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Arizona Geological Survey
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Phoenix, AZ 85007
602-771-1601
http://www.azgs.az.gov
inquiries@azgs.az.gov

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PRINTED: 09-18-2008

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: BER-MAR MINE

ALTERNATE NAMES:
WEST VULTURE PROJECT

MARICOPA COUNTY MILS NUMBER: 706

LOCATION: TOWNSHIP 5 N RANGE 6 W SECTION 4 QUARTER C
LATITUDE: N 33DEG 48MIN 14SEC LONGITUDE: W 112DEG 53MIN 10SEC
TOPO MAP NAME: VULTURE MOUNTAINS - 15 MIN

CURRENT STATUS: OTHER

COMMODITY:
UNKNOWN

BIBLIOGRAPHY:
ADMMR BER-MAR MINE FILE

PHENIX MINING CORP
5 Wellich Road
P O Box 21180
Wickenburg, Arizona 85358
(602) 684-3157

G. Brian Stone - President

See: Ber Mar Mines (file)

RRB WR 12/12/86: Received information that Brian Stone of Phenix Mining Co is now doing business as president of Mining Syndicators Ltd (c) of Wickenburg and Reno. The Securities Division of the Corp Comm had a cease and desist order on Phenix Mining so I notified them of his new operation.

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RRB WR 2/26/88: Bob Eveleth, New Mexico Bureau of Mines, called to discuss the Cinder Mountain Project of Reese Houston. We also discussed Rex Silver Mines. Mr. Eveleth said that Willard Luegge of PM Labs and Fred Kircher of Kircher Ore & Refining Co. have been involved in other lessthan viable promotions that he is aware of. He also said that the American Society of Applied Technology (ASAT) that is developing a thiourea plant for Brian Stone of Phenix Mining is less than Reliable.

---

RRB WR 3/4/88: Mr. Smith of the Keokuk, Iowa, Chamber of Commerce called to inquire about the West Vulture Project being promoted by Hallmark, Inc and K & D Associates of Las Vegas, NV. Apparently it is another promotion like the Red Cloud Project and is also being promoted by Phenix Mining (file).

---

RRB WR 5/27/88: Margaret Ellis, Securities Division, reports that they brought fraud charges against G. Brian Stone (card) of Phenix Mining (file) and Red Cloud Placers (file) but that he was found not guilty. They may want to try again if they can find investors that will testify and wanted to know if I thought Gordon Miner's friend would mind being contacted. I gave her Gordon's telephone number.

---

**Field Visit - Phenix Mining Corp. - December 14, 1987**

BY: Richard R. Beard, Mining Engineer
Arizona Department of Mines and Mineral Resources

The Phenix Mining Corporation was visited in the company of Mr. Gordon Miner. Mr. Miner was investigating an investment opportunity in the Red Cloud Placer Project for an acquaintance in New York and was referred to Phenix. We met with Mr. G. Brian Stone, President of Phenix Mining Corp. at their mill in the new Airport Industrial Park west of Wickenburg.

Mr. Stone informed us that he recommended that Red Cloud Placer Project lease section 22, T6N, R6E and that he would process the ore for individual investors at a flat fee. He also will receive a royalty from Red Cloud for developing the process when they go into full scale production. Other than that he said that he was not associated with Red Cloud in any way and had nothing to do with their offer.

As background information Mr. Stone said that he has been working in the area for three years. He has found that registered assayers cannot get consistent results because they don't know how to assay and the mining schools do not know how to assay or how to teach assaying. He, however, can get consistent results and verifies them with bottle leach tests. he also said that cyanide was not applicable and no one knows how to use thiourea. He now believes that the American Society of Applied Technology (ASAT) in Silver City, NM can design a workable plant using thiourea. They report assay values comparable to his own and they recovered ninety percent of the gold from a bulk sample that he prepared for them by adding a known amount of gold to barren dirt.

Mr. Stone took us to the Ber Mar property to show us the double deck vibrating screen he has been using for test work. The upper deck is 10M and the lower deck is 40M. He said that he had to abandon his original theory that the gold was locked into the black sands as he has found that it is actually all microscopic and in the fines. He believes that he can screen to 80M without significant losses.

The plant still in place at the industrial park is a batch thiourea plant that consists of a pachuca tank, filters, carbon columns and related equipment. Mr. Stone said that results from this plant were inconsistent and unacceptable. Therefore he has commissioned ASAT to develop and build a continuous flow thiourea plant based on their laboratory work.

His current plans are to have the ASAT plant installed and operating at a rate of 24 tons per day at a pH of 0.8. The values are to be adsorbed on activated carbon and the carbon burned to produce dore' bars. He expects to be in operation by the first of the year treating concentrates from section 24, T6S R6W which he controls. If he finds that he can screen to -80M he will attain a concentration ratio of possibly 20 to 1 at the mine site and will therefore have to truck only 100 pounds to the mill for every ton of ore mined. After processing, the tailings will be trucked back to the mine site to backfill the pit.

By March he expects to have a 100 ton per day plant installed and available to treat screen concentrates from the Red Cloud Placer Project. This will be a similar operation.

Mr. Stone said that he has done some "core-drilling" for samples with what he described as a power post hole digger (auger) but that he hasn't gone to the expense of blocking out any ore because he "knows it is there" because of the consistency of his assays from random samples. These samples vary from .05 oz/ton gold and a couple of ounces of silver to .25 oz/ton gold and several ounces of silver as assayed by himself and by ASAT.

As of this date there has been no mining or processing operation at any of the Phenix, Red Cloud, Ber Mar or Bert L. Smith properties. No ore has been blocked out, established legitimate fire assayers report negligible gold and silver and there is no demonstrated process to recover the precious metals if any actually exist.

Pertinent addresses are:

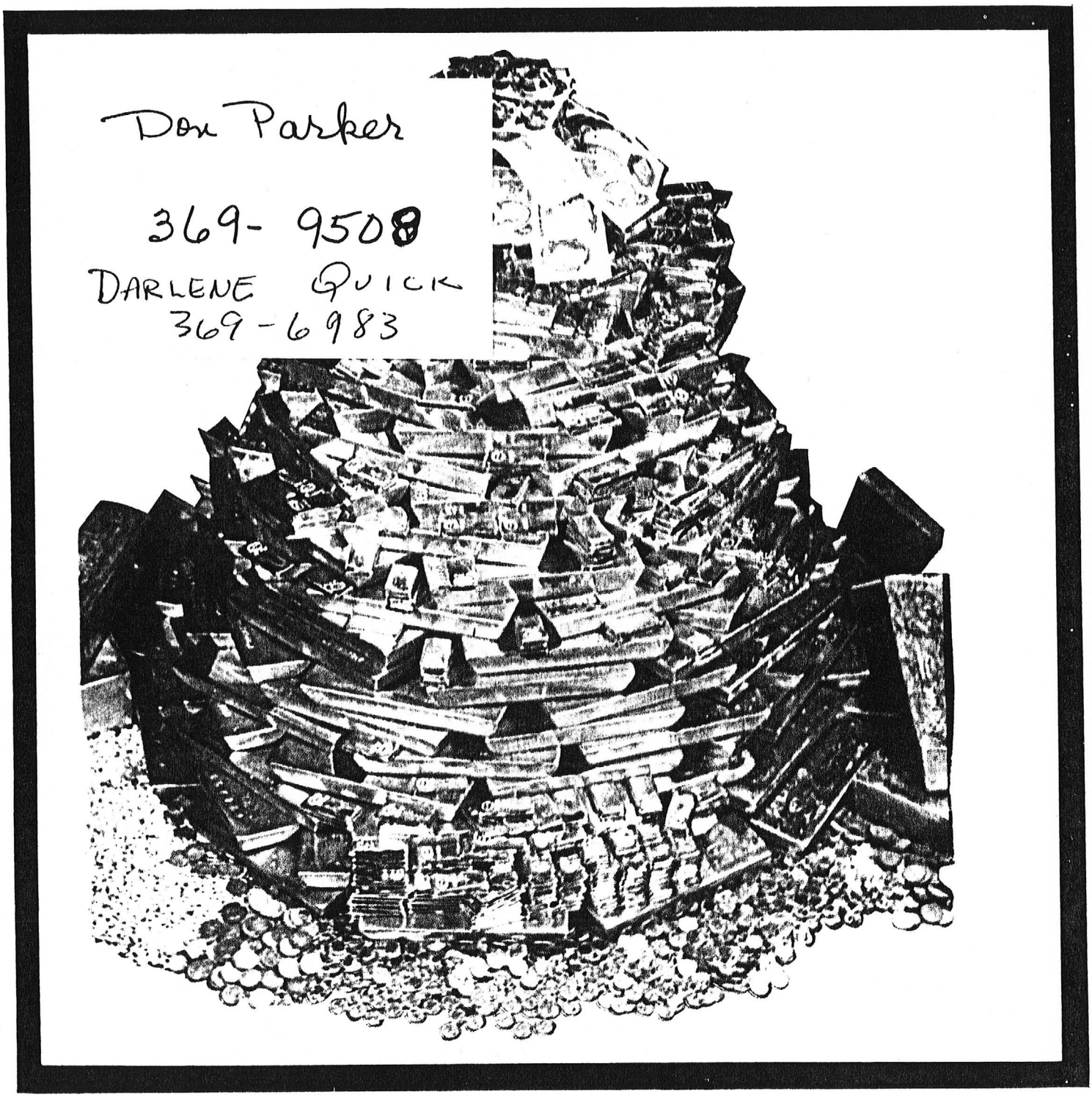
Phenix Mining Corporation
5 Wellich Road, P.O. Box 21180
Wickenburg, AZ 85358
(602) 684-3157

Red Cloud Placers Project
704 Santa Monica Blvd.
Santa Monica, CA 90401
1-800-346-6178

American Society of Applied Technology
P.O. Box 1705
Silver City, NM 88062
(505) 388-5654

Phenix Mining Company

# WEST VULTURE PLACER PROJECT




## ARIZONA GOLD

A01035

HALLMARK ENTERPRISES, INC.

OFFERING GOLD BEARING ORE

500 TONS PER UNIT

$7,000.00 UNIT PRICE

500 UNITS OFFERED

DISCLOSURE DOCUMENT

THIS IS AN OFFERING OF INTERESTS IN UNITS OF GOLD BEARING ORE BEING OFFERED UNDER THE SECURITIES ACT OF 1933 PURSUANT TO AN EXEMPTION FROM REGISTRATION AVAILABLE UNDER SECURITIES AND EXCHANGE COMMISSION, REGULATION D, RULE 504, AND SIMILAR REGULATIONS PROMULGATED UNDER APPLICABLE STATE SECURITIES LAWS. THE UNITS OF ORE OFFERED HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER ANY FEDERAL OR STATE SECURITIES LAW. REPRODUCTION OR DISTRIBUTION OF THIS DISCLOSURE DOCUMENT WITHOUT PRIOR WRITTEN CONSENT OF HALLMARK ENTERPRISES, INC., IS PROHIBITED.

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THE ISSUER, ALTHOUGH IT IS A NEVADA CORPORATION QUALIFIED TO DO BUSINESS IN THE STATE OF NEVADA, WISHES TO INFORM POTENTIAL PURCHASERS THAT NEITHER THE SECRETARY OF STATE OF THE STATE OF NEVADA HAS PASSED UPON THE MERITS OF THIS OFFERING, OR UPON THE ACCURACY OR COMPLETENESS OF THIS DISCLOSURE DOCUMENT.

THESE UNITS OF ORE ARE COMMERCIALLY VALUABLE ONLY IF ANTICIPATED QUANTITIES OF PRECIOUS METALS CAN BE EFFICIENTLY EXTRACTED FROM SAID ORE. THE COMPANY'S SUCCESS DEPENDS DIRECTLY UPON ITS ABILITY TO MANAGE A COMMERCIALLY FEASIBLE MINING OPERATION. NO GUARANTEES OR WARRANTEES OTHER THAN THOSE MADE IN THIS DISCLOSURE BROCHURE ARE MADE BY THE COMPANY. PURCHASERS ARE CAUTIONED TO DISREGARD ANY REPRESENTATIONS WHICH DO NOT CONFORM TO THOSE CONTAINED IN THIS DISCLOSURE BROCHURE.

* * * * *

This is neither an offer, nor a solicitation to sell securities.



A01036

## THE MOST SENSIBLE GOLD OPPORTUNITY IN YEARS

In 1976, gold prices closed the year at nearly $200.00 per ounce. Subsequent surges overshadowed that year-end high by comparison. But back then, just a decade ago, it was considered momentous; fortunate gold investors had enjoyed an increase of better than 500% in only four short years!

Ever since, gold has been viewed as a prudent, low-risk investment -- a valued component in any well-planned portfolio. Today, however, this most precious of metals has taken on a dramatic new significance for large and small purchasers alike.

Not surprisingly, gold assays conducted at West Vulture Placer Mining District in Arizona have created a great deal of excitement. And bulk samples run at the site give added cause for enthusiasm.

Equally important, your purchase opportunity in this proven gold development project has been carefully structured to optimize three all important factors:

| | |
|---|---|
| RETURN... | An opportunity to realize minimum warranted return not based on current gold values, escalating with forcasted price upswings. |
| PROTECTION... | An opportunity to safeguard assets with one of the only inflation/depression-proof commodities -- gold. |
| TAX IMPACT... | An opportunity to deduct approximately 95% of your total costs and defer payment of taxes on your returns |

This ownership/development offering -- made by K-D & Associates, Inc., authorized representative for Hallmark Enterprises, Inc. -- is, you will no doubt agree, an extraordinary situation... the most sensible gold opportunity in years!



A01037

## THE GOLD OUTLOOK: SOME EXPERT VIEWS

With all the gloom-and-doom talk about the nation's economic future, it's getting hard to distinguish fact from fiction. One thing, though, is certain: uncurtailed federal spending continues to swell budget deficits year after year.

Even the most optimistic officials express deep concern over this trend. And with the national debt spilling over the unfathomable trillion-dollar mark, concern is more than justifiable.

Where will it end? Widely respected investment counselors such as Douglas Casey, Howard Ruff and James Blanchard (to mention but a few), all agree that the outcome is clear: to avoid drastic debt default, the government will - as it has in the past - make more money available... simply by printing more of it. Only this time, the quantity of unsupported currency required will be enormous - directly proportionate to the nation's unprecedented deficit liability.

Whether the inevitable resulting inflation hits 20% to 30% as suggested by noted monetary economist Milton Friedman, or the cataclysmic levels predicted by Casey, Ruff and others... the concensus is that a period of serious deterioration is only two or three years away.

In preparation, many investors are heeding the lessons of the past by turning to gold for growth and protection against the declining dollar. Inflation rates and gold prices are closely tied. Just ask anyone who bought in 1978 at $225.00 per ounce and sold in 1980 at $850.00!

And with the upcoming prices estimated at $1,500.00 to $2,000.00 per ounce, it's no wonder so many investment counselors are urging gold purchase now in amounts starting at 20% of individual portfolio value.

Just what kind of gold purchase should you make? There are many kinds,... but none more exciting, more advantageous than participating in the West Vulture Placer Mining Project.



A01038

PLEASE

# READ THIS FIRST !

It will help you understand the full potential of this exciting opportunity. Then, read the brochure.

1. It was suggested to you that a check of the Company be made. If you have already done this, then you, as other clients, know that everything checks out. Prior to our marketing, a detailed check was made on both the Company and its principals.

2. Clients who are accustomed to getting only a 5% to 15% return may be frightened by Hallmark's large projected returns. A partial reproduction of the projected returns is shown below. This is the most important page in the brochure. Here, Hallmark and its Accounting Firm illustrate the potential of your purchase. At $43.50 per Ton of Ore, the lowest recovery rate shown would return 4 for 1 ($21,750.00 for each $7,000.00 purchase multiple), with only $1,924.00 actual cash out of pocket!

MANAGEMENT SERVICES COMPANY

H A L L M A R K P R O J E T

at $350.00 GOLD

POTENTIAL YIELD WITHIN 18 MONTH TARGET DATE

| | | Approximate Ounces Returned | | $$$ Returned and Percent Gained | | | |
|---|---|---|---|---|---|---|---|
| Tons Bought | $$$ Paid In | @ .10 Oz/Ton Recovery | @ .25 Oz/Ton Recovery | @ .10 Oz/Ton Net Recovery | | @ .25 Oz/Ton Net Recovery | |
| 500 | $ 1,924.00 | 50 oz. | 125 oz. | $ 7,694. | 400% | $ 20,487. | 1,065% |
| 1,000 | 3,848.00 | 100 oz. | 250 oz. | 15,387. | 400% | 40,976. | 1,065% |
| 1,500 | 5,772.00 | 150 oz. | 375 oz. | 23,081. | 400% | 61,463. | 1,065% |
| 2,000 | 7,696.00 | 200 oz. | 500 oz. | 30,775. | 400% | 81,950. | 1,065% |
| 2,500 | 9,620.00 | 250 oz | 625 oz. | 38,468. | 400% | 102,437. | 1,065% |
| 3,000 | 11,544.00 | 300 oz. | 750 oz. | 46,162. | 400% | 122,924. | 1,065% |
| 5,000 | 19,240.00 | 500 oz. | 1,250 oz. | 76,937. | 400% | 204,372. | 1,065% |



A01039

3. The Gold is there... 640 acres (one square mile) of West Vulture claims, placer that runs 500 feet deep, a conservative .10 to .25 ounces of Gold Ore per Ton... figures to an average of 80,000 ounces per foot depth. If Hallmark processes only the top 65 feet or so, recovery could run up to 5,000,000 ounces of Gold. That is 1.5 Billion Dollars, at $300.00 Gold. Processing costs at $6.90 per ton would run $34,500,000.00, leaving over One Billion One Hundred Fifty Million Dollars Gross Profit.

4. High-Volume processing equipment is a logical choice, since the placer material is extensive and exceeds 100 Million Tons. The equipment is expensive. Banks will not loan money until you are in steady production. Venture capitalists will participate, but only in a position of ownership or control. THERE IS A BETTER WAY!

5. Let's say you owned the Company! Would you exchange some of the Gold in the placer material to be processed during the coming year for high-volume processing equipment?

   Would it be worth 50,000 ounces ($15,000,000.00) to 100,000 ounces ($30,000,000.00) to get your Multi-Million Dollar plant into operation?

   Would you be generous and encouraging to those who help you get started... with a return on their money that is exceptional, even fantastic?

   Could you get by with the 4,900,000 ounces of Gold you have remaining?

6. If you and your Company issued the attached illustration of return ranges, what advice would your financial and legal consultants give you? If there was any question that you could not meet the .10 to .25 range, would you or your Company risk using that illustration? With your inventory of Gold would the minimum (.10) be a problem to fulfill?

7. Now,... how do you explain this to potential purchasers? You might do as Hallmark did. In addition to describing the opportunity, you also add "most importantly, all of the people associated with Hallmark are above-board, forthright, generous, reliable, and in good health". That's not Madison Avenue copy, but when you stop to think about it, isn't that good to know? It couldn't be said any better!

8. Now,... you are ready to read the brochure. It is designed to answer all your questions and includes the sale and processing Agreements.



A01040

9. Do not fill out the forms until we get back together. I will contact you as we discussed. If we miss each other, I'll leave you word for when to get back to me. Please... do not call back if your funds are not liquid, or if you have no confidence in Gold or Hallmark's illustration of returns.

   Normally, there is something that requires clarification before a client feels comfortable with the project. That is my job! One example: a guarantee of purchase satisfaction may provide the level of comfort needed for a client to proceed. As far as Hallmark is concerned, it is understood; but if putting it in writing helps a client, we will do it. (Do you know any brokerage firm that has enough confidence in the performance of what it sells to issue a guarantee like that?)

10. The sooner you get started, the sooner profits begin. Your original funds and profits will be returned to you in Gold or Cash, as you prefer.

    We do not have much time remaining. The project is nearing completion. As early purchasers get their Ore processed, they will probably roll over their proceeds and purchase additional tonnage. That, plus participation of others who find out how well their friends are doing with Hallmark, means that the project could suddenly be fully funded.

**********

There is a select number of people who have found metallic Gold on this earth. Were they just lucky?

Many others passed right over the same spots, never bothering to take a second look or to spend a few minutes of investigation. Were the others unlucky or just oblivious to the opportunity at hand?

Likewise, when Hallmark delivers your yellow gold metal, other people will dearly wish for the "luck" you possess and enjoy. They do not understand or give credit for the time, evaluation, thought, and confidence you exercised in participating. They will call it "luck" and never recognize the transfer of wealth from earth as "earned".

**********



A01041

# PRODUCTION FACILITIES

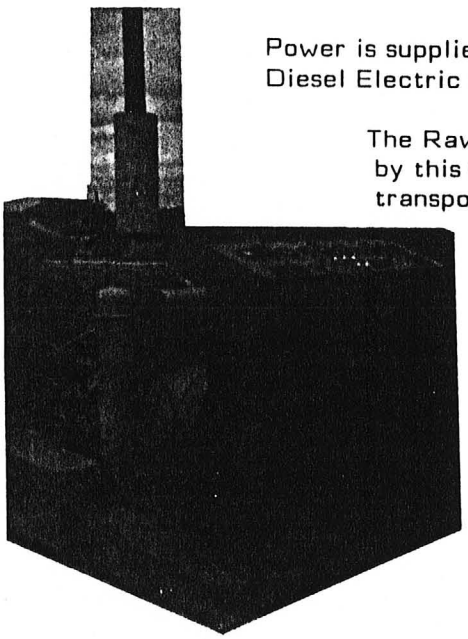
This production plant has the CONCENTRATING PLANT, with a 500 ton per day capacity, located on the Bert L. Smith mining property and the EXTRACTION PLANT, with a capacity of 9 Tons of Concentrate per day, located at the Airport Industrial Airpark in Wickenburg, AZ. From 27.5 to 50 tons of raw ore and required to produce 1 Ton of concentrate.

This is a State of the Art, Thiourea, Closed Circuit, Batch Leach process, that is non-polluting and Bio-degradable, which makes the plant a desireable facility because of its effeciency and ease of operation.

Thiourea has long been used by foreign mining companies, and is just now being established in the U.S. Phenix Mining Corp's plant is one of the forerunners in this new technology.

The GOLD and SILVER values are located in the Magnetite Black Sand or on the Hemitite Black Sands which are recovered by leaching and furnacing.

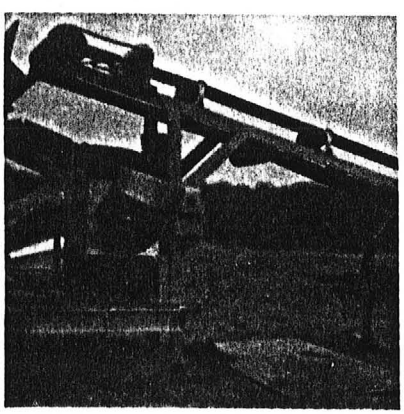
## CONCENTRATING PLANT



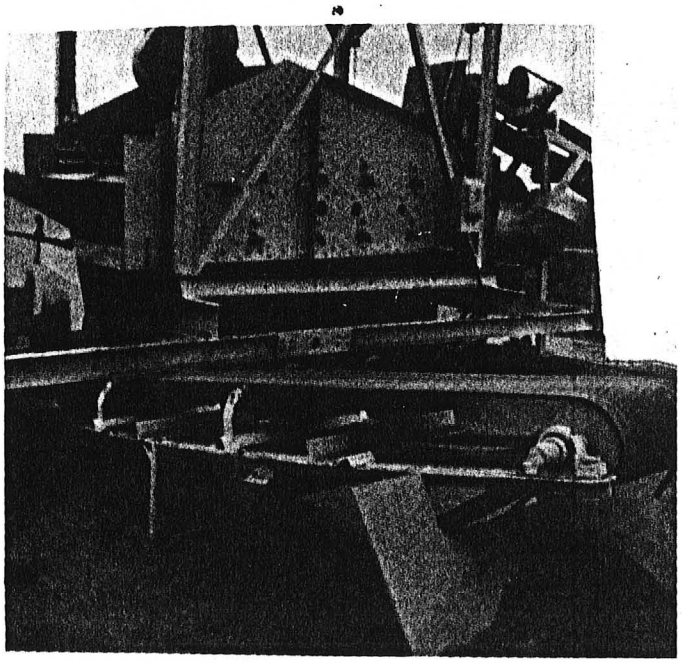
Power is supplied by the 75 KW Diesel Electric Generating plant.

