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item 7

GEOLOGICAL RECONNAISSANCE
OF THE
HOLDINGS OF
SHARNIEL MINING Co.

LOCATION:

The property under consideration in this report is located in the vicinity of the foothills of the New York Mountain Range, situated in the Leonard Creek Mining District, or the Varyville District, and is in northwest Humboldt County, Nevada., at the south end of the Pine Forest Mountains, about 100 miles northwest of Winnemucca.

It was originally organized as the Columbia District in 1875, and lode mining was actively conducted for a number of years.

The placers were discovered subsequent to the lodes and have been worked intermittently on a small scale.

HISTORY OF THE
DISTRICT:

In 1931, 1,500 acres above the Montero Ranch, (approximately 6 Miles from the property under consideration in this report) and along Leonard Creek for a distance of two miles was under investigation as placer ground by a San Francisco group of men, who organized a company called the Leonard Creek Placers, Ltd.,

The ground was tested, and the sampling indicated that a considerable yardage is available having an average gold content of 50 cents per cubic yard.

The average depth of the gravel is about 20 feet.

Successful exploitation of this placer ground may depend upon obtaining a supply from the Leonard Creek Ranch, which owns the water rights on Leonard Creek.

The Leonard Creek Placers Ltd., sank several wells for water at the lower end of Leonard Creek Canyon, but data on the results of this work are not available.

The company has never installed equipment for working the placers on an extensive scale.

In 1932 a number of miners were sluicing, rocking, or dry washing on Teepee and Snow Creeks, tributaries of Leonard Creek.

During the spring, water for sluicing was obtained from the melting snows.

Later in the year, when this water supply failed, dry-washing methods were employed.

REPORTED VALUE OF
OF THE MATERIAL:

Personally I did no sampling, as I could not see any use in duplicating work already done, unless I could employ more thorough methods, which I did not have the time or equipment to carry out.

I did, however, see ample evidence that it is a recognized placer district of considerable import. There is sufficient data in the University of Nevada Bulletins to show the recognized importance of this district.

A great quantity of data was submitted to the writer, and I hereby quote from these as follows:-

The September 1940 production yielded \$1.12 per cubic yard.

From another run 2000 cubic yards yielded \$1.441.84.

Still another run averaged \$1.30 per cubic yard.

APPROXIMATE YARDAGE

A constant depth of 20 feet where the material is exposed on the surface, would mean, approximately 33,000 cubic yards to the acre.

Therefore, 40 acres should be be figured as containing one-million, three hundred and twenty thousand cubic yards.

SUMMARY OF GEOLOGICAL
INTERPRETATIONS:

1. That the district is one of great geological age, and erosion and gravel and detrital concentration has been active through a great period of time.
2. That the Leonard Creek district forms the center of a zone of intensive gold impregnation, as evidenced by a great number of veins, and that furthermore there appears to have been a number of different and successive periods of mineralization.
3. That the Leonard Creek district shows indications of having been a part of a large drain age system, and that this may account for the water-worn boulders in the lower detrital material.
4. That the great age of the deposit and the evident long period of deposition, erosion and re-concentration make it likely that there is a very general distribution of the gold.

RECOMMENDATIONS:

The Sharniel Mining Company acquired the leases on this ground in September 1940, and during the short season in 1940, it is reported that the gravel washed yielded returns far beyond the expectations of the Company.

It is recommended by the writer that a moderate sum of money be expended in order to increase production of the present set-up.

Also to change the present position of the washing plant - extend the pipe line about 400 feet - and increase the water production with the installation of a third pump at well # 3, this sum of money should not exceed \$5,000.00