SHIPMAN MINING & EXPLORATION CO.

Mark K. Shipman
Geological Engineer

Room 210 Petroleum Building
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Comet claim is the area of a very favorable geochemical anomaly determined by our work during the summer of 1964. Thorough check of the records concerning property controlled by the previous operator (Basin Montana Tunnel Company) indicate that the previous operator did not have title to mineral rights easterly from the east end line of the Comet claim. The position of the geochmical anomaly, the properties controlled by the previous operator, and the report of the man who worked in the Comet appear to "ring clear".

The Comet worked a total strike length of 3200 feet and principally to a depth of 600 feet to produce 25 million dollars or 500,000 tons. The definite relationships between the new discoveries and adjoining production suggest a good liklihood of proving a vertical dimension to the present surface showings which would then provide the basis for a definite calculation of ore reserves. Our target in this exploration program is to discover 100,000 tons of new ore reserves which would then provide the basis for a sustained mining and milling operation. Although the Comet claim is not included in this application, we do presently have a lease and option on the Comet claim which contains a very adequate mill building for 200 tons per day operation along with sufficient water rights and disposal areas. An ore reserve of 100,000 tons of mill grade ore would fully justify the equipping of the present mill building and going to full scale mining.

We concluded that the last operator had a favorable record of profit during the last year of operation on the Comet mine after reviewing books and records of the Basin Montana Tunnel Company (see Exhibit F) prepared by A. H. Wahn and Company, certified public accountants, dated April 8, 1941. Page 2 of the referenced report indicates a "cash flow" during 1939 of $65,318.12 and during 1940 of $138,725.68. Secondly, the "Statement of Current Development Costs", Schedule 2, of the referenced certified report for the year ending December 31, 1940, indicate that 7,826.3 tons of ore was recovered from the development program during calendar year 1940 at a total cost of $50,625.18, which in itself is a favorable ratio and suggests that ore could yet be discovered by an aggressive development program at an economical rate. The Basin Montana Tunnel Company ceased operations in March, 1941, for unknown reasons.

High grade production was obtained from the general structure at the Comet and also at the Gray Eagle Mine as evidenced by published reports that a portion of the values was shipped as crude ore to Swansea, Wales, for smelting.

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Exhibit D. No production facilities are on the property at the present time.

(b) None.

(c) 1053.2 dry tons of ore with the following weighted average grade per ton:

Gold-0.100 oz. Silver-17.11 oz. Lead-3.91% Zinc-6.43%

The above data was obtained from Mr. Stanley Lane, manager, American Smelting & Refining Company, East Helena Smelter, Montana.

The assay data is contained in Map No. 2, Exhibit D, and is averaged as shown in 3 (c) above. The present showing on the West Bullion pit is 30 feet wide and 100 feet long, thus suggesting that it represents the apex of a major ore shoot and the total dimension has not yet been explored. Mr. George Becraft, et al, USGS Professional Paper 428, page 85, describes the individual ore shoots on the nearby Comet claim and of the same geologic structures to be a maximum of 25 feet wide and 600 feet long, thus a considerable tonnage could be proven by thorough exploration of the present surface showings.

(d) Ore reserves are not known since shipments have been entirely from the surface and there is no known vertical dimension of the ore. The present known ore occurrences on the Bullion Claim are similar in every respect to the original surface showings on the nearby Comet Claim which produced 25 million dollars or approximately 1/2 million tons. The maps (see Exhibit D) show that the previous workings on the Comet Claim project precisely to the area of the present showing on the Bullion Claim. The known strike length of the entire mineralized shear zone has been traced by Becraft and others (see USGS Professional Paper 428) for a distance of 7½ miles and the area concerned with this application is situated approximately in the middle strike length of the total shear zone. The shear zone at the Comet Mine 2000 feet to the West was approximately 400 foot wide and contained individual ore shoots up to 25 foot wide and 600 foot long, within what was so called the North, Middle and South veins. The terminology of "vein structure" in this instance is not entirely correct since we are concerned with individual and lenticular ore shoots contained within an overall mineralized shear zone.

