,360.00
13. Probable pre-production schedule shipment net income, 20% of combined cost estimate 8,272.00
14. Estimated total returnable capital required.. \$33,088.00
15. This cost can only be met by contracting all movements possible. Subscription should be placed in escrow account with specific accountant disbursement instructions to be paid out only by performance delivery.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

BENEFICIATING PLANT :

As will be noted in the " Economics" section of this outline, an ore beneficiating plant at production commencement would raise overall income some considerable extent and lower average production cost per ton of mine output. Eventually, in view of the long range future of both properties, product marketing economy, etc., a selective flotation plant will have to be installed after adequate compensating positive ore reserves have been blocked out to justify the investment out of income. However, at nominal cost to the operation now or a contract let for crushing and jig concentration now, overall initial income will be much higher than if only ore tonnage is sold as direct crude smelting tonnage above the economic cut-off point. If some means of beneficiation is not set up, dumpage, low-grade development tonnage, ore salvage in Giant workings cannot be capitalized upon at this time. Beneficiating the below economic cut-off point for direct shipment ore will pay out the pre-production investment faster. It would be, by far, better for the operation to operate its own beneficiating plant. If that is not possible at this time, then an attractive contract will have to be let to interest an experienced contractor in setting up facilities for 50-100 tons of crushing and jig treatment facilities per day capacity. The company can do it for \$3.00 per ton overall cost bringing \$20 rock up to \$75 per ton on a five to one concentration ratio with a 25% rougher plant tailings loss ( to be treated later in a subsequent refined plant). At the minimum eight hour daily run of 50 tons @ \$20 ore \$750 per day product will be made. It would cost the company with its own facilities a total of \$150 per day but on contract will cost \$250 per day. A minimum six months contract would have to be let, if contracted, with at least 50 tons per day, five days per week delivered to contractor plant. This would net the contractor \$1,000 per week or about \$24,000 over the six months period, if it could be let out for such short time. If the company handles it , cost will be similar to :

Rental-purchase on self powered portable  
crushing plant of at least 100 tons capacity per  
7 hours run, with primary and secondary crushers  
capable of delivering a jig product to minus 1/4".  
Two months advance rental @ \$1,500 per month.....\$3,000.00

Two rougher and one cleaner jigs, feeders,  
conveyors, 50 K. W. diesel electric set, front  
end loader, dewatering drag, concentrate bin,  
rental-purchase @ \$1,500 per month , two months  
in advance ..... 3,000.00

Plant movein haulage cost..... 1,500.00



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

BENEFICIATING PLANT, Continuation :

Page 12 balance carried forward.....\$ 7,500.00

Plant setup, water-power lines, shop, primary  
jaw crusher stockpile-loading hopper-conveyor,  
minus 1/4" jig stockpile area grouting, jig feed  
tunnel conveyor, site grading, dewatering drag,  
concentrate bin, tailings reclamation pond  
grading, plant roads, ..... 7,500.00

Mill testing lab fees ..... 1,000.00

Direct cost estimate..... 16,000.00

Cargo-fire insurance 3 Mos. 300.00

10% contingency..... 1,630.00

Total plant setup..... \$17,930.00

It'll take about two to three weeks for  
market settlement on shipments clearing  
property. Therefore about \$1.50 per ton  
treated on a 50 tons per day five days  
per week allowance - \$75 per day for 20  
production days should be added..... 1,500.00

Required beneficiating plant money before  
income..... \$19,430.00

Actual company cost will be some \$2.50  
with 50¢ per ton amortization. As the plant  
will average over 60 tons per day, about  
320 operating days will pay out the plant.

Herein listed costs can be met with delivery of the various  
items. However, in forcing out production income to build and  
expand the operation any deviation from outline recommendations  
will raise cost. Example : If money is not in escrow to pay off  
contractors after performance of each step, the contracts will  
hold higher prices. However, by rental purchase of plant units  
and contracting out mine movements we'll do a \$100,000 job  
with less than \$55,000 and establish high daily income.

The beneficiating plant is a " must", though and will have to be  
installed with contractor operation even though it costs twice  
as much per ton concentrated.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

ECONOMICS :

The following economic data is presented from a conservative standpoint. The \$50 direct smelting crude ore value is lower per ton value than any previous shipments made on the basis of present markets vs assays in former shipments.

It is expected to add some considerable tonnage to the mentioned Probable Ore Reserves immediately available, as soon as the two mines are opened up. The Giant's West Ore Shoot on the Main Cross-break to the Upper Tunnel Level was entered at only \$50 gross value per ton. However, in two locations, on the surface, over five feet of ore width is present @ \$60 per ton. The 42 ounces of silver on the surface practically at 50' shaft site would be expected to carry more silver values at a short depth below the silver leaching action.

PROBABLE IMMEDIATELY AVAILABLE RESERVES : GIANT MINE,

These reserves can be produced after herein listed setup development has been accomplished.

Main Shaft dump, 1,000 @ \$29 per ton..... \$29,000  
Upper Tunnel Dump, 500 tons @ \$22 per ton.. 11,000

Main Cross-break Giant Vein West Ore  
Shoot ( \$60 per ton rock over 5' wide at two surface points), 225' down ore shoot inclination on projection X 5' wide X 20' long ( minimum dimensions), = 22,500 Cu. Ft. @ 10 Cu. Ft. : 1 ton = 2,500 tons of direct shipping ore @ \$50 per ton gross value...= \$125,000 or some \$45,000 probable net.

Winze Area below Upper Tunnel Level,  
100' X 5' X 20' = 10,000 Cu. Ft. @ 10 Cu. Ft. Tn.  
= 1,000 tons @ \$40 gross ..... = \$ 40,000

Upper Tunnel Area salvage above level  
in and around old workings, 1,500 tons  
@\$40 per ton..... = \$ 60,000

Probable easily available ore reserves,  
minor amount in view of whole scope  
potential..... \$225,000



GIANT - CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

ECONOMICS, Continuation :

POSSIBLE ORE RESERVES

Over 1,000' of Contact Metals Vein has been proven. over 400' of Giant Vein length has been proven. 696 vertical feet of backs have been proven between the Giant X-cut Tunnel and the ridge-crest. It is probable that the veins will attain a considerable depth below the Giant X-cut Tunnel Level. Consequently there is a probability that the Contact Metals Mine and the Giant Mine properties will hold a number of millions of dollars in ore reserves. In view of good ore grade history of production and generally excellent ground conditions which will require but minimum timbering profit per ton mined should be high.

