



# TEN SLEEP WYOMING MINE

*OFFICIAL CERTIFIED APPRASIAL*

Prepared by: Richard R. Kearney, Certified Public Account

2002

1200 Grandview Avenue  
Reno, Nevada 89503

Richard R. Kearney  
Certified Public Accountant  
1200 Grandview Avenue  
Reno, Nevada 89503

October 16, 2002

TO WHOM IT MAY CONCERN:

I graduated from Aurora College, Aurora, Illinois in 1951. I had a major in Accounting. Upon graduating in 1951 to 1959, I worked for Hanson and Peterson Certified Public Accountants, in Tustin, California. From 1959 until 1961, I worked for Peat, Marwick and Mitchell in Los Angeles, California. From 1961 until 1982, I worked for Chanslor, Barbieri and DeWitt, CPA's in Reno, Nevada. In 1983 the Chanslor, Barbieri and DeWitt firm merged with a CPA firm in Des Moines, Iowa. In 1985, I left to establish my own CPA firm at the letterhead address and phone above.

I have been a member of the American Institute of Certified Public Accountants since 1959.

*Richard R. Kearney CPA*

Richard R, Kearney CPA



## **Bighorn Basin**

### **Ten Sleep Mine is Located East of Bighorn Basin**

Ms. Porter controls the largest high purity gypsum resource in North America, estimated at slightly more than one billion tons, on five mining claim groups. The claims total almost 17,000 acres of which 9,725 acres are underlain with gypsum. These gypsum deposits are secured by 108 association mining claims. All claims were staked before 1990; are properly located; and assessment work has been performed. The project is the largest in North America, with purity of 98%. A natural gas processing plant is located approximately 15 miles from the property and, thus, provides a cheap energy source. Also of particular relevance, the property holds one of North America's largest sulfur deposits, containing more than 180 million tons, at 18% contained value.

**Richard R. Kearney  
Certified Public Accountant  
1200 Grandview Avenue  
Reno, Nevada 89503**

I, Richard R. Kearney, a Certified Public Accountant, do hereby state that I have served as Duane H. Porter's personal and business accountant since 1977. I further state that Duane H. Porter has been the owner and Attorney In fact of The Ten Sleep Wyoming Gypsum Project for over ten years.

At the request of Duane H Porter, I prepared the 2001 appraisal of The Ten Sleep Wyoming Gypsum Project. Said valuation is prepared each year in October, November, or December when the U.S. Department of the Interior USGS Annual Gypsum Industry Review for the previous year is published.

The valuation is determined by using the Geological report on the Project authored by David A. Holmes (a Certified Geologist) which states, that the Project contains a total of 1,012,000,000 short tons of Gypsum ore, along with the USGS Annual Gypsum Industry Review for 2001, which establishes a gross value of \$14.41 per short ton of Gypsum ore for the lowest end products produce able Cuncalcined for cement, agricultural S misc.). Using Wyoming State and County tax costs and professional figures for production and acquisition costs totaling \$3.03 per short ton, a net value per short ton of \$11.38 is arrived at which establishes a Net value for The Ten Sleep Wyoming Gypsum Project on low end products produceable of \$11,516,560,000 U.S. for the 2001 year. Please note that the tonnage figures were divided by two to insure an absolutely conservative appraisal.

Be advised that I used the same procedure to establish a Net value of the Project for the years 1998, 1999 and 2000. As the Project is not in operation, this procedure is the most acceptable method of Net valuation.

Sincerely

*Richard R. Kearney C.P.A.*

Richard R. Kearney C.P.A.

## Ten Sleep Mine, Wyoming

Ms. Porter controls a huge resource of bedded gypsum, estimated at slightly more than one billion tons, on five mining claim groups on the eastern side of the Bighorn Basin, near Ten Sleep, Wyoming.

Multiple gypsum beds within marine sedimentary rocks of the Permo-Triassic Goose Egg Formation possess acceptable quality and mining thickness and can be readily extracted through open-pit mining.

It is her desire to sell the property. There is very good potential to develop large measured reserves within this resource by drilling and trenching known zones of thick massive gypsum beds with minimal overburden and waste.

Resource tonnages are estimated at slightly more than one billion tons within the five mining claim groups.

Gypsum occurs in multiple beds ranging from 3 to 30 feet in thickness and aggregating 27 to 102 feet thick in the gypsiferous section of the Permo-Triassic Goose Egg Formation.

