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*Transition Period Begins*

## Bridging from Exploration to Mining

New, exciting developments are unfolding at Kokoweef. We're entering a transitional period, bridging exploration projects to actual mining activities.

In September, Big Jim Hanhardt concluded the computerized survey of the inner tunnels, caverns and exterior of Kokoweef Mountain. "We now know where every hole and cavern in the mountain is," reported President Larry Hahn.

In October, Che and crew blasted open a chamber measuring 60 feet from top to bottom. This type of formation is called a Vadose Modified Phreatic Tube (see diagram at right). Schnard's Fault follows this classic Vadose formation which only reinforces our original belief that a system of caverns formed on an ancient water table, about 300 feet below us. These systems will then lead to the River of Gold, as Dorr described half a century ago.

"We're so positive we're on the right track that we believe now is the time to invest in a major piece of equipment we need," Hahn said.

He explained that a 4 by 7 foot tunnel will be driven behind camp, "on our patented claim," beneath Kokoweef Mountain heading towards Schnard's Fault and Che's Hole. "We can't accomplish this using the normal method of tunneling because we must run a 20 percent decline down into these systems. That entails using a different type of mucking system," Hahn explained.

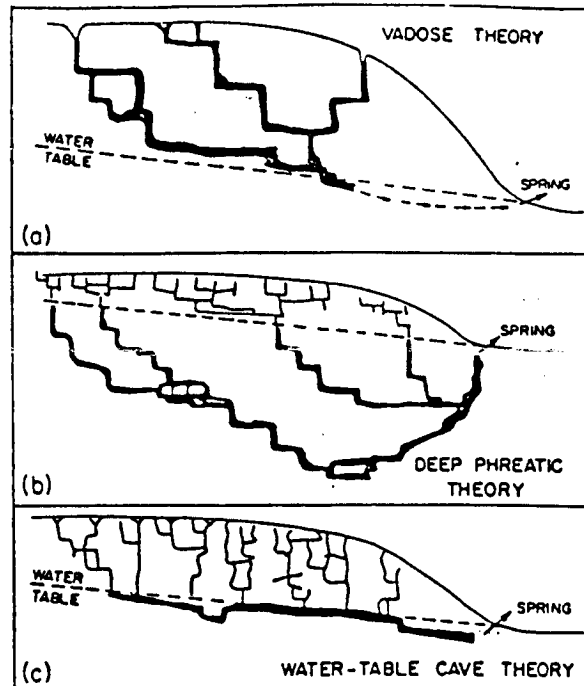


FIG. 1: Diagrammatic long sections to illustrate cave system development as proposed by the vadose, deep phreatic, and water-table theories.

The standard method of track and dorr cars prevents one from driving an efficient type of decline down into these systems. Five years ago, John Clark equipment company invented a diesel-powered, half-yard bucket scoop called the Load Haul Dump (L.H.D.) which permits economical mining upgrade, downgrade or even around tight corners (see attached flyer).

Driving this new tunnel is mandatory because even when Che finally breaks through to the water table caverns Dorr described, heavy equipment and supplies will not be able to be transported through his tunnel system.

"We're now at the point in our operation where we must begin digging seven days a week, not just on the weekends. This new piece of equipment will enable us to do so cost-effectively. All of the mines we've checked with, including the Home Stake Mine in South Dakota where Big Jim works, thinks this unit is fantastic," Hahn reported.

This machine is so new that only 50 are currently on the market at a cost of \$55,000.

"We're looking at a lease-purchase arrangement for two key reasons," explained Hahn. "First, this enables us to obtain a new machine. Second, it offers tremendous resale value."

Hahn added, "To accomplish this, we're asking each of you to make a one-time investment of at least

\$250 between now and Dec. 15 when a unit will be available to us.

"We're aware that some of you are on a tight budget, but we need everyone of you to help toward the purchase of this unit, so please do what you can -- more than the \$250 if possible. It's inevitable that we'll drive this tunnel; we're ready now, so let's do it now."

Once the unit is obtained, it will take about a week to set up; then Ralph Lewis and crew can run two-rounds per day, seven days a week, mucking out an average of 70 feet per week at a 20 percent decline. A 650 foot drift is required to get 210 feet beneath the lowest part of Kokoweef.

"Driving under the mountain is what we should have done years ago, especially since that is where Dorr indicated a 350 foot tunnel should be dug," insisted Hahn.

Che and his crew will continue their work until the new tunnel is far enough along to devote all energies to it. In addition, a crew will continue weekend drilling for the television camera.

## Annual Meeting Set

All investors are invited to attend our Annual Investors Meeting beginning at 12 noon, Sunday, Nov. 12 at Jack's Shack on the muck pile. If you need help in arranging for accommodations, call Larry Hahn at 702-642-1605.

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