Near future ore reserves at the Contact Metals Mine as probable ore will be :

200' of new 5' X 7' drifting advance  
@ 11 Cu. Ft. = 1 ton = 636.3 tons at a  
probable minimum value of \$20..... = \$12,726.00

After 100' advance in the lower tunnel we expect to be in the area of the ore proven in the upper tunnel and the enriched ground at point of various cross-breaks' intersections. Fe S, Pb S and Zn S minerals in this area will be higher in ratio. Therefore for the purpose of calculation 10 Cu. Ft. to the 2,000 Lb. tons is herewith used as a factor. It is expected that minimum dimensions and grade will be : a). 1st 100' block -  
100' X 100' X 5' = 50,000 Cu. Ft. =  
5,000 @ \$40 per ton..... = \$200,000

PRODUCTION COST ESTIMATES

1. DIRECT SMELTING CRUDE ORE :

- a). Giant Vein West Area at locations of the 50' shaft and the new strike, each of which has been sampled at \$60 per ton with an expectable rise in value at shallow depth where silver leaching is not intense :

Value per ton..... \$60.00  
Wall waste strip, open slot production P.T. 5.00  
Haul to canyon mouth, P. T..... 1.00



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

ECONOMICS :

1. DIRECT CRUDE SMELTING ORE : Continuation, Item " a). "

|   |           |
|---|-----------|
| 150 miles @ 4½¢ ton mile to RR, P. T.....   | \$6.75    |
| RR rate to three markets, P. T. ....  | 7.52      |
| Smelting fees, losses, bullion tax P. T. ....   | 15.00     |
| Royalty of net-to-mine-bin 10%.....   | 2.97      |
| Total cost per ton.....   | 38.24     |
| Net profit per ton.....   | 21.76     |
| 30 tons per day calculated net profit from<br>this working area - single shift per day... | \$ 652.80 |

b). Ore shoot at Giant Vein Intersection with  
Main Cross-break at Upper Tunnel Level,  
after silling off stope. Limited timber,  
no hoisting or pumping charges.

|  |          |
|--|----------|
| Minimum ore grade per ton .....          | \$50.00  |
| Mine production per ton.....             | 6.00     |
| Haul mine to canyon mouth .....          | 1.00     |
| 150 miles @ 4½¢ ton mile, per ton to RR. | 6.75     |
| Same RR rate to three markets.....       | 7.52     |
| Smelting, losses, bullion tax P. T.....  | 15.00    |
| Net-to-the-mine-bin 10% royalty.....     | 3.03     |
| Total cost per ton.....                  | 39.30    |
| Net profit per ton.....                  | 10.70    |
| 50 tons per day two shift net profit...  | \$535.00 |

c). Added to the above two direct shipment areas are the  
winze and upper level ore salvage which can be used to  
raise production whenever wanted. As the above two  
production movements are in force more ore will be  
opened up in the property and reserves increased.

d). Above trucking and RR freight charges are firm. The  
Southern Pacific Railroad Rate Dept. delivered us rates  
of various ore grades and distances on this date.  
Easton and Hess Contractors of Reno, Nevada gave a  
firm 4½¢ per ton mile bid on our ore hauling last week.  
Easton and Hess are experienced, well financed and will  
adequately handle the job. Bids as low as 3-3/4¢ per  
tons mile were received but the bidders were of questionable  
ability to handle the tonnage hauling.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

ECONOMICS :

2. BENEFICIATING ORE :

The Contact Metals Mine 200' drive will furnish about 30 tons of ore per day during the driving period and thereafter more out of stoping with a better average ore grade.

The 1,500 tons of Giant Mine lower and upper dumps will furnish a very cheaply produced jig plant product. There are also some 50 tons of Contact Metals \$35 rock stockpiled and possibly some of the upper tunnel's dump will profitably jig too. Therefore some 1,850 tons of easily produced jig feed at a minimum grade of \$25 per ton is now available, ( 300 tons will be from the Contact Metals Lower Tunnel's drifting advance). The first month's beneficiating run can easily treat 100 tons per day, on day shift, five days per week by building out some of the development tonnage from the Giant project.

1st month, 100 tons per day @ ton value head = \$ 25.00

|                                     |   |      |
|-------------------------------------|---|------|
| Screening and loading per ton.....  | = | 2.00 |
| Hauling to jig plant, per ton ..... | = | 1.00 |
| Treatment cost per ton.....         | = | 3.00 |

5 to 1 jig concentration ratio calculated  
back to basic dump or face run cost.

|  |   |      |
|--|---|------|
| 25% jig tailings loss, stockpiled for<br>future treatment..... | = | 6.25 |
|--|---|------|

|  |      |
|--|------|
| Basic ton ratio ( 20% of pit run ton hauled<br>in form of concentrate), 4½¢ ton mile 150 Mi. = | 1.35 |
|--|------|

|                                   |   |      |
|-----------------------------------|---|------|
| RR freight on above formula ..... | = | 1.51 |
|-----------------------------------|---|------|

|  |   |      |
|--|---|------|
| Smelting fees, losses, bullion tax ..... | = | 3.00 |
|--|---|------|

|  |   |     |
|--|---|-----|
| Royalty calculated back to basic ton, <u>NOTE</u><br>what the legal precedented term " Net-to-the-<br>mine-bin-royalty" means for the operator.... | = | .69 |
|--|---|-----|

|  |   |             |
|--|---|-------------|
| Total cost and losses per basic ton.....     | = | \$18.80     |
| Net profit per basic ton .....               | = | 6.20        |
| 100 ton daily beneficiation project net..... | = | \$620.00    |
| Above 2,000 tons net profit.....             |   | \$12,400.00 |



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

JOINT VENTURE AVAILABILITY :

A joint venture is available on the Giant Mine with Western Metal Producers Corp. They will give 85% of the first project net until initial investment has paid out. Then, WMPC wants a 50-50 split of the net proceeds for the life of the operation. At conclusion of activities there'll be a 50-50 salvage of equipment. The Giant lease-purchase agreement is a good one and you'll note in the cost break downs entered under "ECONOMICS", herein, that the net-to-the-mine-bin royalty does not load the operator up with too much production gross value going out. What is paid against the property is applicable against purchase price.

Gilbert H. Dotson and James H. Wren hold the operating agreement of lease-with-purchase option on the Contact Metals Mine. It is available for a joint venture along the same terms as those offered by WMPC in the case of the Giant Mine.

The two properties can be operated separately but would be more efficiently and profitably run under a single management. In either case, however, management may be acquired by an experienced operator with adequate finance.

G. H. Dotson and J. H. Wren along with Dr. Irving B. Gray and Walter N. Brown would assume management responsibilities and try to get a 60-40% final split of the net with the larger percentage for the joint venturer in management. For the finance, if we took the responsibility, 25% of the joint venturer end would be assigned capital subscription source. That capital would be paid back out of first net income and probably within 90 days after the setup steps have been made. The 25% participation would be paid up and perpetual. Capital subscription would go into escrow with specific instructions for disbursement at each stage of contract completion and delivery of accepted specifications.

The two properties are now available for an operating arrangement. We reserve the right to withdraw the offer of availability at any time without notice.

