

SUMMARY
CORNUCOPIA PLACER DEPOSIT
PINE CREEK
BAKER COUNTY, OREGON

INTRODUCTION

The CORNUCOPIA PLACER covers two miles of the valley of Pine Creek, just north of the town of Halfway, Oregon. It is in Sections 10 and 15 of Township 7 South, Range 45 East; in Baker County, Oregon. The property contains 340 acres of deeded land, and six 20 acre, valid, unpatented mining claims; for a total of 460 acres.

The property was put together in the 1930's by Milton Steinmetz. Mr. Steinmetz dug at least four shafts on the property. These shafts were all sunk to bedrock. When bedrock was exposed, some mining was done by drifting along the paystreak on bedrock. This was hard, dangerous work, but they reported that they made a profit.

Several different mining companies have examined the property since Mr. Steinmetz first operated the property. Morrison-Knudson Company, a large construction, company cleaned the Steinmetz shafts, and sampled the entire property. The results from their tests were encouraging, but World War II intervened and the project was delayed. They estimated the value of the gravel at \$0.98/yard. This estimate was made when gold sold for \$35.00/ounce. This would be equal to \$12.60/yard at \$450/ounce gold.

After the war caused M-K to abandon the project, other companies and investors tested the property. Several groups have conducted mining operations with varying degrees of success. All of the efforts have proven that there is gold, and that careful mining can make a profit when the price of gold is right.

Several different clients have called on me to examine the Cornucopia Placer. All of my work on the property has indicated that it is an ore body if it is mined properly.

OBSERVATIONS

The Geology of the Cornucopia Placer is rather straight forward, and has been discussed and explained in many different reports. The conclusion is that the gold bearing gravel was deposited by glaciers, and there are interbedded high grade zones resulting from reconcentration of the gold by stream and outwash action.

This deposit appears to differ from most placer deposits in that the gold is not concentrated on bedrock, but rather the gold is unevenly distributed throughout the entire depth of the valley fill. This fill is 70 feet thick in places, and probably averages 50 feet thick. Therefore the entire gravel section will have to be mined, from surface to bedrock rather than stripping overburden and then mining a thin ore section.

A seismic survey of the property was run in 1980, and the profiles generated from this survey were used to calculate the mineable yards of gravel. The width of the gravel has been measured, as has the length of the mineable portion of the gravel, and using the depth from the seismic profiles, it has been calculated that there are 5,500,000 yards of mineable material in the deposit.

The gold values have been tested and reported by several geologist and mining engineers over the years. I have tested the property several different times by washing some 10 yard bulk samples and many smaller reconnaissance samples.

There is a profitable mining operation working just upstream form the Cornucopia Placer. They are mining the same type material as will be mined from the Cornucopia. Information from this mine was taken into consideration as we arrived at the estimated gold values that are being used on our forecasts.

The gold values recovered from the north end of the property have been higher than those from the southern parts. From all of the reports that have been written about the deposit,

and from my own knowledge, it appears that the deposit will range from a high of \$12.00/yard in the north to \$5.00 at the south. The entire deposit should average \$8.00/yard if it is carefully mined.

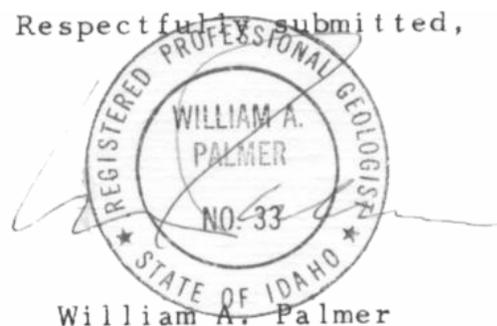
CONCLUSIONS

For fifty years the Cornucopia Placer has been know. Various geologist have tested the property, and their common conclusion is that the property is an ore body. There are five million yards of material in the Pine Creek valley that can produce \$8.00 worth of gold from each yard. The property will have to be carefully mined, and the material washed in an efficient plant. The plans submitted by **HIGHLANDS MINERALS CORPORATION** certainly meets the criteria.

In the past large boulders have hindered the mining operations, but large modern equipment has eliminated that problem. The operation that is planned is based on large equipment, good operators, and should have no difficulty in producing 6,000 yards per day. The large yardage is the key to a successful operation, and none of the previous operators has had the capitol nor the equipment to operate on this scale.

The production plans and budget proposed by **HIGHLANDS MINERALS CORPORATION** are sound and well thought out. If the operation follows the plan as scheduled, the Cornucopia Mine will succeed.

Respectfully submitted,



William A. Palmer

Registered Professional Geologist