The Raw Ore is transported by this Skip Loader, that can transport 160 TPD to the Grizzly hopper, where the material is sized to 1 ½ minus, and then is

deposited onto this conveyor, that carries the Ore to the Double Deck screen for sizing.



The Double Deck Screen on the right sizes the material down to -40 Mesh and has the Clay dust blown away by the Air Blower, seen on the right in this photo also below the conveyor in the photo on the left. In the foreground is the gang, or waste conveyor





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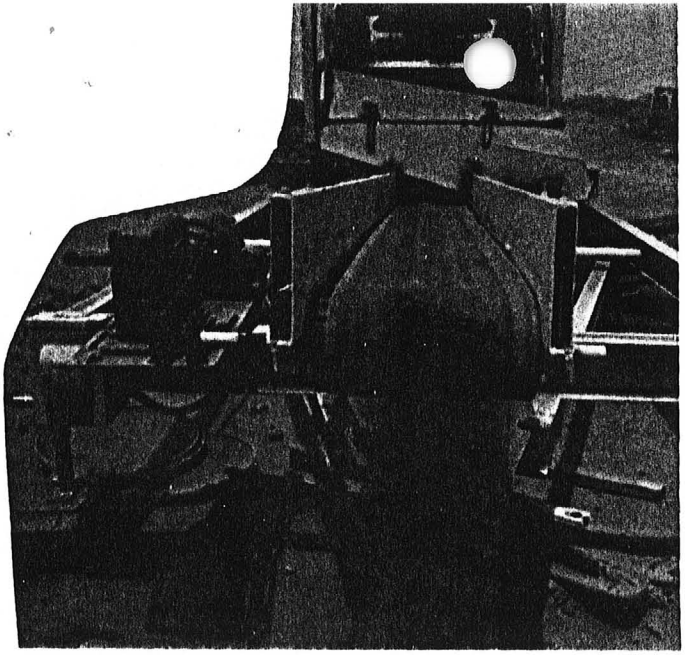
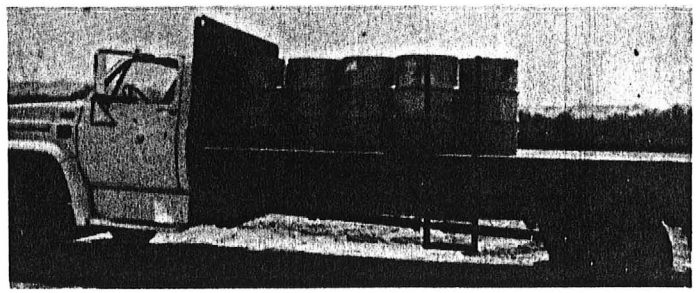
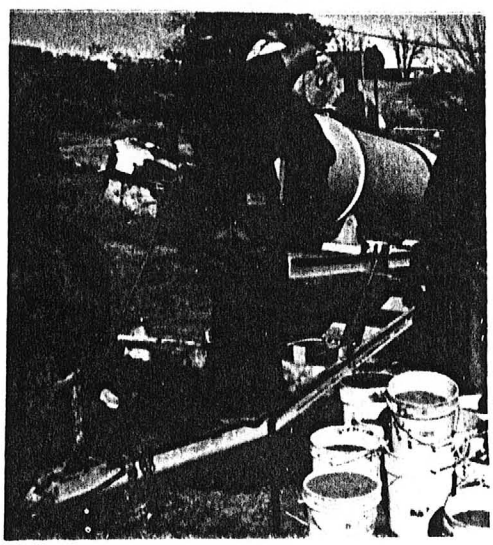


Only the desirable materials reach this final conveyor that carries the concentrate away from the plant to be deposited into 55 gallon drums, for transportation to the Extraction Plant in the city.



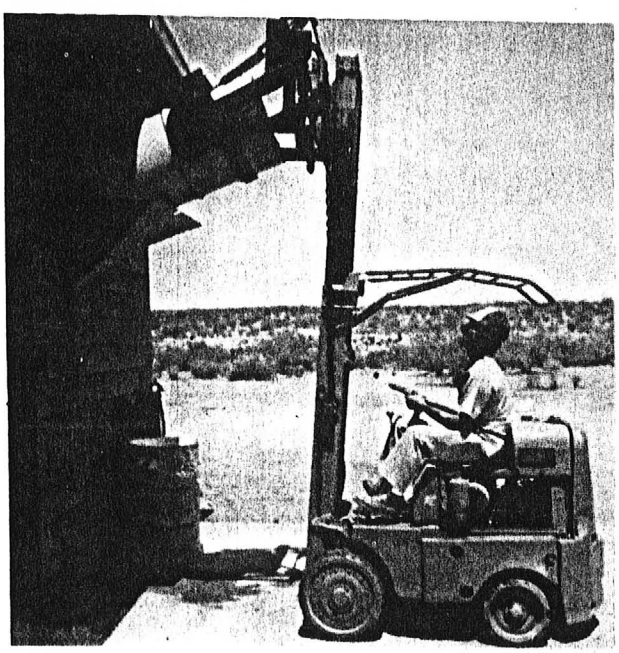
Here, the C-65 Truck has a load of drums to be transported to the Extraction Plant.

## THE EXTRACTION PLANT



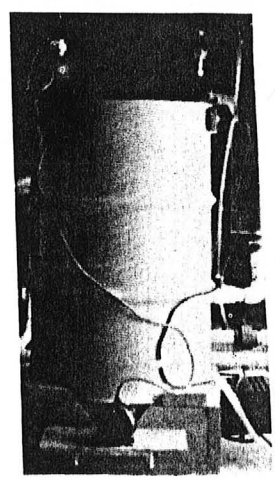
The Ore is cleaned up of the remaining Clay and any excess sand is here washed away, leaving a nice clean concentrate, ready for leaching.

All drums are tested at our lab in the leach building, to determine if any foreign chemicals or minerals are present.



The drums of Ore are then dumped, by our drum dumper into this chut, that empties into the Ore hopper in the leach building for mixing into a slurry for leaching.

The mixing tank on the right is where the various ingredients that make up the leach formula are mixed in a concentrate form. This is then pumped into the ore hopper simultanously as the slurry is being made and pumped into the Pachuka leach tank.





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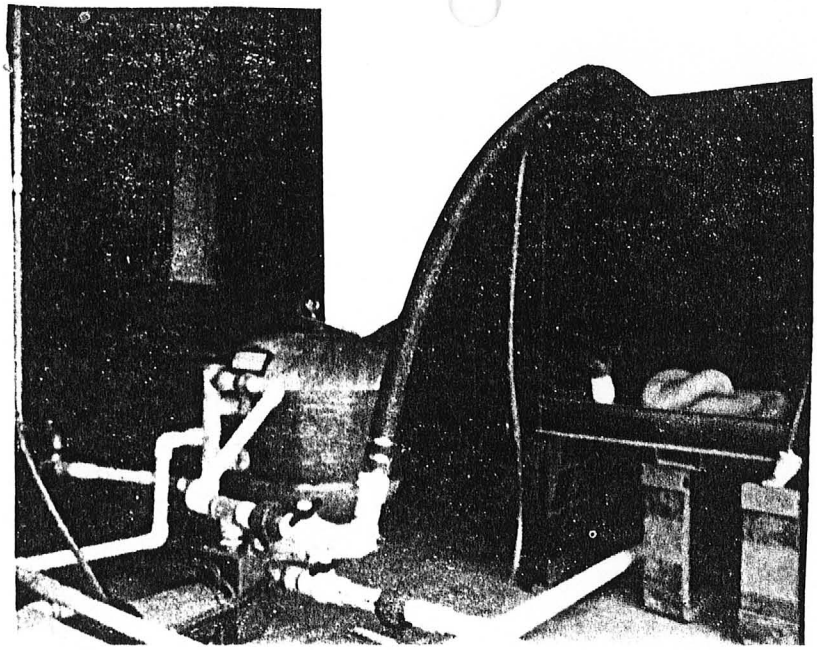
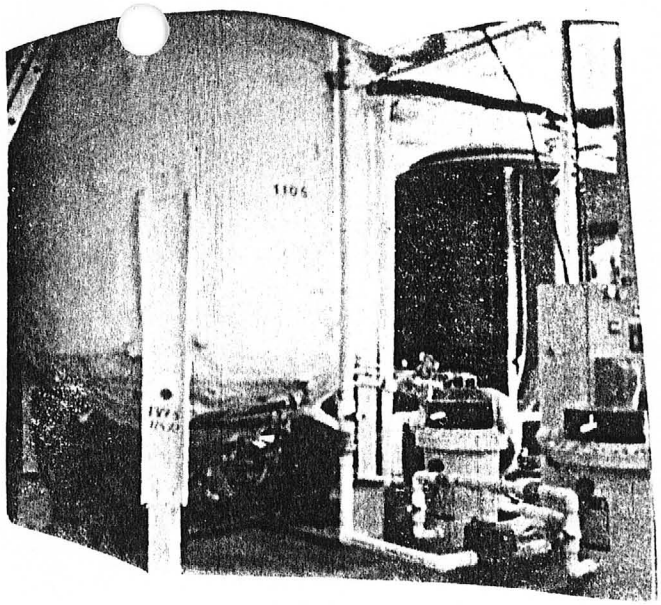
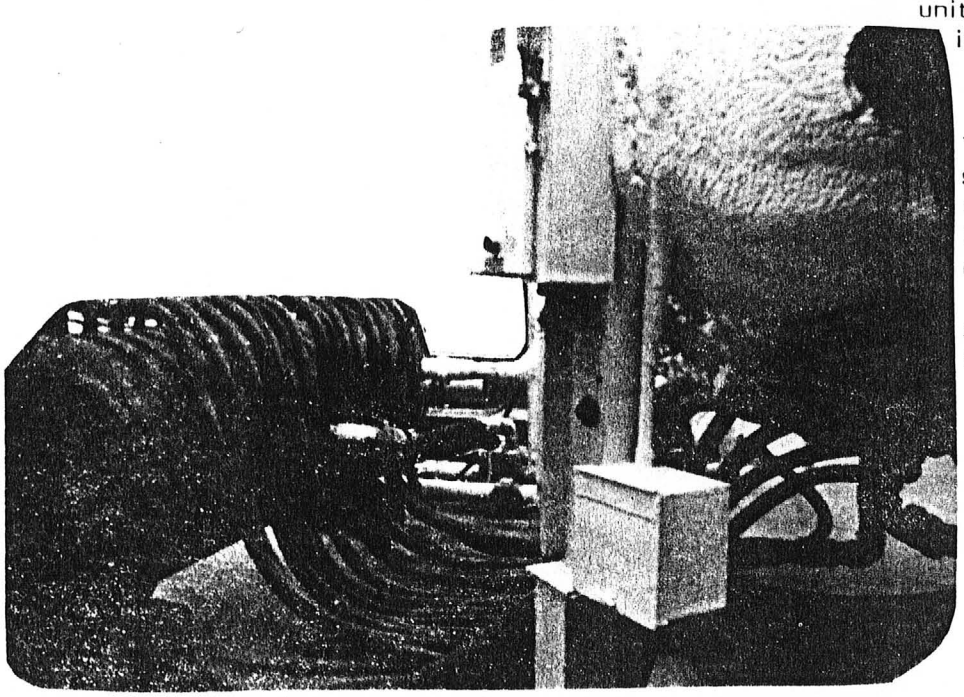


On the right in the above photo is the Ore hopper into which the leach liquid in the tank on the left is pumped, along with the leach concentrate.



The slurry from the Ore hopper, which is made up of the Ore and the leach liquor is then pumped into the Pachuka leach tank above left.

When the Pachuka tank is activated the pregnant solution is run thru the Zink recovery unit by the pump in the foreground, and is passed thru the filters shown there.



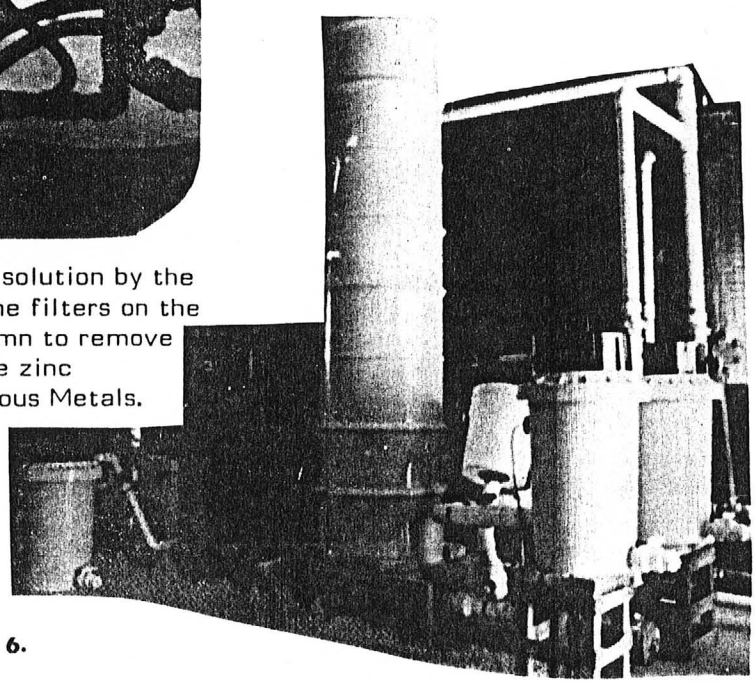
The Pachuka tank is activated by the sixteen hoses on the left thru the manifold tank by re-circulating the leach liquor, thru agitating and circulating the leaching slurry.

A secondary circulation system helps to enhance this leaching process.

After the GOLD and SILVER have been taken into solution by the leach liquor it is cleaned of foreign materials by the filters on the left in the photo, passed thru the tall vacuum column to remove excess air in the pregnant solution and then has the zinc injected into the solution thus collecting the Precious Metals.

This sludge like material is then collected in the filters on the right.

The control panel in the center of the photo controls the zinc recovery system in total, plus houses the Computer Control System.



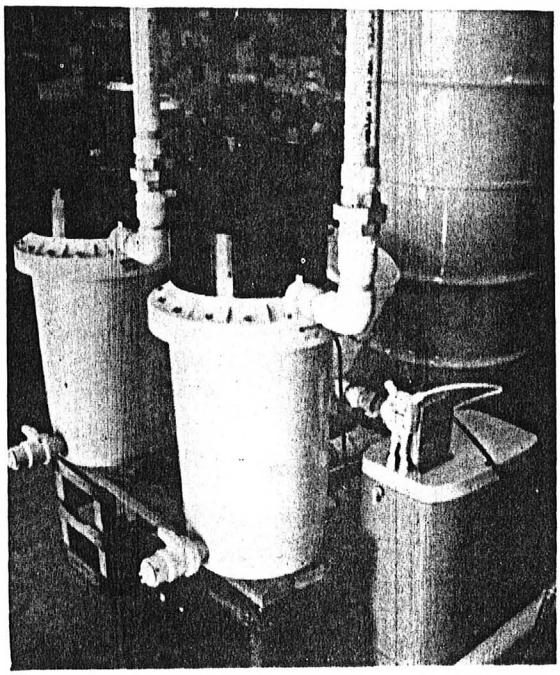


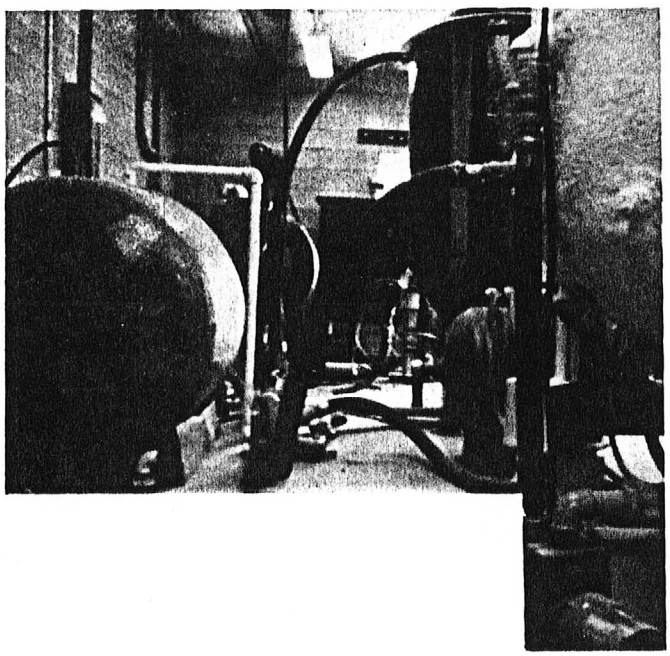
A01044

On the right are the two Diatomaceous Earth Filters that collect the Zinc, fed in by the Zinc feed pump on the right, and the Precious Metals as the pregnant leach solution is passed thru them.

The Barren solution is then pumped up those two pipes back into the Pachuka tank as a part of the re-circulating system.

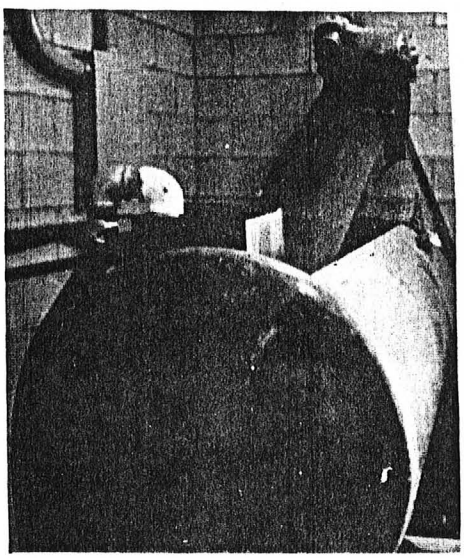
The filters are then dumped when the leach cycle is complete, and the sludge furnaced.



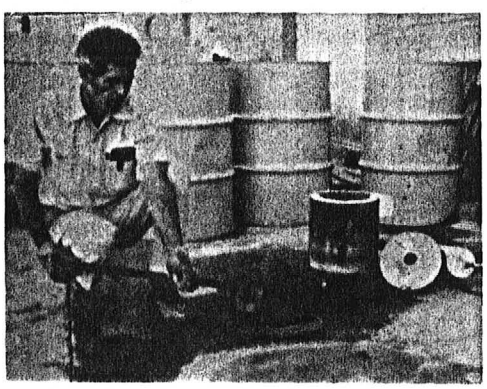


To the left is shown the Slurry pump in the center rear, and the re-circulating pump on the right foreground. The tank on the left is also a leach liquor storage tank.

On the right is the de-watering screw used to separate the used Ore, or tail and pump them outside the building for disposal, and the recovery of the barren leach solution for re-use.



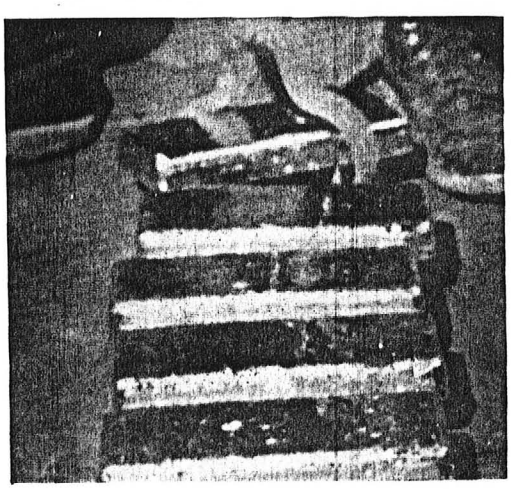
In the photo below an employee is seen havingremoved the crucible, containing the Precious metals from the furnace and pouring the Dore bars. (Dore bars contain all of the precious metals in combination. They must be separated by Refining)



On the right can be seen what its all about

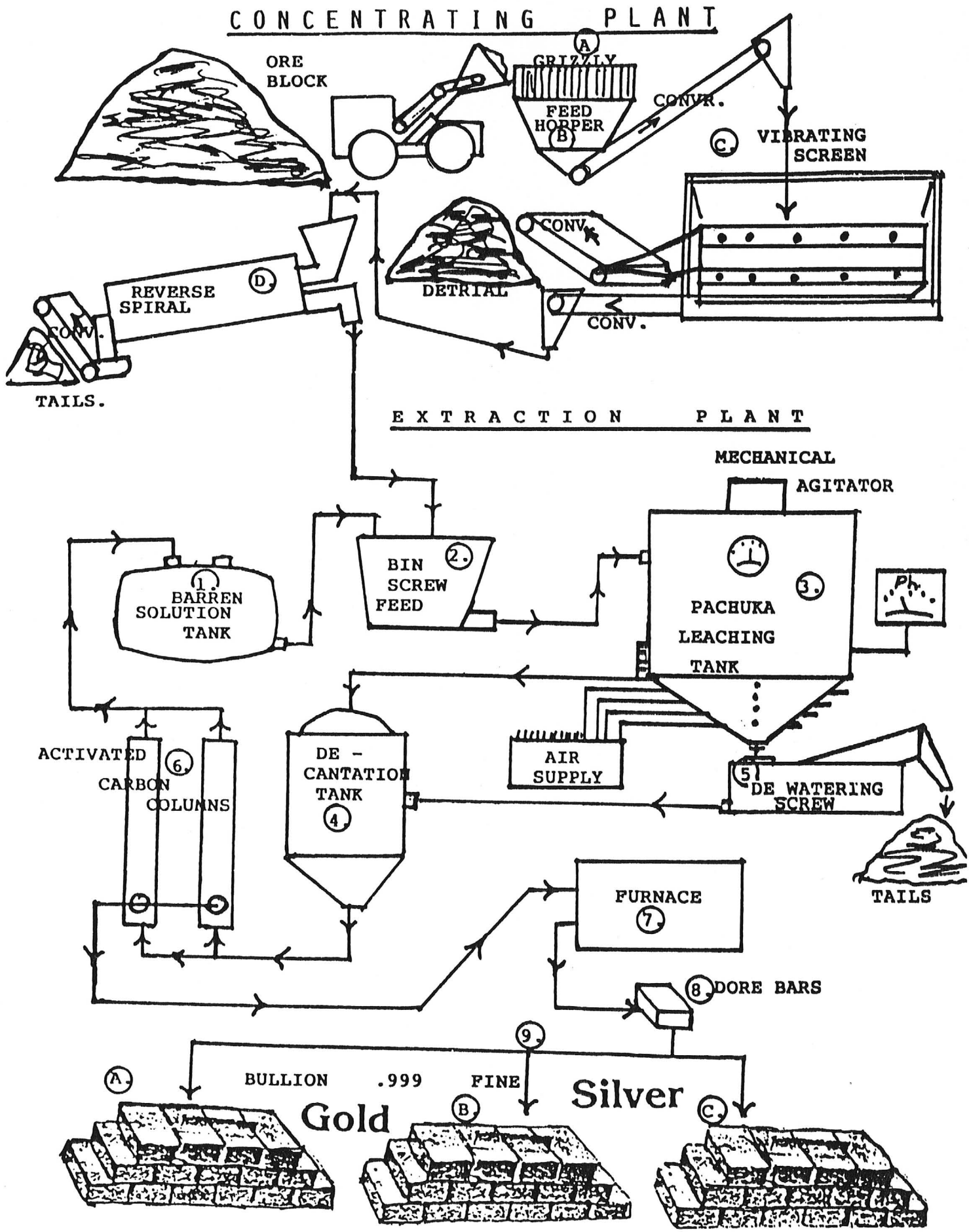
PRECIOUS METALS!