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(e) Bulletin #16, Montana Bureau of Mines and USGS Professional Paper 428 best describe the geologic features of the property. Ore minerals consist of silver contained with the galena and sphalerite associated with lesser amounts of gold and copper. The total mineralized shear zone is contained within the Butte quartz monzonite and has been only sparsely explored to date. Discovery of ore during the early 1880's on the Comet and Gray Eagle claims to the West was faciliated by ore exposures at the "grass roots" where the ore bearing portion of the structure was exposed at the top of prominent ridges in each of the two areas. Previous prospect efforts on the Bullion Claim failed to gain sufficient depth to achieve the present known discovery on the Bullion Claim.

(f) The Bullion discovery is situated 2087 feet East of the Comet shaft and the 600 level of the Comet shaft would provide 470' feet of "backs" on the Bullion discovery. Ore was mined to a point within 1200 feet of the present Bullion discovery and we can be reasonably certain the Comet workings would project into the area to be explored by this application

The known mineralized portion on the West Bullion discovery is 30 feet wide and sampling to date indicates a 20 foot width of mill grade ore. The structures are essentially vertical and previous mining on the Comet indicates a slight westerly rake for the individual ore shoots. Sampling methods have consisted of ore shipments by the owner to the East Helena Smelter and subject mining was accomplished by bulldozing and front end loader.

Two additional major anomalies (see Exhibit E) exist to the north and east of the present recent discoveries and are related by projection to the "North" vein of the Comet mine. No exploration to date has been made on the two remaining anomalies, both of which were determined by geochemical, electromagnetic and magnetic methods.

The reasons we expect to find ore on the property included in this application are based on the above geological outlook of relating new discoveries to significant proven production along the pronounced geological structure. The Comet mine conducted mining activities to within 1200 feet of the recent discovery and according to one man who worked in the previous operation, ceased mining activities to the east in 14 foot of high grade ore because of a property boundary which limited further mining to the east. This same area in the vicinity of the southeast corner of the