Most of the gypsum is massive, banded, or in layers interbedded with thin red shale layers. Dry crushing and screening have proven effective in separating the shale and gypsum at comparable operations.



Four of the claim blocks lie between Ten Sleep and Hyattville, and the fifth group is located about 40 road miles south of Ten Sleep in the Nowood Ranch area.

The 108 association placer claims (most are 160 acres in size) lie on ELM-administered federal lands in Big Horn and Washakie Counties.

The claims total about 17,000 acres (26.5 square miles) of which 9,725 acres (15 square miles) are underlain by gypsum.

All claim groups are readily accessible by county and BLM roads.

Richard R. Kearney  
Certified Public Accountant  
1200 Grandview Avenue  
Reno, Nevada 89503

October 16, 2002

Duane H. Porter  
P. O. Box 389  
Battle Mountain, NY 89820

As requested by you, I have read the consulting report prepared for you by David A. Holmes entitled "The Ten Sleep Gypsum Project Area, Ten Sleep Wyoming".

As you have asked, I have reconciled the "Area Underlain by Gypsum" to "Estimated Tonnage" on the five claim blocks (page 26 of the report) as follows:

### BRAD CLAW GROUP

Data Used

(Page.29 of Report)

Square Feet per Acre - 43,560 (Page 163 Accountants

Handbook 1923 The Ronald Press)

Cubic Feet of Gypsum per Short Ton - 14

(Page 28 of Report)

Adjustment For Erosional

Effect of Topography - Divide by 2

(Page 28 of Report)

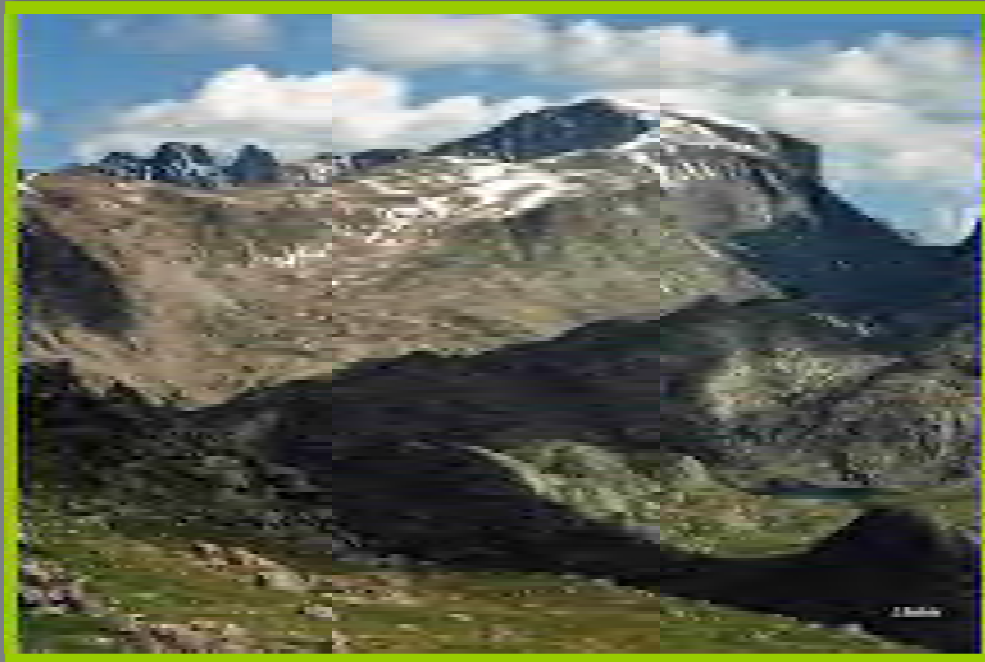
### APPROXIMATE AREA UNDERLAIN BY GYPSUM

1,190 Acres

### TYPICAL COLLECTIVE THICKNESS OF GYPSUM BEDS

80 Feet

Calculation:  $1,190 \times 43,560 \times 80 + 14 + 2$  Equals . 148,104,000 Tons



Richard R. Kearney graduated from Aurora College, Aurora, Illinois in 1951. He went on to have a distinguished career in accounting that spanned more than 40 years.