GOLD & SILVER !!





A01046


CONCENTRATING PLANT
ORE BLOCK
A
GRIZZLY
FEED HOPPER
B
CONVR.
C.
VIBRATING SCREEN
CONV.
DETRIAL
CONV.
REVERSE SPIRAL
D.
CONV.
TAILS.
EXTRACTION PLANT
MECHANICAL AGITATOR
1.
BARREN SOLUTION TANK
BIN SCREW FEED
2.
3.
PACHUKA LEACHING TANK
Ph
ACTIVATED CARBON COLUMNS
6.
DE - CANTATION TANK
4.
AIR SUPPLY
5
DE WATERING SCREW
TAILS
FURNACE
7.
8.
DORE BARS
9.
A.
BULLION .999 FINE
Gold
B.
Silver
C.



A01047

GOLD FOR $102.00 PER OUNCE . . . SILVER FOR $2.00 PER OUNCE . . . IS POSSIBLE . . . IF YOU ARE A G O L D  M I N E R !
BECAUSE THAT IS WHAT IT COSTS TO PRODUCE GOLD & SILVER AT THE WEST VULTURE PLACER MINE ! !

HERE IS HOW IT WORKS:

You pruchase a minimum of two Blocks of Precious Metals Ore containing Gold & Silver with a value of $43.50 per Ton. Each Block is 392 Cubic Yards of 500 Tons, which you pay for with a Non- Recourse Note at 10% Interest.

YOU ARE NOW A GOLD & SILVER MINER . . . with Precious Metals Ore to process.

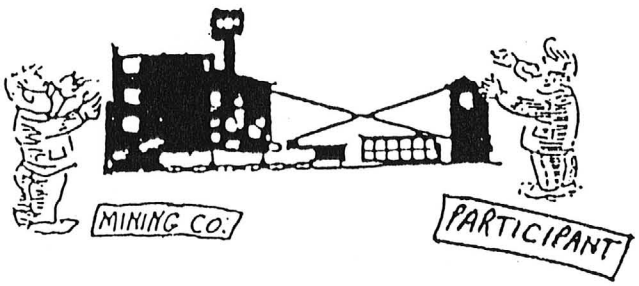
You may, of course, mine the Ore yourself, once it is paid for, by hiring a contract mining company such as:

| | | |
|---|---|---|
| Unity Mining, Inc.<br>51212 N. 447 Ave.<br>Aguila, AZ 85320<br>(602) 685-2477 | Bahamian Refining<br>9222 N. 14 Ave.<br>Phoenix, Az 85021<br>(602) 279-9702 | O.K. Mining & Milling<br>Box 1445<br>Apache Junction, AZ 85220<br>(602) 986-2177 |

We suggest that, since, Phenix Mining Corp. has a "full service" program, as set forth herein, and i' producing on the property now, that Phenix should be your choice.

AN EXAMPLE:

If you choose PHENIX MINING CORP., They will Develop, Mine, Extract and arrange for the Refining of your Ore into Bullion for a total fee of $6.90 per ton, which is deducted from the Proceeds with all necessary work begun within 18 months of your Agreement.




According to all the enclosed DOCUMENTATION, YOUR NET-NET PROFITS SHOULD be from a LOW of $14,000.00 to OVER $20,000.00 per EACH TWO UNITS.

A01048

# BUSINESS PROFILE

## PHENIX MINING CORPORATION

PHENIX MINING CORPORATION maintains offices at 1105 Terminal Way, #202, Reno, NV. 89502, and at 5 Wellich Road, P.O. Box 21180, Wickenburg, AZ 85358, and is a Nevada Corporation. P.M.C. is operating a successful mining project, the BERT L. SMITH MINE and BER - MAR MINES located on the VULTURE MINE PROPERTIES.
This mine is a compex Ore Black Sands, Closed Circuit Thiourea Batch Leach Plant. Mr. Stone has been associated over the past 5 years with operations of the Mohave Hope Mine, an Open Pit operation in Kingman, AZ, the Easy Ore Mine, a Placer mine in Lovelock, NV.

Mr. Stone is an author and lecturer, having written for a number of publications about the mining industry and having been an exhibitor and lecturer at numerous financial seminars throughout the country. Mr. Stone is currently awaiting the publication of his book entitled "GET IN ON THE GOLD RUSH - OWN A HUNK OF YOUR OWN GOLD & SILVER MINE"

Phenix was formed in 1978 and started its first mining project in 1981. Phenix President, Mr. Stone, has a wide and varied background in various executive capacities with consulting firms. He served as Field Engineer with St. Regis Paper Company in their Engineering and Machine Division, and as Marketing Professor with Universal Institute.

Mr. Stone has had a variety of experiences with firms involved with the manufacturing and production of various metallurgical products. In addition, hes experiences over the past 37 years contain a good knowledge of mechanical things, plus of Open Pit Mining of both Coal and Lime. Mr. Stone has attended Assay School at Action Mining in Trona, CA, and at Butler Labs in Bodfish, CA, and has spent considerable time within the precious metals mining industry expanding his knowledge and experience within this field.

Mr. Stone is a member of numerous mining related organizations whose names are listed below.

### PLANT CONSTRUCTION

American Mine Equipt.
5112 W. Dahlia
Glendale, AZ 85304
Walter Baronick, Pres.
(602) 938-5414 (Ofc.)
(602) 878-0385 (Shop)

### DEVELOPMENT & MINING

Phenix Mining Corp.
5 Wellich Road,
Industrial Complex
P.O. Box 21180
Wickenburg, AZ 85358
G. Brian Stone, Pres.
(602) 684-3157
&
1105 Terminal Way,
Suite # 202
Reno, NV 85905
(702) 329-5011

### ORGANIZATIONS

American Association of
Financial Professionals
P.O. Box 1928
Cocoa, FL. 32923
(305) 632-5665, or
(305) 632-8654

Gold Prospectors Assoc.
P.O. Box 507
Bonsall, CA. 92003

Navada Miners & Prospectors
120 Greenridge Drive
Reno, NV 89509

Prospector's Club of
Southern California
556 N. Hallowell Avenue
Arcadia, CA 91006

Western Mining Council, Inc.
P.O. Box 254
Anderson, CA 96007

Arizona Prospectors & Small
Mine Owners Association
P.O. Box 862
Yarnell, AZ 85632



A01049

# Placer Gold Deposits of Arizona

By MAUREEN G. JOHNSON

GEOLOGICAL SURVEY BULLETIN 1355

*A catalog of location, geology, and production with lists of annotated references pertaining to the placer districts*

### 18. VULTURE DISTRICT

*Location:* South flank of the Vulture Mountains in the vicinity of the Vulture mine, Tps. 5 and 6 N., Rs. 5 and 6 W.

*Topographic map:* Vulture Mountains 15-minute quadrangle.

*Geologic map:* Wilson, Moore, and Peirce, 1957, Geologic map of Maricopa County, scale 1:375,000.

*Access:* From Wickenburg it is 14 miles south on Vulture mine road to mine and placers in the immediate vicinity.

*Extent:* The only description I have found of the placer deposits in this district is given by Wilson. The overshadowing importance of the Vulture mine is certainly the explanation for the lack of detail about the placer ground, which covers an area about 3 miles square in Red Top Basin (secs. 24 and 25, T. 6 N., R. 6 W.) and extends for a distance of 2 miles southeast of the Vulture mine in Vulture Wash (secs. 6 and 7, T. 5 N., R. 5 W.).

*Production history:* The placers were apparently worked from the time of discovery of the Vulture mine. In the early days of the district (from 1867 to 1880), many large nuggets weighing about ½ to 1 ounce were recovered, and reportedly, some weighing 5 ounces.

*Source:* Small gold-bearing quartz veins in the immediate vicinity are thought to be the source of the placer gold in Red Top Basin. The origin of the gold in Vulture Wash is considered to be partly the Vulture vein and partly other small gold veins.

*Literature:*

Wilson, 1961: Location; history; past production; character of placer gravels; size of nuggets; origin of placers.

A01050



# GOLD PLACERS AND PLACERING IN ARIZONA

State of Arizona
Bureau of Geology and Mineral Technology
Geological Survey Branch

Bulletin 168
Reprinted 1986

A Division of the University of Arizona
Tucson

## VULTURE PLACERS

The Vulture placers are in northwestern Maricopa County, in the vicinity of the Vulture mine, about 14 miles by road southwest of Wickenburg. North of that area the extensively dissected Vulture Mountains rise to elevations of 3,500 or more feet above sea level or nearly 2,000 feet above the desert plain on the south.

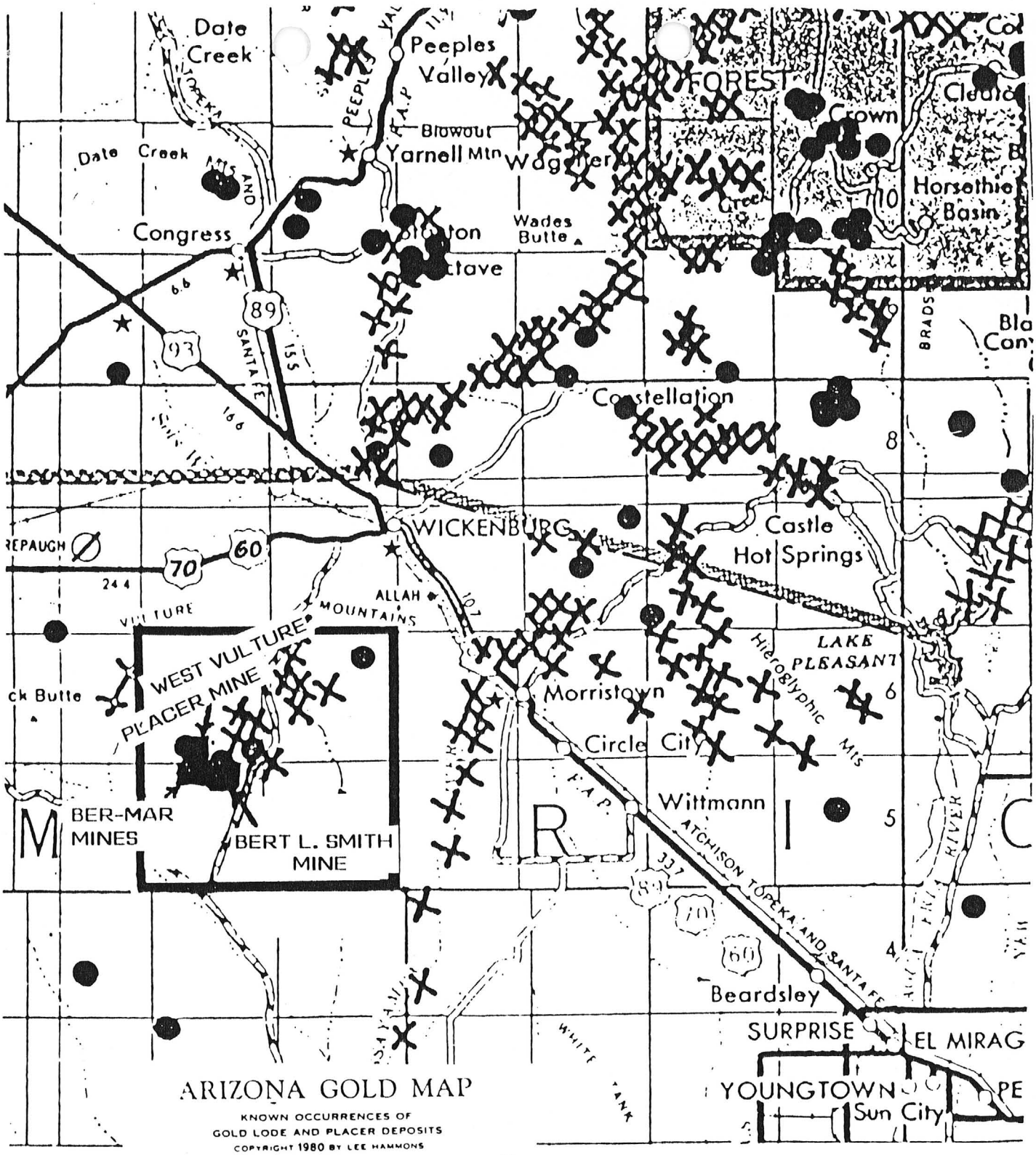
According to A. P. Irvine,[10] who spent many years in this district, these placers were first worked about 1867. At times during the five or ten years following, as many as 200 or more men were placering with dry-washers in arroyos of the vicinity. Blocks of ground only 50 feet square were allowed each miner, but many men recovered from $25 to $50 per day each.

The principal rocks of the Vulture area consist of pre-Cambrian schist, dikes, and irregular masses of granite, probable Mesozoic monzonitic dikes, and Tertiary andesitic and rhyolitic lava flows. Within this schist are the large, rich gold-bearing quartz vein of the Vulture mine and many smaller veins. Practically all of these smaller veins carry visible free gold, and drainage channels leading down from them contain placer gold.

The Vulture placer ground covers about 3 square miles in the pediment of Red Top Basin, northwest of the Vulture mine, and continues down Vulture Wash for about 2 miles southeast of the Vulture mine. The placer gravels, which are composed mainly of medium to fine, angular pebbles of schist and quartz, are generally less than 10 feet thick and rest upon schist bedrock. Considerable caliche cement, which occurs in all but the thinnest gravels, has limited dry-washing operations to the narrow arroyos that are typical of this field.

Although some gold is distributed throughout the gravels, it is more abundant near bedrock. Several samples, taken from random localities at the time of the writer's visit, revealed abundant colors when panned. Even the old dry-washer tailings show fine colors upon panning, as those machines could recover only the coarser gold. The gold is mostly coarse and angular. During the early days, according to Mr. Irvine,[10] many $10 to $20 nuggets were found, and some worth $100 were reported.

The origin of the placer gold, in Red Top Basin at least, appears to have been the small quartz veins of that vicinity. The gold of these veins, like that of the adjacent placers, appears to be coarser than that in the Vulture vein. It is possible, however, that the placer gold in the drainage below the Vulture mine may have been derived in part from the Vulture vein.




# ARIZONA GOLD MAP

KNOWN OCCURRENCES OF
GOLD LODE AND PLACER DEPOSITS

COPYRIGHT 1980 BY LEE HAMMONS

* Revised Edition *
116 new localities

HIGHWAY BASE MAP COPYRIGHT BY
AND PREPARED BY THE
PHOTOGRAMMETRY AND MAPPING DIVISION
OF THE ARIZONA STATE HIGHWAY DEPARTMENT
IN COOPERATION WITH

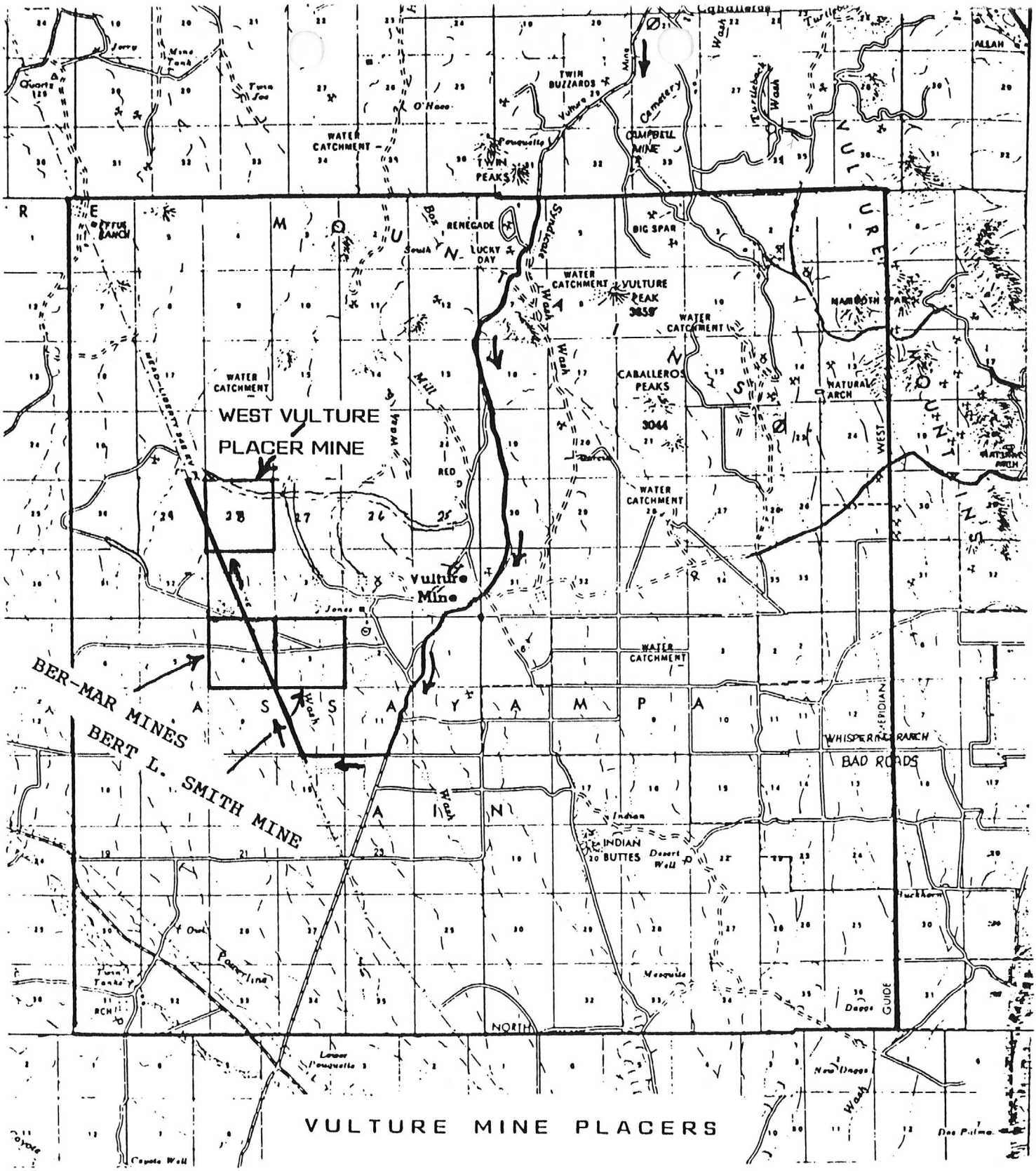
UNITED STATES DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
BUREAU OF PUBLIC ROADS

SCALE

• Lode discoveries
× Placer discoveries



A01052




GENERAL HIGHWAY MAP
MARICOPA COUNTY, ARIZONA
ARIZONA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
PHOTOGRAMMETRY AND MAPPING
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
1954

N

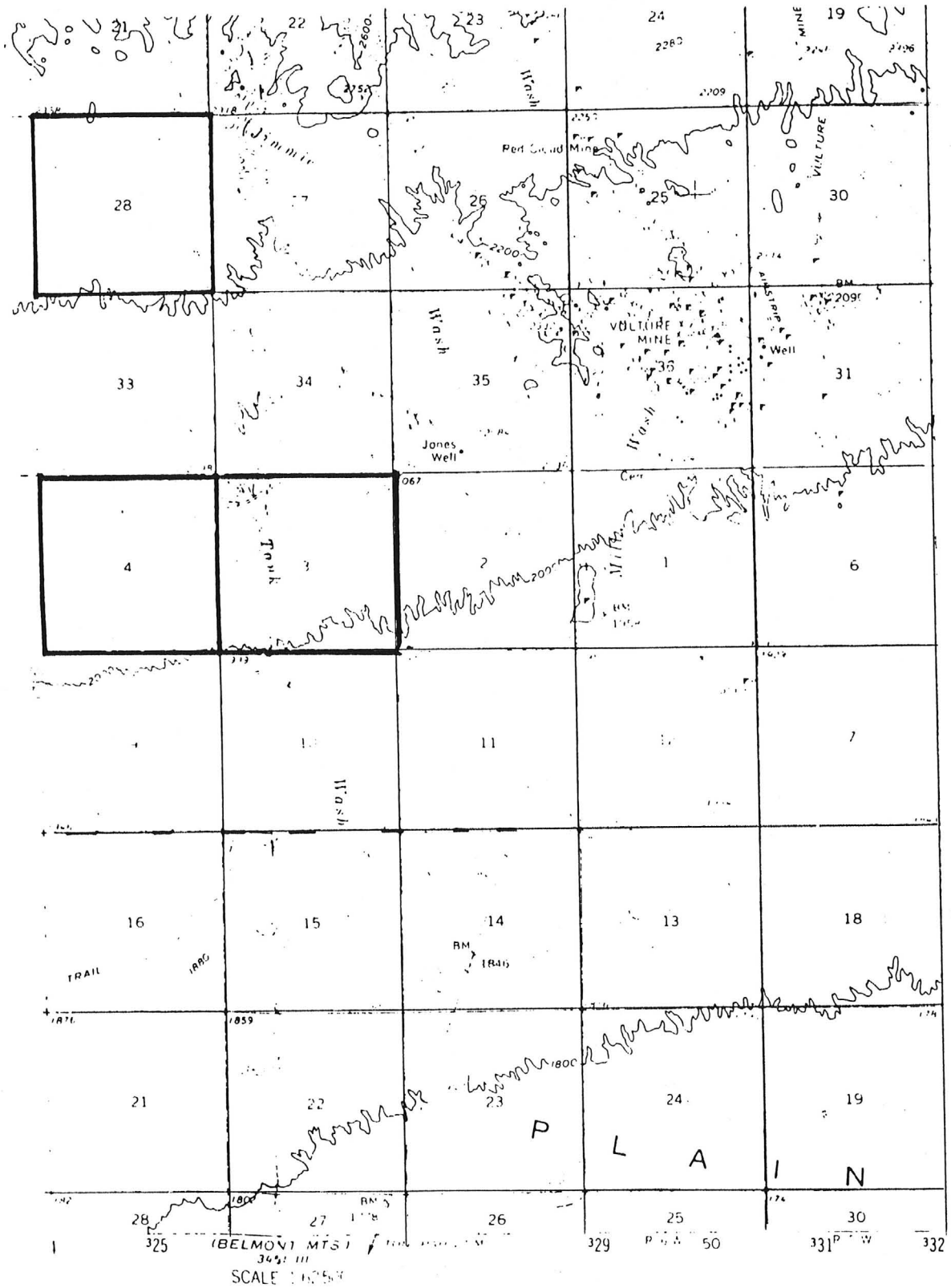
SCALE
0 1 2 3 4 5
STATUTE MILES

COMPILED BY PHOTOGRAMMETRIC METHODS PHOTOGRAPHY 1967
CONTROL BY USCGS AND USGS
TRANSVERSE MERCATOR PROJECTION 1927 NORTH AMERICAN DATUM
ARIZONA COORDINATE SYSTEM CENTRAL ZONE
UNIVERSAL TRANSVERSE MERCATOR SYSTEM ZONE 12

Compiled From
General Highway Map
Maricopa & Yavapai Counties
In Cooperation With
ARIZONA DEPARTMENT OF TRANSPORTATION
ALL RIGHTS RESERVED
WICKENBURG ROUNDUP CLUB



