Location and Description.

The subject mining property consists of two patented lode mining claims, the Bimetallist, Survey No. 12254 and the Hawkeye, No. 1641.

The claims are situated in the Sneffels District, Ouray County, Colorado. From this point on U. S. paved highway No. 550, the area is reached on state road No. 361, the Box Canyon raod, a distance of 4.0 miles; thence about 1.5 miles over a graded county road to the base of the hill on which the mine is located. These roads are maintained and kept open all of the year.

A rough access road was installed from the county road and completed on July 20, 1961. The road is suitable for the installation and servicing of equipment but required improvement for production haulage. The distance to the county road is about 1 1/4 miles with an elevation difference of 800 feet. No road of any kind was previously on the property. The road is graded dirt and unimproved with very steep sections.

The nearest point of major supply is at Denver, Colorado, a distance of about 350 miles. The nearest railroad shipping point is at Ridgeway, a distance of about 17 miles. The nearest landing facilities for aircraft are at Montrose, a distance of about 35 miles.

Climate, Vegetation, Water, Power.

The property surface elevations will range from 10,500 to 11,500 feet above sea level. The area is subject to heavy snowfall and freezing weather from November to April. Since the access roads are maintained open to within 1/4 mile from the adit, all year operation can be sustained. The climate is such, however, that suitable provision must be made for shelter over dumps as well as for mine plant where operations ensue.

There is abundant water for all purposes and a power line is in to the Camp Bird and other properties within an estimated 1/2 mile.

There is some timber suitable for mine use on the property; however, no estimate was made of the amount.

Because of the high elevation, it must be pointed out that as far as possible, mechanical methods must be used, such as mucking machines, for execavation. It is also necessary to provide air compression equipment in excess of normal capacity, due to the inefficiency of normal operation at these elevations.

History and Production.

The property is situated in an area which has had a very remarkable production, one of the greatest in the United States, in precious metals. It is directly across the canyon from such famous old producers as the Camp Bird, the Tomboy, Revenue, Smuggler and others. The Camp Bird had a production of some $27,000,000.00 from 1903 to 1916 in a sheeted zone some 4-5' thick in the San Juan tuff and andesite; it is currently active. To 1929, the San Miguel County production was $116,000,000.00 and Ouray $79,300,000.00. The Tomboy produced some $26,000,000.00.

The Bimetallist has been owned from the beginning by the Downer family and is unusual in that title has not passed from the heirs. It is not known when the property was discovered. The last important mining and development period was 1904 to 1907, with major work in 1907. Some minor development was reported in 1912 - 1913.

It is emphasized that no road has ever existed to the property and that all of the ore shipped was packed out.

While there has been very little production, see Appendix 1, the amount and grade of the ore shipped indicate that it was very high grade, having an average, at present prices, of about $470.00 per ton, from 197 tons. From this amount, 2,057.65 ounces of gold and 22,581.40 ounces of silver, or a total gross value at present prices of $92,300.00.

From the map appended, it would appear that this production came from the small stope of the Bimetallist shaft, probably 12-14,000 cubic feet, or little more than 1,000 tons. The highest grade shipment was 1.97 tons at 97.63 oz. gold and 944.20 ounces of silver per ton.

Title and Ownership.

Title of the property is represented to rest with Helen A. Croft and the heirs of C. J. Davis and Malcom Downer. The property was sold under contract to O. C. Baker and W. R. Nichols, Montrose, Colorado, dated April 1, 1960, see attached Exhibit A. The property was subsequently sold by O. C. Baker and W. R. Nichols, June 6, 1961, to L. O. Bunde

and C.P. Keegel; and conveyed by assignment to the Bimetallist Mining Company, Inc., (Exhibit B) 411 West Pepper St., Mesa, Arizona. A letter refusing lien is attached, (Exhibit C).

Surface Improvements, Buildings and Equipment.

Equipment consists of a 300 C.F.M. Diesel driven portable compressor, Einco 12 B mucking machine (on lease-purchase contract), 500 feet of 16# mine rail, two 1/2 ton ore cars, two jackhammers complete with jacklegs, all necessary accessory equipment and drill steel. Receiver, 500' of 2" pipe, 500' of 1" pipe, small water pump and essential small tools. One G.I. Dodge 4-wheel drive vehicle.

There are no buildings or other improvements on the premises.

Development.

Underground development consists of:

The Hawkeye Adit driven to a distance of 515 feet with the small cross-cuts as shown on the accompanying plan. Accessible and 200' from S end of claim.

The Hawkeye Adit has been cleaned, collar sets installed, rail and pipe placed, and the heading is currently being advanced on a two-shift basis.

The Intermediate Tunnel: The discovery; this adit is about 200 feet long on the vein and is not accessible.

The Bimetallist Shaft: About 160 feet dep with the drifts as shown on the accompanying plan. The shaft is filled with water and is not accessible.

The Hawkeye Adit is open, though untimbered, and the ground stands well unsupported. The few starting sets must be replaced. There is 10# rail in this adit.

Geology.

