NEW YORK CANYON PROJECT PERSHING COUNTY, NEVADA

LOCATION AND ACCESS: The project sites, which consist of four separate parcels, are located in west-central Nevada, approximately 30 miles east of Lovelock. The property may be reached by paved and graded county roads leading from Interstate 80.

LEASE POSITION: T26N, R35E, Sections 26 and 34

T26N, R36E, Sections 21, 33 and 34

T25N, R35E, Sections 14, 21, 22 and 28

GEOTHERMAL AND GEOLOGIC DESCRIPTION: Heat flows ranging from 4.4 HFU to 7.2 HFU are found in close proximity to the project sites. In addition to the thermal anomaly, a young intensely altered zone, containing native sulfur and mercury mineralization, which borders the southeast edge of the property, gives further indication of intense hydrothermal activity. Recent faulting along the Stillwater Range Front adjacent to the project sites is the probable conduit for transporting hydrothermal fluids to near surface levels.

ENERGY MARKETING POTENTIAL: The project site is located within 100 miles of the Reno-Sparks metropolitan area and within 30 miles of the Winnemucca-Reno power line.

MEMO: PROPERTY SUMMARY

APPENDIX I. NEW YORK CANYON

PROJECT: New York Canyon, Nevada.

LOCATION: The property is centered on 117° 55' WLong., 40° 05' NLat. (T25-26N, R35-36E) east of Lovelock, Nevada, in the Basin and Range Province.

LEASE POSITION: T26N, R35E Sections 26 and 34

T26N, R36E Sections 21, 33 and 34

T25N, R35E Sections 14, 21, 22 and 28

<u>AVAILABLE DATA</u>: Figure I-1: The lease position is based on three heat flow values of 4.4, 5.6 and 7.2 HFUs in the Buena Vista Valley. A high bottom hole temperature (33.6°C at 48m) was measured in the Red Hill gradient hole. Background heat flow is slightly below average for Nevada.

GENERALIZED GEOLOGY: Figures I-2 and I-3: The Stillwater Range east of the property is composed largely of Jurassic and Triassic sediments and Quaternary-Tertiary basalts. Trese rocks have been extensively faulted and displaced. There are two anomalies, a high and a low, located southwest and east of the Buena Vista Windmill (SW4, Sec. 18, T26N, R36E). The area of low heat flow at the mouth of Fencemaker Canyon is the result of cold recharge from the canyon. The heat flow high may result from a fault intersection associated with the Stillwater range from fault system.

ASSESSMENT WORK COMPLETED: In June 1980 three 50m gradient holes were drilled and logged. These hales were relogged in August. Figure I-1 depicts the current data. Detailed geologic mapping of the lease position and the surrounding area was completed by Bill Teplow in June 1980 (Figures I-2 and I-3).

PROPOSED ASSESSMENT FORK: A mercury survey should be conducted. Large scale aerial photography should be obtained. Results of the mercury survey could indicate if additional drilling is necessary.