A01053




UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

VULTURE MOUNTAINS QUADRANGLE
ARIZONA
15 MINUTE SERIES (TOPOGRAPHIC)

CONTOUR INTERVAL 20 FEET
DATUM IS MEAN SEA LEVEL
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

VULTURE MOUNTAINS, ARIZ.
N3345—W11245/15

1961

3451 IV—SERIES V798



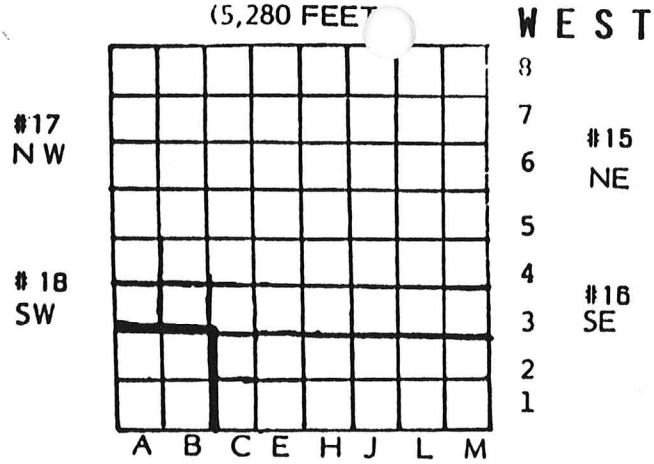
A01054

# WEST VULTURE PLACER MINE

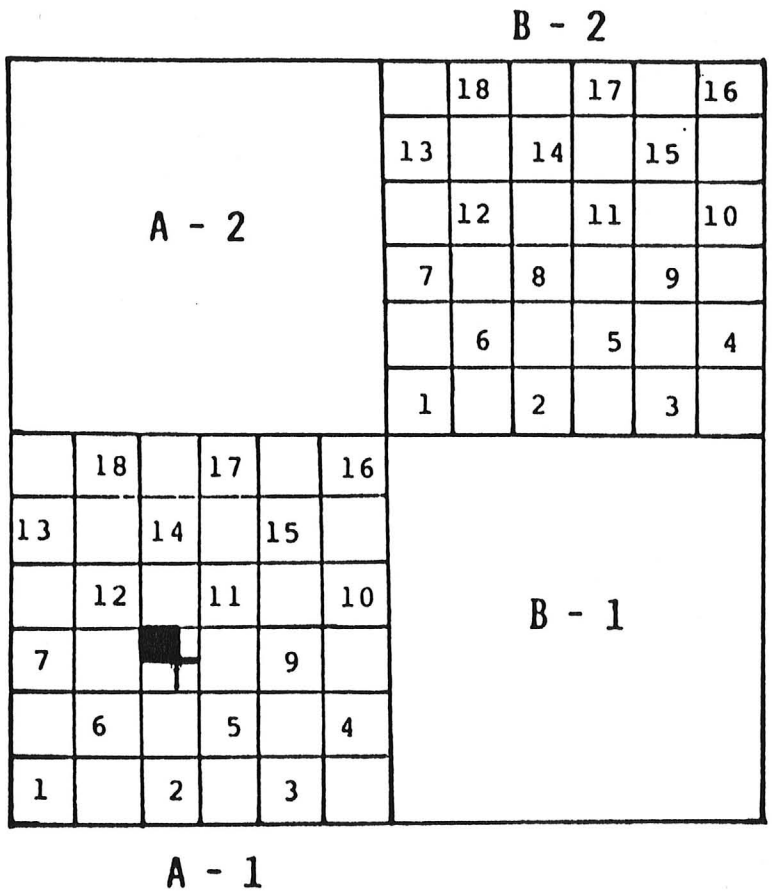
4 - 160 ACRE CLAIMS

SECTION 28
TOWNSHIP 6 N
RANGE 6 W

MARICOPA COUNTY, ARIZONA




Of the total 64 plots, only 4 are being offered for sale. These plots contain 72 checkerboarded Blocks of Ore, being sold in four (4) parts, NE, SE, NW and SW. There are a total of 2,304 Blocks of Ore contained in the entire 640 acres of the mine.




Pictured on the left are 4 of the Plots from the above Section Map.

They are identified as Plots A-1, A-2, B-1 and B-2

Each Plot is 660' by 660'.

The above numbered Blocks are available for purchase. Each Block represents 392 Cubic Yards of Ore, approximatly 500 Tons and is approximatly 55 feet on a side by 3'6" deep.

8 is an example block and is identified as follows:

S28-T6N-R6W-A1-8NW



A01055

# GEOLOGICAL SYNOPSIS SHEET

**1. FORMATION OF METALS.** The GOLD & SILVER ORE found on the properties were developed by nature in two ways. The first was the usual desert placer formative method wherein the metals were washed down from the surrounding mountain, and from the surface lode of outcropping locations. The second development of the metals was from vertically rising, superheated aqueous solutions enriched with precious metals, emanating from a molten pluton mass situated some distance below the surface. The first evidence of exploration was the KERR-McGEE, EXXON PHILLIPS PETROLEUM GEOPHYSICAL TEST PROJECT that drilled 14, 30" diameter holes. From these a concentrate of 10 tons was developed and a recovery of 865 ounces of GOLD, 21 ounces PLatinum and 5.6 ounces of PALADIUM was made.

**2. ORIGIN OF VALUES USED.** The values used in this offering originated from as long as nine years ago. There are a total of six (6) extenxive reports that show beyond question the existance of a huge body of precious metals ore existing on the property. The results from there reports are shown as follows:

| | |
|---|---|
| 1.ENGINEERING REPORT completed May 20,1976<br>The results from quantities of tests, plus<br>Core drilling samples. | .97 oz Ton of GOLD<br>28.8 oz Ton of SILVER<br>.15 oz Ton of PLITINATES |
| 2. ENGINEERING REPORT completed Dec. 20,1976<br>Minimum of 19 Full spectrum tests. | .5 oz Ton of GOLD<br>10. oz Ton of SILVER<br>.13oz Ton of Plitinates. |
| 3. TEST PLANT, report completed Oct. 30,1981 Avg.<br>Extensive all sampling tests conducted over and area of 6 miles range making up a 100 Ton composit sample | .95 oz Ton GOLD |
| Next test was over a 2,000 foot grid, sampling every 500 feet, plus 4- 10 foot trenches at the corners. | 1.00 oz Ton of GOLD |
| 100 Ton sample of raw feed material<br>Plus numerous assays. | .30 oz TON of GOLD |
| 4. NUMEROUS LABATORY TESTING CONDUCTED<br>BY GLORY MINING Dec 27,1983<br>A full spectrum of 32 variations per test. | .538 oz Ton of GOLD<br>.525 oz Ton of SILVER |
| 5. Labatory tests conducted by BAHAMIAN REFINING CORPORATION. | 1.89 oz Ton of GOLD<br>.72 oz Ton of SILVER |
| 6. EVERNESS ALPHA/OMEGA Oct 30,1984<br>3 Yeasr of testing produced the following results from 80 Fire Assay Tests. | .25 to 1.75 oz Per Ton GOLD<br>2.9 to 5.35 oz Per Ton SILVER<br>.10 oz Per Ton PLITINATES |
| 235 Tests conducted by Atomic Absorption, Cyanide Aqua Rega and Urea/Thiourea Leaching produced | 14.58 oz Ton GOLD from concentrates |
| 1 Ton concentrate produced from27.5 tons raw ore. | .53 oz Ton GOLD per Ton Raw Ore |
| | 120.06 oz Ton SILVER from Concentrate:<br>3.53 oz Ton SILVER per Ton Raw Ore. |



A01056

| | |
|---|---|
| Average recoverable amount from all tests | .86 oz Ton GOLD |
| 78.5% Recoverable | .683 oz TON GOLD |
| | 7.40 oz Ton SILVER |
| 60.25% Recoverable | 4.45 oz Ton SILVER |

In all computation, however the amount being used are the Production Tests found by PHENIX MINING CORP. with its production plant located on Section 3.

| | |
|---|---|
| .25 oz Ton of GOLD | 1.0 oz Ton of SILVER |

NOTE:
Some of the above mentioned materials are already included in your package of information, however those that are not are available on request.

## 3. PROPERTY,LOCATION,ACCESS.

The property is located almost due West of the Old VULTURE GOLD MINE, which produced almost a quarter Billion Dollars in Metals until 1960's and is located in the heart of the VULTURE MINE PLACERS. The VULTURE MINE PLACERS are repoted to have substantial quantities of GOLD, SILVER and PLATINATES in/on them. The property is located about 20 miles from downtown Wickenburg off Vulture Mine road then via desert road.

Topographically, the property is underlain by sand and detrial material forming a gently rolling topography viewed as being essentially flat, cut by small gullies. Altitude above sea level is about 2,150 feet.The region has been known for numerous years to be prolific in Silver & Gold. Prospecting being concentrated primarily upon rock outcrops, resulting in the VULTURE MINE as well as numerous other properties.

Interpretations of a recent Geophysical program conducted in the region of the properties concluded that underlying andesites and ryolite flows are heavily faulted. Subsequent recent drilling through 520 feet of detrial materials into the underlying rocks produced hot water in abundance, indicating that a deep seated pluton mass of liquid rock is the source of mineralization. Ascending hot water solutions carrying particles of GOLD and SILVER invade the detrial material from below depositing their load of precious metals, which has been going on for centuries, thus vastly enriching the unconsolidated material on the placer claims. The term referred to is "HYDROTHERMASISM".

## 4. MINERALOGY.

To date almost 99% of all GOLD,SILVER and PLATINATES have been found in the BLACK SANDS, which make up at least 2% of the Ore. Only recently with the advances in Assaying and Production Techniques has this area begun to be produced. In the past gravity recovery systems that make up over 80% of mining in the U.S. have not found any appreciable amounts of precious metals. Our tests of over 1,000 tons of Ore produced only a smattering of metals. But at the same time, BLACK SANDS recovered from this test proved to contain great quantities of precious metals, thus leading to the current production of the area by PHENIX MINING CORPORATION.

When testing is conducted it must be kept in mind that the **precious** metals are contained in and on the BLACK SANDS and assaying must be done in a manner that will release these metals.



A01057

# S U M M A R Y

A $14,000.00 NON - RECOURSE NOTE AT 10% SIMPLE INTEREST BUYS YOU 784 CUBIC YARDS (1,000 TONS) OF PROVEN PRECIOUS METALS ORE.

a. You have become a MINER.

b. You have GOLD AND SILVER ORE to mine.

c. A minimum of 36 CONCENTRATE TONS.

d. You have done this with an unusual leverage program.

(You will have paid an Administration and Transfer Fee of $1,400.00 for two ORE BLOCKS)

PHENIX MINING CORP. will develope, mine and extract the Ore into Dori Bars for $6.90 per Ton, and since Phenix is not a refinery, they will arrange to have the Ore refined into .999% pure bars for you. The fee charged by refinery is usually from 3% to 5% of the Smelter Values, depending on the quanitity. All of these fees are deducted from the Values. The rest is all yours!

Under IRS 616 and 162 you may WRITE - OFF 100% of the ORE COST PLUS, you're entitled to a 15% DEPLETION ALLOWANCE (. . . that's TAX FREE MONEY, IRS 613 (b) ), PLUS, YOU DO NOT PAY TAXES ON YOUR GOLD AND SILVER BULLION UNTIL YOU SELL IT (IRS 451), PLUS, you may be able to carry forward losses 7 years or, recapture the last 3 years (IRS 172). *

Curerent production records from PHENIX MINING CORP.'S Plant, located on Section 3, show from .10 to .25 ounces per Ton of GOLD and .54 to 1.0 ounces per Ton of SILVER has been recovered.

YOUR PROFIT SHOULD BE ANYWHERE FROM A MINIMUM OF 400% AND HIGHER depending on the values in the Ore and on how high Gold prices go in the near future.

CERTAINLY ALL THAT IS WORTH AN EXPENDITURE OF $1,420.00! ! ! ! ! ! ! ! ! ! ! ! ! ! !

* You should discuss the tax situation with your Accountant or CPA at the time of processing due to the change in tax laws.



A01058

# *Commonly Asked Questions & Answers*

WHEN CAN I EXPECT MY ORE TO BE MINED?

We mine on a " FIRST IN, FIRST OUT" basis. Right now we are scheduling 18 months. However, when yuou receive your mining contract it will have the scheduled date stamped on it.

EXPLAIN THE TERMS AND CONDITIONS OF THE NON-RECOURSE NOTE.

When you purchase two lunits (1,000 tons) of ore, you enter into a $14,000.00 non-recourse note secured by the ore, at 10% interest based on a 20-year amortization schedule. We use 20 years because if the note were amortized over 18 months, the payments would be over $800.00 per month. At such time as your ore has been processed, the note is retired and the principal you have paid is credited to the $14,000.00 note The balance is then deducted from the values. In 18 months your "out of pocket" payments are only $2,448.00 instead of $14,000.00 plus interest.

WHY ARE THE OWNERS SO GENEROUS IN ALLOWING ME TO MAKE SUCH A HIGH RETURN ON MY MONEY?

Selling future production is a commoly used methods of raising capital in many industries and in mining in particular since banks are prohibited from lending money on mining properties by Federal credit regulations. We have one square mile of rich ore deposits worth many millions of dollars that we can get into production with an extra $500,000.00 . We are selling off just enough future production to expedite the expansion and to insure that it is accomplished as soon as possible, so we are being very liberal with the profits.
What would you do?

HOW DO I KNOW WHICH IS MY ORE BLOCK AND WHAT HAPPENS TO IT?

Your Ore is identified by your MINER IDENTIFICATION NUMBER and is staked out on the property. In the case of Phenix Mining, an independent Security Firm will be in charge of your Ore from the time it leaves the ground until your Bullion is delivered to you.

WHAT ARE THE REFINING COSTS?

Refining Costs are usually 3% to 5% of the Gross Smelter Values and are deducted by the Refiner at the time of smelting.

AM I GOING TO HAVE TO PAY FOR ANYTHING ELSE?

NO. You are not going to have to pay for anything else. Everything is taken out of the Proceeds. As long as you maintain the payments on your note, these substantial profits are yours.

WHAT IS THE WRITE-OFF THIS YEAR?

Your entire Developement, Mining, Extraction and Refining Costs are deductible, if you prepay the above costs, and/or complete your mining this year.



A010 59

## HOW DOES THIS DEDUCTION COMPLY WITH THE IRS?

To the best of knowledge, our project complies with all IRS requirements for a tax dedution, however you should discuss this with your tax consultant when you receive your Proceeds.

## WHAT DO I DO WITH MY BULLION?

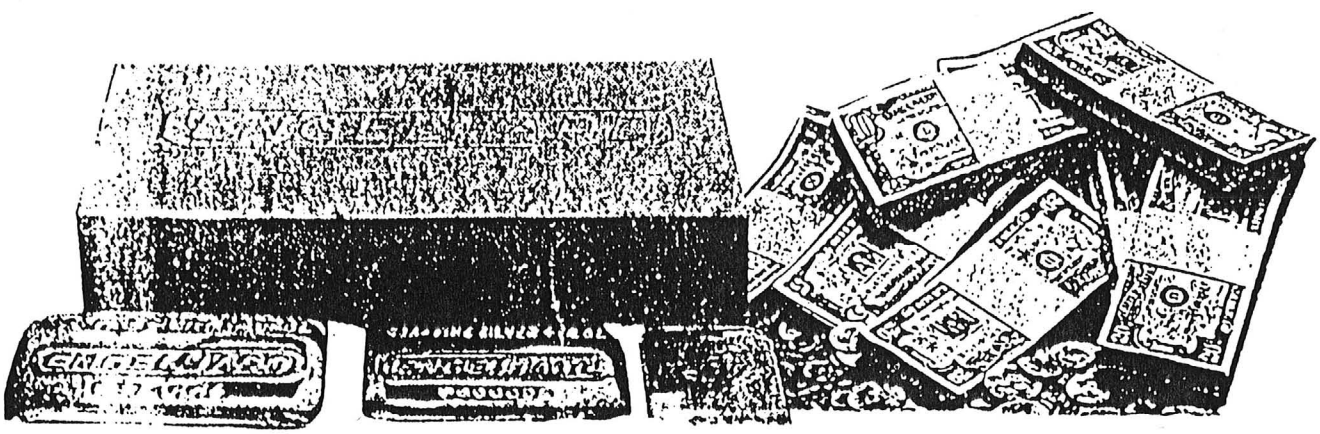
There are a number of options available to you. 1) Sell your Bullion and take cash. You incur a tax obligation. 2) Store the Bullion. For a cost of about 1/2 of 1% per year and borrow against the Warehouse Receipt up to 80% of its value. No tax obligation. 3) Take possession of the Bullion and do with it as you wish. You will have to have it assayed to sell it. 4) Turn it into Bullion coins and wait until they increase in Value. Since this is a like-for-like exchange, no tax obligation is incurred. 5) Place your Bullion with a firm that writes Option and Futures Contracts and earn a profit each time they place a contract on it. Your financial advisor will have more specific details for you when you talk with him/her.

## CAN THE PARTICIPANT VISIT THE MINE?

Certainly.We encourage you to do so. In fact, Phenix Mining Corp. has also extended an invitation for all potential participants to visit not only the property, but to take a tour of their mining facilities. We suggest that you notify any mining operation ahead of time and obtain their permission before you visit. Unannounced visits are not suggested, as most mining camps have not changed much over the years. Most miners operate their mines armed and do not encourage unannounced visits. So be sure to make arrangements beforehand.

## WHAT DOES LIMITED WARRANTY MEAN?

Your Ore has a minimum value of $43.50 per Ton, based on the assay reports of .10 to .25 ounce of GOLD per Ton and 1.0 ounce of SILVER per Ton. If your Ore Block does not produce that amount, Hallmark Enterprises, Inc., will supply all the necessary Ore to meet that figure.





A01060

EXAMPLE

# COST ANALYSIS AND BREAKDOWN OF 5,000 TONS OF ORE

TO BE PROCESSED FROM

## WEST VULTURE PLACER MINE

**ASSUME**

| | | |
|---|---|---|
| | GOLD at .10 - oz. per Ton | 500-oz. |
| | SILVER at 1.0 - oz. per Ton | 5,000-oz. |
| VALUES | | |
| | 5000 Tons of GOLD & SILVER BEARING ORE at $43.50 per Ton | $217,500.00 |
| | TOTAL VALUES | $217,500.00 |
| EXPENSES | | |
| | Royalty at 12-1/2% | $27,187.50 |
| | Ore Processing at $6.90/Ton | $34,500.00 |
| | Refining at 5% | $10,875.00 |
| | TOTAL EXPENCES | $72,562.50 |
| GROSS RETURN | | $144,937.50 |
| DEDUCTIONS | | |
| | Ore at $14.00 per Ton | $70,000.00 |
| NET RETURN | | $74,937.50 |

The return actually obtained from this Ore will be determined by the market price of Gold & Silver at the time the Ore is processed. However, under the terms of the "LIMITED WARRANTY", the Seller warrants to the Owner that the Net Smelter values of the Ore shall be a MINIMUM of $43.50 per Ton. [See Limited Warranty] At $43.50 per Ton MINIMUM, the net return on 5,000 tons of Ore will be $74,937.50.



A01061

# PURCHASE INSTRUCTIONS

1. Complete and sign the Agreement of Assignment of Ore Contract.

2. Sign the Agreement of Understanding.

3. Complete and sign the **Non-Recourse** Promissary Note.

4. Recap of Tonnage, Principal Sum, Monthly Payment and Administration & Transfer Fees are as follows.

| Tonnage | Principal Sum | Monthly Payment* | Administration & Transfer Fees** |
|---|---|---|---|
| 500 | $7,000.00 | $68.00 | $710.00 |
| 1,000 | 14,000.00 | 136.00 | 1,420.00 |
| 1,500 | 21,000.00 | 204.00 | 2,130.00 |
| 2,000 | 28,000.00 | 272.00 | 2,840.00 |
| 2,500 | 35,000.00 | 340.00 | 3,550.00 |
| 3,000 | 42,000.00 | 408.00 | 4,260.00 |
| 3,500 | 49,000.00 | 476.00 | 4,970.00 |
| 4,000 | 56,000.00 | 544.00 | 5,680.00 |
| 4,500 | 63,000.00 | 612.00 | 6,390.00 |
| 5,000 | 70,000.00 | 680.00 | 7,100.00 |

* Your first monthly note payment on the purchase is due 30 days after date on Non-Recourse Note.

** The Administration and Contract Fees are to be remitted with the completed documents.

5. Complete and sign Instructions for Client Trust Account.

6. Mail your Cashier's Check or Postal Money Order, Made Payable To:
MANAGEMENT SERVICES TRUST
and all completed documents to:

K-D & ASSOCIATES, INC.
4220 S. Maryland Parkway, Suite B-302
Las Vegas, Nevada 89119

HALLMARK
PHIL DANTE
STAN SILVER

7. Signed copies of each agreement will be sent to you after being acknowledged by Hallmark Enterprises, Inc.

## PLEASE REMEMBER TO MAKE YOUR CASHIERS CHECK OR MONEY ORDER PAYABLE TO:

## MANAGEMENT SERVICES TRUST



A01062

MINING CONTRACT # _____

**ORE PURCHASE CONTRACT**
**AND BILL OF SALE**

THIS AGREEMENT, entered into this _____ day of _____, 1987, by and between Hallmark Enterprises, Inc., hereinafter referred to as Seller, and _____, hereinafter referred to as Buyer.

WHEREAS, the Seller has the gold and silver bearing ore situated in West Vulture Placer claims in Maricopa County, Arizona and the Buyer desires to immediately purchase five hundred (500) tons of said ore from Seller, and Seller agrees to sell saidtonnage of ore at the execution of this Agreement, subject to the following terms and conditions:

1. The Seller will now sell 500 tons of ore to Buyer at Fourteen Dollars ($14.00) per ton for a total purchase amount of Seven Thousand Dollars ($7,000.00). Buyer agrees to pay for the ore upon signing of this Agreement, by executing a promissory note in the amount of Seven Thousand Dollars ($7,000.00) and remitting said note to Seller. Buyer agrees to pay interest and principal according to the terms of the promissory note, until such time as said ore is processed, at which time balance of said not is due and payable to the Holder, from the proceeds of Buyer's ore. Further, Buyer agrees to pay Seller a royalty of 12 1/2% of all precious metals recovered. Buyer further agrees to remit to Management Services Company at 953 E. Sahara, Suite 228, Las Vegas, NV 89104, $700.00 for sales commissions and administration expenses, plus $10.00 for transfer and recording fees, payable to Management Services Company, Client Trust Account.

2. The Buyer shall have full and complete ownership rights of all minerals in the entire 500 tons of ore, subject to the terms of provision 1 above, which shall constitute all of the gold and silver contained and extracted from One (1) Block of Aggregate Mineral Ore, and made up of at least _____(_____) cubic yards of Ore equalling approximately_____ (_____) each.
Said Ore is located in Maricopa County, State of Arizona, in Section 28, Township 6 N, Range 6 W, and is identified as Ore Storage Block Location _____. Starting at the PRIMARY S.W. BOUNDARY POINT and going _____ feet NORTH, then _____ feet EAST. From this ANCHOR POINT an area within the bounds of a square running _____ 'N, by ____'E, _____ 'S _____'W and being _____ feet deep, shall constitute ONE ENTIRE ORE BLOCK as attached chart entitled "CLAIMS ORE BLOCK STORAGE LOCATIONS", shows.

3. The Buyer shall have reasonable access to his property at all times and he will, in turn, grant reasonable access to other property owners.

4. It is agreed by the Seller and Buyer that mining operations of said tonnage will commence within a reasonable time and are to be preformed expeditiously from the mining claim referred to above.