The vein being explored is called the "Wheel of Fortune" vein. Values occur on both sides of a northeasterly bearing dike and the dip is about 65° northwest. The Wheel of Fortune vein has been traced six miles or

more. The surrounding rock is the San Juan tuff and andesite. Deposition was by low temperature ascending solutions (probably in the range of 150° C).

In general, this district, the base metal content is high. Mineralization is quartz containing pyrite, chlocopyrite, telluride, argentite, some galena with pale brown to yellowish zinc blende.

Burbank describes two periods of mineralization, the first in the late Creteceous or early Eocene and the second in the late Tertiary. The Camp Bird mineralization is reported of Miocene Age. The early period is high temperature and the late of relatively low temperature. The upper portion of the veins is heavy in the base metals and these are cut by gold bearing epithermal veins.

These veins in the volcanics originate in the volcanics and gold is the latest mineral deposited. Ores are localized by faults and fissure intersections or "chimnies" and locally by complex breccia zones and fissures.

Rhodonite with some quartz and minor sulphides occurred late in the system with gold deposition after this.

In the Hawkeye and Bimetallist portion of the vein, the values are reported to follow on both sides of the early mineralized fissure, locally called a rhyolite, although only the footwall side has been explored. The widths will vary from a few inches to three feet in the better grade ore. Ore shoots are apparently not extensive, but are high grade.

The Bimetallist Shaft was not accessible. It is reported that the vein which was followed pinched in the bottom of the shaft to only a few inches and no claims are made for ore left in that area, a very unusual situation where a mine is under water. Normally, a very considerable variation in the width of the ore bearing zones may be expected.

Southeasterly and in the canyon well below these workings, the Jack Pot Adit drifts on a vein which is striking into the Wheel of Fortune vein; small and spotty high grade ore is contained.

Discussion.

The area covered by the Bimetallist and the Hawkeye claims has had only minor development. Samples taken from the Hawkeye Adit by other engineers are shown in Appendix 2. Forester shows a possible shoot in

the 70 feet 290 feet from the portal at 1.75 ounces of gold and 3.44 ounces of silver per ton, or gross value of $63.30 per ton. These values continue with the 40 feet starting at 400 feet from the portal, containing 0.72 ounces of gold per ton or $25.00 per ton contained. Garrett, near the face, shows values at 1.32 ounces gold and 2.16 ounces in gold ($75.50 gross). Obviously, since ventilation is necessary for further work anyhow, the more favorable areas should be explored vertically by raises to the surface, 160 feet at that point.

The production of 197 tons of ore having a present gross value of $92,300.00 from the very small zone in the Bimetallist Shaft area indicated the very definite economic feasibility of further development on this property. It is obvious that in the minimum outlook, an investment in extending the drift and suitable raises will be repaid, and there is a very good chance for a profitable operation to ensue.

It is reported that the Hawkeye Adit was directed to draining the area under the Bimetallist Shaft as the primary objective. The operators would have continued sinking except for excessive water which could not then (1904-05) be handled in this locality. The drifting should be continued but at the same time, the hanging wall areas, or north side of the dike should be explored.

The writer made a check sample, as a random cut, in the backs of the adit about 80 feet from the present face. The 30" sample shows 0.88 ounces in gold and 1.2 ounces in silver, or a present gross value of $31.80 per ton; this conforms nicely with the reported shoot at an average of 0.72 ounces in this area. A sample at the face shows that values continue. Check samples at 5' intervals for the length of the adit should define proper high grade areas suitable for raise exploration.

A mill run from a 35 ton sample from the first 150 feet of the Hawkeye Adit by Mr. Forester indicated values at $25.00 at present metal prices and this large scale sample should be quite representative. He shows a very conservative estimate of 17,500 tons which at present prices would have a gross contained value of $427,000.00 and a net of $140,000.00. This, of course, discounts entirely the discovery of any high grade shoots and is based upon the average of small chip samples. Obviously, the inducement in this type of exploration is the possible discovery of very rich shoots such as have been mined, any one of which could exceed the projected reserves many times over.

It is the opinion of the undersigned that this property has been most

conservatively reported by Mr. Forester, who recommends it, and has very attractive possibilities.

There is some evidence of control cross faulting which is mineralized about 200' northeast of the present heading. The strike of these will vary from N 30 W to N 50 W with steep SW dip (on the order of 60° - 70°). The first of these would probably be intersected about at 700 feet from the adit entrance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions.

1. *In view of the production and prior lack of access, the property has unusual merit even with allowance for the fact that ore shipped was no doubt sorted.*

2. *The check samples verify reports of ore in the Hawkeye Adit.*

3. *The geologic controls at the old shaft and between the shaft and the heading in form of mineralized transverse faults would indicate two possible ore shoots as a target for exploration.*

4. *The vein structure is strong and exploration has been centered on the footwall only. There is some evidence of vertical branching easterly on the hanging wall such that raise development to the horizon of possible junction is indicated, together with more hanging wall exploration as the work progresses.*

Recommendations.

1. *A loan from the O.M.E. should be applied in behalf of the Bimetallist Mining Company, Inc.*

2. *At least 700 feet of horizontal drift at the Hawkeye Adit should be done.*

3. *Allowance should be made for at least 600 feet of raises.*

4. *Cross cuts and hanging wall exploration should be made to the extent of 300 feet.*

Estimate of Cost.

