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MINING DEVELOPMENT  
SERVICES, INC.

2080 HOLMAN WAY SPARKS, NEVADA 89431 (702) 358-6227

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ITEM 1.6

October 26, 1972

The Board of Directors  
Pastime Enterprises, Inc.  
Sparks, Nevada

Gentlemen:

The following is a brief preliminary report on the J. B. placer deposit south of Austin, Nevada. (T. 15N, R. 42-43E) ?

The J. B. placer claims cover 200 acres below Washington Canyon in northern Nye County where gold and tungsten have been concentrated from the erosion of known ore deposits at higher elevations in the Toiyabe Range.

Representative samples have been taken from this deposit by Jim Butler and Rio Tinto Mines, and assays are reported to have averaged substantially in excess of 0.20 ounces of gold and 0.10% WO<sub>3</sub> per cubic yard.

The property contains in excess of two million cubic yards of placer deposits, and assuming that the average values are 0.20 ounces of gold and 0.10% WO<sub>3</sub>, there would be 400,000 ounces of gold and 200,000 units of WO<sub>3</sub> contained on the property.

Probably not much more than 80% of this would be recoverable, so 320,000 ounces of gold and 160,000 units of WO<sub>3</sub> could be recovered. Gold currently is worth \$65.00 per ounce and WO<sub>3</sub> approximately \$35.00 per unit, so the recoverable value of these minerals in this deposit would be \$26,400,000.00.

Royalties payable to the property owner would be \$2,640,000.00 and total costs of recovering the values from the placer would not exceed \$4.00 per cubic yard or \$8,000,000.00. Thus, total costs would not exceed \$10,640,000.00, leaving a gross operating profit of \$15,760,000.00.

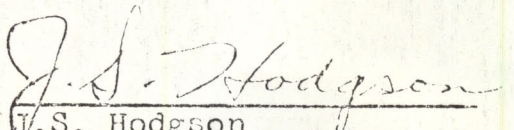
A plant capable of handling at least 200 cubic yards per hour or theoretically 4,800 cubic yards per day could be installed on the property. Such equipment should handle 1,000,000 cubic yards per year of continuous operation, so that within two years an operating profit of more than \$15,000,000.00 should be earned.



It should be possible to have the deposit in production before the end of June, 1973, and two million cubic yards of ore processed at a gross operating profit of approximately \$15,000,000.00 before the end of June 1975.

The cash expenditure necessary to prove the ore should not exceed \$25,000.00 and \$150,000.00 should install all necessary equipment to begin production. Operating capital requirements should not exceed \$25,000.00, so \$175,000.00 should be sufficient capital to earn \$15,000,000.00 gross profit over a two year period.

Yours truly,

  
J.S. Hodgson  
Consulting Mining Engineer  
JSH/oes



# PASTIME ENTERPRISES, INC.

P.O. BOX 1119 INCLINE VILLAGE, NEVADA 89450

702 831 2918

## FINANCIAL STATEMENT

March 15, 1973

### ASSETS

Cash in Bank	\$ 503.47
<u>Investments</u>	
J.B. Gold Placer	
3,000,000 cu. yds. gold placer @ \$0.20	600,000.00
Grantsville Mine (15 patented claims)	
900,000 tons fluorspar ore @ \$0.50	450,000.00
1,500,000 tons Ag-Au-Pb-Zn ore @ \$1.00	1,500,000.00
Cadiz Fluorspar (patented claim)	
750,000 tons fluorspar ore @ \$1.00	750,000.00
Chicago Fluorspar (patented claim)	
700,000 tons fluorspar ore @ \$0.50	<u>350,000.00</u>
TOTAL ASSETS	\$ 3,650,503.47

### LIABILITIES AND STOCKHOLDERS' EQUITY

<u>Liabilities</u>	
Mining Property Payments Owing	\$ 250,000.00
Exploration Expenses Payable	62,000.00
Business Accounts Payable	<u>3,150.00</u>
TOTAL LIABILITIES	\$ 315,150.00
<u>Stockholders' Equity</u>	
Capital Stock-Common Authorized	
100,000 shares @ \$10.00 par value	
Issued and Outstanding	
70,000 shares @ \$10.00 par value	\$ 700,000.00
Surplus from revaluation of Assets	<u>2,635,353.47</u>
TOTAL STOCKHOLDERS' EQUITY	\$ 3,335,353.47

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 3,650,503.47

Note 1. Values placed upon indicated ore are based upon sale of properties subject to production royalties rather than much greater profits that could be derived from production.

Note 2. Based upon 70,000 shares issued, per share equity is \$ 37.65.