5. Execution hereof by the Seller is an acknowledgement and representation relied upon by the Buyer as a part of the consideration hereof that deposits of precious metals are known to exist in sufficient quantity and quality to reasonably justify commercial exploitation.

6. Buyer hereby acknowledges that _____ has been selected to mine and process Buyer's ore for a processing fee of $ _____ per ton, which shall only be paid from Buyer's precious metals. Further, if Buyer desires to have precious metals refined to Hallmark Bars, such refining from Dore' Bars, shall be at Buyer's expense.

7. The scheduled ore processing date is _____.

SPECIMEN



A010 63

## ORE PURCHASE CONTRACT (continued)

8.The Seller WARRANTS to Buyer that the net smelter value of said ore shall have a minimum value of $43.50 per ton of ore purchased and, if lacking taht value, Seller reserves the right to substitute an ore body of greater value per ton or shall furnish additional ore, up to one additional ore block, and shall process said ore until sufficient ore has been processed to provide equivalent value to Buyer as required by this warranty for the amount of the original ore purchase. Seller has placed an ore reserve with Management Services Company in the amount of 50,000 tons to be used in the event the values do not meet the $43.50 per ton Warrantee.

SPECIMEN

THE PARTIES HEREBY AGREE to the terms and conditions set forth herein.

Accepted and Approved by Seller:

_____

Signature

Accepted and Approved by Claims Owner:

_____

Signature



A010 64

# EQUIPMENT TO BE PURCHASED TO ACCELLERATE PRODUCTION ON THE WEST VULTURE PLACER PROJECT

**ONE COMPLETE CONCENTRATING PLANT** Made up of the following components.

a. A front end loader with a capacity of at least 2 cubic yards.
b. A 2 yard front end loader.
c. One ground feed hopper, 5 cubic yards.
d. One Conveyer to supply materials to screen plant.
e. One triple deck screen plant with a capacity of at least 500 tons per 8 hour day.
f. One discharge conveyer to carry off gang materials.
g. One conveyer to supply recovered materials to a 10 Ton truck.
h. 2-10 TON DUMP TRUCKS.
i. Small Camper & Tool storage shed.
j. 3/4 Ton pickup truck with Air compresser, welder & tools.
k. Complete electrical wiring with panels, switches, and controls.
l. Diesel fuel storage tank for 300 gallons. Fuel transfer pump and hoses.
m. Diesel Generating plant with a capacity to operate the complete plant with 20% additional capacity.
n. Additional misc. tools and other items as needed according to SELLER; including oxy/acetelyn & Electric welder.

**ONE COMPLETE EXTRACTION BATCH LEACH PLANT** made up of the following equipment:

a. One Hopper screw feed bin storage. With Slush pump.
b. One Barren solution tank, with liquid pump.
c. Pachuka Tank with appropriate agitation equipment, and, other accessories.
d. Pregnant solution pump and filter.
e. reverse Spiral cleanup unit with Tailing gang slush pump.
f. Recirculating slurry pump.
g. Pregnant solution storage tank and pump.
h. A processing Computer Monitor for leach solution.
i. Air compressor with storage tank.



A010 65

j. 2 Yard Loader to feed ground hopper feed conveyor.
k. De-watering screw with tank, and liquid pump and slush pump.
l. Electrical breaker panel for all equipment, with all electrical wiring complete.
m. All plumbing hoses and fittings installed.
n. Zinc recovery system with pumps and filters.
o. Laboratory equiped to do all necessary production testing, within the opinion of Phenix Mining.
p. A Furnace and attendant, materials to process Zinc and produce Dore bars.
q. Additional miscellaneous equipment and tools to provide a complete leaching facility in the opinion of Phenix Mining.
r. Ground feed hopper and conveyor.
s. 3/4 Ton Pickup truck for service about mine and plant.
t. Oxygen/Acetylene and Electric welders, with appropriate supplies and tools.
u. Exhaust Fans and Hoods.
v. All above equipment will be installed and operating, performing their functions.

Make available to Buyer. SELLERS special leaching solution under the same conditions and at the same price offered on the open market and to other licensees. In addition to the per gallon price of the Leaching Solution there is a - 2-1/2 - percent of gross Net Smelter Value charge for the licensing of the plant to utalize PHENIX MINING leaching solutions.



A010 66

HALLMARK ENTERPRISES, INC.
4220 S. Maryland Parkway, Suite B-302
Las Vegas, Nevada 89119
Toll Free: 1-800-843-8977

A010 67

5 Wellik Road, Airport Industrial Complex, P.O. Box 21180
Wickenburg, Arizona 85358 (602) 684-3157
1105 Terminal Way Suite 202 Reno, Nevada 89502
(702) 329-5011

# PHENIX MINING CORP.

MEMBER: A.A.F.P

July 22, 1989

FINALLY OUR EXTRACTION PLANT IS UP AND RUNNING ! ! ! ! ! !
Everything seems to be doing what it is supposed to do and working smoothely.

However, because our concentrating plant is capable of running only dry materials, our concentrating plant is now down. We had .8 in of rain on the 8th of July, .7 inch on the 11th, and .6 in on the 20th.

Over the past year and this one we have had an unusually large amount of rain which prohibits us from operating our concentrating plant.

However we have developed a replacement plant that will allow us to run almost all year long, except on the days it rains and a couple of days after. This plant will also increase our capacity from about 62 Tons per hour to over 200 tons per hour when dry. Immediatly after a rain it will process over 40 Tons per hour and increase that amount quickly to over 100 Tons per hour within a few days after it rains.

This new plane however, requires more money than we now have to install it, but there is light ahead as we expect to receive a substantial amount of money in the very near future.

We appreciate your patience and understand your frustrations, as they must be at least similar to ours. However, you must understand that when we entered into the contracts with you, we had no intention of processing your Ore thru our plant, because it just doesn't have the capacity. BUT, we agreed with K D & Associates to process your contracts thru our plant on an availability basis just as soon as we were able.

We should be in touch in the near future with new probable dates for the processing of your Ore. Just as soon as we are up and running, we will be in touch with you again.

G.Brian Stone, Pres.

A010 68

5 Wellik Road, Airport Industrial Complex, P.O. Box 21180
Wickenburg, Arizona 85358 (602) 684-3157
1105 Terminal Way Suite 202 Reno, Nevada 89502
(702) 329-5011

# PHENIX MINING CORP.

MEMBER: A.A.F.P

March 1989

To: West Vulture Placer Claim Holders

This update will bring you current with what is happening with your Mining Company production agreements and partially with the entire project as it has been explained to us.

Due to circumstances beyond our control, and beyond those of K-D & Associates, delays have been necessary. K-D, as they have explained to me, has not as yet collected all of the funds from their buyers. (Claim Holders) Because of this, they have been unable to fund the full construction of their mining plant. I understand that this will soon be taken care of and construction will go forward.

However, even if the plant was completed and installed it would not be possible to operate it due to the extensive rains we have had on the desert and the fact that the concentrating plant is a dry process and therefore requires a dry ore, with no moisture.

Due to the delays, we have agreed to process some of the Ore contracts thru our plant, just as soon as it is operational, i.e. the ground either dries out, or we obtain a Calciner drier and get it operational.

When will that happen, you ask? I don't really know, exactly. However it appears that it will not be more than a couple of more months either way. We will contact you as soon as we are ready to produce you claim, either with our plant or K-D's.

K-D has also informed me that some of you are of the opinion that you are only required to make 18 payments. This is, as I understand a misunderstanding, as the mining claims need to be paid for and the payments will go on until the ore is processed. This means that if it takes 24 months or more, thats how long it will take. So to protect your mining claim you should make payments for however long it takes.

Personally, I think you have an unusually advantageous position and I for one would protect it jealously.

About phone calls to us. Although we will try to return them as soon as possible, please understand that we are doing business with a great number of people and answering phone calls is not high on our priority list, plus it costs us a great deal of money to return just our business calls. So please be sure you have a ligitimate serious question when you call us. We have been in business for over 6 years and we will be here another 6 and more.

Cordially,

G. Brian Stone, President

A01069

MANGEMENT SERVICES CO.,
953 E. Sahara Ave., #228
Las Vegas, Nv., 89104

Darlene Quick
261 Westchester, #178
Las Vegas, Nv., 89109

MANAGEMENT SERVICES CO.
P.O. Box 42578
Las Vegas, Nv., 89116-0578

Darlene Quick
261 Westchester, No
Las Vegas, Nv., 891

DUPLICATE

A010 70

| GEMENT SERVICES CO, TRUST H 145 | RATE 10% | DATE 5-6-87 |
|---|---|---|

: account for HALLMARK RPRISES, INC S. Maryland Pkwy, Vegas, Nv. 89119 — Terms B-302: 2 units ore @ $14,000.00 w/mo pymts of $136.00 based on 20 yr amortization

| DF NT | INTEREST amount pd. | | date pd. to | PRINCIPAL amount pd. | | bal. due | | initial |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 14000 | — | |
| 87 | 134 | 40 | | 1 | 60 | 13998 | 40 | |
| 87 | 122 | 80 | | 13 | 20 | 13985 | 20 | |
| 87 | 95 | 75 | | 40 | 25 | 13944 | 95 | |
| 7 | 126 | 06 | | 9 | 94 | 13935 | 01 | |
| 87 | 99 | 32 | | 36 | 68 | 13898 | 33 | |
| 87 | 102 | 87 | | 33 | 13 | 13865 | 20 | |
| 87 | 125 | 40 | | 10 | 60 | 13854 | 60 | |
| 88 | 121 | 60 | | 14 | 40 | 13840 | 20 | |
| 88 | 136 | - | | — | | 13840 | 20 | |
| | (3 | 86) | | | | | | |
| 88 | 132 | 38 | | 3 | 62 | 13836 | 58 | |
| 8 | 117 | 18 | | 18 | 82 | 13817 | 76 | |
| 8 | 117 | 18 | | 18 | 82 | 13798 | 94 | |
| 8 | 116 | 87 | | 19 | 13 | 13779 | 81 | |
| 8 | 114 | 57 | | 21 | 43 | 13758 | 38 | |
| 8 | 114 | 40 | | 21 | 60 | 13736 | 78 | |
| 8 | 114 | 22 | | 21 | 78 | 13715 | - | |
| 88 | 114 | 05 | | 21 | 95 | 13693 | 05 | |
| 88 | 113 | 87 | 11-05-88 | 22 | 13 | 13670 | 92 | |
| 88 | 113 | 69 | 12-07-88 | 22 | 31 | 13648 | 61 | |
| 89 | 113 | 51 | 1-12-89 | 22 | 49 | 13626 | 12 | |

| NO. | MANAGEMENT SERVICES CO, (trust) 0145 | RATE 10% | DATE 5/6/87 |
|---|---|---|---|

trust for: Hallmark Enterprises, Inc. 4220 S. Maryland Pkwy, Las Vegas, Nv., 89109 — Terms #302: T in L: 14,000. @ 10% = 32,640 @ 136.00 per mo for 240 mos. Due 7th day

| DATE OF PAYMENT | INTEREST amount pd. | | date pd. to | PRINCIPAL amount pd. | | bal. due | | initial |
|---|---|---|---|---|---|---|---|---|
| Receipt | of $1420. | | non-refundable | | fee | acknowledged | | |
| 6-11-87 | 134 | 40 | 6-11-87 | 1 | 60 | 13998 | 40 | |
| 7-13-87 | 122 | 80 | 7-13-87 | 13 | 20 | 13985 | 20 | |
| 8-07-87 | 95 | 75 | 8-07-87 | 40 | 25 | 13944 | 95 | |
| 9-09-87 | 126 | 06 | 9-09-87 | 9 | 94 | 13935 | 01 | |
| 10-06-87 | 99 | 32 | 10-06-87 | 36 | 68 | 13898 | 33 | |
| 11-02-87 | 102 | 87 | 11-02-87 | 33 | 13 | 13865 | 20 | |
| 12-05-87 | 125 | 40 | 12-05-87 | 10 | 60 | 13854 | 60 | |
| 1-06-88 | 121 | 60 | 1-06-88 | 14 | 40 | 13840 | 20 | |
| 2-11-88 | 136 | — | 2-10-88 | — | | 13840 | 20 | |
| | (3 | 86) | | | | | | |
| 3-07-88 | 132 | 38 | 3-07-88 | 3 | 62 | 13836 | 58 | |
| 4-07-88 | 117 | 18 | 4-07-88 | 18 | 82 | 13817 | 76 | |
| 5-07-88 | 117 | 18 | 5-07-88 | 18 | 82 | 13798 | 94 | |
| 6-07-88 | 116 | 87 | 6-07-88 | 19 | 13 | 13779 | 81 | |
| 7-12-88 | 114 | 57 | 7-07-88 | 21 | 43 | 13758 | 38 | 14TH pymt |
| 8-03-88 | 114 | 40 | 8-07-88 | 21 | 60 | 13736 | 78 | 15TH pymt |
| 9-07-88 | 114 | 22 | 9-07-88 | 21 | 78 | 13715 | — | |

| DATE OF PAYMENT | INTEREST amount pd. | | date pd. to | PRINCIPAL amount pd. | | bal. due | | Initial |
|---|---|---|---|---|---|---|---|---|
| Bal fwd. | | | 1-12-89 | | | 13626 | 12 | |
| 2-16-89 | 113 | 32 | 2-16-89 | 22 | 68 | 13603 | 44 | |
| 3-06-89 | 113 | 13 | 3-06-89 | 22 | 87 | 13580 | 57 | |
| 4-13-89 | 112 | 93 | 4-13-89 | 23 | 07 | 13557 | 50 | |
| 5-15-89 | 112 | 98 | 5-15-89 | 23 | 02 | 13534 | 48 | |
| 6-19-89 | 112 | 79 | 6-19-89 | 23 | 21 | 13511 | 27 | |
| 7-20-89 | 112 | 59 | 7-20-89 | 23 | 41 | 13487 | 86 | |
| 8-15-89 | 112 | 40 | 8-15-89 | 23 | 60 | 13464 | 26 | |
| 9-18-89 | 112 | 20 | 9-18-89 | 23 | 80 | 13440 | 46 | |

A01072

| | RATE | DATE |
|---|---|---|
| MANAGEMENT SERVICES CO, TRUST H | 10% | 5-6-87 |

NO. 145

Trust account for HALLMARK ENTERPRISES, INC
4220 S. Maryland Pkwy, B-302
Las Vegas, Nv. 89119

Terms: 2 units ore @ $14,000.00 w/mo pymts of $136.00 based on 20 yr amortization

| DATE OF PAYMENT | INTEREST amount pd. | | date pd. to | PRINCIPAL amount pd. | | bal. due | | Initial |
|---|---|---|---|---|---|---|---|---|
| | | | | | | 14000 | — | |
| 6-11-87 | 154 | 40 | | 1 | 60 | 13998 | 40 | |
| 7-13-87 | 122 | 80 | | 13 | 20 | 13985 | 20 | |
| 8-07-87 | 95 | 75 | | 40 | 25 | 13944 | 95 | |
| 9-09-87 | 126 | 06 | | 9 | 94 | 13935 | 01 | |
| 10-06-87 | 99 | 32 | | 36 | 68 | 13898 | 33 | |
| 11-02-87 | 102 | 87 | | 33 | 13 | 13865 | 20 | |
| 12-05-87 | 125 | 40 | | 10 | 60 | 13854 | 60 | |
| 1-06-88 | 121 | 60 | | 14 | 40 | 13840 | 20 | |
| 2-11-88 | 136 | - | | — | | 13840 | 20 | |
| | (3 | 86) | | | | | | |
| 3-07-88 | 152 | 58 | | 3 | 62 | 13836 | 58 | |
| 4-07-88 | 117 | 18 | | 18 | 82 | 13817 | 76 | |
| 5-07-88 | 117 | 18 | | 18 | 82 | 13798 | 94 | |
| 6-07-88 | 116 | 87 | | 19 | 13 | 13779 | 81 | |
| 7-12-88 | 114 | 57 | | 21 | 43 | 13758 | 38 | |
| 8-03-88 | 114 | 40 | | 21 | 60 | 13736 | 78 | |
| 9-07-88 | 114 | 22 | | 21 | 78 | 13715 | - | |
| 10-17-88 | 114 | 05 | | 21 | 95 | 13693 | 05 | |
| 11-16-88 | 113 | 87 | 11-05-88 | 22 | 13 | 13670 | 92 | |
| 12-07-88 | 113 | 69 | 12-07-88 | 22 | 31 | 13648 | 61 | |
| 1-12-89 | 113 | 51 | 1-12-89 | 22 | 49 | 13626 | 12 | |

A01073

PRINTED: 09-18-2008

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: BER-MAR MINE

ALTERNATE NAMES:
WEST VULTURE PROJECT

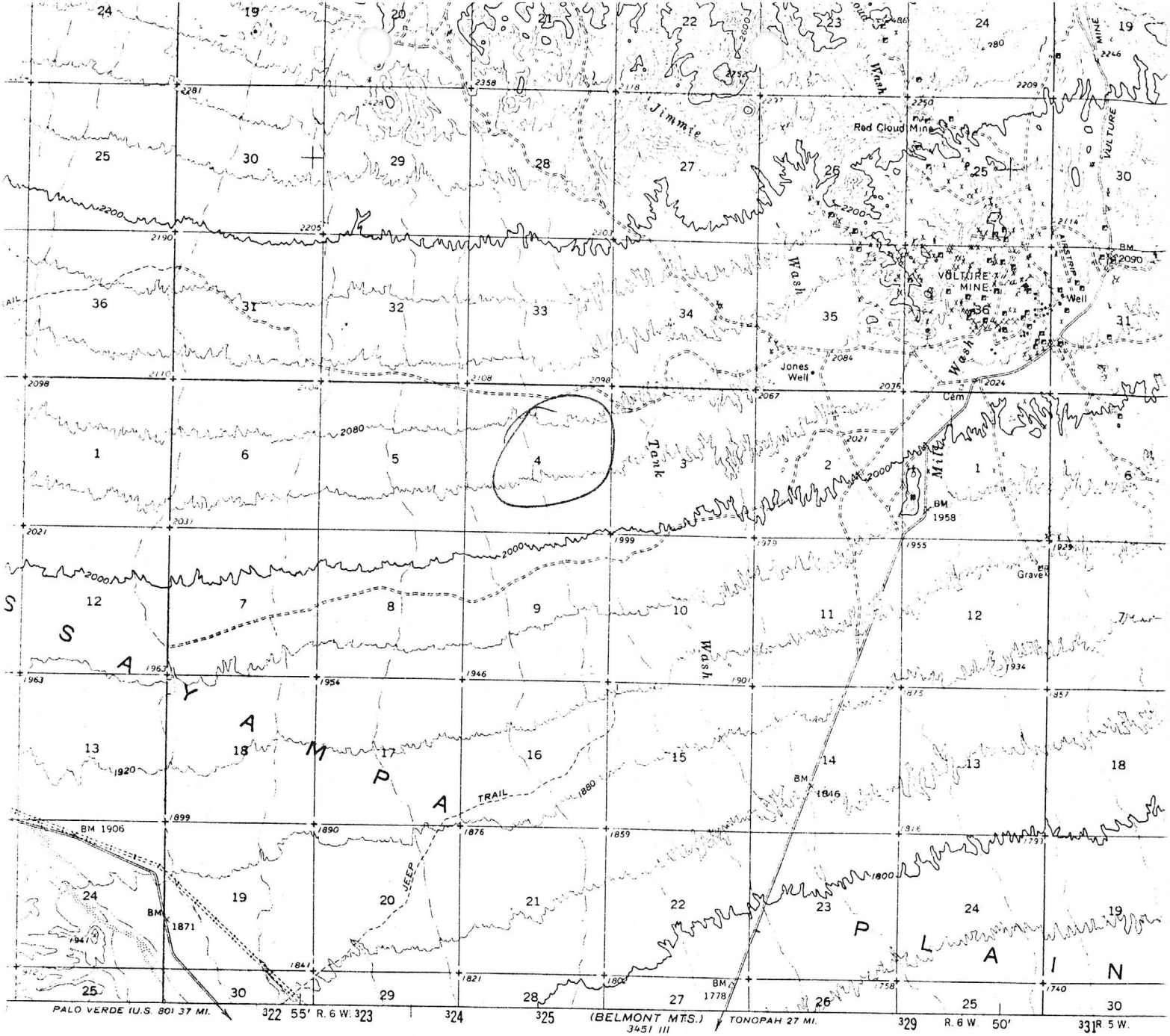
MARICOPA COUNTY MILS NUMBER: 706

LOCATION: TOWNSHIP 5 N RANGE 6 W SECTION 4 QUARTER C
LATITUDE: N 33DEG 48MIN 14SEC LONGITUDE: W 112DEG 53MIN 10SEC
TOPO MAP NAME: VULTURE MOUNTAINS - 15 MIN

CURRENT STATUS: OTHER

COMMODITY:
UNKNOWN

BIBLIOGRAPHY:
ADMMR BER-MAR MINE FILE



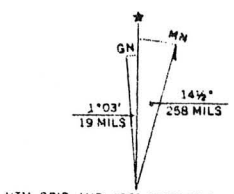

SCALE 1:62500

1 ½ 0 1 2 3 4 MILES

3000 0 3000 6000 9000 12000 15000 18000 21000 FEET

1 .5 0 1 2 3 4 5 KILOMETERS

CONTOUR INTERVAL 40 FEET
DOTTED LINES REPRESENT 20-FOOT CONTOURS
DATUM IS MEAN SEA LEVEL

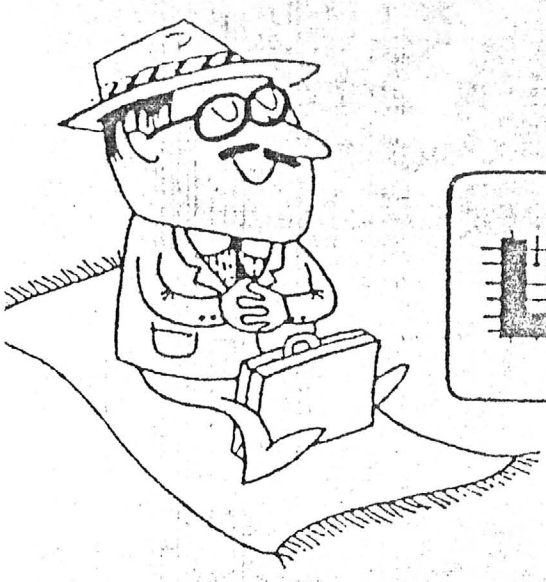



UTM GRID AND 1961 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

QUADRANGLE

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225 OR WASHINGTON, D. C. 20242
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

Vulture Mtn. AZ 15'



# PMC LATE NEWS...

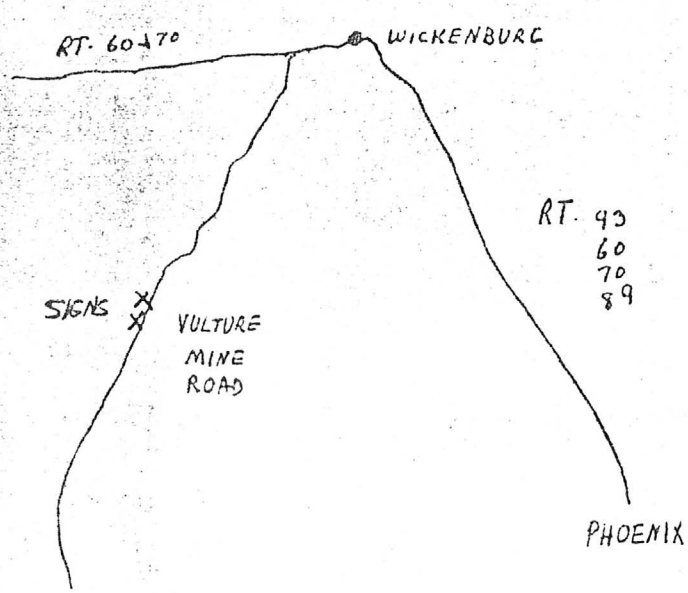
January 1984

Nothing like starting off the new year right. Enclosed are the reports from Glory Mining, showing .50 oz/T GOLD and .50 oz/T SILVER. Note that the recommended processing is to grind to 150 Mesh and then Leach with Ferric Chlorids.