In the case of an interested principal not being able to escrow the total subscription for either the Giant, the Contact Metals or both if to be worked together : Capital would be accepted in stages but contracts would not be let until payment for the specific performance has been delivered.

Operations can commence without loss of time as contractor bids are in and most commencement details have been worked out.



GIANT-CONTACT METALS MINES OUTLINE OF JULY 12, 1965 :

As soon as operations commence an O. M. E. loan application can be made for funds to open up the Giant's Lower X-cut Tunnel. Operation will be obligated to pay 25% of the total subscription and the O. M. E. advance the other 75% upon presentation of bills by the operator. In this case the operator needs some working capital on the project but it conserves most of the exploration-development funds normally paid 100% by the project management. This level connected with part of the various ore shoots will give over 600' of production backs to the highest point on the property. Furthermore Winter production can be maintained by working through the Lower X-cut Tunnel.


Metal marketing, particularly silver on a long range basis is better with regard to outlook than it has been in many years. Products of the Giant and Contact Metals Mines will be assured that a drop in metal markets will not affect their operating economics.

The reason that the two properties were not exploited previously is because they were forgotten and isolated without a connecting road. It appears also that Dr. Irving B. Gray and myself were the only trained and experienced men to evaluate the property in recent years. Advancements in mining equipment, milling machinery and metallurgical knowledge plus modern processes not known at the time of the major production will be a substantial contributor to the success of the operation.

The very nominal cost herein described to attain good production income is unusually attractive from a high return on investment standpoint. This short time element is made possible by the existing development, roads and preliminary work done by myself and Dr. Gray. Capitalizing upon existing development and contracting out phases of the operation without the necessity of buying expensive machinery is the basis reason allowing the recommended policy to hold practically no element of capital risk and fast return of investment.

Very truly yours,  
WESTERN METAL PRODUCERS CORP,

BY

  
James H. Wren,  
Consulting Mining Engineer.



# DIAGRAMMATIC GIANT MINE PLAN

SHOWING MAIN X-BREAK PROJECTION

PROBABLE VEINS'  
INTERSECTION

POSSIBLE MAJOR ORE SHOOT



MINERALIZATION



POSITIVE ORE



PROBABLE ORE



LIMESTONE



UPPER TUNNEL



LOWER X-CUT



TO-DRILL

7656'

X-cut  
640' long

DR. I. B. GRAY GEOLOGY TRACED BY JIM

SCALE : 1" = 40' - 7-14-65

J. H. W.

\$22' UPPER

ORE

T.DUMP

PIT  
8020

MAIN SHAFT

SURFACE  
MAIN X-BREAK

\$29

DUMP

ORE

7996'

U.T.

LEVEL

7912'

WINZE

U. T.

OVER 5'  
\$60 ORE

58°

8094'

PIT

PIT

Proposed  
Drill Hole

GIANT VEIN

\$60 ORE

7912'

50'

SHAFT

8098'

GIANT VEIN NEAR  
VERTICLE ON  
OUTCROP

58°

CONTACT  
METALS  
VEIN  
ON OUTCROP

7798'

ELV. CMLT

M. X-BREAK

7656

Proposed  
Drill Hole

58°

MAIN X-BREAK  
AT 7798'

VEIN PROVEN  
TO CONTACT  
METALS' MAIN  
TUNNEL PORTAL







Western Metal Producers  
Corporation  
P. O. Box 2021  
Reno, Nevada 89505

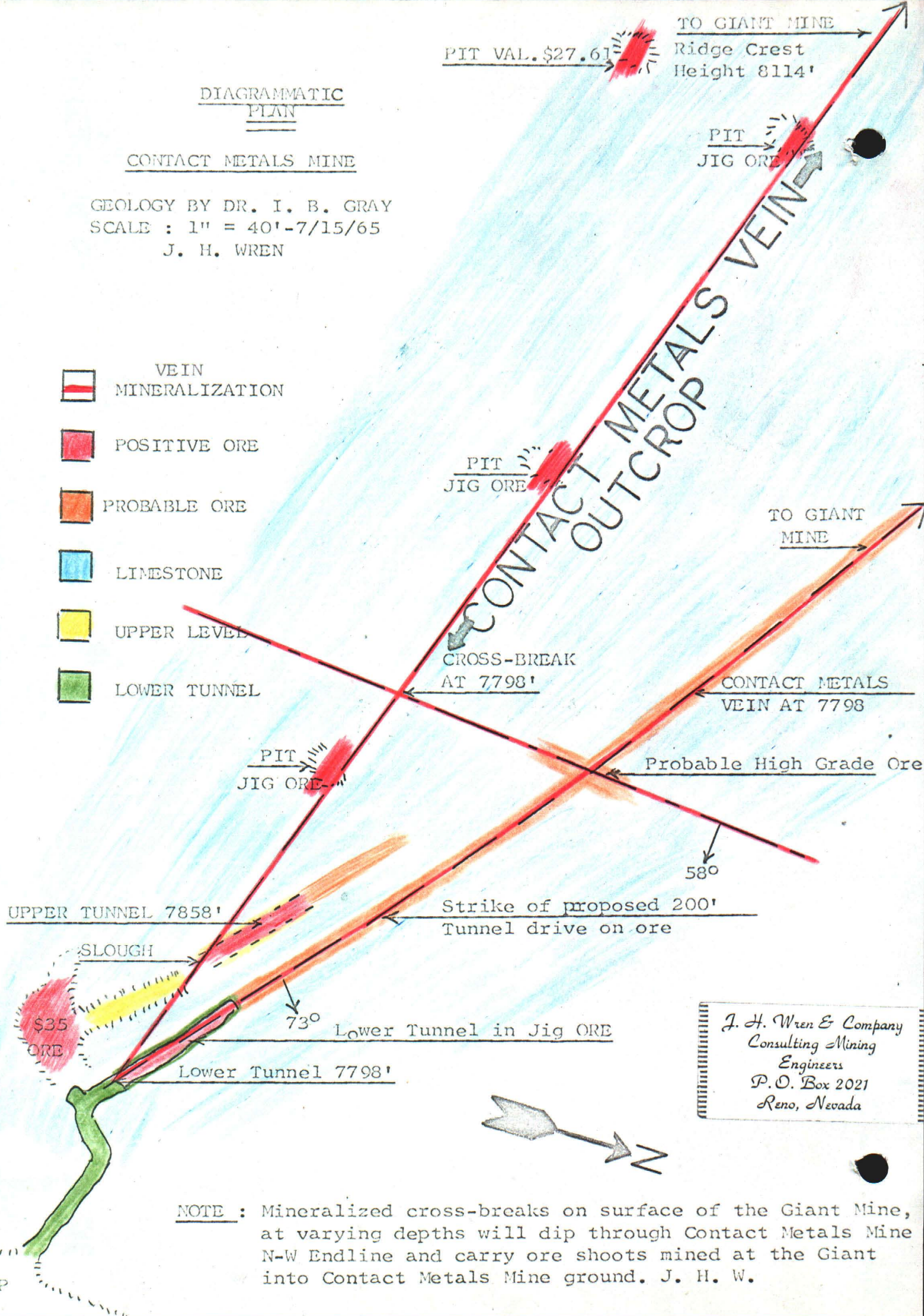


DIAGRAMMATIC  
PLAN

CONTACT METALS MINE

GEOLOGY BY DR. I. B. GRAY  
SCALE : 1" = 40' - 7/15/65  
J. H. WREN

-  VEIN MINERALIZATION
-  POSITIVE ORE
-  PROBABLE ORE
-  LIMESTONE
-  UPPER LEVEL
-  LOWER TUNNEL



PIT VAL. \$27.61

TO GIANT MINE  
Ridge Crest  
Height 8114'