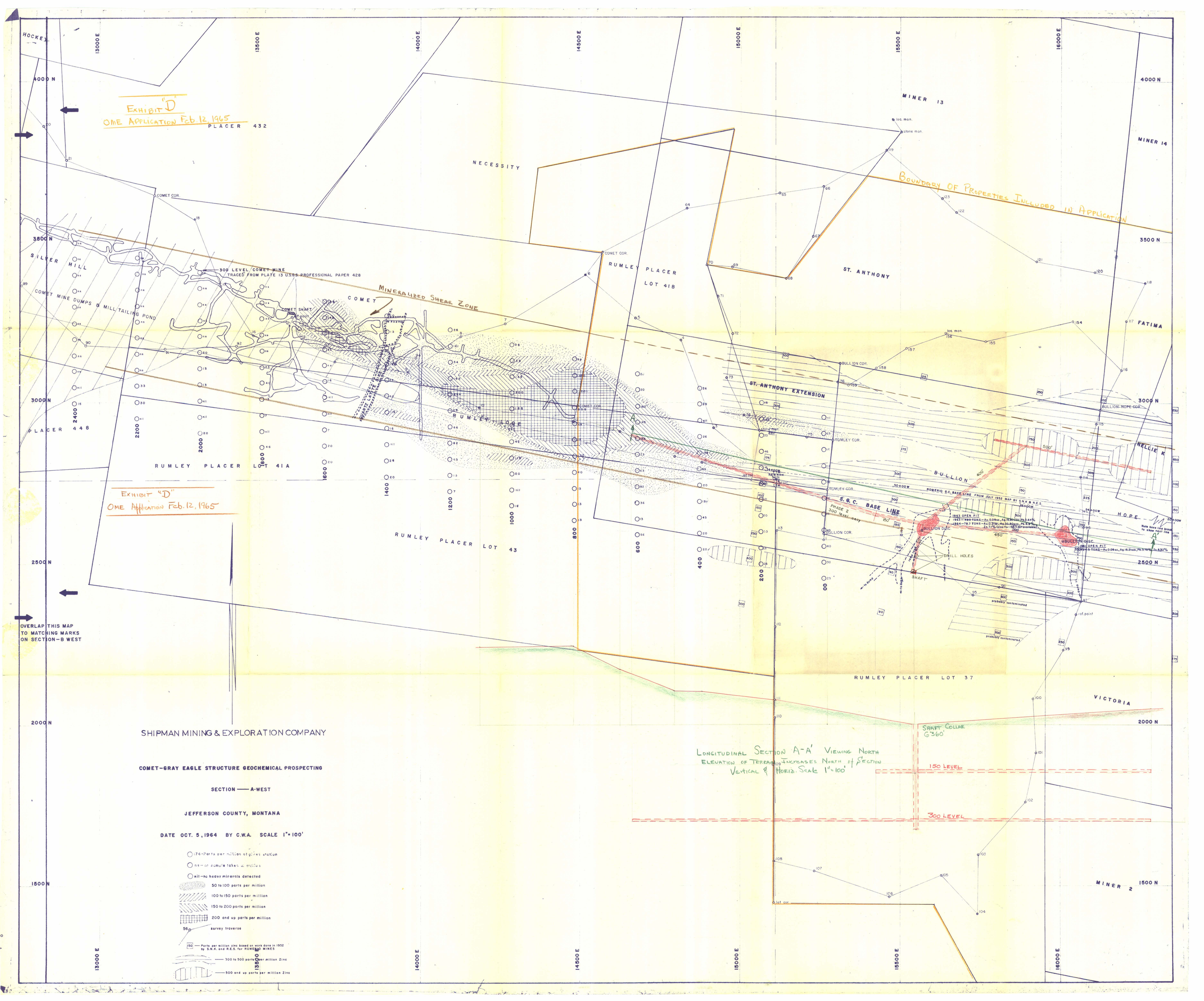
EXHIBIT "D"
OME APPLICATION Feb. 12, 1965
HOCKEY
PLACER 432
NECESSITY
MINER 13
MINER 14
BOUNDARY OF PROPERTIES INCLUDED IN APPLICATION
SILVER HILL
COMET MINE DUMPS & MILL TAILING POND
300 LEVEL COMET MINE
TRACED FROM PLATE 13 U.S.G.S. PROFESSIONAL PAPER 428
MINERALIZED SHEAR ZONE
COMET
COMET SHAFT
RUMLEY PLACER LOT 41B
RUMLEY PLACER LOT 41A
RUMLEY PLACER LOT 43
RUMLEY PLACER LOT 37
ST. ANTHONY
ST. ANTHONY EXTENSION
FATIMA
NELLIE K
BULLION
HOPE
VICTORIA
MINER 2
PLACER 448
S.G.C. BASE LINE
ROMERIO S.G.C. BASE LINE FROM JULY 1952 MAP BY S.N.K. & R.E.S.
1963 OPEN PIT
BULLION DISC
DRILL HOLES
SHAFT
probably contaminated
ref. point
OVERLAP THIS MAP TO MATCHING MARKS ON SECTION—B WEST
SHIPMAN MINING & EXPLORATION COMPANY
COMET-GRAY EAGLE STRUCTURE GEOCHEMICAL PROSPECTING
SECTION —— A-WEST
JEFFERSON COUNTY, MONTANA
DATE OCT. 5, 1964 BY C.W.A. SCALE 1" = 100'
174-Parts per million at given station
ns—no sample taken at station
nil—no heavy minerals detected
50 to 100 parts per million
100 to 150 parts per million
150 to 200 parts per million
200 and up parts per million
survey traverse
150 — Parts per million zinc based on work done in 1952 by S.N.K. and R.E.S. for ROMERIO MINES
300 to 500 parts per million Zinc
500 and up parts per million Zinc
LONGITUDINAL SECTION A-A' VIEWING NORTH
ELEVATION OF TERRAIN INCREASES NORTH of SECTION
Vertical & Horiz. Scale 1" = 100'
SHAFT COLLAR 6360'
150 LEVEL
300 LEVEL
13000 E
13500 E
14000 E
14500 E
15000 E
15500 E
16000 E
4000 N
3500 N
3000 N
2500 N
2000 N
1500 N