It is our intention to have Glory process 300 tons of our Ore as soon as they have time available on their facilities.

MARKER SIGNS.

The enclosed photo and drawing show where the signs are located.




ALSO, PLEASE NOTE NEW ADDRESSES

1528 N.E. 147 Street N. Miami, Fla. 33161
(305) 940-7078
1105 Terminal Way No.202 Reno, NV 89502
(702) 329-5011
335 Whipple St. Wickenburg, AZ 85353
P.O. Box 21180 (602) 684-3157

# Tax SYNOPSIS SHEET

NOTE.... THIS IS NOT TO BE CONSTRUED AS A TAX OPINION, BUT ONLY AS A SYNOPSIS OF INFORMATION DRAWN FROM THE TAX OPINION ENCLOSED HEREWITH.

According to the Internal Revenue Code of 1954 including the amendments thereto to the recently enacted Tax Reform Acts of 1976 and 1978, the Income Tax and Procedure and Administration Regulations issued by the treasury Department and interpretations of the Code and regulations by the Courts and IRS, as they exist as of the date of this writing, it appears that:

616 Code Section 616 "there shall be allowed as a deduction in computing taxable income all expenditures paid or incurred during the taxable year for the development of a mine or other natural deposit (other than oil or gas) if paid or incurred after the existance of ore or minerals in commercially marketable quantities has been discovered."

1.616 Regulation 1.616-1(a) substantiates the above thru details.

616 Section 616(a) further states, "a taxpayer is allowed a deduction for development expenditures whether or not such expenditures are made in the development or production stages of the mine or other natural deposits."

465 Section 465 allows for all "at risk" funds to be deductible in the year in which they become "at risk", therefore, allowing for the deduction of the $20,000 Note this year, providing that the Note be a full recourse Note for which the investor is personally liable.

451 Section 451 allows the taxpayer not pay taxes on income from this venture until actual profits have been received. This has been interpreted to mean that constructive receipt has not been made until the Silver & Gold Bullion have been sold.

162 Section 162 allows the taxpayer to deduct all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business even though such expenses exceed the gross income derived during the taxable year from such business.

172 Section 172 covers excess write off and allows that the taxpayer may go back 3 years and recover or may go ahead 7 years in order to spread out his excess losses under Sections 616 and 465. This is, however a specialized deduction and may not apply to every investor. Consult with your Accountant or CPA.

613 (b) Allows for a 15% Depletion Allowance on Gold & Silver.

AGAIN.... THE ABOVE ARE NOT TAX OPINIONS. BUT AN INTERPRETATION OF INFORMATION CONTAINED IN THE OPINIONS HEREIN ENCLOSED.

TAX FILING SAMPLE FOR $ 6,700.- DEDUCTION.

SCHEDULE C (Form 1040)
Department of the Treasury
Internal Revenue Service (0)

# Profit or (Loss) From Business or Profession

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

198 08

Name of proprietor: MR. TAXPAYER

Social security number of proprietor

A Main business activity (see Instructions) ▶ MINING ; product ▶ SILVER & GOLD

B Business name ▶

C Employer identification number

D Business address (number and street) ▶
City, State and ZIP Code ▶

E Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

C

F Method(s) used to value closing inventory:
(1) ☐ Cost (2) ☐ Lower of cost or market (3) ☐ Other (if other, attach explanation)

| | Yes | No |
|---|---|---|
| G Was there any major change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation. | | |
| H Did you deduct expenses for an office in your home? | | |
| I Did you operate this business at the end of 1982? | | |

J How many months in 1982 did you actively operate this business? ▶

## Part I Income

| | | | |
|---|---|---|---|
| 1 a Gross receipts or sales | 1a | | |
| b Returns and allowances | 1b | | |
| c Balance (subtract line 1b from line 1a) | | 1c | |
| 2 Cost of goods sold and/or operations (Schedule C–1, line 8) | | 2 | |
| 3 Gross profit (subtract line 2 from line 1c) | | 3 | |
| 4 a Windfall Profit Tax Credit or Refund received in 1982 (see Instructions) | | 4a | |
| b Other income | | 4b | |
| 5 Total income (add lines 3, 4a, and 4b) ▶ | | 5 | |

## Part II Deductions

| | | | |
|---|---|---|---|
| 6 Advertising | | 25 Taxes (Do not include Windfall Profit Tax here. See line 29.) | |
| 7 Bad debts from sales or services (Cash method taxpayers, see Instructions) | | 26 Travel and entertainment | |
| 8 Bank service charges | | 27 Utilities and telephone | |
| 9 Car and truck expenses | | 28 a Wages | |
| 10 Commissions | | b Jobs credit | |
| 11 Depletion | 15% IS AVAILABLE ON INCOME. | c Subtract line 28b from 28a | |
| 12 Depreciation, including Section 179 expense deduction (from Form 4562) | | 29 Windfall Profit Tax withheld in 1982 | |
| 13 Dues and publications | | 30 Other expenses (specify): | |
| 14 Employee benefit programs | | a MINING DEVELOPMENT | 6,700.00 |
| 15 Freight (not included on Schedule C–1) | | b EXPENSES. | |
| 16 Insurance | | c | |
| 17 Interest on business indebtedness | | d | |
| 18 Laundry and cleaning | | e | |
| 19 Legal and professional services | | f | |
| 20 Office supplies and postage | | g | |
| 21 Pension and profit-sharing plans | | h | |
| 22 Rent on business property | | i | |
| 23 Repairs | | j | |
| 24 Supplies (not included on Schedule C–1) | | k | |
| | | l | |
| | | m | |

| | | |
|---|---|---|
| 31 Total deductions (add amounts in columns for lines 6 through 30m) ▶ | 31 | 6,700.00 |
| 32 Net profit or (loss) (subtract line 31 from line 5). If a profit, enter on Form 1040, line 12, and on Schedule SE, Part I, line 2 (or Form 1041, line 6). If a loss, go on to line 33 | 32 | 6,700.00 |

33 If you have a loss, do you have amounts for which you are not "at risk" in this business (see Instructions)? ☐ Yes ☐ No
If you checked "No," enter the loss on Form 1040, line 12, and on Schedule SE, Part I, line 2 (or Form 1041, line 6).

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

BM $

# Development & Mining Agreement

This AGREEMENT made and entered into this day of 198 by and between PHENIX MINING CORPORATION, of 1528 N.E. 147 Street, N.Miami, Florida 33161, a Nevada Corporation, hereinafter REFFERED to as DEVELOPER, and

_____of_____

_____hereinafter reffered to as MINER,

WHEREAS it is the desire of the MINER to have_____cubic yards of Mineral Ore developed, mined and extracted, currently located at the BER-MAR Mines Wickenberg Arizona, and,

WHEREAS it is the desire of the DEVELOPER to develop said Mineral Ore,

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this agreement and for other good and valuable considerations, receipt of which is hereby acknowledged, it is mutually agreed as follows:

MINER AGREES TO :

1. Pay to the DEVELOPER the sum of Six Thousand Seven Hundred Dollars for its services in developing, mining and extracting MINERS Mineral Ore, for each block of Ore MINER requires DEVELOPER to process for a total

   of_____($ )for each 185 cu.yds. Mineral Ore.

2. Have DEVELOPER arrange for the REFINING of MINERS finds into Bullion and to make a deduction of such Refining costs from the gross proceeds at the rate of 10% of Gross Proceeds.

   Further, have DEVELOPER make such deductions as provided for in a certain sales Agreement between MINER and MINE OWNER.

3. Arrange for DEVELOPER to have access to his Mineral Ore at/on the BER-MAR MINE premises as will be required to fulfill this Agreement.

4. Pay to DEVELOPER necessary fees to either store and/or deliver such Bullion to MINER.

DEVELOPER AGREES TO:

1. Provide its services to successfully fulfill the work terms of this agreement, to develop and arrange for the refining of MINERS Mineral Ore into Silver & Gold Bullion.

2. Distribute such proceeds of above stated activities in accordance with the obligations of and the MINERS wishes, and to deliver MINERS Silver & Gold Bullion to a place designated by MINER, at MINERS expense.

3. Begin the development work on MINERS Ore within the calendar year MINER enters into this AGREEMENT and to complete said Development no later than the day of 19 and then to arrange for Refining MINERS Ore into Bullion as soon as scheduling allows.

4. Begin the Development work on MINERS Mineral Ore on a first come first serve basis, in relation to DEVELOPERS committments on previous agreements.

5. Keep MINER abreast of all developments that would relate to MINERS property within the scope of this Agreement.

6. Provide such INSURANCE as is necessary to protect MINER and as is required by statute in the area to be mined.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. MINER and DEVELOPER are each independent and are not Partners, Joint Venturers, Employer/Employee or Principal and Agent and that no such relationship shall ever exist.

2. That pre-payment is a non-refundable payment in the absence of breach of this Agreement by DEVELOPER.

3. This Agreement shall be interpreted by the Laws of the State of Arizona.

4. DEVELOPER shall not be held liable for DEVELOPERS inability to perform under this AGREEMENT due to FORCE MAJEURE and/or any prohibition by any laws or regulations enacted from date of this offering that would prohibit DEVELOPER from doing so ( war, revolution, insurrection, restraint of rulers, riot, civil commotion, strike or lockout or stoppage or restraint of labor, the seizure or confiscation of Gold and/or Silver or any other similar event due to previous commitments , equipment failure, availability of repair parts and or any other event outside the control of PHENIX that hinders or prevents the performance by PHENIX of its obligations under this AGREEMENT. Any lost time due to the foregoing will be added to the end of this AGREEMENT, thus extending AGREEMENT time period. Should DEVELOPER be unable, due to the above acts to fulfill DEVELOPERS obligations at any time under this AGREEMENT DEVELOPER shall return to MINER any and all unused portions of MINERS funds in DEVELOPERS posession.

5. Notice under this AGREEMENT shall be in writing, conveyed one to the other by U.S. Mail, First Class, Certified, Return Receipt.

6. Accept this AGREEMENT as the total AGREEMENT and acknowledge that there is no other arrangements or agreements except as herein stated.

AND, THEREFORE, WHEREAS the parties hereto mutually and individually agree to the above terms and conditions hereinabove stated on the date above first written, do enter into this AGREEMENT.

| PHENIX MINING CORPORATION | MINER |
|---|---|
| _____ | _____ |
| WITNESS | WITNESS |
| _____ | _____ |

# Purchase Agreement

This AGREEMENT made and entered into this day of 198 by and between BERMAR MINES, of P.O. Box 2193, Wickenberg, Arizona 85358 hereinafter referred to as SELLER, and

_____ of _____

_____ hereinafter referred to as BUYER.

WHEREAS it is the desire of the SELLER to sell such quantities of its Mineral Ore as is possible, and it is the desire of the BUYER to purchase certain quantities of said Mineral Ore this agreement is made.

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this agreement and for other good and valuable considerations receipt of which is hereby acknowledged, it is agreed as follows:

SELLER AGREES TO:

1. Sell and transfer such quantities of Mineral Ore as BUYER shall agree to buy.
2. Convey to BUYER a like quality of MINERAL ORE as is represented in the materials supplied to BUYER.
3. Provide reasonable access to said Mineral Ore for BUYER to examine at his option, and allow BUYER to remove said ORE as he may desire within the terms of this agreement.
4. Acknowledge that the deposits of Mineral Ore are shown in sufficent quantities and qualities to reasonably justify commercial exploitation based upon the geological and assay reports supplied to BUYER.
5. Verify that said Mineral Ore is in fact owned by, and therefore saleable by SELLER to BUYER, and that SELLER will provide BUYER with a valid Bill of Sale certifying ownership thereto with a detailed description of location of Mineral Ore.
6. Accept payment of such Net Proceeds split with BUYER in Silver & Gold Bullion as may be agreed herein.

BUYER AGREES TO:

1. Buy _____ (  ) cubic yards of Mineral Ore,

   and to pay to SELLER the sum of _____

   ($  ), in U.S. Dollars for said Mineral Ore upon the signing of this agreement.
2. Hereby assign to the SELLER as a share of the NET PROCEEDS SIXTY PERCENT (60%) thereof the net total of all Silver & Gold found in the Mineral Ore as a portion of full payment thereof. Net total shall be determined after deducting all mining development costs, plus accrued interest thereon and all mineral extraction costs, plus all refining costs.
3. Satisfy the SELLER that BUYER is capable of developing and refining the Mineral Ore, or enter into a development agreement with a company acceptable to SELLER, and to commit payment for development of BUYERS Mineral Ore

within thirty (30) days after signing this agreement.

4. To assume all payments to have said Mineral Ore developed and Refined.

5. Complete all development and Refining of said Mineral Ore within a period of five (5) years from the date of this agreement.

6. Give an assignment to the development company to deduct the said sixty (60) percent of net proceeds from the Silver & Gold after deducting all development, note and interest , and refining costs as stated above and pay said share in Silver & Gold Bullion.

7. Acknowledge and represent herein that BUYER accepts the representation of the SELLER as to the quality and quantity of the deposits of Ore so as to reasonably justify commercial exploitation. Note geological and assay reports.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. A legal and detailed description of BUYERS Mineral Ore shall be enclosed with the BILL OF SALE showing the location on the grid block of BUYERS Ore. Enclosed is a chart showing such available locations. On a first come basis each buyer shall have his name placed upon one or more of these squares that shall hold and contain his Mineral Ore, and BUYER shall be notified of his specific square, which shall become the legal property of BUYER subject to the terms contained herein.

2. This agreement shall be interpreted by the laws of the state of ARIZONA.

3. Accept this Agreement as the total agreement and acknowledge that there are no other arrangements or agreements except as herein stated.

AND, THEREFORE, WHEREAS, the parties hereto mutually and individually agree to the terms and conditions hereinabove stated do enter into this agreement on the above first written date.

| BERMAR MINES - SELLER | BUYER |
|---|---|
| _____ | _____ |
| _____ | _____ |
| WITNESS | WITNESS |

BILL OF SALE, ABSOLUTE RAMCO FORM 101

BM

**Know All Men by These Presents,** That Bert L. Smith owner of BERMAR MINES, P.O. Box 2193 of the City of Wickenberg, in the County of Maricopa and State of Arizona 85358 party of the first part, for and in consideration of the sum of SIX HUNDRED ($600) ---------- Dollars lawful money of the United States, ~~(b/l)~~ ----- paid by John H. Jones (example) of 100 Main Street, Anywhere, U.S.A. 99999 party of the second part, the receipt whereof is hereby acknowledged, has -- granted, bargained, sold, transferred and delivered, and by these presents do --- grant, bargain, sell, transfer and deliver unto the said party of the second part, and his/her/their ---------- executors, administrators and assigns, the following goods and chattels:

All of the Gold & Silver contained and extracted from One (1) block of Aggregate Mineral Ore, subject to a certain Agreement between the parties hereto, and made up of at least _____ _____ (___) cubic yards of Ore equalling approximatly _____ (_____) each. Said Ore is located in Maricopa County, State of Arizona, in Section 4, Township 5 N, Range 6 W, and is identified as Ore Storage Block Location _____. Starting at the Bert L. Smith, BERMAR MINES PRIMARY S.W. BOUNDARY POINT and going _____ feet NORTH, then _____ feet EAST. From this ANCHOR POINT an area within the bounds of a square running _____ 'N, by _____ 'E, _____ 'S _____ 'W and being ___ feet deep shall constitute ONE ENTIRE ORE BLOCK as attached chart entitled " BERMAR MINES CLAIMS ORE BLOCK STORAGE LOCATIONS" shows.

**To Have and to Hold** the same unto the said party of the second part, his/her/their executors, administrators and assigns forever.

AND I do, for ever and my heirs, executors and administrators covenant to and with the said party of the second part, his/her/their executors, administrators and assigns, that I am ---------- the lawful owner -- of the said goods and chattels; that they are free from all encumbrances; that I ---------- have good right to sell the same aforesaid, and that I ---------- will warrant and defend the sale of the said property, goods and chattels hereby made, unto the said party of the second part his/her/their -------- executors, administrators and assigns against the lawful claims and demands of all persons whomsoever.

**In Witness Whereof,** I ----- have hereunto set my --------- hand ------ and seal on this day of , one thousand nine hundred and

Signed, sealed and delivered in presence of us:

..... .....(SEAL)

..... .....(SEAL)

**State of** ARIZONA

GLORY MINING PRODUCTION
1699 S. MARIPOSA DR.
APACHE JUNCTION, AZ. 85220
Phone 602 982 8801

page # 1

PHENIX MINING CO.

TEST SERIES WICKENBURG ARIZ.

Test No. A

Jar No. 1
Mesh size 150
CLS-1 or -13
Acid used CLS-13
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150°
Zinc reaction Right Away
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS TRACE mg %Au Au/ton AG/ton
FAAL mg %Au Au/ton Ag/ton
RECOVERY %Au %Ag

Test No. A

Jar No. 2
Mesh size 150
CLS-1 or -13
Acid used Ferric Chloids
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right Away
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS 1,500 mg .50 %Au .500 Au/ton .500 Ag/ton
FAAL +mg %Au .500 Au/ton .500 Ag/ton
RECOVERY % Au % Ag

Test No. A

Jar No. 3
Mesh size 150
CLS-1 or -13
Acid used CLS-15
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right Away
Precip time 2 HRS.
Precip filtering F (M) S SS

RESULTS .900 mg .50 %Au .300 Au/ton .700 AG/ton
FAAL mg %Au .300 Au/ton .700 Ag/ton
RECOVERY %Au %Ag

Test No. A

Jar No. 4
Mesh size 150
CLS-1 or -13
Acid used CLS-1
Acid reaction A (B) C D
pH test 1

Pre-treatment NO
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right Away
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS Nothing mg %Au Au/ton Ag/ton
FAAL 0 +mg %Au Au/ton Ag/ton
RECOVERY % Au % Ag

GOLD * SILVER * PLATINUM

# ASSAY REPORT FORM

Date 12-27-83

Assay Office Glory Mining Co

Address 1699 So Mariposa Ave.

City & State Apache Junction, AZ 85220

Phone 1-602-982-8301

G. Brian Stone

FOR: Phenix Mining Corp. Phone 305-940-7078

Address 1628 N.E. 147 St

City & State No Miami, Florida 33161

Note: One assay ton = 29.16 grams. Each milligram of precious metals taken from an Assay Ton equals one troy ounce of precious metals per ton of ore.

| | Ore or material | Weight of sample | Initial weight of bead | Percentage of gold in bead | GOLD ounces per ton | SILVER ounces per ton | PLATINUM ounces per ton | OTHER |
|---|---|---|---|---|---|---|---|---|
| 1 | Wickenburg ore | 29.16 GRS. | 1.300 | 50% | .450 | .400 | — | 60 mash |
| 2 | " " | 29.16 GRS | 1.400 | 50% | .475 | .450 | — | 100 mash |
| 3 | " " | 29.16 GRS | 1.600 | 50% | .538 | .525 | — | 150 mash |
| 4 | " " | 2 LBS | 3.200 | | .103 | 2.929 | — | Leach Test |
| 5 | " " | 2 LBS | 3.100 | | .100 | 3.000 | — | Electrolytic Concentrating Table |
| 6 | | | | | | | | |
| 7 | | | | | | | | |

Above and following tests were performed on samples taken from Sections 3 & 4. Materials were collected on 100' centers, nine per section from surface areas.
Township 5 N, Range 6 W, Maricopa County, Arizona.

Signature Lyman D. Frederick

BAHAMIAN REFINING CORPORATION
CUSTOM REFINERY COMPLETE ANALYSIS & FLOWSHEET DESIGN

9222 N. 14TH AVE., PHOENIX, ARIZ. 85021
TELEPHONE (602) 278-8705

NAME: Brian Stone/ Phenix Mining Corp. DATE: 12-26-83

ADDRESS: 1528 N.E. 147th St. No. Miami, FL 33161

By hydrochemical and ferometallurgical methods, the actual values recovered from your sample are as follows:

| Sample | Au Oz/T | Au Value @ $ 380 | Ag Oz/T | Ag Value @ $8 | Pt Group Indication | Total Value Per Ton** |
|---|---|---|---|---|---|---|
| Ber Mer | .36 | $ 136.80 | .63 | $ 5.04 | --- | $141.84 |

* * * * * * * * * * * * * * * * * * * * *

Based on your sample, the theoretical gold recovery for various methods commonly used is as follows:

Cyanide Heap Leach 75 % of fire recovery.

Flotation 80 % of fire recovery.

Specific Gravity 90 % of fire recovery.

The average theoretical recovery LOSS of gold values using the above methods is 10 % to 25 %.

* * * * * * * * * * * * * * * * * * * * *

Using the SYNERGISTIC RECOVERY SYSTEM, the total values recovered from your sample are as follows:

| Sample | Au Oz/T | Au Value @ $ 380 | Ag Oz/T | Ag Value @ $ 8 | Pt Group Indication | Total Value Per Ton** |
|---|---|---|---|---|---|---|
| Ber Mer | 1.89 | $718.20 | .72 | $5.76 | ++ | $723.96 |

The SYNERGISTIC RECOVERY of Au is 525 % of fire recovery on your sample.

This represents ADDITIONAL GOLD VALUES of $ 581.40 /Ton using the SYNERGISTIC RECOVERY SYSTEM.

The SYNERGISTIC RECOVERY SYSTEM test we have done for you, while it is a three day lab test, is the same procedure at that used in the continuous flow production plant, except for the following:

1. Physical size of the vats.
2. The lab is a batch procedure; the plant is continuous flow.
3. A standard chemical formula is used in the lab, whereas the chemical formulation used in a plant is fine-tuned to the ore being processed.
4. Gold recovery is generally higher in a plant than in the lab. Sufficient data is not available to determine differences (if any) in the recovery of silver or platinum group metals.

**Not including Pt group value, if any.

[illegible] protection to clients, the public and this corporation, this report is submitted and accepted for the exclusive use of the client to whom it is addressed and [illegible] that [illegible] to be used, in whole or in part, in any advertising or publicity matter without prior written authorization from this corporation.

BAHAMIAN REFINING CORPORATION

CUSTOM REFINERS, COMPLETE ANALYSIS & FLOWSHEET DESIGN

9222 N. 14TH AVE., PHOENIX, ARIZ. 85021
TELEPHONE (602) 978-9702

# "WHAT IS A SYNERGISTIC RECOVERY SYSTEM?"™

Most recovery systems rely solely on either specific gravity (the heavy particles are separated - if completely freed from matrix); or flotation (selected particles lifted to surface by air and frothing reagents); or leaching (dissolving values into solution to be recovered later after being separated from ore). These systems usually only recovery 70% of the values and the best they can recover is usually in the high eighty percent.

The Synergistic Recovery System combines all of the above and in addition to fine grinding and agitation, it also: A. pretreats and conditions the ore, B. chemically leaches with simultaneous precipitation, C. provides electrowinning in circuit, D. electrostatic attraction, and E. amalgamation, all at the same time.

SYNERGISM IS COOPERATIVE ACTION SUCH THAT THE TOTAL EFFECT IS EQUAL TO MORE THAN THE SUM OF THE EFFECTS TAKEN INDEPENDENTLY.

