

2 Prospectors Report on Paymaster Silver Property

The Paymaster is a past producing silver lode located in a spur of the Chocolate Mountains in Imperial County, California. Three historic mines are situated on the lode, within the claims. These are the Paymaster, President and Hazel Mines. These mines were primarily worked in the 1800's where high grade oxide silver ore was mined. Upon reaching levels below the oxidized zone, mining fell off; even though large low grade bodies of sulfide ore reportedly remain. Oxide ores have historically been easier and more profitable to mill and many old mines throughout the West and the World ceased operations when unoxidized/sulfide rock was reached.

The six (6) Paymaster et al lode mining claims comprising the Property were located in November of 2003, in the Paymaster Mining district of Imperial County, California. The Paymaster is in an area of BLM land with no wilderness encumbrance. If there is any land in California that preferentially lends itself to mining as to any other use, the Paymaster is it. One of the few large precious metal mines in the state is operating less than ten miles away (Mesquite Mine). Also, the type of deposit at Paymaster lends itself to underground mining and would, as such, bypass the California backfill rule.

Topography and access to Paymaster area is such that virtually no road building needs to be done for exploration. The ground is relatively flat with existing road access. There is no evidence of past drilling.

The property consists of a block of six unpatented BLM lode mining claims. Strike of the Paymaster Vein System is northeast to southwest. Claims are laid in to reflect strike and dip of vein system.

Land status is what is known as checkerboard for obvious reasons. Every other section is private or fee. These fee lands have no apparent real estate value and considering checkerboard nature of same, we would venture a pretty good guess that they are Railroad lands.

Historic surface workings and prospect digs/shafts (some of which are not indicated on topo map) indicate a system that is at least 4,100 feet in length until it goes undercover at both ends. There are 4 or 5 known ore shoots within this strike length. Historic workings consist of production shafts, stopes to surface, shallow prospect shafts, trenches and digs.

The Paymaster Vein occupies a fault that has a strike length of over ten miles according to a large scale geology map. It strikes from direction of the Mesquite Mine through Paymaster area and then roughly into area of manganese mines. It has been proposed in regional geology reports that this may be a detachment fault.

According to an article in the Denver Mining Record, Atlas Mining did some sampling on the Paymaster System. Atlas estimated a million tons of ore remaining within the oxide zone, using the results of 98 samples as their basis. While their reported average grade result for silver was 7.8 ounces, past mining history infers that 3%Zn, 3%Pb, and .015opt Au might reasonably be assumed to accompany the silver values.

Historic descriptions of mining activity indicate that ore mined came from a "footwall streak" and a "hanging wall streak". Views into a long open stope at the President Mine seem to corroborate this as, indeed, stoping was done on footwall and hanging wall, leaving an intact body in between. We assume this intact body between the stoped high-grade streaks on each wall represents the "known orebody".

This "million ton" "known orebody" within the oxide zone (down to 400 feet) does not include the reported "42 foot wide body of galena" containing low silver values (6+ opt) and 7.3% lead situated below the 400 foot level.

LEAD AND SILVER

Lead-silver ores occur in the county in the Paymaster District on the eastern slope of the Chocolate Mountains, 17 miles northeast of Glamis, a station on the Southern Pacific Railroad. Lead carbonate and galena also occur in the Picacho District. The most productive mine was the Paymaster which was worked extensively from 1867 to 1880. Since the latter date, the property has been worked off and on by the owners and was under lease to William Green and associates, of Los Angeles, during 1938-1939 and several small shipments of ore were made to the United States Smelting Co., Salt Lake City, Utah.

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Paymaster Mine comprises 12 claims situated on the eastern slope of the Chocolate Mountains, in the Paymaster Mining District, in Sec. 19 and 30, T. 11 S., R. 20 E. and in Sec. 24 and 25, T. 11 S., R. 19 E., S. B. M., 25 miles by road northeast of Glamis and 3 miles west of Midway Well; elevation 800 ft.; owners, L. W. Jackson, Harold Jackson, Pasadena, Calif., and M. E. Stark, Beverly Hills, Calif.