The location of the development areas at 11,500 feet (approx.) adds materially to the costs here, as opposed to normal operation at lower elevations.

On a contract basis by the company, a reasonable figure with due allowance for chutes and timber would be:

(a)	700' of horizontal drifting @ $30.00/ft.	$ 21,000.00
(b)	600' of raise development @ $25.00/ft.	15,000.00
(c)	300' of cross cut and hanging wall drifting @ $30.00/ft.	9,000.00
	Total Cost	$45,000.00

Engineering services, 5 days/mo.	2,500.00
Analyses and Samples	840.00

Time requirement (2 shifts) per day, 6 days per week: 7 months.

The expense of winter operation and general inefficiency does not warrant extending development through the winter months.

Assuming that the Government may approve a loan application, it is likely that a month will be necessary and that development will already have been advanced 200 feet or more in the Hawkeye Adit.

Accordingly, it is recommended that the present application be subject to:

500' of horizontal drifting northeasterly on the Hawkeye Adit	$15,000.00
Engineering	1,000.00
Sample analyses	300.00
	$16,300.00

The drifting to be under contract by the Bimetallist Mining Company, Inc. Time to complete: November 30, 1961.

C. P. Keegel
Mining Engineer
Nevada No. 232

August, 1961

RECORD OF ORE SHIPMENTS - BIMETALLIST MINE

Lot No.	Weight Tons	Oz./Ton Au	Oz./Ton Ag	Contained Oz.** Au	Contained Oz.** Ag	Net Value*
1.	0.98	8.16	91.60	8.00	90.00	$ 155.94
2.	7.51	36.90	326.00	277.50	2,452.00	6,808.01
3.	8.84	39.18	364.00	347.50	3,219.00	8,544.67
4.	10.01	11.93	178.80	119.30	1,786.00	3,153.25
5.	10.20	11.23	281.37	114.80	2,860.00	3,689.90
6.	10.18	20.97	298.41	213.20	3,042.00	5,830.70
7.	8.90	3.33	40.20	29.60	358.00	662.93
8.	8.22	3.00	31.00	24.60	254.20	483.66
9.	9.95	22.80	281.35	227.00	2,800.00	5,947.21
10.	9.47	1.82	30.00	17.20	284.00	336.07
11.	10.32	1.94	25.60	20.00	264.00	368.06
12.	9.60	2.36	25.20	22.60	242.00	415.17
13.	10.32	1.28	17.70	13.40	180.00	192.97
14.	9.23	2.12	47.40	19.50	433.20	475.24
15.	9.94	22.57	207.65	224.00	2,060.00	5,368.18
16.	11.12	6.01	60.85	67.50	682.00	1,490.08
17.	15.70	1.10	8.73	17.25	137.00	283.75
18.	14.66	7.35	55.72	107.00	523.00	2,374.09
19.	9.57	14.60	58.00	140.00	556.00	2,979.56
20.	7.63	2.17	13.10	16.50	100.00	280.98
21.	4.66	6.68	54.52	31.20	259.00	637.13
						$ 50,450.33*

*Net smelter return after deducting railroad freight and treatment cost and with the value of gold at $20.67 per ounce.

**Rough computation based on assays and weights

TOTAL TONS: 197 TOTAL OUNCES GOLD: 2,057.65 TOTAL OUNCES SILVER 22,581.40.
PRESENT VALUE GOLD $72,000.00; PRESENT VALUE SILVER $20,300.00
TOTAL $92,300.00.

Hawkeye Adit Samples

By D. Forester

		Oz. Au/Ton	Oz. Ag/Ton
1st. 100 feet	10-14"	0.20	10.20
2nd 100 feet	6-30"	0.24	6.96
next 60 "	10-30"	0.32	5.88
" 30 "	16"	0.26	3.54
" 70 "	12"	1.76	3.44
" 40 "	13"	0.38	3.42
" 40 "	8-10"	0.72	2.28

By Garrett

No. 6	0.28	1.00
No. 7	0.84	2.90
8	0.60	3.40
9	0.24	1.70
10	0.68	3.60
11	0.30	2.60
12	0.82	3.40
13	0.16	5.20
14	0.58	1.90
15	1.32	2.80
16	2.16	28.40

Assays on the intermediate adit show ore at 6-12' with generally low values but maximum at 2.0 oz. gold and 200 ounces silver per ton.

MONTROSE REALTY

508 Main Street
MONTROSE, COLORADO

Phone: CHerry 9-3573

July 6, 1961

C. P. Keegel Engineers
Bimetalist Mining Co., Inc.
1721 South 14th Street
Las Vegas, Nevada

Dear Mr. Keegel:

Thank you for your letter to Bill dated July 1.

We are enclosing a photostatic copy of our agreement with the owner. Our copy machine did not copy the signatures; therefore we are typing in the correct names. We will not permit a lein on this property until $15,000.00 has been paid in.

We have made arrangements to acquire the Silver Shield mill but have not been able to do so financially.