GRACE CLAIM  
GROUP

APPROXIMATE AREA  
UNDERLAIN GYPSUM

TYPICAL COLLECTIVE  
THICKNESS OF  
GYPSUM BEDS

Data Used  
(Page 34 of Report)

632 Acres

82.5 to 102 Feet  
It was determined that to arrive at 93  
Million tons, Holmes used 94.59  
feet in his calculation

Cubic Feet of Gypsum per Short Ton - 14

Adjustment for Erosional Effect of Topography - Divide by 2

Calculation:  $632 \times 43,560 \times 94.59 + 14 + 2$  Equals 93,000,000 Tons

JANET CLAIM  
GROUP

APPROXIMATE AREA  
UNDERLAIN GYPSUM

TYPICAL COLLECTIVE  
THICKNESS OF  
GYPSUM BEDS

Data Used  
(Page 40 of Report)

3,182 Acres

60 to 82 Feet  
It was determined that to arrive at 373  
Million tons, Holmes used 75.35  
feet in his calculation

Square Feet per Acre - 43,560

Cubic Feet of Gypsum per Short Ton - 14

Adjustment for Erosional Effect of Topography - Divide by 2

Calculation:  $3,182 \times 43,560 \times 75.35 + 14 + 2$  Equals 373,000,000 Tons



LINDA CLAIM  
GROUP

APPROXIMATE AREA  
UNDERLAIN GYPSUM

TYPICAL COLLECTIVE  
THICKNESS OF  
GYPSUM BEDS

Data Used  
(Page 49 of Report)

2,516 Acres

32 ft.

Square Feet per Acre - 43,560

Cubic Feet of Gypsum per Short Ton - 14

Adjustment for Erosional Effect of Topography - Divide by 2

Calculation:  $2,516 \times 43,560 \times 32 \div 14 \div 2$  Equals 125,253,668 Tons



Possible processing plant sites are located at Worland and Manderson, about 25 to 35 miles westerly by paved highways from Ten Sleep and Hyattville respectively. Water, power, natural gas, and experienced labor are available in the Worland-Manderson areas, which are served by the Burlington Northern Railroad and U.S. Highway 20. Alternate plant-sites near Hyattville and Ten Sleep would offer much shorter ore transport distances. Several shallow natural gas fields within 15 miles westerly of the gypsum deposits could also be tapped as future energy sources. Gypsum wallboard plants are also operated at Lovell and Cody, Wyoming by Georgia Pacific and Celotex respectively.

LINDA CLAIM  
GROUP

APPROXIMATE AREA  
UNDERLAIN GYPSUM

TYPICAL COLLECTIVE  
THICKNESS OF  
GYPSUM BEDS

Data Used  
(Page 49 of Report)

2,516 Acres

32 Feet

Square Feet per Acre - 43,560

Cubic Feet of Gypsum per Short Ton - 14

Adjustment for Erosional Effect of Topography - Divide by 2

Calculation:            2,516 x 43,560 x 32 -; 14 -; 2            Equals            125,253,668 Tons

MARY CLAW CLAIM  
GROUP

APPROXIMATE AREA  
UNDERLAIN GYPSUM

TYPICAL COLLECTIVE  
THICKNESS OF  
GYPSUM BEDS

Data Used  
(Page 54 of Report)

2,205 Acres

27.5 to 93 Feet  
It was determined that to arrive at 273  
Million tons, Holmes used 79.58  
feet in his calculation

Square Feet per Acre - 43,560

Cubic Feet of Gypsum per Short Ton - 14

Adjustment for Erosional Effect of Topography - Divide by 2

Calculation:            2,205 x 43,560 x 79.58: 14 -; 2            Equals            273,000,000 Tons  
Total Short Tons            1.012357.668  
Rounded To            1.012.000000

You have asked me to equate this tonnage figure to a dollar value.

Using the following data:

Average value per ton for uncalcined Gypsum products f.o.b. the mine or plant \$15.98 per metric ton. (U.S. Department of the Interior, the U.S. Geological Survey - 2001 Annual Gypsum Review, Table Four). This converts to \$14.41 per short ton for the lowest end products produceable.

Cost of mining, screening, and sizing to prepare the ore for shipment f.o.b. from the mine or plant site, \$1.73 per short ton. You have stated that on a mining rate of 1,000 to 2,000 tons per day for 260 days per year, this is a reasonable figure based on your extensive mining experience, including Gypsum mining.