The Paymaster vein strikes ^{N E S W} NW-SE and dips 60° to 70° NW. Width of vein varies from 15 ft. to 30 ft. The hanging wall of the vein is diorite, with granite to the footwall. Three ore shoots were developed along the vein which outcrop for a distance of 4000 ft. The ore shoots are known as Paymaster, President and Hazel. The Paymaster shaft was sunk to a depth of 385 ft. on a 70° incline, and ore stoped from 200-ft. level to the surface for a distance of 250 ft. in length. Width of ore mined was from 8 ft. to 15 ft. Two veins were worked known as Footwall and Hanging Wall. Levels were driven every 100 ft., with crosscuts run to the Footwall vein on each level. On the 300-ft. level, a winze was sunk to a depth of 85 ft. northeast of the shaft. About 1500 ft. east of the Paymaster workings is the President shaft and underground workings. The shaft was sunk on the footwall side of the vein to a depth of 452 ft. Drifts were driven on the vein on the following levels: 150, 200, 250, 300, 350 and 400 ft. The ore shoot was 250 ft. in length and 15 ft. to 35 ft. between walls. The footwall section of the vein was stoped from the 200-ft. level to the surface, while the hanging wall section of the vein was worked on the 300 and 400-ft. levels. The principal stopes are east of the shaft. The vein worked had a maximum width of 35 ft. The ore mined was silver chloride associated with lead carbonate and galena. Estimated tonnage of ore in the President Mine workings is about 80,000 tons, with an assay value of 8.2 oz. in silver; 015 oz. in gold; and 3.5% lead. Estimated tonnage between 100 and 400-ft. levels, is 35,000 tons, with an assay value of 12.09 oz. in silver; 01 oz. in gold; and 2.9% lead.

About 1800 ft. east of the President workings are the Hazel workings. Two shafts have been sunk on the vein to depths of 50 ft. and 100 ft. The vein exposed in these workings is 15 ft. wide. The ore is lead carbonate and galena, with values in silver. The ore mined is reported to assay 10% lead, with 6 oz. in silver. A new shaft has been sunk to a depth of 92 ft. between the Hazel and President shafts, developing a new ore shoot. This shaft is located 600 ft. west of the Hazel shaft and about 1100 ft. east of the President shaft. The vein strikes NE-SW and dips 70° NW. Width is 15 ft., with calcite

filling between diorite and granite. On the footwall, there is 4 ft. of ore developed, reported to assay 10 oz. in silver; 10% lead; and .06 oz. in gold. The ore is lead carbonate and galena. Selected ore shipped ran 36% lead, with 40 oz. in silver. At the 45-ft. level a crosscut has been driven 15 ft. to the hanging wall of the vein. The owners of the property also own 40 acres of patented land located in Sec. 15, T. 11 S., R. 20 E., S. B. M., on which is located a well and pumping plant.

Equipment consists of 6-h.p. gas hoist, 9 in. by 8 in. C. P. compressor, 12-h.p. hoist. Idle.

Bibl.: State Mineralogist's Reports XIV, pp. 732-733; XXII, pp. 262-264.

Homestake Mine comprises 3 claims located one mile northeast of the Paymaster Mine and 2 miles west of Midway Well, in the Paymaster Mining District; elevation 750 ft.; owners, Vanya Laughlin and V. Bloomer, Brawley, Calif. Idle.

Bibl.: State Mineralogist's Report XXII, p. 262.

Atlas Mining Acquires Paymaster Silver Mine

OSBURN, ID - Atlas Mining Co. has acquired the Paymaster silver mine in Imperial County, California.

La Cuesta International located the Paymaster claims for Atlas on January 21, 1998. Atlas has until March 21, 1998, to conduct due diligence and perfect the claims.

The property consists of 18 unpatented lode claims covering 360 acres. Preliminary assessment work on the property indicates the known ore body may contain more than 7 million ounces of silver with excellent potential to expand ore reserves.