Best regards,

C. O. Baker

C. O. Baker

Enclosure

P. S. We are looking forward to seeing you on the 10th.

COB:nn

EXHIBIT A

COPY

CONTRACT OF SALE

THIS AGREEMENT, made and entered into at Ouray, Colorado, between Helen A. Croft, of Ouray, Colorado, as an individual and as attorney in fact, Party of the First Part, and W. R. Nichols and O. C. Baker of Ouray, Colorado, Party of the Second Part, WITNESSETH:

That Party of the First Part, for and in consideration of the payment to her of Fifteen Thousand Dollars ($15,000.00), agrees to sell to the Parties of the Second Part, the following lode mining claims situate in the Mt. Sneffels Mining District in the County of Ouray and the State of Colorado, to-wit:

> The Bimetallist lode mining claim, Survey No. 12254; and the Hawkeye lode mining claim, Survey No. 1641.

The Parties of the Second Part, in consideration of this agreement, agree to pay to the First Party One Thousand Seven Hundred Dollars ($1,700.00) on this date, receipt of which is hereby acknowledged; Twenty-five Hundred Dollars ($2,500.00) on October 1, 1960; Twenty-five Hundred Dollars ($2,500.00) on April 1, 1961; Twenty-five Hundred Dollars ($2,500.00) on October 1, 1961; Twenty-five Hundred Dollars ($2,500.00) on April 1, 1962; Twenty-five Hundred Dollars ($2,500.00) on October 1, 1962; and Eight Hundred Dollars ($800.00) on April 1, 1963.

Party of the First Part hereby agrees to pay one-half of the 1959 taxes on said mining property, due in 1960, and Parties of the Second Part agree to reimburse Party of the First Part for taxes paid by her assessed for 1960 and thereafter while title remains in said Party of the First Part.

Party of the First Part, having an interest in said mining claims and have a Power of Attorney from the other interested owners in said mining claims with power to "bargain, sell, grant, release and convey to such person or persons and for such sum or sums of money as she may deem most for their benefit, and upon such sale to make, sign, seal, acknowledge and deliver for them and in their names proper deeds for such covenants in warranty, quit claim or otherwise, as to her shall seen expedient, as their deeds; and to accept and receive all money the same may be sold for, and upon the receipt thereof to make receipts therefor."

Party of the First Part, upon receipt of the purchase price above stated hereby agrees to convey to Parties of the Second Part by a good and sufficient mining deed the title to said Bimetallist and Hawkeye patented lode mining claims.

IT IS UNDERSTOOD AND AGREED by and between the parties hereto that time is of the essence of this agreement and that if any payment is not made to Party of the First Part within ten (10) days of the time agreed upon, all payments heretofore made shall be forfeited and this contract may be declared forfeited; IT IS ALSO UNDERSTOOD AND AGREED by and between these parties that in the event that shipments

(continued)

of ore from this property shall be made before this contract has been carried out that a royalty of twelve per cent (12%) of net smelter returns on ore produced from the above described mining property shall be applied on said purchase price and credited on above set forth amounts.

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands and seals at Ouray, Colorado, this 1st day of April, A.D. 1960.

S/ Helen A. Croft
As an Individual

S/ Helen A. Croft
Attorney in fact for heirs of
O.J. Davis and Malcolm Downer.
Party of the First Part.

S/ O. C. Baker

S/ W. R. Nichols
Parties of the Second Part.

W.G.M.
DAK
CCB
LOB

Agreement of Sale and Purchase of Property.

Article of agreement made this ~~first~~ sixth day of June 1961 between O.C.Baker and W.R.Nichols of County of Montrose,and State of Colorado, party of the first part, and L.O.Bunde and C.P.Keegel of 1721 S 14 th Street,Las Vegas,Nevada, party of the second part. Witnessth, That if the parties of the second part shall make the payments and perform the convents herinafter mentioned on his part to be made and performed, the said parties of the first part, hereby convenant and agree to convey to said parties of the second part, in fee and simple, by good and sufficient Warrenty Deed, the following decribed property. Viz; Bi-Metalist Lode Mining Claim U.S.Survey number 12254 and Hawkeye Lode Mining Claim U.S.Survey Number 1641, located in Sneffels Mining District of Ouray County, Colorado. Said premises to be free and clear from all leins,incumbrences, and taxes, except taxes for the year 1961, and subsequent taxes, and the said party of the second part, convenants and agrees to pay the said parties of the first part, the sum of Thirtyone Thousand Dollars (31,000) in the manner following: Three Thousand Dollars,receipt of which is hereby acknowledged, and Five Thousand Dollars on each six months thereafter, until the total amount is paid. Payments are to made at the ends of the six months periods.

W.G.M.
DAK
CCB
LOB

Parties of the second part may pay the full amount of the purchase price in full, any time in advance, and receive Deed at their option. It is mutually agreed, that the time of payment shall be an essential part of this contract. In case of failure of parties of the second part to make any of the payments or perform any of the convenants of his part at the time or times specified, this contract shall be forfeited and determined at the election of parties of the first part, upon notice to the parties of the second part ten (10) days after their intention to do so, by delivering to him personally or mailing same to above address, and the said parties of the second part shall forfeit all payments made by them on this contract, and all improvements made on said property, shall be retained by parties of the first part as liquidation damages, and party of the second part shall give parties of the first part peaceful possession, provided that the parties of the second part may remove all machinery and equipment placed on the property by them within 90 days of receipt of notice of forfeiture, wether same is fixed or movable.