PIT  
JIG ORE

PIT  
JIG ORE

TO GIANT  
MINE

CONTACT METALS  
VEIN AT 7798

PIT  
JIG ORE

Probable High Grade Ore

58°

UPPER TUNNEL 7858'

Strike of proposed 200'  
Tunnel drive on ore

SLOUGH

\$35  
ORE

73°

Lower Tunnel in Jig ORE

Lower Tunnel 7798'

J. H. Wren & Company  
Consulting Mining  
Engineers  
P.O. Box 2021  
Reno, Nevada

NOTE : Mineralized cross-breaks on surface of the Giant Mine, at varying depths will dip through Contact Metals Mine N-W Endline and carry ore shoots mined at the Giant into Contact Metals Mine ground. J. H. W.



4960 0033

(256)  
Item 33

## WESTERN METAL PRODUCERS CORP.

REPLY TO:  
P. O. BOX 2031  
RENO, NEVADAJUNE 10, 1965  
AIR MAIL SPECIALTELEPHONE  
RENO 322-4840Mr. G. H. Dotson,  
3172 St. Albans Drive,  
Los Alamitos, California.

Dear Gil :

Following are the Giant Mine's estimated setup costs as firm as I can get them without having had the various contract movements signed :

Completion of the road from above the lower x-cut tunnel portal to the Upper Tunnel's Dump..... \$2,500.00

150' Upper Tunnel Level rehabilitation, 20 Lb. rail, 3" air line, 1" water line, 10" ventilation pipe, sideswiping where necessary, placing stringers over the winze collar @ \$10 per Ft.... 1,500.00

200' on cross-break to intersection with Giant Vein for connection with plunging ore shoot. This x-fracture is mineralized so will at least produce beneficiating ore tonnage on the way to shipping ore and possibly some direct shipping tonnage. \$35.00 per advance foot including pipe, rail, ties, ventilation line as specified above ..... 7,000.00

Area cleaned and leveled, with fines hauled to crown road, from the Lower X-cut Tunnel Portal..... 500.00

Surface exploring at zone of intersections N. of Main Shaft with bulldozer, opening up sites of \$60 surface ore on Giant Vein and W. of Giant Vein on x-fracture - \$60 sampling, with use of 210 Cu. Ft. compressor, drilling and blasting to produce direct shipment ore ahead of connection with first ore shoot objective and production of shipping ore and milling ore ..... 3,000.00

Sub-Total ..... 14,500.00



Mr. G. H. Dotson letter of June 10, 1965 :

Sub-Total.. \$14,500.00  
Overhead, sampling, milling ore, shipment ore,  
engineering and geologic work, 3 months  
trailer rental for technical-supervisory insp-  
ector of contractor performance housing and  
mine office..... \$ 3,500.00

250' sectionalized drill footage, 3" or 3½" drill  
rental, steel, water-swival, bits, etc., to  
drill 100' Southerly out of Upper Tunnel Southerly  
Contact Metals Vein Stub, 100' up-cast out of Upper  
Tunnel Level entry on Giant Vein, 50' downcast hole  
near South Chute Upper Tunnel Level to check ground  
Southerly on Contact Metals Vein strike ahead of winze,  
@ \$2.00 per foot ..... 500.00

Liability insurance ..... 350.00

Workman's Compensation Insurance deposit, ( Contract-  
ors of specific contracted movements must furnish  
their own, however, test drilling, surface ore  
opening and ore loading, at least at first will  
be done on company time)..... 350.00

Direct Estimated Cost ..... \$19,200.00

Contingency 10% ..... 1,920.00

Direct cost 2½ months ..... \$21,120.00

Optional Nevada Corporation formation total ..... 400.00

Total Estimated Cost ..... \$21,520.00

TIME ELEMENT :

Completion of road ..... two weeks.  
Rehabilitation of Upper Level Tunnel..... two weeks.  
200' of connecting drift on mineral ..... six weeks.

2½ Months approximately.

We are counting on the sixth item on page number one to produce  
some shipping ore begining the fourth week of operation, from  
the \$60 per ton areas, milling rock and possibly the better  
dumpage areas. This income will serve to pay Giant Upper Tunnel  
Level commencement of stoping up the projected good grade  
ore intersection.



PRELIMINARY INCOME ESTIMATE :

Ore shipped prior to the connection with the ore shoot target will establish a reserve to carry over while setting up to raise and stope on the ore shoot. However, until we actually start breaking ore cannot tell how much will be forthcoming within the fourth week. There'll be mineralized ground on strike of the cross-fracture to be followed into the intersection, there'll be dumpage tonnage which, if possible to mill at Austin should bring in several thousand dollars net above royalty. Then there will be the two five foot wide \$60 rock surface exposures that will have to have ground cut out on the East side about 10' deep to release clean ore. For each 10' long X 10' deep X 5' wide section produced from the surface on the basis of the sampled grade will be 500 Cu. Ft. , which will = 45.5 tons @ 11 Cu. Ft. to the ton in place. That tonnage at the assay value will be worth \$2,730.00 gross. Therefore each of the above described sections should net \$1,500 above royalty. It is also anticipated that as shallow depth is attained below the surface less silver leaching will be present as that that exists in the croppings. Consequently the silver value per ton should rise with secondary enrichment below the surface before it grades into straight sulphide ore. Each 10'X10'X5' section may take as much as three days to produce counting the waste drilling-blasting-disposal under the "rugged" surface conditions with three men working on the mining and a small front end loader-bulldozer. So it seems probable that this preliminary shipping ore will net \$500 per day, assuming that three days will be all that it is necessary to get a ramp up from the main shaft to ore zone site. The main shaft dump will be accessible as we have a subscription entered in the estimated cost to expose the Probable Ore Intersection under overburden N. of the Main Shaft. This could be another area of some surface ore production as from a mineral and geologic standpoint it appears much stronger than the original discovery of the high grade at the main shaft collar.

