

MG Gold Project

Near-term production possible from open pit, heap-leach operation

The MG project covers three square miles of strongly altered rocks and virtually all of an historic gold district that is estimated to have produced about 100,000 tons at a grade of between 0.33 and 0.5 oz Au/ton. The project comprises 102 lode claims in a mining-friendly environment on land administered by the Bureau of Land Management (BLM). There have been more than 550 drill holes totaling more than 68,000 feet drilled on the project. The majority of these holes were shallow, air-track holes, and many stopped in ore-grade mineralization. Most of the historic work was directed toward the following:

- defining a mineral reserve,
- metallurgical testing,
- mine and processing facilities design,
- pre-mining development,
- partial construction of the processing facilities,
- applying for permits needed for production.

In July of 2017, the project was leased to a mining company with operating experience, and they conducted an aggressive data compilation, mapping and sampling program. This work resulted in the discovery of several more well mineralized zones. They also began the permitting process for a significant drilling program. The permit was ready to be issued, but the company had pressing production issues at an operation that required their full attention. Their lease has been terminated, and all of the new data will be supplied to the owners.

Some of the infrastructure needed to put the project into production is on site including: two water wells and underground utilities, leach pad and ponds constructed but not yet lined. All of the project data has been meticulously preserved, and most of the project has been mapped at a 1:2,400 scale. There are alteration, surface rock chip and soil geochemical overlays to these detailed geologic maps.

The gold mineralization is hosted primarily in intermediate to felsic Tertiary volcanics that rest on crystalline, pre Cambrian basement. Mineralization seems to be related to structures, rhyolitic flow domes and altered rhyolite and dacite dikes. There are also outcrops of quartz monzonite on the property. The project has a proven mineral reserve of 1,235,700 tons with gold averaging 0.045 opt using a 0.01 opt cut off. This material contains just over 56,000 ounces of gold, and is developed in three small areas which had historic production. Two other areas on the project have had sufficient drilling to outline resources of 370,000 tons at 0.055 opt and 327,000 tons at 0.06 opt.

Based on the geologic mapping, and anomalous gold values in soil and outcrop samples, there are 18 additional target areas on the project that have not been drill tested. Most of these untested zones are centered on altered and silicified areas, and one prominent geochem anomaly is developed at the pre Cambrian basement – Tertiary volcanics contact. There is a strong, NE-trending structural fabric on the project reflected in the trend of drainages and silicified zones.

Because of the additional 18 mineralized areas on the property that have not been drill-tested, it is likely that the resource can easily be expanded.

Metallurgical testing of the ore zone indicates an 80% recovery of the gold with cyanide leaching. There is a 43-101 style report on the project which recommends a program of 200 drill holes to expand the known resource and to drill the untested areas at an estimated cost of \$1.1M. The property report presents the mineralization as a flat lying vein, which is indeed the case for the historic production. However, recent data reviews and site visits strongly suggest that the district-scale mineralizing system is intrusion-related and therefore has the potential to be quite large. The project is within an area which requires that all exploration work be carried out under a Plan of Operation vs a Notice level document. The previous company that worked on the property completed the base line studies for the Plan, and the BLM was prepared to issue the drilling permit.

The owners will either sell the project for cash payments and a production royalty, or they will enter into a lease-with option to purchase agreement with a financially responsible company for annual cash payments, a significant work requirement, and a production royalty. Evaluation of the project will likely involve the following steps:

1. Initial data review at owner's office
2. Initial due diligence for claim ownership, validity and conflicts
3. Site visit to confirm geologic environment, status of infrastructure, test sampling
4. Examination of all existing permitting documents and an appraisal of permits needed
5. Review of metallurgical testing and results
6. Review of proposed permitted drill program and any necessary revisions.

CONCLUSIONS

The MG project presents the opportunity to acquire an advanced-stage gold project with a known resource and portions of the needed production infrastructure already in place. The geologic environment is very permissive for expanding the resource as there are at least 18 anomalous gold zones on the project that have not been drilled. A phased approach to the due diligence and the needed work program to develop additional ounces will ensure that money spent on the project will be done in a logical, systematic manner.

Interested parties will sign a standard Confidentiality Agreement with the owners in order to review the actual project data. The CA has a one mile Area of Influence clause.

For further information please contact:

Ken Brook
Desert Ventures Inc.
k.brookgeo@gmail.com
775 825 0719
www.Desertventures.net