Total severance and sales taxes by State and County per short ton \$.97 (Wyoming Department of Taxation). High estimate of permitting, reclamation and misc. costs \$.23 per short ton. Acquisition cost, \$.10 per short ton.

**Calculation:**

Uncalcined Gypsum products produced for sale the mine per short ton	\$14.41
Hining, screening, and sizing costs per short ton	\$1.73
State and County severance & sales taxes per short ton	\$.97
Permitting, reclamation and misc., Costs-per short ton	\$.23
Project acquisition cost per short ton	<u>\$.10</u>
Total Costs	\$3.03
Net value per short ton on above data	<u>\$11,516,560,000.00</u>

1,012,000,000 short tons of Gypsum at \$11.38per ton establishes a net value for The Ten Sleep Wyoming Gypsum Project on low end products produceable of For 2001 - an increase of \$2,752,640,000 over 2000.

Sincerely

*Richard R. Kearney CPA*

Richard R. Kearney C.P.A.

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Sincerely

*Richard R. Kearney CPA*

Richard R. Kearney C.P.A.

THE TEN SLEEP WYOMING GYPSUM PROJECT

Dane H. Porter-Owner and Attorney in Fact  
P.O. Box 369, Battle Mountain, Nevada 89820

October 16, 2002

Net appraised value at \$11.38 per short ton

<u>Claim Group</u>	<u>Short Tons</u>	<u>Net Value</u>
Grace #1 - :#:11	93 million	\$1,058,340,000.
Linda :#:1 - :#:25	125 million	\$1,422,500,000.
Brad :#:1 - :#:12	148 million	\$1,684,240,000.
Mary :#:1 - :#:28	273 million	\$3,106,740,000.
Janet :#:1 - :#:32	373 million	\$4,244,740,000.
Project Total Claims	Project Total Short Tons	Project Total Net value
108	1,012,000,000	\$11,516,560,000

NOTE: The total short tons of 1,012,000,000 shown is the result of cutting the original calculations in half to insure a totally conservative appraisal.

Project Acquisition Cost - \$100,000,000. U.S. Cash, .099 Cents per Short Ton

# References

TABLE 4

## GYP SUM PRODUCTS (MADE FROM DOMESTIC, IMPORTED, AND SYNTHETIC GYP SUM) SOLD OR USED IN THE UNITED STATES, BY USES *II*

✓  
(Thousand metric tons and thousand dollars)

Uncalcined:

Portland cement  
Agriculture and miscellaneous 2/ Total

Calcite<I:

Plasters	896	110,000
Prefabricated products 3/	22,900	2,680,000
<u>Total claimed</u>	<u>23,800</u>	<u>2,790,000</u>
<u>Grand total</u>	<u>29,500</u>	<u>2,860,000</u>

*II* Data are rounded to no more than three significant digits; may not add to totals shown. 2/ Includes synthetic gypsum.

3/ Includes weight of paper, metal, or other materials and some synthetic gypsum...

2001 ✓

### Quantity

34,400  
22,000  
56,400 ✓

1,390  
24,300  
25,700  
19,100

### Value

34,400  
22,000  
56,400 ✓

167,000  
2,250,000  
2,410,000  
2,470,000

### Other USGS contacts:

Information about the U.S. Geological Survey, its programs, staff, and products may be accessed on the World Wide Web at URL <http://www.usgs.gov> or by contacting the Earth Science Information Center at 1-888-ASK-USGS. Additional minerals information may be accessed on the World Wide Web at URL <http://minerals.usgs.gov/minerals>.

# References

## Mineral Industry Surveys

### GYPSUM

2001 Annual Review

~USGS

*Science for a Changing World*

For information, contact:  
Donald W. Olson,  
Gypsum Commodity Specialist  
U.S. Geological Survey  
983 National Center  
Reston, VA 20192  
Telephone: (703) 648-7721  
Fax: (703) 648-7722  
E-mail:  
[dolscin@usgs.gov](mailto:dolscin@usgs.gov)

Virginia Harper (Domestic data)  
Telephone: (703) 648-7983  
Fax : (703) 648-7975  
Linder Roberts (International data)  
Telephone: (703) 648-7984  
Fax: (703) 648-7737  
Internet: <http://minerals.usgs.gov/minerals>