If Mr. Theodore E. Stevens of Austin , Nevada will issue us a milling schedule in his selective flotation plant, not only will development tonnage bring in income as the first connection is being driven but there some 1,000 tons of dumpage which can be loaded out at little cost and should net \$5.00 per ton on any reasonable custom milling fee plus haulage, at \$15-\$20 per ton gross. If you'll recall some six samples taken off of the main shaft dump averaged some \$29.00. The Austin mill is about 45 miles from the property. It is equiped to handle both oxides and sulphides, and make a separation of zinc-lead. The gold, silver and lead would make one concentrate and the zinc would be chiefly alone in another concentrate. Little zinc is expectable in the surface ores.



Mr. G. H. Dotson letter of June 10, 1965 :

PRELIMINARY INCOME ESTIMATE :

There is no manner in which Dr. Gray or myself can estimate the horizontal length dimension of the ore shoot on the Upper Tunnel Level at the intersection of the mineralized cross-break with the Giant Vein. However, the economics of production on each 20 foot horizontal section will be :

5' wide X 20' long x net broken rounds  
6' advance = 600 Cu. Ft. @ 11 Cu. Ft. Ton  
factor = 54.545 tons @ \$50 minimum grade  
= \$2,727.25 gross value = estimated net  
of direct smelting ore before royalty  
of \$1,368.62. By carrying a service raise  
two rounds ahead of each 6' shrink stope  
cut, 5' X 20' X 6' can be drilled and blasted  
in one shift. Utilize the 2nd shift to keep  
the raise ahead of the stope advance. The  
58 degree inclination will lend good gravity  
delivery of broken ore to the loading chutes  
on the Upper Tunnel Level. The raise dimensions  
tentatively should be vein width X 8' with  
a 6' advance when shot. 5' width seems conservative  
as the intersection at the winze averages well  
over 7'. Therefore 5'X8'X6' = 240 Cu. Ft. =  
20.81 tons @ 11 Cu. Ft. ton factor in place, or  
an additional \$1,040.50 gross, each time the  
service raise is advanced 6'.

The \$50 per ton value factor seems low in view of  
the \$60 grade known on the surface where the  
ground has been leached of some silver values.  
However, that figure for direct shipment ore  
will deliver an acceptable net profit from this  
one zone alone. Until actual dimensions and grade  
is known, exact economic factors cannot be compiled.  
In the case of the winze intersection ore left  
after early operators took out a highgrade core  
runs \$30-\$40 per ton.

While the ore shoot to be produced is only one  
economic zone in this property, it should pay out  
the setup cost herein estimated within 30 operating  
days aside from the other points of income herein  
described.



Mr. G. H. Dotson letter of June 10, 1965 :

PRELIMINARY INCOME ESTIMATE :

The long range economic aspects of this property are numerous. The object of this letter was to point out immediate production possibilities and the costs related thereto. Existing development and exploration entries that all have proven mineral occurrence excepting the lower x-cut tunnel that requires being connected with the ore shoots' downward extension throw some considerable light upon long term potential of good grade ore. The exploration-development represents many thousands of dollars of mine workings inventory. Known mineralized zone length is some 1,000 feet. About 150' will be added to this length when the overburden is removed off of the Giant Vein and The Contact Metals Vein intersection North of the Main Shaft. The Lower X-cut Level would cost some \$22,400 to duplicate. Elevations of main levels are :


|                                 |       |                  |   |   |
|---------------------------------|-------|------------------|---|---|
| \$60, 5' width croppings .....  | 8098' | above sea level. |   |   |
| Main Shaft Giant, .....         | 7996' | "                | " | " |
| Upper Tunnel Level .....        | 7912' | "                | " | " |
| Contact Metals Upper Adit.....  | 7854' | "                | " | " |
| Contact Metals Main Tunnel..... | 7798' | "                | " | " |
| Mineralized ridge CM-GM.....    | 8352' | "                | " | " |

Ridgeline to Lower X-cut  
mining backs ..... 696'

The various levels in the Giant Mine and the Contact Metals Mine are so driven to adequately work out the ore shoots to the lower x-cut tunnel elevation before any hoisting or pumping would be necessary.

Herewith attached please find an up-to-date plan of the Giant Mine and Contact Metals Mine workings with proposed production connections shown.

These cost estimates are in line of good contract control. However, contract bids must be called, specific specifications drawn into each contract movement and delivery of the contract requirements for each completed sub-division of each contract before payment is made. In order-to obtain fast development advance and reasonable contract prices, each conyract movement money requires being placed in escrow with escrow instructions and released after completed performance by a public accountant after engineering has passed on the completed work movements and installed supplies, pipe, rail, etc.

  
James H. Wren,  
Mining Engineer.



# WESTERN METAL PRODUCERS CORP.

REPLY TO:  
P. O. BOX 2081  
RENO, NEVADA

JUNE 15, 1965

TELEPHONE  
Reno 525-4848

## VIA AIR MAIL - SPECIAL DELIVERY

Mr. Robert Le Blond,  
1710 North - A - Street,  
Midland, Texas.

Dear Mr. Le Blond :

This will advise that Gilbert H. Dotson of Los Alamitos, California requested us to send you the enclosed data and some herein observations concerning the Giant Patented Mine, Park Canyon Area, Nye County, Nevada.

1. The Giant Mine is probably the most promising partly developed gold-silver-lead property , ( chief values in silver), that Dr. Irving B. Gray and I have ever ran across from the standpoint of potential and limited capital necessary to commence economic production. To qualify our professional status with regard to accurate evaluation ability :

- a). Dr. Irving B. Gray, Geologist obtained his B. S. at Penn State, M. Sc. at University of Washington, Ph. D. at University of Arizona. He has an employment history with the A. E. C., U. S. E. D., Duval Corporation and during the past several years has successfully conducted a professional engineering-geologic service.
- b). Herewith enclosed please find a brief analysis of my background. For eighteen years I've practiced professionally with accent on production problems throughout the Western Hemisphere. Prior to that period was engaged on the production end of Western U. S. mining industry.

2. The Giant Mine had a production record of excellent grade ore produced from the main cross break on the Contact Metals Vein and the Giant Vein to a verticle depth of some 90' They packed ore off of the mountain with mules to the canyon bottom where it was hauled by wagon about 1-1/4 mile to the mill site. The mill was of early Virginia City, Nevada design, inefficient and only able to recover values contained in the oxides and native silver. The massive sulphides below the main croppings no doubt halted their activities in the late 1870s or early 1880s.



R. Le Blond letter of June 15, 1965 :

3. The Contact Metals Mine preliminary work was done about the same time as the chief production run on the Giant. I believe that the Contact Metals work halted on account of the sulphides occurrence within a few feet of the surface and the ore character was beyond their early plant's metallurgical limitations. This property, if possible should be worked along with the Giant Mine. The Giant Mine's apparent economic ore controls in form of the cross breaks assumes an inclination of 58 degrees on a Sou. Easterly dip. Therefore, the rake trend on the veins will carry across the Giant Mine's endline into Contact Metals ground. If possible these two properties should be worked by the same operator.