The Synergistic Recovery System took 7 years to develop and we believe it is superior to any other method available.

With a Synergistic Recovery System you will both mill AND refine to dore' bar. A dore' bar is a bar usually containing approximately 97% precious metals; gold, silver and platinum group metals; all combined, with the balance being impurities.

Our Synergistic Recovery System plant can process 100 tons/day at a 10% solids ratio. The percentage of solids processed would, in most cases, fall in the range of 5% to 40%, which translates to 50 to 400 tons/day. The percentage of solids processed in any given situation is determined by the particular ore being processed.

An assay tells what can be detected (or recovered) by that particular testing procedure. The reason you may get different results from different tests is simply that different testing procedures were used, or the method of sampling was not the same in each case. A Synergistic Recovery Lab Bench Test is a 3 day recovery procedure, which is done in the same manner as recovery through the plant except on a small scale in the laboratory using one small container instead of ten large tanks.

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ENCLOSURES:

BERMAN MINES AGREEMENT

PHENIX DEVELOPMENT & MINING AGREEMENT

GERRY KIRWAN, B.Sc., P.Eng.
CONSULTANT TO THE MINERAL INDUSTRY
611 W. Gibralter Dr., Phoenix, Arizona 85025
(602) 993-1852

GERRY KIRWAN & ASSOCIATES
• Mine Engineers
• Economic Evaluation and Improvements
Geological, Geophysical, Geochemical Surveys
• Consulting Engineers

CONSULTING
EXPLORATION
ENGINEERING

Phoenix, Arizona
May, 20, 1976

R.E.: Gold-Dust Claim #3, S33-T6N-R6W

INTRODUCTION

Report herein is relevent to the economic viability of impressive amounts of Silver & Gold contained in widespread sands and Alluvium deposits on the Sea-Tac construction placer claim #3 located South of the settlement of Wickenberg, Arizona.

Appraisal of mineral potential of the subject property is presented and based upon this potential as determined through professional engineering recommendations are for immediate production after a minor amount of confirmatory research.

PROPERTY, LOCATION ACCESS.

Located immediatly west of the old Vulture Gold Mine situated some 15 miles southwest of Wickenberg, Arizona, Gold-Dust Claim #3, 20 acres in all situated in the middle southwest corner of Section 33, Township 6 N, Range 6 W, Vulture Mining District.

Access is easily attained by the Vulture road commencing 15 miles to the Vulture Mine thence west by desert road onto the subject placer claim 2.5 miles west of this turnoff.

Topographically, the subject claim is underlain by sand and detrial material forming a gently rolling topography viewed as being essentially flat, cut by small gullies. Altitude above sea level is 2150 feet.

GEOLOGY, STRUCTURE, CONCENTRATIONS, MINERALOGY.

The region has been known for numerous years to be prolific in Silver & Gold. Prospecting being concentrated essentially upon rock outcrops, resulting in the Vulture Mine itself as well as



numerous other properties.

Weathering has eroded mountain ranges regionally depositing detrial material which underlies the Gold-Dust #3 claim. To some degree then, silver-Gold has been concentrated through normal placer methods and over the years has likely been reworked to assist in further precious metals concentrations thus increasing the grade of these two precious metals found in abundance on the property.

Interpretation of results of a recent Geophysical program conducted in the region of the property conclude that the underlying andesites and rhyolite flows are heavily faulted. Subsequent recent drilling through 520 feet of detrail material into the underlying rocks produced hot water in abundance, indicating that a deep seated pluton or mass of liquid rock is the source of mineralization. Ascending hot water solutions carrying particles of Silver and Gold invade the detrial material from below depositing their load of precious metals, thus vastly enriching the unconsolidated material on the placer claim. Th process referred to is "Hydrothermasism."

MINERALOGY

Because Gold & Silver cannot be detected employing the chief avenue of assement, commercial assay houses which rely upon the normal Fire Assay. Routine methods of determining Gold-Silver content cannot be employed as the character of the ore falls outside the scope and applicability of methods normally employed for determinations.

Precious metal particles are too minute, submicronic, collidal, and portions possibly soluable in fluids such as water. Further it has recently been determined that Silver-Gold values are locked into tellurium, a Semimetallic element that releases its precious metals in concentrated sulphuric acid, or when heated above 845° F.

Essentially because of the above reasons, Fire Assay and normal methods of mechanical concentration of the ore cannot be performed.

# GEOLOGICAL REPORT

The entire geological information is made up of two complete Mining Engineering reports and one Mining Test Plant report.

The Mining Engineering Reports were found on file in the Archives at the Department of Mineral Resources, Mineral Building, Fairgrounds, Phoenix, Arizona.

We have duplicated the reports here in their entirety, except that it was necessary to re-type the bulk of the reports. The Assays however could not be replaced, so they were copied exactly as they appeared in the Archives. Some of them had to be traced to make them readable, but all caution was taken to insure that their original content was preserved.

The final report was provided by Bert L. Smith, who received it from Mr. Robert Kennealy, Exploration Manager for Gold Quest Exploration who are conducting additional tests on a portion of Mr. Smiths claims in the "BLUE WASH PLACERS", also known as the "HASSAYAMPA PLAIN".

The first evidence of exploration was the KERR-McGEE, EXXON and PHILLIPS PETROLEUM Geophysical drilling test project that drilled vertical holes through the sand Ore bed. The results from the 14 test holes, 30" in diameter showed in the lab. results to produce 865 ounces of GOLD from the total 10 ton composite sample.

Based upon all of the following information it will be evident to even the most un-informed person that an extremely rich body of precious metals Ore is present on these claims.

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GERRY KIRWAN & ASSOCIATES
• Mine Engineering
• Geologist, Geochemist and Engineering
Geological, Geophysical, Geochemical Surveys
• Consulting Reports

CONSULTING
EXPLORATION
ENGINEERING

Phoenix, Arizona
May, 20, 1976

R.E.: Gold-Dust Claim #3, S33-T6N-R6W

INTRODUCTION

Report herein is relevent to the economic viability of impressive amounts of Silver & Gold contained in widespread sands and Alluvium deposits on the Sea-Tac construction placer claim #3 located South of the settlement of Wickenberg, Arizona.

Appraisal of mineral potential of the subject property is presented and based upon this potential as determined through professional engineering recommendations are for immediate production after a minor amount of confirmatory research.

PROPERTY, LOCATION ACCESS.

Located immediatly west of the old Vulture Gold Mine situated some 15 miles southwest of Wickenberg, Arizona, Gold-Dust Claim #3, 20 acres in all situated in the middle southwest corner of Section 33, Township 6 N, Range 6 W, Vulture Mining District.

Access is easily attained by the Vulture road commencing 15 miles to the Vulture Mine thence west by desert road onto the subject placer claim 2.5 miles west of this turnoff.

Topographically, the subject claim is underlain by sand and detrial material forming a gently rolling topography viewed as being essentially flat, cut by small gullies. Altitude above sea level is 2150 feet.

GEOLOGY, STRUCTURE, CONCENTRATIONS, MINERALOGY.

The region has been known for numerous years to be prolific in Silver & Gold. Prospecting being concentrated essentially upon rock outcrops, resulting in the Vulture Mine itself as well as



numerous other properties.

Weathering has eroded mountain ranges regionally depositing detrial material which underlies the Gold-Dust #3 claim. To some degree then, silver-Gold has been concentrated through normal placer methods and over the years has likely been reworked to assist in further precious metals concentrations thus increasing the grade of these two precious metals found in abundance on the property.

Interpretation of results of a recent Geophysical program conducted in the region of the property conclude that the underlying andesites and rhyolite flows are heavily faulted. Subsequent recent drillin through 520 feet of detrail material into the underlying rocks produced hot water in abundance, indicating that a deep seated pluton or mass of liquid rock is the source of mineralization. Ascending hot water solutions carrying particles of Silver and Gold invade the detrial material from below depositing their load of precious metals, thus vastly enriching the unconsolidated material on the placer claim. Th process referred to is "Hydrothermasism."

MINERALOGY

Because Gold & Silver cannot be detected employing the chief avenue of assement, commercial assay houses which rely upon the normal Fire Assay. Routine methods of determining Gold-Silver content cannot be employed as the character of the ore falls outside the scope and applicability of methods normally employed for determinations.

Precious metal particles are too minute, submicronic, collidal, and portions possibly soluable in fluids such as water. Further it has recently been determined that Silver-Gold values are locked into tellurium, a Semimetallic element that releases its precious metals in concentrated sulphuric acid, or when heated above 845° F.

Essentially because of the above reasons, Fire Assay and normal methods of mechanical concentration of the ore cannot be performed.

MARICOPA COUNTY

Mathie

Ranch

Wickenburg

Wickenburg

Flying E Ranch

Ranch

Ranch

Rancho de los Caballeros

Camp

Sunrise Mine

VULTURE MOUNTAINS

BERMAR MINES

BLACK BUTTE

Vulture Gold Mine

Vulture Mine

Jackrabbit

Horse Wash

Wash

HASSAYAMPA

Wolff Mine

Castle Hot Springs Station

Circle City

Old Smith Mine

Wittmann

Luke AF No 4

General Grant Mine

Coyote

Wash

Wash

Slate

Hassayampa

River

Wagner Tank

Jackrabbit

Mine

SIMON MOUNTAIN

Camp

Wash

FLATIRON MOUNTAIN

Bartlett

Bagdad

Bagdad

● INTERIOR—GEOLOGICAL SURVEY, RESTON, VIRGINIA—1976

LOCATION DIAGRAM

| | | | | |
|---|---|---|---|---|
| NI 11-2 | NEV NI 11-3 | NI 12-1 | NI 12-2 | NI 12-3 |
| NI 11-5 | NI 11-6 | NI 12-4 | NI 12-5 | NI 12-6 |
| UNITED STATES | | | | |
| CALIFORNIA NI 11-8 | NI 11-9 | NI 12-7 | ARIZONA NI 12-8 | NI 12-9 |
| NI 11-11 | NI 11-12 | NI 12-10 | NI 12-11 | NI 12-12 |
| MEXICO | | | | |
| | | NH 12-1 | | NH 12-3 |
| BAJA CAL | | SONORA | | CHIHUAHUA |

| GRID ZONE DESIGNATION: 12S | TO GIVE A STANDARD REFERENCE OR THIS SHEET TO NEAREST 1000 METRES |
|---|---|
| 100 000 M SQUARE IDENTIFICATION: TN, UN, TM, UM; VN, VM; 30, 40 | SAMPLE POINT: TONOPAH |
| IGNORE the SMALLER figures of any grid number, these are for finding the full coordinates. Use ONLY the LARGER figure of the grid number example: 36 60000 | 1. Read letters identifying 100 000 metre square in which the point lies. UR<br>2. Locate first VERTICAL grid line to LEFT of point and read LARGE figure labeling the line either in the top or bottom margin, or on the line itself. Estimate tenths from grid line to point. 2 0<br>3. Locate first HORIZONTAL grid line BELOW point and read LARGE figure labeling the line either in the left or right margin, or on the line itself. Estimate tenths from grid line to point. 0 7 |
| | SAMPLE REFERENCE: UN2007 |
| | If reporting beyond 18° in any direction prefix Grid Zone Designation as: 12SUN2007 |

PHOENIX, ARIZONA

1954

REVISED 1969

Probably because of the very nature of the Gold-Dust #3, detrial deposit of Silver & Gold, the highly valuable products have not been discovered until recently.

DETERMINING METHODS, ORE GRADES, TONNAGES, DOLLAR VALUES:

A specific wet chemical assay formula employed by consultant Willard M. Luegge, P.E., Lancaster, Ca., is applicable in ascertaining the true grades of both Gold and Silver on the Gold-Dust Claim #3.

To further substantiate and correlate Mr. Luegge's ore values, furnacing has been employed by the writer and is regarded as a smelt where the rock ore is melted to a liquid under certain reagents and lead is introduced as a precious metals collector. Resulting upon cooling in a Dore Bar which can then be assayed by Fire Assay or any other method to result in Silver & Gold in hand, amount being representative of the sample melted.

In both of the above methods, it is noted that any elements that may inhibit normal fire determinations are overcome, resulting in accurate assays of the actual Gold & Silver in the Gold-Dust #3 claim. High reliability is achieved.

A composite sample taken by the writer from the surface detrial sand material, unscreened, representative of a 700 Ft. long traverse upon Gold Dust #3, resulted in the following precious metals values, ounces per ton: Gold.97; Silver 28.8; Platinate group metals .15. Total metal values per ton employing currect market prices equates to an astonishing $242.21. Not including Platinate Group contributions. (July, 1983 prices- Gold $420, Silver $12 equals $ 753.00)(update note added)

Employing a not fully authenticated method of crushing ore into a Mercury bath with Mercury as a cathode under 5 volts. Recoverable values in hand from retorting the Mercury are 1.3 oz/T Gold and 7.8 oz/T Silver for a total value of $195.26 per ton. (1983, July value is $ 639.60 ) (update added)



It is noteworthy the above values equate closely to ore values determined by the author on detrial sands adjacent to the Gold-Dust #3.

Given dimensions of the Gold-Dust #3 claim as 660 ft. wide and 1320 ft. in length, an impressive 87,000 tons of ore bearing material is available per vertical foot advance.

FLOWSHEET ANALYSIS:

Research performed on like ore material as that occuring on the Gold-Dust #3 property indicated non-amanability of such ore to be mechanically concentrated. Such research includes tabling at differe mesh sizes, Gold Bowl, Trommel, Corderoy Belt, Air and Water cone Concentrations after pulverization, etc., and various specific gravity sand tests showing ore not disproportionally confined to Black Sand nor magnetic fractions. It is concluded therefore Silver Gold occurs proportionally disseminated throughout the ore media in minute particles, colloidal and submicronic, and that hydrometallurgy would be applicable for recovery.

Research performed by Mr. Luegge on nearby adjacent like ores utalizing Chloride Leaching methods proved successful. The experimer employed household bleach or Chlorox of 100 ML 30 grams ore pulverized to -200 mesh, 10 ML hydrochloric acid, agitated through stirring at 70°F for 120 hours, and a lead-HCL collector. Such bench test recovered 65% of Silver and 76% of Gold. Although optimum condition were likely not reached, ore recovery would be highly economic equating to about $170.77.( July 1983 $269.83) (Update added)

TITLE:

Field examination shows mineral cliam is properly staked and locatio is shown as being under the jurisdiction of Federal Mineral rights thus eleviating all State and Federal Taxes or production. Otherwise a 5.5% royalty tax would be applicable.

# S U M M A R Y

## BER-MAR MINES

GOLD $ 150.27
SILVER $ 3.75

1. $600 plus 60% of the NET NET PROCEEDS buys you 185 cubic yards of PROVEN PRECIOUS METALS ORE.....
   a. You have become a GOLD & SILVER MINER.
   b. You have GOLD & SILVER ORE TO MINE.

2. You hire PHENIX MINING CORP., who will Develop, Mine and Extract the Ore for you, and then arrange for Refining at 10% of Gross taken from the produced Ore values. You pay to PHENIX a fee of $6,700 for all this.
   a. Both PHENIX and BER-MAR MINES agree that you will get BACK YOUR INVESTED $6,700 FIRST OFF THE TOP...

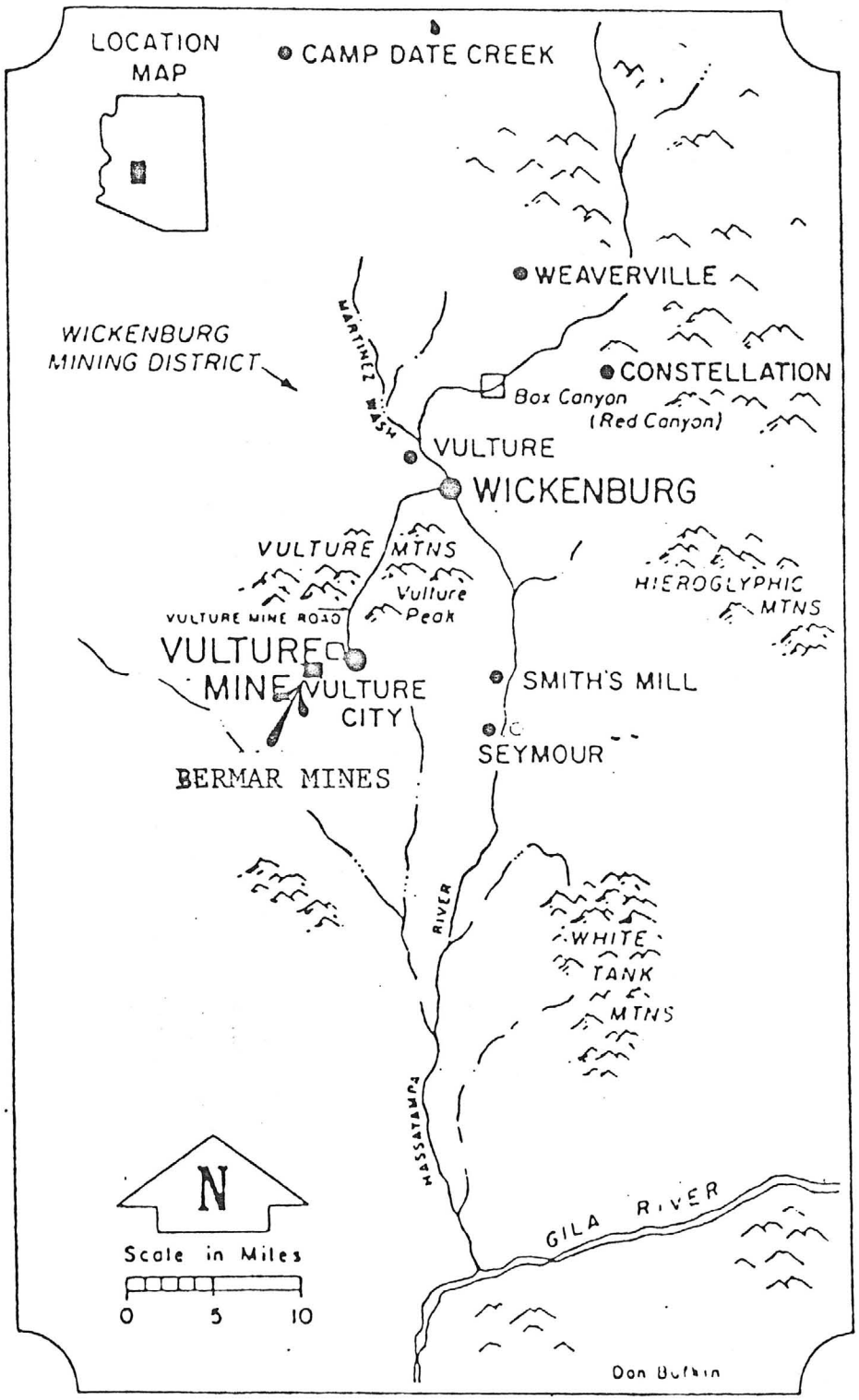
3. Under 616 IRS Code, you can deduct 100% of the $6,700, PLUS, you're entitled to a 15% DEPLETION ALLOWANCE....(that's TAX FREE MONEY) IRS 613 (b), PLUS, you don't have to pay taxes on your GOLD & SILVER BULLION PROFITS UNTIL YOU SELL THEM, IRS 451. PLUS, you can even carry forward your losses for 7 YEARS, or RE-CAPTURE FOR 3 YEARS BACK, IRS 172.

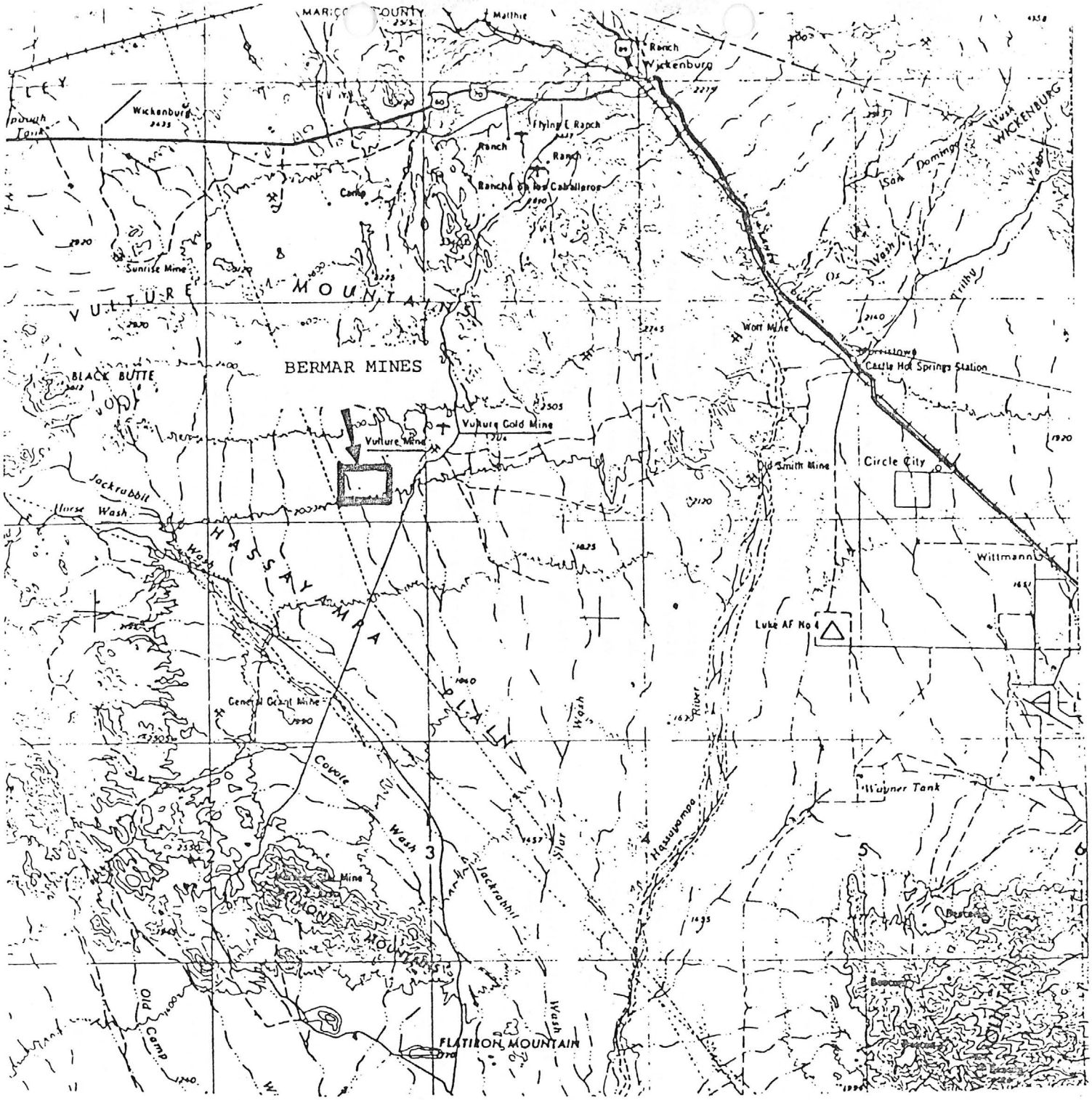
4. You are given a specific PROCESSING DEADLINE DATE so that YOU KNOW EXACTLY WHEN YOUR ORE IS BEING TURNED INTO GOLD & SILVER BULLION FOR DELIVERY TO YOU.