The unoxidized zone of sulfide mineralization begins at

the 400 ft level and has been accessed at the 450 ft level, the deepest workings of the mine, it is believed to continue at depth. According to a report of the California State Mineralogist, an average sample taken across a 42 foot vein width below the oxidized zone assayed 6.20 ounces per ton silver and 7.33% lead.

Company President Bill Jacobson stated, "This is an excellent first step towards our goal of having properties containing in excess of 50 million ounces of silver by the end of this decade."

The company's address is P.O. Box 968, Osburn, ID 83849, (208) 556-1181.



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Monday February 2, 1:41 pm Eastern Time

Company Press Release

Atlas Mining Co. Acquires the Paymaster Silver Mine

OSBURN, Idaho--(BUSINESS WIRE)--Feb. 2, 1998--Atlas Mining Co. (OTC BB:[ALSM](#) - [news](#)) is pleased to announce the acquisition of the Paymaster silver mine in Imperial County, Calif.

La Cuesta International located the Paymaster claims for Atlas on Jan. 21, 1998. Atlas has until March 21, 1998, to conduct due diligence and perfect the claims.

The property consists of 18 unpatented lode claims covering 360 acres. Preliminary assessment work on the property indicates the known ore body may contain more than 7 million ounces of silver with excellent potential to expand ore reserves.

The ore bearing structure on the Paymaster property is an epithermal vein system over 3,500 feet in length with an average width in excess of 10 feet and expanding to 25 feet at depth. The oxide zone extends to a depth of 400 ft. containing an estimated million tons of ore. The average of 98 silver assays went 7.8 ounces per ton. Past production from the mine had similar silver values with 3% lead, 3% zinc and .015 ounces per ton gold.

The unoxidized zone of sulfide mineralization begins at the 400 ft. level and has been accessed at the 450 ft. level, the deepest workings of the mine, it is believed to continue at depth. According to a report of the California State Mineralogist, an average sample taken across a 42 foot vein width below the oxidized zone assayed 6.20 ounces per ton silver and 7.33% lead.

Company President Bill Jacobson stated "this is an excellent first step towards our goal of having properties containing in excess of 50 million ounces of silver by the end of this decade."

The company is also pleased to report it has posted a net profit of \$234,838.66 after taxes and depreciation for 1997 from gross revenues \$817,866.27. Treasurer Kurt Hoffman reports, "we're very pleased with the success of our operations, considering all of our revenues were generated since we started our new business plan in September the outlook for 1998 is very positive."

Atlas Mining Co. owns the Atlas Mine in North Idaho's Silver Valley and also operates Atlas Fausett Contracting, an underground contract mining company.

Contact:

More Quotes and News: [Atlas Mining Co \(OTC BB:ALSM - news\)](#)



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Project: Paymaster

CERTIFICATE OF ANALYSIS RE03049638

Sample Description	Method Analyte Units LOR	WEI-21	ME-GRA21	ME-GRA21	PGM-ICP27	PGM-ICP27	PGM-ICP27
		Recvd Wt kg	Au ppm	Ag ppm	Au ppm	Pt ppm	Pd ppm
13451	} Paymaster	1.44	<0.05	166			
13452		1.12	<0.05	57			
13453		0.78	<0.05	684			
13454		1.04	0.23	11			
13455		1.32	<0.05	<5			
13456		1.50	<0.05	<5			
13457	} other	1.34			<0.03	<0.03	<0.03
13458		0.21			<0.03	0.03	0.05

Descriptions:

13451 - 3 parallel Qz-calcite veins striking E-W between President shaft area and LPH zone located to NW of President shaft area. Veins in system hanging wall striking obliquely into main Paymaster-President vein. Largest vein is center vein, about 18 inches at surface. 3 veins about 8-10 feet apart. Sample of Mn Calcite, drusy Qz from small prospect.

13452 - Dump grab from main Paymaster dump

13453 - H6? from mill area. Qz oxides

13454 - Vuggy (orange crystal filled) rock grab from road/dump washout in gully.

13455 - Vein cob from Pit w/stringer vein zone. Located in footwall approx 100' south west of President open slope and parallel to President Strike.

13456 - President mine area float grab - Qz oxide w/boxworks after sulfides?