4. Subsequent to the early production period at the Giant Mine a long cross-cut tunnel was driven with object of connection with the ore that was produced from the surface to the tunnel level. It is evident that the operator did not recognize the 58 degree rake of the ore on the Contact Metals Vein in the area of Giant Mine production. You'll note on the superimposed plan that the lower cross-cut tunnel is almost directly below the Upper Tunnel. The ore shoot they were after is some 150' S-E of their tunnel bearing. The Giant Vein is much stronger than the Contact Metals Vein but the cross cut tunnel apparently did not intersect this vein. A verticle projection of the Giant Vein would place it at about 25' ahead of the heading. There is a possibility that the vein may have a slight Westerly dip average in the 442' from the 50' shaft on the Giant Vein to the cross-cut tunnel elevation. Consequently it is possible that the Giant Vein at the cross-cut Elv. tunnel is a few feet more Westerly than the verticle projection from 8098' to 7656' will show. The cross-cut tunnel is some 642' long, and was a total loss to the operators. However, it is valuable to us as eventually it'll be the main production haulage access to both the Giant and Contact Metals lower level ore. At \$35 per foot, not inclusive of pipe and rail installation, the cross-cut tunnel represents a replacement worth to us of \$22,470.

5. In about 1934 Philip and Louis Meyer ( present owners of the Contact Metals Mine), took a lease from L. L. Farrington, ( present owner of the Giant Mine) and commenced hand drilled ore production at very low depression metal prices, after they had rehabilitated the road to the cabin area. Ore was hauled off of the hill by horses. A difference of opinion between the lessees and the lessor caused a default in the lease after the Meyers Bros. had shipped \$7,000 worth of ore. Farrington then started shipping and built a single leg tram line with an upper terminal bin that only holds about one ton. He shipped about \$40,000 worth of ore between his operation and a partner's movement. Their inefficiency, lack of geologic recognition and metal prices plus lack of equipment shut them down. Average ore grade as shown in the University of Nevada Bulletin Vol. XLV January 1951, No. 3, Geology and Mining Series No. 50 was : 0.15 Oz. gold, 40 Ozs. silver And 4.00% lead. At present metal markets this grade would have \$69.77 gross value. The mining faces Farrington and associate mined are still in ore and ready for breakage.



Mr. R. Le Blond letter of June 15, 1965 :

6. EXISTING DEVELOPMENT EVALUATION :

Giant Mine :

640' of Lower X-cut @ \$35 per Ft. = \$22,470

Upper Tunnel Area 400' drifting  
@ \$35 per Ft..... = 14,000

90' of Main Shaft @ \$100 Ft..... = 9,000

50' Giant Vein Prospect Shaft  
@ \$50 per foot..... = 2,250

1½ miles of new road, cluverts,  
etc. within the past two months  
cost ( more than it should but the  
joint venturer was poorly aligned = 8,500

Sampling, lab work..... 500

Wren-Gray time with helpers, not  
charged but values there..... 4,000

( Note: This time value estimate  
is nominal as Wren has time since  
April 1964 and Gray 2½ intensive  
months ).

---

\$52,220

Contact Metals Mine :

175' of drifting on vein  
@ \$35 per foot..... = \$ 6,125

New road Spring 1964..... = 4,500

Geologic-engineering work,  
lab fees..... = 2,000

---

\$12,625

Giant Contact Metals total \$64,845

Note : The value of existing development saves some  
considerable presently pre-production expenditure.  
The Positive Ore was proven by this development  
work.



Mr. R. Le Blond letter of June 15, 1965 :

7. PRE-PRODUCTION COST ESTIMATE :

a). GIANT MINE :

See herewith attached, June 10, 1965 estimate sent G. H. Dotson.

The total estimate figure of \$21,520 is made possible by Dr. Gray's and my acquaintance with the requirements and ability to obtain contractors at reasonable prices.

The figure is possible only by placing the estimated subscription where it applies to contracts into escrow and disbursed by public accountant in accordance with specific escrow instructions. Contractors will perform for less if they know their money is on call after inspected work and equipment installation. As they'll be small contractors with little overhead, purposely chosen on that account for low contract bids payment on drifting footage advance will be at each 50'. Move-in-move-out cost for contractor account, on the mining contracts.

We are setting up to do a \$50,000 job for \$20,000 to \$25,000.

Shipment ore and milling ore will be produced before the contracts are completed. Its income can effect the Giant's stoping production setup at the first main production objective : 225' of inclined stoping length from the Upper Tunnel Level to the Surface on the Giant Vein ( see 8"X11" diagrammatic sketch at 8094 elevation to proposed drift connection on the Upper Tunnel Level at intersection with Giant Vein). At 8094' pit 5' plus of \$60 ore is exposed along side of 8' milling rock, width. This zone should show better silver values at shallow depth due to silver minerals leaching. At 8098' pit and 50' shaft 42 Ozs. silver is on the surface - \$60 rock with gold and lead. This silver value should also increase as some depth is attained. We are going to try to slot some of this ore from the surface while underground development is going forward for some direct smelting income. We have tentatively aligned a custom milling market 45 miles from the mine for the main shaft and upper tunnel dumps. Six averaged samples from the upper dump ( main shaft ) averaged \$29 per ton. There is about 750 tons of this ore and 250 tons lower grade. Upper Tunnel dump at \$18 will produce some 500 tons. Below and above winze area is available shipping grade ore. Only 50 tons per day of shipping grade ore @ \$50 per ton will net \$1,000 per day.



Mr. R. Le Blond letter of June 15, 1965 :

7. PRE-PRODUCTION COST ESTIMATE ; Continuation :

b). CONTACT METALS MINE :

See herewith June 1, 1965 pre-production cost estimate and description.

The total estimated total cost estimate of \$18,271 can be relieved by Giant preliminary income. The Contact Metals has a \$35 per ton stockpile of about 75 tons ready to ship now.

This property should be worked together with the Giant Mine under a single overhead. However, the Contact Metals Mine will eventually have the Giant Ore Shoots on its property at depth. Some considerable depth to the property is anticipated. There is over 1,000 of known Contact Metals Vein length between the two properties. A massive intrusive to the West shows no indication of cutting off the limestone at the Giant and Contact Metals Mines for over 1,000 feet of verticle depth.

After development now proposed at the Contact Metals Mine 50 tons per day is a very nominal tonnage quota. With the 50 tons of shipping ore at the Giant 100 tons per day from both properties is possible at commencement of the production run. Subsequently some 200 tons per day can easily be fit into the production quota in view of the development alignment and elevations between the various entries.

The whole \$18,271 Contact Metals' estimate would not have to be on immediate call, in-order-to operate both mines, \$10,000 immediately, if the Contact Metals Mine was started up with the Giant Mine would handle the activity.

