

USMX plans to be major producer ✓

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ARVADA, Colo. — Officials of U.S. Minerals Exploration Co. believe their company will move into the ranks of the top 25 gold producers next year when their joint venture Montana Tunnels project opens in April.

The open pit gold mine, at the site of historic underground silver mining operations, is a joint venture with Pegasus Gold Inc.

"As a consequence of the progress at Montana Tunnels and its projected favorable impact on our financial position, USMX is determined to be a major producer in the mining industry," president Michael B. Mehtens says in the company's 1986 annual report to shareholders. "In this connection,

we plan to be more aggressive and expand into precious metals production through our own resources. These activities will initially be limited to high-quality gold prospects in Nevada that are capable of production at low capital and operating costs by open pit mining. This assertive posture will be balanced by the strategy established over the past six years of spreading the risk to increase exposure to ore discovery."

Anticipated annual production from the Montana Tunnels project near Helena is 106,000 ounces of gold, 1.7 million ounces of silver, 25,860 tons of zinc and 5,766 tons of lead.

U.S. Minerals Exploration also owns 28 precious metals properties in the western United States outside of the Montana Tunnels project.

Eleven of those properties are currently under extensive exploration and developmental drilling. Sixty percent of that work is being funded by eight industry partners under joint venture agreements and the remainder by U.S. Minerals Exploration.

Potentially significant gold mineralization has been discovered by Cominco American Inc. at the Kinsley Mountain property in Nevada, Mehtens says. USMX has the right to participate in a 40 percent working interest in the

property.

In addition, gold mineralization has been found at the Green Springs Project in Nevada, where USMX has a 100 percent interest.

Ore-grade gold mineralization has also been found at the company's property at Baggs Creek, Mont., and Coyote Hills, Oregon.

While things are looking up for the company as far as mining, things are not as good in the oil and gas business. The company had a write-down of \$792,000 covering its oil and gas assets in 1986, which led to a net loss of \$731,000 for the company's fiscal 1986, compared to a net loss of \$96,000 for fiscal 1985.

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