It is mutually agreed that any ores, concentrates, or Gold Bullion sold from this property by the parties of the second part, shall have the purchaser of such ores, concentrates, or Gold Bullion, pay to the party of the first ten (10) percent royalty of the net smelter returns. Such royalty will apply on purchase price, until property is paid in full. This agreement may be assigned by the second parties without notice to the first parties hereof.

This agreement [illegible] parties hereto, their heirs, assignees, or administrators.

EXHIBIT B

Western Finance Company, Agents
Insurance & Real Estate
500 Main Street Phone 67W
Montrose, Colorado

In witness whereof: The parties to these presents, have hereunto set their hands and seals, the day and year first above written.

O.C.Baker

W.R.Nichols

C.P.Keegel

L.O.Bunde

ST. PAUL FIRE and MARINE · The St. Paul Western Insurance Companies FOUNDED 1853 · ST. PAUL MERCURY · WESTERN LIFE

VALLEY NATIONAL BANK

MAIN STREET OFFICE 66 WEST MAIN MESA, ARIZONA

July 17, 1961

Bimetallist Mining Company
411 West Pepper Street
Mesa, Arizona

Attention: Mr. L. O. Bunde
Secretary-Treasurer

Gentlemen:

In reply to your letter dated July 1, 1961 requesting that our bank loan your mining company $25,000.00 to do development work and repayable over a five-year period, we are sorry to inform you that the nature of this loan as to amount, repayment and purpose are not within our bank policy for extension of credit; however, we trust that you will have a very successful venture.