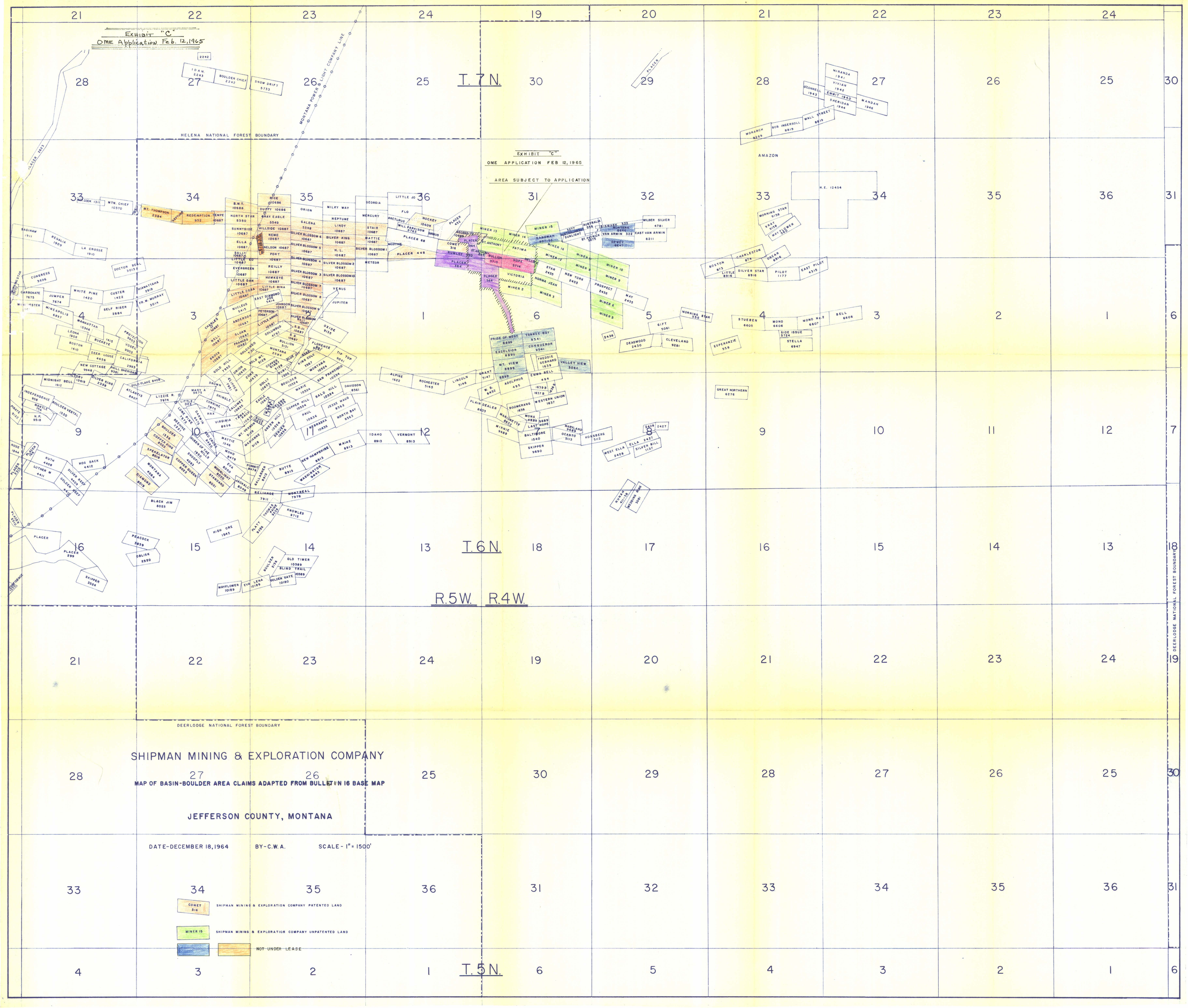
EXHIBIT "C"
OME Application Feb. 12, 1965
T. 7 N.
T. 6 N.
T. 5 N.
R. 5 W.
R. 4 W.
HELENA NATIONAL FOREST BOUNDARY
DEERLODGE NATIONAL FOREST BOUNDARY
MONTANA POWER & LIGHT COMPANY LINE
EXHIBIT "C"
OME APPLICATION FEB 12, 1965
AREA SUBJECT TO APPLICATION
SHIPMAN MINING & EXPLORATION COMPANY
MAP OF BASIN-BOULDER AREA CLAIMS ADAPTED FROM BULLETIN 16 BASE MAP
JEFFERSON COUNTY, MONTANA
DATE-DECEMBER 18, 1964
BY-C.W.A.
SCALE-1" = 1500'
SHIPMAN MINING & EXPLORATION COMPANY PATENTED LAND
SHIPMAN MINING & EXPLORATION COMPANY UNPATENTED LAND
NOT UNDER LEASE