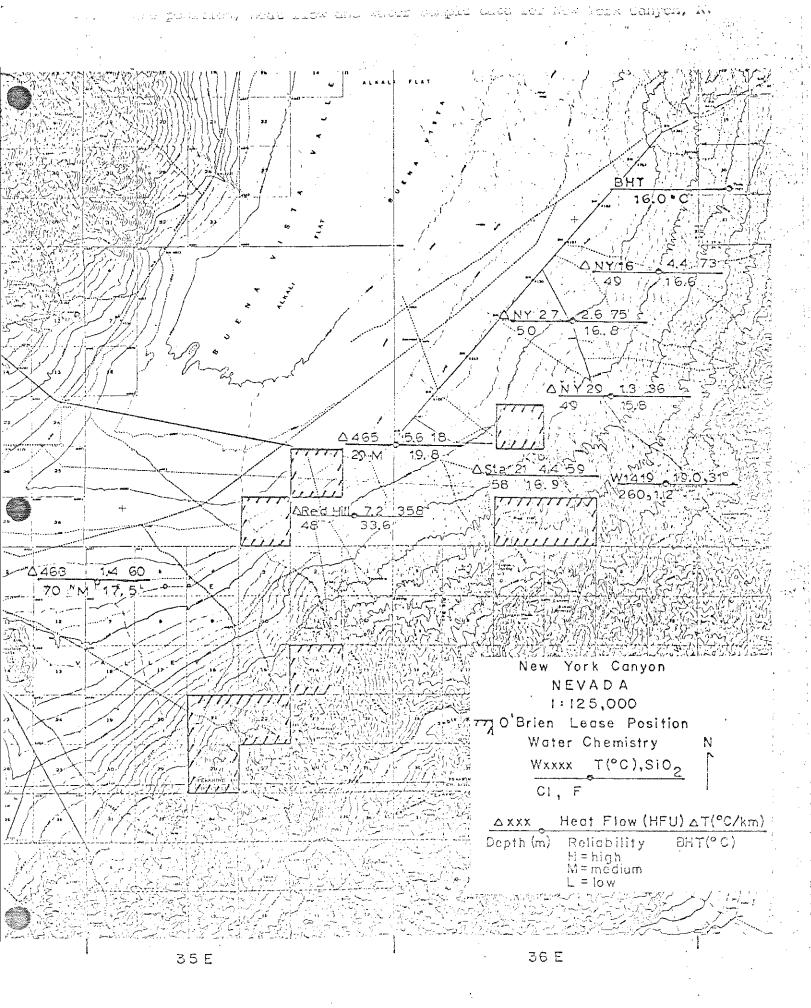
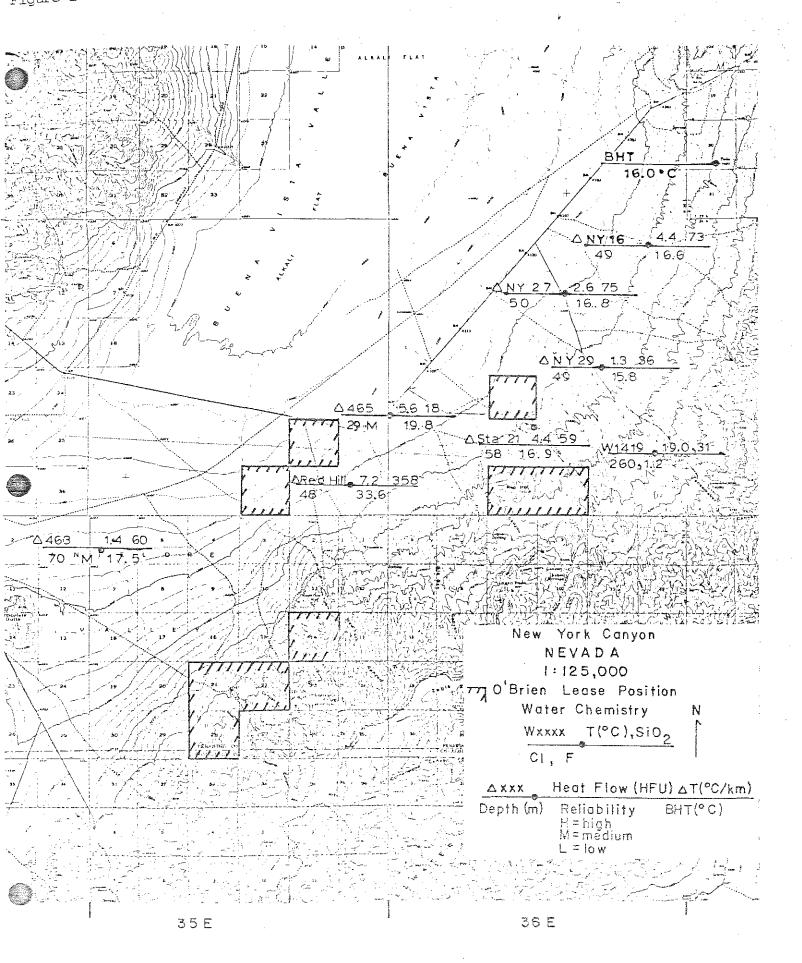
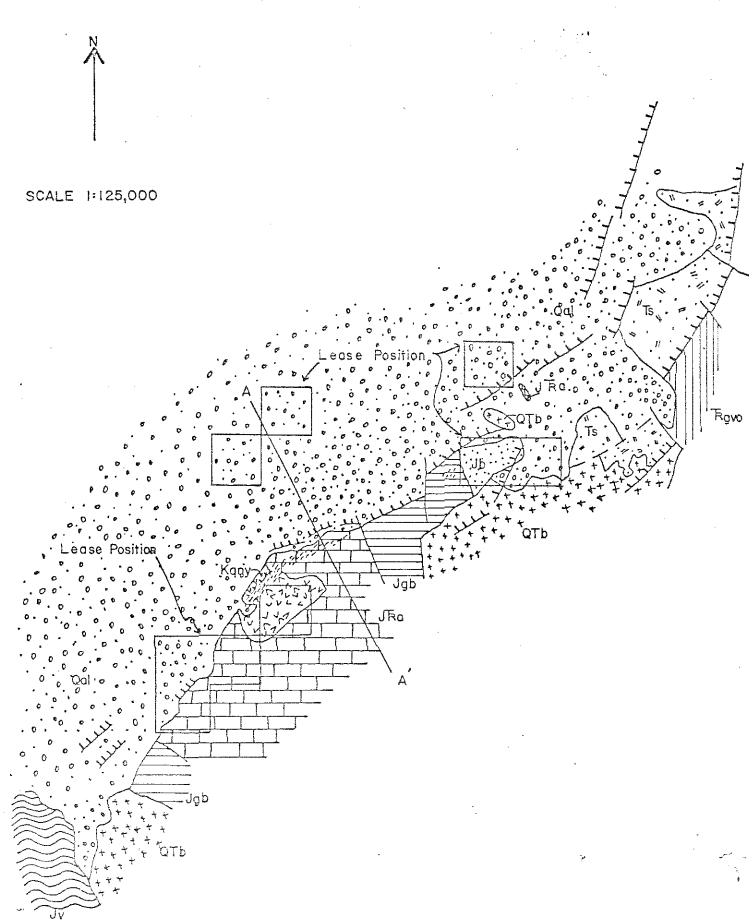


Figure I-1. Lease position, heat flow and water sample data for New York Canyon, NV



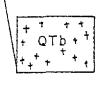
Geologic Map of the New York Canyon Property and Surrounding Area, Pershing County, Nevada



Legend for geologic map of the New York Canyon property and surrounding area, Pershing County, Nevada

Quaternary alluvium

Quaternary



Quaternary-Tertiary basalt

Tertiary

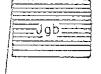


Tertiary tuffs, tuffaceous sandstone and siltstone

Cretac-ous

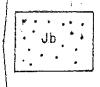


Quartz monzonite of New York Canyon

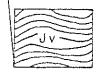


Jurassic gabbro

Jurassic



Bayer Ranch Formation; massive, well sorted quartz sandstone



Jurassic basalt

Jurassic-Trlassic



Auld Lange Syne Group; massive limestone interbedded with argillites

Triassia



Grass Valley and Osobb Formation; fine grained argillaceous sandstone



Zone of hydrothermal alteration