Very truly yours,

J. W. Boone

Assistant Vice President

J. W. Boone
cb

EXHIBIT

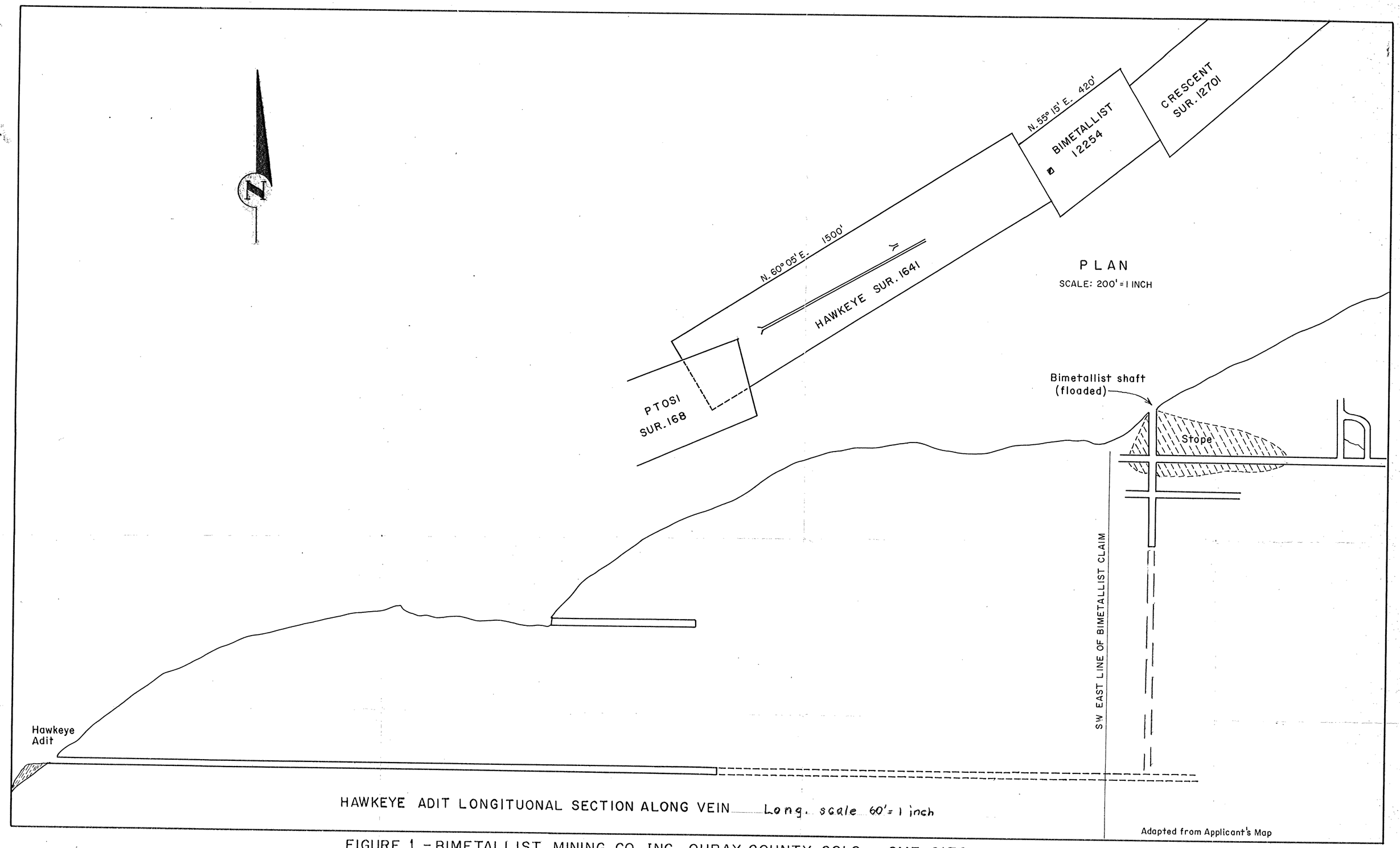