200' 5' X 7' drifting on  
ore @ \$35 per foot..... \$ 7,000

Overburden removal off of  
main tunnel portal area and  
grading..... 1,530

Road smoothening ..... 350

Living quarters , mine office,  
trailerhouse for one qualified  
man to check both contracts 1,000  
- Page Five - 10,000



1 THIS AUTHORITY by the WESTERN METAL PRODUCERS CORP  
2 BOARD OF DIRECTORS executed on this 21<sup>st</sup> day of July 1965  
3 delivers the sole right to Gilbert H. Dotson, of 3172 St. Albans  
4 Drive, Los Alamitos, California and James H. Wren, of 604 South  
5 Wells Avenue, Apartment No. 4, Reno, Nevada, for them to procure  
6 and negotiate an operating Joint Venture Agreement for the produ-  
7 ction installation and the production of marketable products at  
8 the GIANT PATENTED MINE, W. M. P. C. Mill Site, Tunnel Site, and  
9 related lode mining claims, located in the Millet Mining District  
10 of Nye County, Nevada on the basis of the following terms :

11 a). All requirements of the Original Lease With Purchase  
12 Option granted October 5, 1965 by L. L. Farrington, Route 1 Box  
13 No. 525, Madras , Oregon Owner to James H. Wren, Lessee-Optionee,  
14 shall be complied with and made part of the proposed Joint Ventu-  
15 re Agreement.

16 b). All requirements of the VENTURERS ASSOCIATED , INC.  
17 Assignment to WESTERN METAL PRODUCERS CORP shall be complied with  
18 and made part of the proposed Joint Venture Agreement.

19 c). WORK COMMENCEMENT and MACHINERY INSTALLATION must  
20 be in force within Thirty ( 30 ) Days from the date of said  
21 Joint Venture Agreement signing.

22 d). Joint Venturer controls in behalf of W. M. P. C.  
23 shall be incorporated by Mr. G. H. Dotson and Mr. James H. Wren  
24 in the proposed Joint Venture Agreement, with regard to perfor-  
25 mance, W. M. P. C. payments and efficient operational activity.

26 e). Mr. Dotson and Mr. Wren will have the responsibility  
27 to ascertain that sufficient Joint Venturer capital is available  
28 to effect the production installation, installation of the proper  
29 mining equipment on the property and that the Joint Venturer  
30 Organization has the experience to conduct such an operation.



GIANT MINE JOINT VENTURE AUTHORITY

( Continuation )

1 f). Minimum payment terms incorporated in the proposed  
2 Joint Venture Agreement shall be :

3 1. Prior to Joint Venturer's recovery of production  
4 installation and advanced operating capital cost, W. M. P. C.  
5 will receive a full Fifteen ( 15% ) Percent of the net proceeds  
6 resulting from Joint Venturer's operation.

7 2. After Joint Venturer has recovered all production  
8 installation and advance operating capital cost, W. M. P. C. will  
9 receive Forty ( 40% ) Percent of the net production income for  
10 the entire life of the operation.

11 3. This Joint Venture Agreement to run a term of the  
12 full production life of the operation unless terminated by W. M.  
13 P. C. for just cause to be set forth in the proposed Joint Ventur-  
14 e Agreement requirements of the Joint Venturer by W. M. P. C.

15 4. If and when Giant Mine Royalty paid the property  
16 owner is to the amount of Fifty Thousand Dollars ( \$50,000 ),  
17 property owner is obligated to deliver good and sufficient clear  
18 title to the Patented Giant Mine. In that event W. M. P. C. will  
19 own an undivided Fifty Percent ( 50% ) and the Joint Venturer  
20 will own an undivided Fifty Percent ( 50% ) of the property.

21 5. At the conclusion of the production life of the  
22 operation, all assets excepting for production income due as  
23 has been provided for herein, and all equipment salvage shall  
24 be equally divided between W. M. P. C. and Joint Venturer when  
25 liquidated.

26 Mr. Dotson and Mr. Wren shall keep W. M. P. C.  
27 President and Secretary-Treasurer advised at all times with  
28 regard to the proposed Joint Venture Agreements negotiations  
29 advancement and at time of concluding such negotiations shall  
30 promptly deliver three ( 3 ) copies of the signed Joint Venture



GIANT MINE JOINT VENTURE AUTHORITY

( Continuation )

1 Agreement into the hands of the W. M. P. C. Secretary-Treasurer.

2 This Giant Mine Joint Venture Authority granted Mr.  
3 Gilbert H. Dotson and James H. Wren shall specifically be effect-  
4 ive for a period of Forty-Five ( 45 ) Days from the date herein  
5 first written above. After Forty-Five ( 45 ) Days, should an  
6 operating Joint Venture Agreement not be concluded, then and in  
7 that event this Joint Venture Authority will have no further  
8 force or effect and any future negotiations concerning the  
9 Giant Mine will require Board of Directors' consideration  
10 before concluding.

11 This resolution by the Board of Directors of Western  
12 Metal Producers Corp grants full authority to Gilbert H. Dotson  
13 and James H. Wren to negotiate and conclude a proposed Joint  
14 Venture Agreement for the operation of the Giant Mine and its  
15 related properties, under the terms and conditions set forth  
16 herein. The Authority granted is now effective on this 21<sup>ST</sup>  
17 Day of July 1965.

18  
19 ACCEPTED BY :

WESTERN METAL PRODUCERS CORP

20  
21 BY \_\_\_\_\_  
Gilbert H. Dotson

22 BY Walter N. Brown  
Walter N. Brown, President.

23 BY \_\_\_\_\_  
James H. Wren.

24 BY F. H. Webb  
F. H. Webb, Secretary-Treasurer

25 BY E. L. Serpa  
E. L. Serpa, Director

26 BY Irving B. Gray  
Irving B. Gray, Director.



NOTE : These bids have been called to have work movements ready to commence without having to buy equipment before self-supporting income.

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Item 33

OPEN BIDS FOR MINING DEVELOPMENT  
CONTRACT

MINE : Giant Mine, North Fork of Park Canyon, Nye County, Nevada, West side of Smoky Valley, 45 miles from Austin, Nevada, 4½ miles off of the Austin-Tonopah highway.

AVAILABLE CONTRACT WORK :

1. 120' of pipe, rail, ventilation pipe installation - 20 Lb. rail, 3" air line, 2" water line, 24" ties center, 6" deep ditch 1' wide, uncovered, installation in open drift. Some sideswiping needed.
2. 60' of dump track installation.
3. 200' of new drift advance - 5' X 7' with track and pipe as above. Good ground - no timbering needed.
4. One third mile of steep lountain road, some rock work.

PAYMENT :

1. Written contract with specifications.
2. All work supplies, insurance, etc. to be furnished by contractor.
3. Full contract payment on each contract phase placed in escrow to be issued on completion of each 50' of drift advance as o. k. is received by public accountant ~~from~~ engineering. 5' per day minimum acceptable drift advance. Contractor may work 2 shifts is desired.

