

PRELIMINARY REPORT

on

Red Cloud Mine, Coulterville, Calif.

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In my examination of the, Red Cloud Mine, I inspected a gold bearing quartzsite vein, which has been uncovered with a D-8 dozer. The vein is approximately 100 feet long by 40 feet in width. It was drilled to a depth of 8 feet. Depth of this gold bearing quartzsite vein is not known at this time. Gold values should increase with depth. If the vein goes to a minimum depth of 100 feet there would be 21,666 tons of ore. Values of this ore at todays price, \$389,988 (dollars). The vein average \$18.00 (dollars) per ton. The gold bearing vein has unlimited possibilities.

Upon inspecting the 110 feet shaft, there is a 3 foot wide; high grade vein of gold bearing ore assaying \$110.00 (dollars) per ton. This vein of high grade ore may widen with depth. The mineralized area shows 8 ft. in width. There are several small stringers of ore in this area which have good high values and are laying on approximately 60 degree slopes. With depth they could join together with the 3 foot high grade vein forming a good big ore body.

If the shaft is extended down on the ore; The ore removed would pay the cost of sinking, plus a sizeable profit.

The incline shaft of the old, Red Cloud Mine, (which at present is caved at the portal), was reported in old reports to be 8 feet by 10 feet, and approximately 700 feet in depth. With levels cut every 100 feet.

To clear the caved in portal, the extimated cost of, \$6,500.00 (dollar) Was quoted by, H. J. Schmeling, mining contractor, Frazier Park, California.

According to a, Mr. Earl Robinson, a Greely Hill area resident who worked in the mine in an abortive attempt to open the mine in 1935, states that on the 100 foot level, ore was stacked in the drifts with values at \$12.00 (dollars) per ton, based on the price of \$20.67 (dollars) per oz. (The tonnage in the drifts on the 100 foot level are unknown.)

As of todays \$100.00 (dollars) an oz., the ore that is stacked in the drifts would average \$65.00 (dollars) per ton. Mr. Robinson also stated ore on the 200 foot level ran \$16.50 (dollars) per ton when gold price was also \$20.67 (dollars) per oz. Today value would be \$82.00 (dollars) per ton, also unknown tonnage on the 200 foot level.

The overall picture shows a high mineralized area with several good ore veins according to mining records. The records show that there are 42,000 tons of ore blocked out carrying values up to \$60.00 (dollars) per ton. The lowest value of ore mentioned is \$30.00 (dollars) per ton. The price of gold at this time was \$16.20 (dollars) per oz.; which would make 3.63 oz. of gold per ton. As of todays price of \$100 (dollars) per oz. This means the \$60.00 (dollars) per ton ore would be \$352.00 (dollars) per ton. The \$30.00 (dollars) per ton ore would make 1.8 oz. of gold. Today's price the ore would average \$259.33 (dollars) per ton.

According to records of 42,000 tons blocked out ore, the values would be \$10,891,860.00 (dollars).

With the ore blocked out this means mining cost would be cut better then half.

In my opinion this could be very valuable property!

To sell this property, I would recommend an in price of, \$3,500,000.00 (dollars). A minimum down payment of \$100,000.00 (dollars). In one year \$500,000.00 (dollars) payment of 10% percent of mill returns, which ever the greater. There after at three (3) month intervals \$250,000.00 (dollars) minimum payment, or, 10% per cent of mill returns, which ever the greater; until in price is complete.

To reopen and place the mine into production, (Without being able to see the condition of the incline shaft), an estimated \$25,000.00 (dollars) would be required.

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