Lake City Commences Production On Golden Wonder

COLORADO SPRINGS, CO — At the reconvened annual meeting of shareholders of Lake City Mines, Inc., held on June 10, 1981, Ken W. Davis, Secretary/Treasurer and Operations Manager of the Company, announced that the Company commenced limited production at its Golden Wonder Gold Mine with its mining of 35 tons of ore on June 3 and another 10-15 tons of ore on June 10. This limited production was undertaken to facilitate bulk ore sampling prior to shipment to a smelter. Actual shipment dates will be determined in the future in conjunction with the smelter after giving consideration to the smelter’s existing schedule.

Mr. Davis also announced that 10 assays were taken from the 35 tons of ore, with the following results:

<table>
<thead>
<tr>
<th>Assay Number</th>
<th>Ounces of Gold</th>
<th>Ounces of Gold</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>34.74</td>
<td>13.74</td>
</tr>
<tr>
<td>2</td>
<td>.38</td>
<td>1.04</td>
</tr>
<tr>
<td>3</td>
<td>.64</td>
<td>.18</td>
</tr>
<tr>
<td>4</td>
<td>63.38</td>
<td>28.12</td>
</tr>
<tr>
<td>5</td>
<td>.22</td>
<td>.20</td>
</tr>
<tr>
<td>6</td>
<td>.96</td>
<td>1.24</td>
</tr>
<tr>
<td>7</td>
<td>.29</td>
<td>.02</td>
</tr>
<tr>
<td>8</td>
<td>2.63</td>
<td>14.03</td>
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<tr>
<td>9</td>
<td>2.00</td>
<td>2.50</td>
</tr>
<tr>
<td>10</td>
<td>.04</td>
<td>.06</td>
</tr>
</tbody>
</table>

Mr. Davis also announced that 10 assays were taken from the 35 tons of ore, with the following results.

Michael W. MacGuire, President of the Company, stated, “due to the limited number of assays taken, it is premature, and possibly even misleading, to suggest that these assays could be averaged for an indication of ore content for the total 35 tons.”

Delmer L. Brown, Consulting Geologist to the Company, summarized the results of his updated geological report prepared on behalf of the Company. Mr. Brown stated that based on further testing, it can now be concluded that the Golden Wonder Gold Mine is a Breccia Pipe, a structure which would indicate an expansion of the mine’s ore targets. The Company cannot make any projections relating to whether the mine contains more ore, nor give any dimensions of the Breccia Pipe at this time since substantial, additional underground exploratory work is necessary.

In discussing the Company’s business plan, Mr. MacGuire believes, barring any unforeseen circumstances, that the Company is adequately financed at this time through the loan agreement with Western Consolidated Mines, Inc. Mr. MacGuire further stated that the Company plans to bring the Golden Wonder Gold Mine into a cash flow position prior to the commencement of any further exploratory work on that mine. No date was projected as to when that cash flow position would result. He further believes that a projected break even for the Company is $150 of revenue per ton from the Golden Wonder Gold Mine based on the present price of gold. Further refurbishment of the Ute-Ule mill is necessary before it can become operational.

Mr. MacGuire also announced that, for a partial payment now of $100,000 on the purchase price, the Company has obtained a verbal extension from Supron Energy Corporation to August 16, 1981, to complete the purchase of the Golden Wonder Gold Mine. The remaining $100,000 of the purchase price will be paid at the closing.

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AVERAGE WEEKLY CLOSING PRICE
Handy & Harmon

GOLD ........................................ $467.10
SILVER ...................................... $10.25

(Weekly Metal Prices - Page 23)
Golden Wonder Mine Begins With Limited Ore Production

BY BRUCE WILKINSON
Denver Post Business Writer

Lake City Mines Inc. has begun limited production at its Golden Wonder Gold Mine near Lake City.

Ken W. Davis, secretary/treasurer, told shareholders at the reconvened annual meeting in Colorado Springs that the company removed 35 tons of ore June 3 from the Golden Wonder and another 10-15 tons Wednesday.

He said this limited production was undertaken to facilitate bulk ore sampling before shipment of the material to a smelter. He said shipment dates will be determined. Davis announced that readings from 20 assay tests ranged from .04 to 63.38 ounces of gold per ton.

However, Michael W. MacGuire, president, said, “Due to the limited number of assays taken, it is premature, and possibly even misleading, to suggest that these assays could be averaged for an indication of ore content for the total 35 tons.

Delmer L. Brown, consulting geologist, said further testing has enabled him to conclude that the Golden Wonder Gold Mine contains a breccia pipe, "a structure which would indicate an expansion of the mine's ore targets." He said the company cannot make any projections as to whether the mine contains more ore or as to the dimensions of the breccia pipe "since substantial, additional underground exploratory work is necessary."

MacGuire said, barring unforeseen circumstances, the company is adequately financed through the loan agreement with Western Consolidated Mines Inc. He said the company plans to bring the Golden Wonder Mine into a cash-flow position before any exploratory work is done at the mine. No date was projected for reaching a cashflow.

MacGuire said the projected breakeven for the company is $150 in revenue per ton from the Golden Wonder based on the present price of gold. Further refurbishment of the Ute-Ule mill will be necessary before it can become operational, he said.

He said, for a partial payment of $100,000 on the purchase price, the company has obtained a verbal extension from Supron Energy Corp. to Aug. 16 for completion of the purchase of the Golden Wonder Gold Mine. The remaining $100,000 on the purchase price will be paid at the closing.

New Airline, Air Chicago, May Fly to Denver Soon

WASHINGTON (AP) — The Civil Aeronautics Board on Friday tentatively approved Air Chicago's plan to operate between Chicago's Midway Airport and 41 other communities, including Denver.
3/28/82


The first gold shipment last fall reported to be high grade mine run, actually settled at the smelter at about 50% Au and did not pay the bills. A rather complete review has taken place & the February mine is now up in financial trouble.

If anything happens, Vickers would be the contact. He will want substantial payment as soon as he can get them.

W. Taylor