ADDITIONAL CONTRACT :

1. Surface ore stripped out of 6' wide slot.
2. Underground shrinkage stoping on a tonnage basis delivered to surface, after above 200' of drifting advance is completed.
3. Additional 5' X 7' drifting. No timbering needed.
4. 600' of x-cut rehabilitation, no timbering needed.

Bids now acceptable. Contact, James H. Wren, 604 South Wells Ave., Suite No. 4, Reno, Nevada. Phone : 322-4840.











**GIANT MINE PLAN**  
**DIAGRAMMATIC**  
**SHOWING MAIN X-BREAK PROJECTION**

49600033

256  
 Item 33

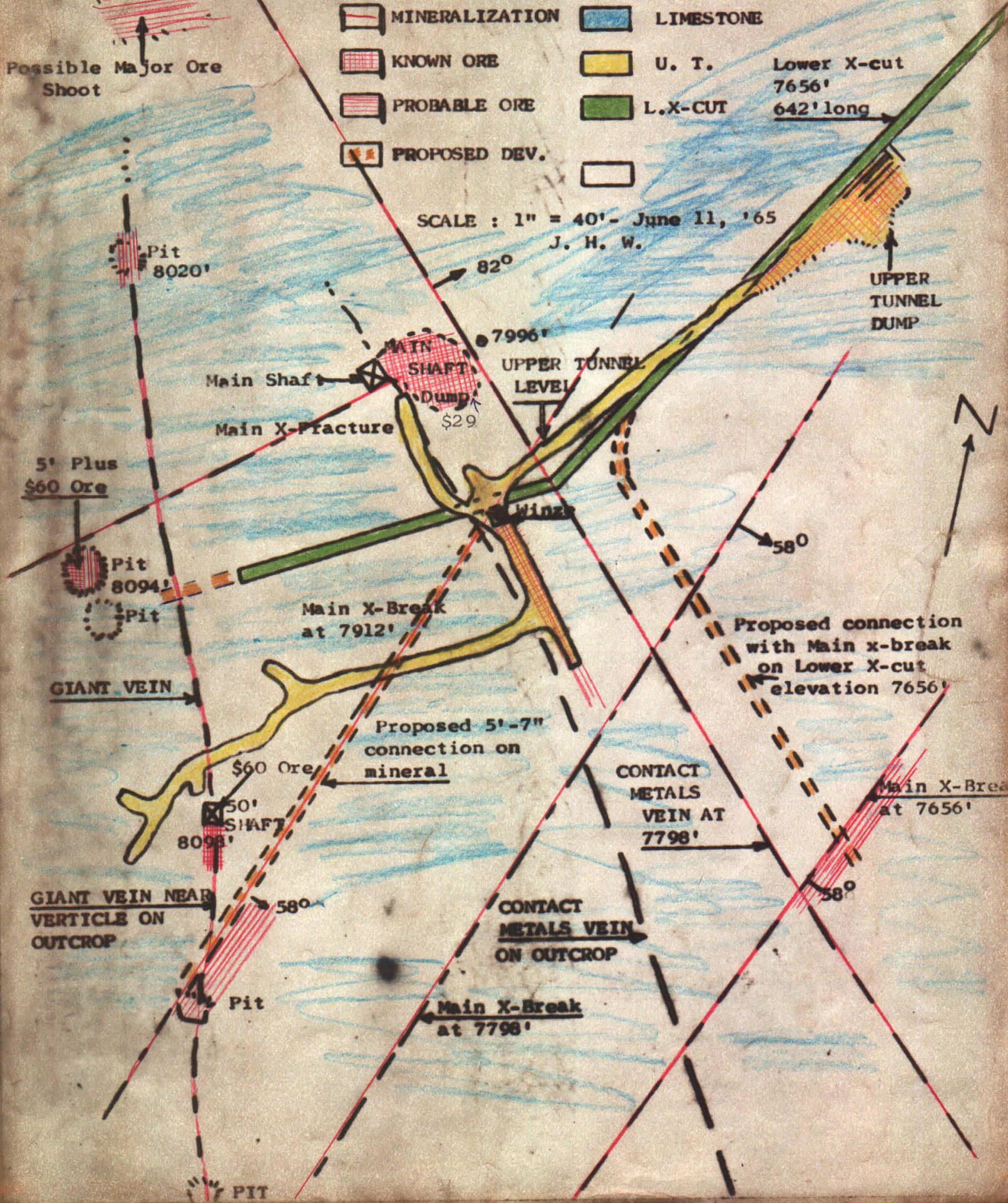
Probable  
 Intersection

Possible Major Ore  
 Shoot

- |  |  |
|--|--|
|  MINERALIZATION |  LIMESTONE |
|  KNOWN ORE      |  U. T.     |
|  PROBABLE ORE   |  L.X-CUT   |
|  PROPOSED DEV.  |            |

Lower X-cut  
 7656'  
 642' long

SCALE : 1" = 40' - June 11, '65  
 J. H. W.





4960 0033

**WESTERN METAL PRODUCERS CORP.**

(256)  
Form 33

REPLY TO:  
P. O. BOX 2021  
RENO, NEVADA

June 16, 1965

TELEPHONE  
RENO 322-4840

Mr. Arthur Lakes,  
Reno, Nevada.

Dear Arthur :

Herewith attached please find :

- a). Diagrammatic sketch of the Giant Mine's Main Cross-Break, showing elevations of where workings will cross this zone of proven ore in areas where opened.
- b). Plan of the Giant and Contact Metals Lode Claims with workings superimposed.
- c). Letter to Mr. Dotson who wanted a cost estimate on the Giant Mine prior to production income.
- d). Letter to Mr. Le Blond who's interested in effecting an operating arrangement.

The Contact Metals Mine and the Giant Mine should be worked by a single company. Giant Ore shoots at depth will cross over the Giant Southerly endline into Contact ground.

The Giant will probably easily produce 50 tons per day of smelting ore plus 50 tons of milling rock to start with. The Contact Metals will probably be in shape to produce 25 tons of direct smelting ore in a couple months and about 50 tons of custom milling rock. Long range, however, with several adits working, the mine could possibly produce 200 tons a day in about a year.

Deal of both properties is : 85% of the first net income to retire setup investment with 15% of the net to present owners of the agreement . After set up capital has been recoverdd a 50-50 division of the net. There is \$25,200 payable at the Contact Metals Mine royalty of 10% net smelter returns applicable against purchase price - \$2,800 already paid, \$200 per month minimum royalty. Giant has \$50,000 or minimum \$200 per month royalty applicable against purchase price as well as 10% net to mine bin income.

Sincerely yours,

  
James H. Wren.

P. S. I don't know how long these properties will be available. Several are dickering now. There's not much money involved, so may not last.