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WONDER PROPERTY

CHURCHILL COUNTY, NEVADA

Location:

The Wonder property is located 50 miles east of Fallon, Nevada, in Churchill County, more particularly Section 33, T19N, R34E and Section 31, T19N, R35E, M.D.B.M. The elevation ranges from 5000 to 6000 feet with moderate relief.

Water is available from nearby sources and will require the installation of a two inch pipe line. No power line passes near Wonder, but one is planned by the U.S. Navy to service the bombing range near Frenchmen Flat which would pass within ten miles of the mine.

Ownership:

The property consists of 28 patented lode mining claims and one unpatented placer claim. The claims are owned by Frank W. Lewis of Reno, Nevada. Claude Lovestedt of Carson City, Nevada, has assigned his lease on the property to the company for a payment of \$13,500 and a production royalty of 4% net smelter return. The term of the lease is 30 years with an end price of \$1,500,000. The lease involves minimum monthly payments of \$300 per month, increasing to \$650 per month as of March 1, 1976, with a production royalty of 6% net smelter return.

History:

The Wonder district was discovered in 1906 and during that year the Wonder Mining Company was formed. Mining consisted of open cutting and underground shrinkage stoping. In 1911, a 200-ton, 10-stamp, cyanide mill was constructed which ran until 1919, producing approximately \$6 million with a 93% recovery from some 400,000 tons of ore. During this time, the company paid \$1,549,005.45 in dividends.

Sporadic mining continued until 1942, when the mine was closed by Federal order L-208. The total recorded production between 1907 and 1937 is 398,355 tons averaging 0.188 oz. gold/ton and 17.5 oz. silver/ton. At current prices, gold, 135/oz. and silver, 3.80/oz., the present value of the production is \$91.90/ton for a total of \$36,609,000.

Geology and Mineralization:

The geology of the area consists of a series of Tertiary volcanic flows which have been intensely fractured by at least six strong fault sys-

tems. Over 50 veins are known in the district, mainly in the Wonder rhyolite. Most of the production has come from the Nevada Wonder Mine which is included in the property under lease.

The Nevada Wonder vein is the strongest member in a vein zone consisting of at least eight separate veins generally confined to a width of 50 feet or less. The Nevada Wonder vein was stoped on an average width of five feet.

The economically important minerals in the veins consist of gold, argentite and cerargyrite with silver chlorides and bromides in a gangue of quartz, adularia and reddish fluorite. Other sulfide minerals present in the vein, generally less than 0.1%, are chalcopryite, pyrite, galena, sphalerite and molybdenite.

The oxidized and enriched zone bottoms at 1300 feet. In the sulfide ore zone below, pyrite increases in amount while quartz and gold decrease.

Program of Exploration-Development:

Three different types of ore sources will be tested in this program. Over 200,000 tons of dumps and tailings are present on the property with an indicated average value around \$5.00/ton with gold at \$135 per ounce and silver at \$3.70 per ounce. The underground potential, based on calculations by a consulting mining geologist, is classed as a possible 1,310,000 tons averaging approximately 0.1 oz. gold/ton and 10 oz. silver/ton. The third source consists of a possible 1,200,000 ton open pittable zone within the upper portion of the Nevada Wonder vein zone.

The program is divided into four phases of exploration-development combined with a projected two-phase installation program of a 300-ton flotation mill.

The first phase of the program involves testing the tailings while conducting underground sampling to test 552,000 tons of indicated ore above the 1300 level of the Nevada Wonder mine.

Contingent on the favorable results of the tailings test, a recovery circuit would be installed during the second phase with production commencing during the sixth month of the program. In addition, a project to develop 200,000 tons of the underground ore tested during the first phase will begin.

During the third phase of the program, based on favorable results, processing of the tailings would continue along with underground mine development, preparatory to stoping and completion of mill facilities. The third phase should be completed by the end of the first year.

The fourth phase would involve mining and milling of the underground ore and tailings combined with an underground development program of the indicated 700,000 tons of ore below the 1300 level of the mine. An additional 300,000 tons of projected ore below the 2000 level would be explored contingent of the results of the whole program.

WONDER MINE

CAPITAL REQUIREMENTS

Phase I

Test Underground Blocks B & D - 3 months	
Preliminary underground rehabilitation:	\$ 8,000.
Underground channel sampling & mapping:	7,000.
Assay 164 samples @ \$8:	1,400.
Winches & Power:	1,350.
General Consulting:	3,500.
Geologic Engineering & Supervision:	<u>10,500.</u>
	\$ 31,750.
 Develop 200,000 Tons of Tailings - 2 months	
Survey tailings:	\$ 2,000.
Mobilization:	2,000.
Drill 20 holes - 400' @ \$15:	6,000.
Analyse 80 samples @ \$8:	640.
Bulk Mill Test:	3,000.
General Consulting & Supervision:	<u>7,000.</u>
	\$ 20,640.
 Property Payments	
Payment:	\$ 13,500.
Minimum Royalty Payments @ \$300/month:	<u>600.</u>
	\$ 14,100.
 PHASE I TOTAL:	\$ 66,490.

Phase II

Develop Underground Blocks B & D - 5 months	\$ 12,000.
Underground Rehabilitation:	7,000.
Channel sampling continuation:	1,600.
Assay 200 samples @ \$8:	48,000.
Long-hole drilling - 3200' @ \$15:	14,000.
General Consulting:	5,200.
Assay 640 samples @ \$8:	4,000.
Mill testing:	1,800.
Winches & Power:	<u>15,500.</u>
Water Tank & Truck:	\$109,100.

Mine and Beneficiate 200,000 Tons Tailings - 3 months	\$ 20,000.
Pipeline:	<u>90,000.</u>
Recovery circuit installation/300 tons per day:	\$110,000.
Minimum Monthly Royalty Payments:	\$ 900.
PHASE II TOTAL:	\$220,000.

Phase III

Mine and Beneficiate Underground Blocks B & D (200,000 tons developed and 350,000 tons probable)	\$100,000.
Underground mine development:	210,000.
Surface plant installation @ 300 tons per day:	20,000.
Pipeline:	149,500.
Haulage Ramp = 2300' @ \$65:	<u>10,500.</u>
General Consulting Expense:	
PHASE III TOTAL:	\$490,000.

PHASE I, II & III TOTAL: \$776,490.

Phase IV

(Develop upto 700,000 tons underground as
needed for additional mine life)

NOTE: If a management decision to begin operations at a 150 ton per day rate rather than 300 tons per day were necessary, Phases II and III could be decreased by approximately 40% to show the following:

Phase I Total:	\$ 66,490.
Phase II Total:	132,000.
Phase III Total:	<u>294,000.</u>
PHASE I, II & III TOTAL:	\$ 492,490.