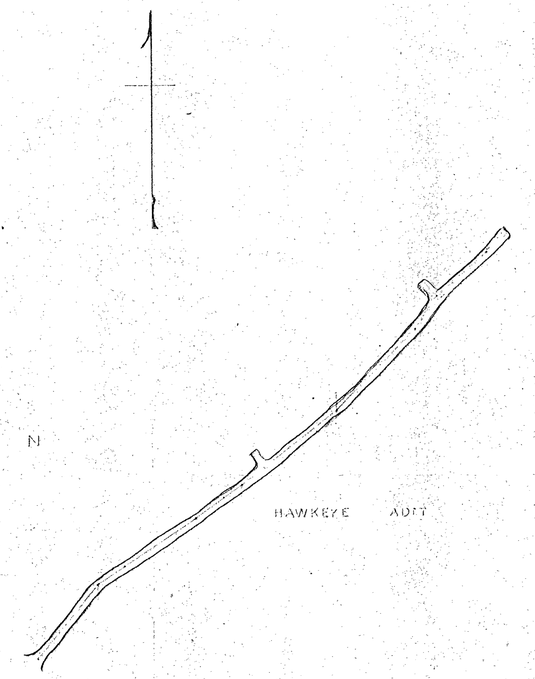
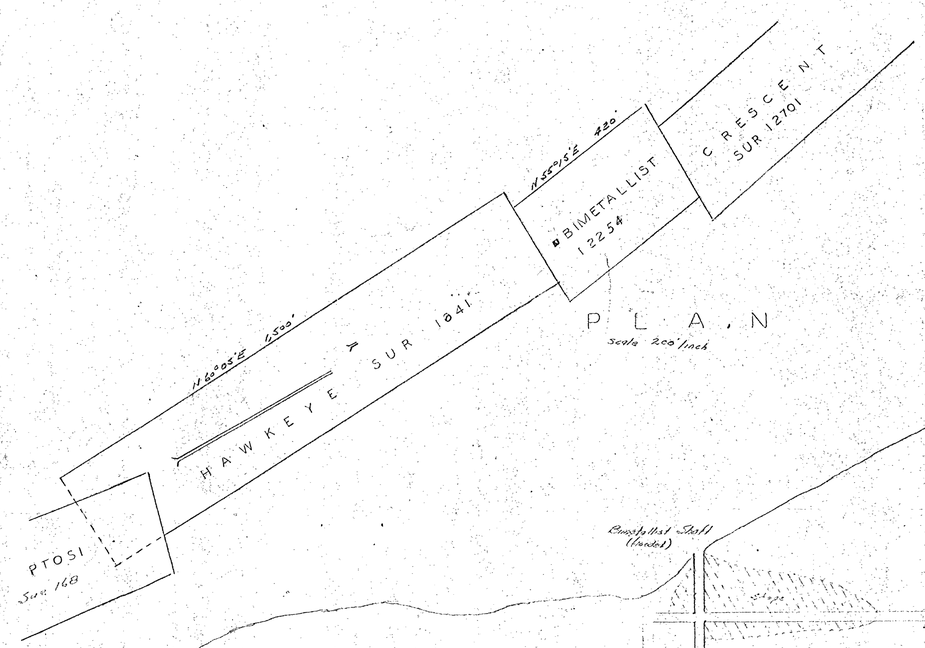
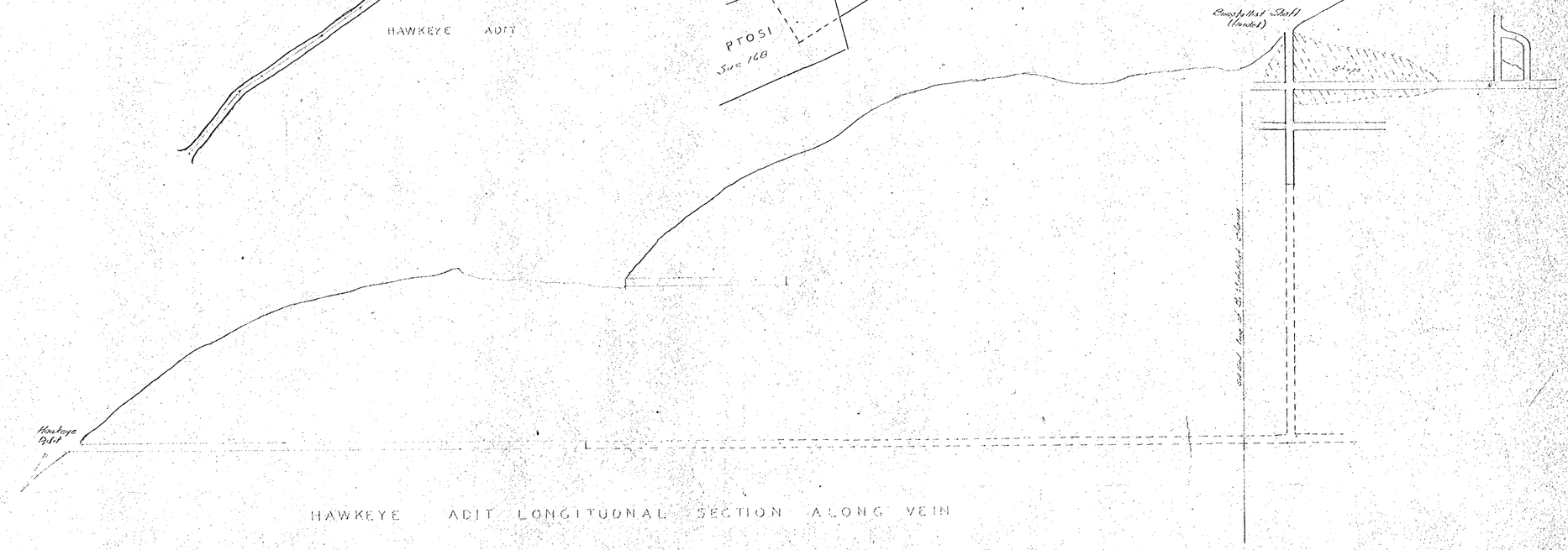


