

MARCH 1987

Dear Investors,

In our last report, we said we planned to begin our drilling and sculpting project in December; however, due to the holidays, weather and assembling of all necessary equipment, we didn't get started until February. Our machinery, generators and crew are all working fine; it's those natural elements of rain and snow and the hardness of the ground we're drilling into that's giving us some problems.

Our driller Norm Greenwood, though, is very satisfied with the progress we're making and he feels good about the area in which we're drilling.

At present, we're drilling through a very hard type of limestone which seems to be getting harder on us even though we are averaging about 6 inches per hour. Based on past experience, we feel this hard cap is a good sign. Just before we hit Hillary's Hole [our 60 foot elevator shaft] under Schnaard's Fault, we twisted off three drill steels and wore out numerous bits drilling through this 12 foot cap of very hard limestone material.

All of our investors who have come out to the campsite have a bet going that we'll punch into a passageway between 35-70 feet.

We're drilling a hole 3 3/4 inches in diameter which is rather large for our machine but necessary so we can place our video camera down into it. After we punch into a passageway, we plan to lower the camera, let as many of you, our investors, take a look down into it and then have a video tape available at Hahn's Surplus in North Las Vegas so you can view the video before we make any future decisions. Only then will we decide as a group whether it's worth our time, effort and expense to bring Big Jim Hanhardt, our tunnelling expert, back down to the mine to begin a small prospector's tunnel into this passageway.

Thank you for sending us what you could afford on a regular basis. It's because of this support that we've progressed to this point. However, there are some of you we haven't heard from for close to a year now, and we want to find out if you are still interested in us and in our project.

As you know, we only ask for your financial help when we're at the start of or in the middle of a major drilling or tunnelling operation. We're at that point now, so please send whatever you can afford to help us keep the operation going.

Thanks for your continued support.

Larry Hahn