FIGURE 1 - BIMETALLIST MINING CO., INC., OURAY COUNTY, COLO. OME-6170







BIMETALIST

SCALE: 60' 1" DATE: 7/5/54	APPROVED BY:	DRAWN BY: REVISED: DR
SNEFFELS DIST OURAY COLO		
Revised & dwg. from O.C. Baker		DRAWING NUMBER 1

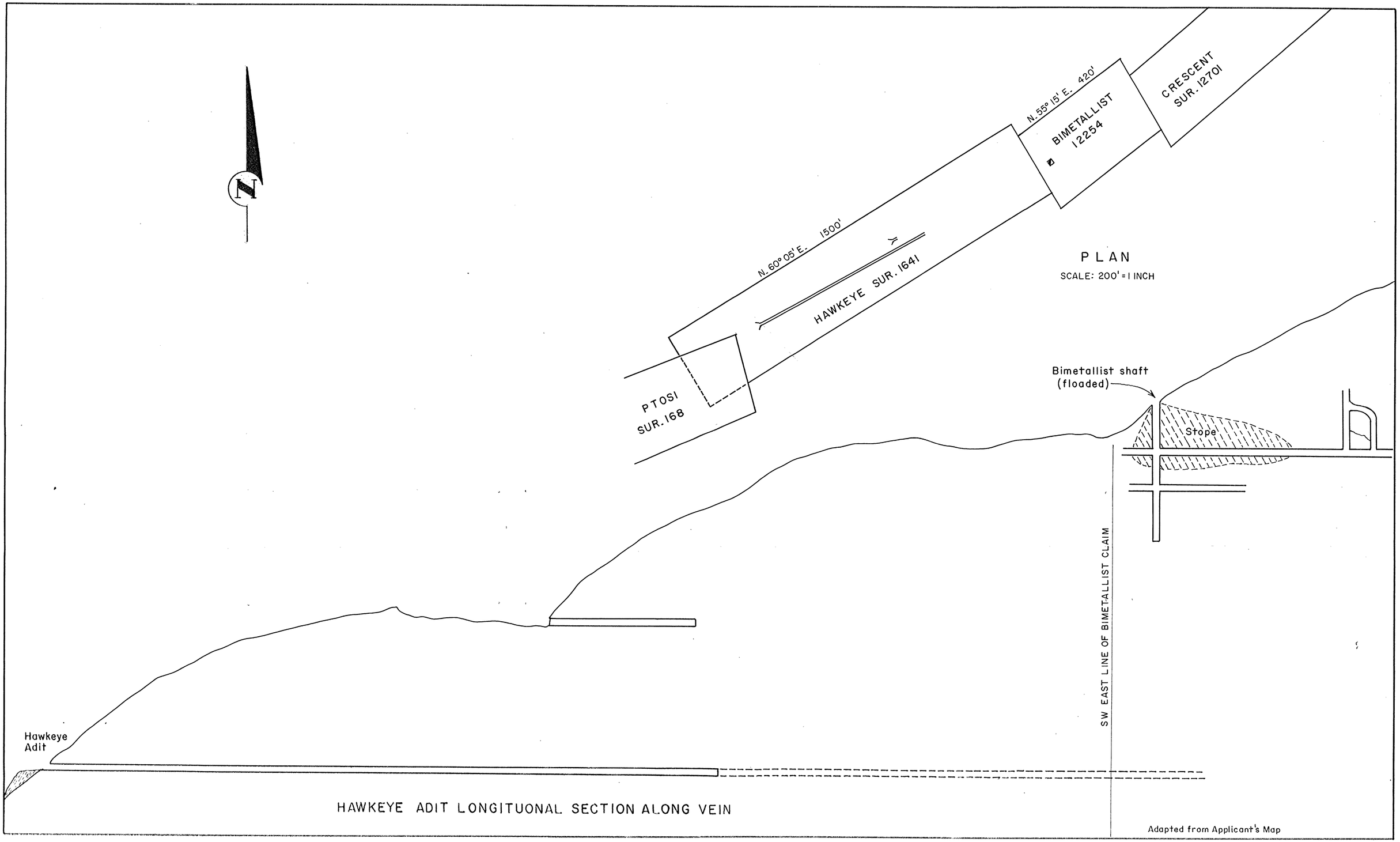


FIGURE 2.- BIMETALLIST MINING CO., INC., OURAY COUNTY, COLO. OME-6170

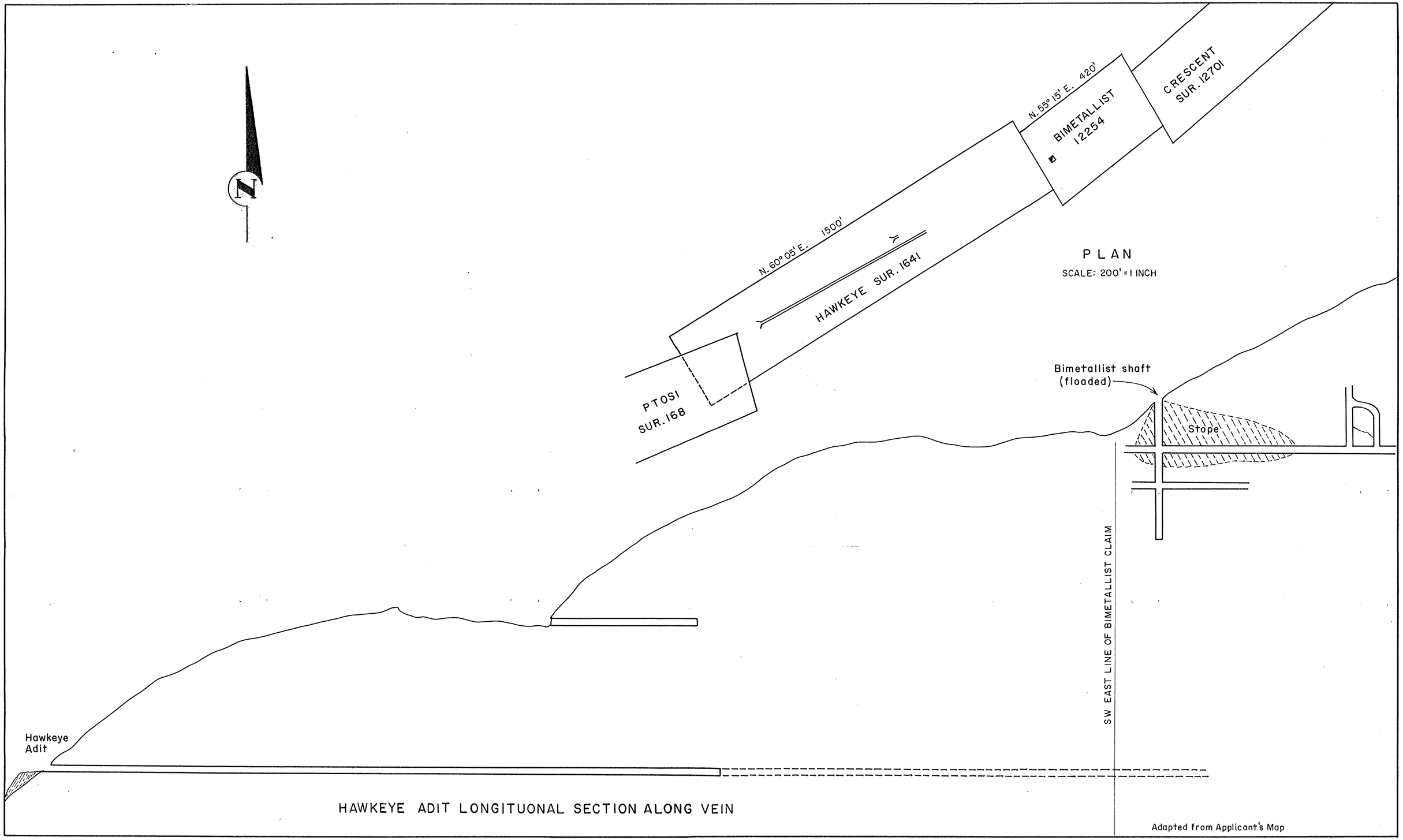


FIGURE 2.- BIMETALLIST MINING CO., INC., OURAY COUNTY, COLO. OME-6170