5. There are TWO DIFFERENT ENGINEERING REPORTS and a PILOT PLANT REPORT that show on 20 DIFFERENT ASSAYS BY 9 DIFFERENT COMPANIES that there is 1.18 oz/T GOLD and 21.92 oz/T SILVER; PLUS the most current PROOF-OF-EXTRACTION REPORT FROM GLORY MINING which we are using that shows the production figures of .5 oz/T GOLD and .5 oz/T SILVER.

6. YOUR PROFIT POTENTIAL IS AT LEAST $17,836.40, PLUS YOU RECOVER YOUR $ 6,700 INVESTMENT FOR A TOTAL OF $ 24,536.40.....

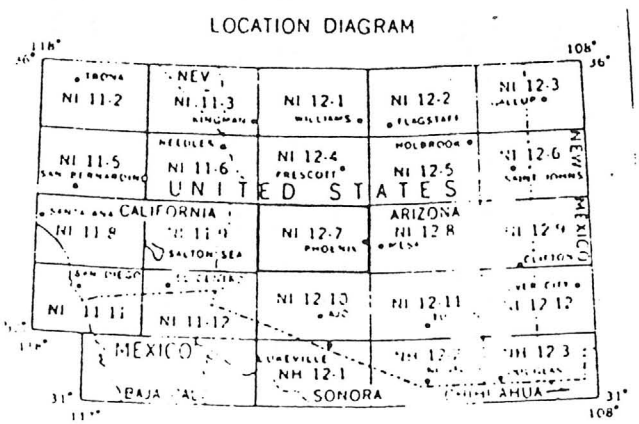
   CERTAINLY, ALL THAT'S WORTH AN INVESTMENT OF $ 7,300 ! !


LOCATION MAP
CAMP DATE CREEK
WEAVERVILLE
WICKENBURG MINING DISTRICT
MARTINEZ WASH
CONSTELLATION
Box Canyon (Red Canyon)
VULTURE
WICKENBURG
VULTURE MTNS
Vulture Peak
HIEROGLYPHIC MTNS
VULTURE MINE ROAD
VULTURE MINE
VULTURE CITY
SMITH'S MILL
SEYMOUR
BERMAR MINES
HASSAYAMPA RIVER
WHITE TANK MTNS
N
Scale in Miles
0 5 10
GILA RIVER
Don Bufkin




● INTERIOR—GEOLOGICAL SURVEY, RESTON, VIRGINIA—1976

LOCATION DIAGRAM




| GRID ZONE DESIGNATION: 12S | TO GIVE A STANDARD REFERENCE ON THIS SHEET TO NEAREST 1000 METRES |
|---|---|
| 100 000 M. SQUARE IDENTIFICATION | SAMPLE POINT. TONOPAH |
| TN UN VN / TM UM VM; 20 40 | 1. Read letters identifying 100 000 metre square in which the point lies: UR<br>2. Locate first VERTICAL grid line to LEFT of point and read LARGE figure labeling the line either in the top or bottom margin, or on the line itself. Estimate tenths from grid line to point 2 0<br>3. Locate first HORIZONTAL grid line BELOW point and read LARGE figure labeling the line either in the left or right margin or on the line itself. Estimate tenths from grid line to point 0 7 |
| IGNORE the SMALLER figures of any grid number. These are for finding the full coordinates. Use ONLY the LARGER figure of the grid number. example: 3660000 | SAMPLE REFERENCE: UR 207 07<br>If reporting beyond 18° in any direction prefix Grid Zone Designation as: 12S UR 207 07 |

PHOENIX, ARIZONA

1954

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OREBODIES HAS BEEN DISCOVERED IN AN AREA OF EASY ACCESS, YET ONE THAT IS CHARACTERIZED BY SIMPLE MINING AND UNCOMPLICATED PROCESSING

The numerous assays and smelts performed by and for this writer ranged o.40 ounces GOLD per ton of raw sand to a high of 2.31 ounces While that of SILVER ranged 2.3 to 60.80 ounces per ton, and PLatinu metals from 0.08 to 2.70 ounces per ton of sand. All determinations professionally executed from a WIDE RANGE of REPRESENTATIVE SAMPLES. (1983 value of GOLD ranges from $ 168. to $970.20.; SILVER ranged from $27.60 to $729.60)(update notes added)

From research performed to date, it is conservatively concluded that average sand Ore grade per ton of material, unscreened, would be 0.4 to 0.6 ounces GOLD per ton,about 10. ounces SILVER and about 0.13 ounces Platinate metals all for an extraordinarily high dollar value at current market prices of $122.80 per ton unconcentrated crude Ore. ( GOLD & SILVER only 1983 value $330.per ton)

Because of mode of mineralization from Hydrothermil solutions invading placer sands, all sand particle sizes carry essentially same values, thus eliminating cost of screening Ore on production.

Each 20 Acre Placer claim to depth only 1-0 feet from surface would contain 7,500,000 tons of precious metals Ore. A section of one square mile containing 640 acres would enclose to same depth 240 million tons. Mining at rate of 1,000 tons per day for 300 day year would exhaust a section of Ore in 800 years.

Each 20 acre claim to depth 100 feet from surface would contain approximately one billion dollars in precious metals, based upon known Ore values.

CONSIDERATION OF METHOD OF ORE TREATMENT:

From representative sand Ore material from Kirwin Blue Wash, tests on the well-established CYANIDE LEACH METHOD were performed by Consultant Willard Lueggs,P.E., with exceptionally good results.

Mr. Lueggs's research proves that 80.95% of GOLD and 55.55% of SILVER goes into light Cyanide Solution. It is a simple matter to electrowin precious metals values from Cyanide Solution, much like



a car bumper is chromed, resulting in a most saleable product containing essentially pure metals. Ore must be pre-roasted at 700° F.

Mr. Luegge similarily performed Hypochloride Leach research with essentia;;y equivalent results as Cyanide. Electrowinning capture would similarly be applicable.

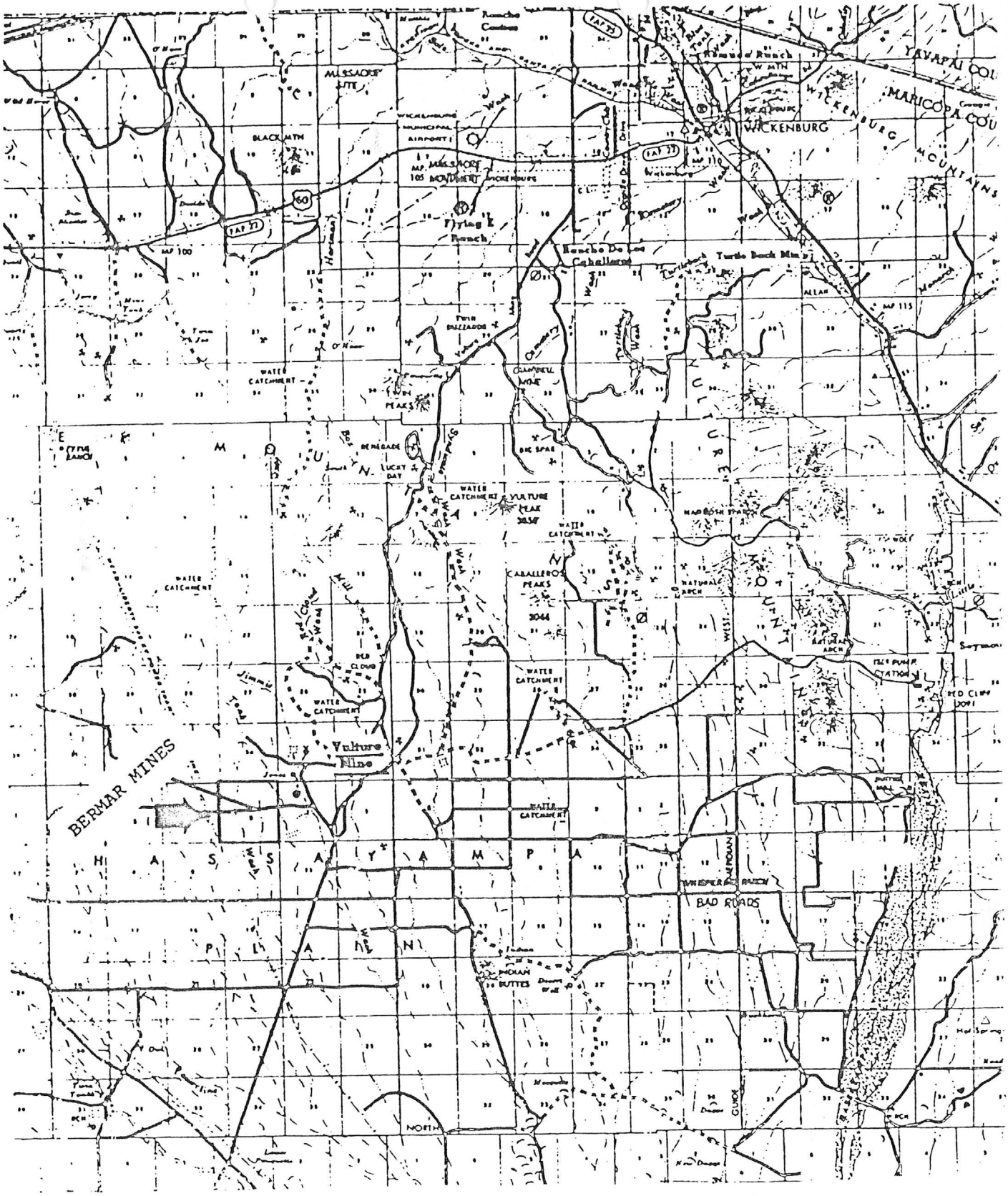
Electrolitic extraction by ORE-TECT LABORATORIES of Phoenix, Arizona proved commercial as a method of producing a saleable product of precious metals from subject Blue Wash Ore. Percentage recovery has not been determined and a minimal amount of research should be performed utalizing this method to determine viability to processing Kirwin Blue Wash ores on a commercial basis. (see documentation)

ACTIVATED MERCURY CATHODE COLLECTION has proved an excellant method of capturing precious metals from subject Ores and further testing should be performed at Scottsdale, Arizona, to hypo so;ution for optimum recovery of all precious metals.

With regard to the four methods of capturing precious metals as a saleable product, all as noted above, each is amenable to the subject Ore. Pre-treatment of Ore in the form of a roast to 700°F would be a requirement for Cyanide and Hypochloride Leach. Ore would similarly require pulverization to about 200- Mesh size to fully liberate Micron-sized orecious metals and can be done for an estimated $3 to $4 dollars per ton depending upon the plant.

CONCLUSIONS AND RECOMMENDATIONS:

The vast Multi Billion Dollar precious metals orezone located in central Arizona covering some 400 square miles of flat desert sands which have become mineralized through vertical invasion by Hydrothermal solutions impregnating the ores with abundant Gold, Silver, Platinate group metals, is xhararterized by being situated in an area of EASY ACCESS in SUPERB all-year mining weather. Close to transportation facilities, adjacent to labor and commodity sources, in an environment of stable government, favorable to the mining industry. EASY OPEN PIT, PLACER MINING WITH FRONT END LOADING INTO TRUCKS WITH NIL OVERBURDEN TO REMOVE, AND EMENABLE TO PROVEN INEXPENSIVE PROCESSING METHODS MAKING THE KIRWIN BLUE WASH PRECIOUS




Compiled From

General Highway Map
Maricopa & Yavapai Counties

In Cooperation With

ARIZONA DEPARTMENT OF TRANSPORTATION

ALL RIGHTS RESERVED
WICKENBURG ROUNDUP CLUB

GENERAL HIGHWAY MAP

MARICOPA COUNTY, ARIZONA

ARIZONA DEPARTMENT OF TRANSPORTATION
DIVISION OF HIGHWAYS
PHOTOGRAMMETRY AND MAPPING
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
19..

N

SCALE

0 1 2 3 4

STATUTE MILES

COMPILED BY PHOTOGRAMMETRIC METHODS PHOTOGRAP
CONTROL BY USC&GS AND USGS
TRANSVERSE MERCATOR PROJECTION 1927 NORTH AMERIC
ARIZONA COORDINATE SYSTEM CENTRAL ZONE
UNIVERSAL TRANSVERSE MERCATOR SYSTEM ZONE

# K I R W I N  B L U E  W A S H

# P R E C I O U S  M E T A L S  M I N E

# W I C K E N B E R G  A R E A

# C E N T R A L  A R I Z O N A

## INTRODUCTION

Subject report is relevant to the economic viability of vast tonnages of sand material containing inordinate amounts of both GOLD and SILVER along with contributions from the Platinate group metals all relative to the Kirwin Blue Wash Orebody (KBW).

Apprraisal of precious metals wealth is presented herein as determined through strict adherence to accepted engineering principles.

RECOMMENDATION IS FOR IMMEDIATE MINERAL PRODUCTION.

## PROPERTY, LOCATION, ACCESS,

Genarally known as the "Blue Wash Placer", The holdings encompass the LARGE HASSAYAMPA PLAIN including portions of adjacent Tonopah Desert.

More specifically, the precious metals area commencing immediatly South of the famed VULTURE GOLD MINE located some 15 miles south southwest from the city of Wickenberg, Arizona. Extends 6 miles West, 14 miles East and southward for 20 miles from this mine enclosing over 400 square miles in Maricopa County, Vulture mining district. Thus imparting to this region the extraordinary distinctio of likely being the most enormous discovery of precious metals in existance.

Drill holes verify that the subject placer sand materials is from 500 ft. to 1,300 ft. in thickness.

Access is easily attained via the Vulture mine road, originating



3 miles West of Wickenberg from Hwy. 60 directed South Southwestward past the mine proper directly onto the Kirwin Blue Wash precious metals holdings.

As ground held by placer mining claims has been acquired from Bureau of Land Management (BLM), the normal 5% royalty payable to State of from production proceeds is not applicable thus substantially enhancing profits from mining.

## GEOLOGY: SOURCE AND ENRICHMENT METHODS.

It is virtuallu historic the prolific number of vein type Gold & Silver Lode deposits prevelant in the famoue Wickenburg area. However the many miles of flat desert in Blue Wash Placer lack obvious geological evidence of zones of concentration for precious metals mineralization as stream chammels and river gravels, thus the area has been almost totally ignored in the past.

Recent research confirms that source of precious metals is from vertically rising, superheated aqueoua solutions, enriched with precious metals, emanating from a molton pluton situated some distance below the Blue Wash Placers.

For many tens of thousands of years hydrothermal mineralizers have invaded the Hassayampa Plain-Tonopah Desert sands depositing generation after generation of precious metals continuously as the source solutions cool near surface. Thus endowing the subject sand material over an exceptionally wide area with Gold, Silver and Platinum particles. Leaving a legacy of one of the largext ore zones of its type in existance.

Because of the mode of enrichment, it is logical to conclude that the sand orebody increases in value with precious metals with depth, and it is possible this increase is a logrithmic function.

## HISTORY: EVALUATIVE TECHNIQUES:

Attention in the region has been focussed upon Lode type deposits almost to the exclusion of Blue Wash Placer.

CONCLUSIONS AND RECOMMENDATIONS:

Professionally performed field and research studies to date prove vast amounts of exceptionally high grade Silver and Gold exist on Gold-Dust Claim #3 in detrial sand material recoverable through well-accepted and widely practised chloride leach-precipitator facilities.

Source of precious metals appears to be orginally from normal weathering of mountain ranges, reworked fro further concentration, then subject yo hydrothermalism from ascending mineralized hot water solutions from deep-seated pluton as super concentrators.

Ore is not assayable under normal fire assay methods, accounting for non-discovery to date. However wet chemical determinations by consultant L. Luegge, P.E., supported by Gold-Silver recovery from furnacing 100 pound samples of ore indicate grade to be .97 oz/T Gold and 28.8 oz/T Silver from surface material. 87,000 tons of ore material is indicated on the Gold-Dust #3 for each foot of vertical advance.

Detrial sand ore is non- amenable to mechanical concentration, but responds positively to 5% solution of hydroclorite-hydrochloric acid at 10:T concentration under 120 Hour leach to recover through lead-HCL Ion exchange. 65% of Silver and 76% of Gold or $170.77 per ton ( July 1983- $269.83)(update added) head crude ore profit.

Prior to placing Gold-Dust #3 into production, it is recommended bench testing and pilot plant recovery be performed. Preferably at Mountain States Engineering, Tucson, to achieve optimum recovery of presious metals at estimated cost of--------.

Because of ideal climatic environment, ore leaching is regarded as highly efficient on a year around basis. Water is conserved through recycling, and can be obtained nearby.

REGISTERED PROFESSIONAL ENGINEER
G. L. KIRWAN
PROVINCE OF ONTARIO



SUMMARY

Work to date on Gold-Dust Claim #3 indicates an extraordinarily large and high grads precious metals orebody carrying abundant Silver and Gold precious metals. Both recoverable through chloride leaching.

The more salient features of the subject property are the follow. :

1. Vast Ore Tonnage.
2. Exceptionslly high grade Silver and Gold.
3. Amenable to recovery by inexpensive open pit mining, or placer.
4. Easy access.
5. Excellant year around climate.
6. Initial capital outlay small to initiate production.
7. Nil waste overburden.
8. No Ecological problems anticipated.
9. Short time period to production.
10. Long Mining POtential.
11. Federal ground eliminates Royalty payments from production.
12. Ore amenable to known processing procedures.
13. Nearby source of labor and commodity.
14. Multimetal contribution hedges against single metal market low.
15. Ore grade likely increases in value with depth.

The inordinately rich precious metals sands have not heretofore been evaluated chiefly because of a naieve and almost universal blind reliance upon the antiquated and drastically ineffective Fire Assay Methods virtually exclusively trusted in initial evaluation of Gold, Silver and Platinum orezones; A drastic error indeed The equally trusted and essentially euqally ineffective Atomic Absorption and Spectrographic analytical methods follow a close second to the undependable Fire Assay. Particularly on Ores of the Southwestern United States. There are a number of valid reasons for the ineffectiveness of these assay methods on precious metals of the Southwest. Occasionally a spurious positive Fire Assay can result.

The first evidence of exploration was the KERR-McGEE, EXXON, and PHILLIPS PETROLEUM drilling vertical holes throuhg the sand Ore in likely research of Geothermal Activity.

In 1964, a 10 Ton composite sample from 14 test holes each 30" in diameter locates 6 miles South of the Vulture Mine were analysed by Resin Exchange methods capturing each precious metal in hand by a most reliable metallurgist, Mr. C. Taylor, netting 865 ounces Gold 21 ounces Platinum, and 5.6 ounces Palladium per ton on concentrate. As concentration ratio of tested sands is unknown, value of each of the precious metal in head Ore cannot be determined. It is noteworthy that accompanying report mentions the occurrance of numerous Gold Nuggets indicating PLACER ENRICHMENT. *Report unreadable.

A breakthrough was established in 1974 by Phoenix based ORE-TECH LABORATORIES which firm performed "Proof-Of-Extraction" utalizing ELECTROLYTIC methods to produce a precious metals alloy from Kirwin Blue Wash semi-concentrated Ores. 0.9 ounces GOLD and 5.45 ounces SILVER per ton were captured in hand. (refer to confirmatory documentation) Significantly, this process then is amenable to the subject Ores as a method of extraction on production basis.

In 1974, PARZELL RESEARCH of Tempe, Arizona, extracted from 3 Blus Wash Samples an average each of $167.00 per ton of head sand Ore in Gold alone. (1983 value $423.)(update added). This work was followed by using Aluminum Chloride extraction by Mr. Jack Kinman with the following Gold-Silver- collected in hand: 2.5 ounces GOLD, 60 ounces SILVER per ton; 2.5 ounces GOLD, 160 ounces SILVER.



All as related back to HEAD CRUDE ORE. (Value 1983 $ 1,929.96 average.)(1983 prices; Gold $420.; Silver $12) Aluminum Chloride with Ammonium Nitrate is best suited for laboratory research and not as a method of production.

This writer indicated in 1975 over five million tons of sand-gravel material somewhat unlike the Blue Wash PLacer Ore, but located on the Geographical Eastern extremity of the Blue Wash PLacer. Ore averages over 2 ounces Gold and some 15 ounces Silver per ton of 50% screened concentrate. Production is now planned. (1983 value $510.)

Extensive exploratory and evaluative research has been performed on the subject Blue Wash PLacer sand Ores by this author during 1975 and 1976 utalizing that WET CHEMICAL assay formula officially adopted by the State of California referred to as the "Bemish Wet Chemical Method of Analysis" capturing all precious metals in hand.

A second most confirmative evaluative technique that completely substantiates wet chemical assay results, yet is also highly dependable and most superb method for verifying true value of the sand Ore itself, is the SMELTING UNDER CRITICAL SCRUTINY by this writer of numerous 200 pound representative bulk products of Ore each derived from continuously sampling a leneal mile of KBW precious metals material. The sand ore sample is actually melted into fluid composition thus releasing to a collector virtually all Gold, Silver and Platinates which accumulated in a single, impressive, hand size DORE BAR containing all the precious metals that were originally in the 200 pound sand sample.

ORE GRADES, TONNAGES, DOLLAR VALUES:

An inordinately large, high grade, open pit, Gold-Silver-Platinum orebody has been proven conclusively to exist in the Blue Wash Placer of Central Arizona.

Through application of sophisticated, yet proven and accepted Engineering Principles relative to evaluation of extensive precious metals deposits. ONE OF THE LARGEST, MOST COMMERCIALLY VIABLE

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The numerous assays and smelts performed by and for this writer ranged o.40 ounces GOLD per ton of raw sand to a high of 2.31 ounces While that of SILVER ranged 2.3 to 60.80 ounces per ton, and PLatinu metals from 0.08 to 2.70 ounces per ton of sand. All determinations professionally executed from a WIDE RANGE of REPRESENTATIVE SAMPLES. (1983 value of GOLD ranges from $ 168. to $970.20.; SILVER ranged from $27.60 to $729.60)(update notes added)

From research performed to date, it is conservatively concluded that average sand Ore grade per ton of material, unscreened, would be 0.4 to 0.6 ounces GOLD per ton,about 10. ounces SILVER and about 0.13 ounces Platinate metals all for an extraordinarily high dollar value at current market prices of $122.80 per ton unconcentrated crude Ore. ( GOLD & SILVER only 1983 value $330.per ton)

Because of mode of mineralization from Hydrothermil solutions invading placer sands, all sand particle sizes carry essentially same values, thus eliminating cost of screening Ore on production.

Each 20 Acre Placer claim to depth only 1-0 feet from surface would contain 7,500,000 tons of precious metals Ore. A section of one square mile containing 640 acres would enclose to same depth 240 million tons. Mining at rate of 1,000 tons per day for 300 day year would exhaust a section of Ore in 800 years.

Each 20 acre claim to depth 100 feet from surface would contain approximately one billion dollars in precious metals, based upon known Ore values.

CONSIDERATION OF METHOD OF ORE TREATMENT:

From representative sand Ore material from Kirwin Blue Wash, tests on the well-established CYANIDE LEACH METHOD were performed by Consultant Willard Lueggs,P.E., with exceptionally good results.

Mr. Lueggs's research proves that 80.95% of GOLD and 55.55% of SILVER goes into light Cyanide Solution. It is a simple matter to electrowin precious metals values from Cyanide Solution, much like



a car bumper is chromed, resulting in a most saleable product containing essentially pure metals. Ore must be pre-roasted at 700° F.

Mr. Luegge similarily performed Hypochloride Leach research with essentia;;y equivalent results as Cyanide. Electrowinning capture would similarly be applicable.

Electrolitic extraction by ORE-TECT LABORATORIES of Phoenix, Arizona proved commercial as a method of producing a saleable product of precious metals from subject Blue Wash Ore. Percentage recovery has not been determined and a minimal amount of research should be performed utalizing this method to determine viability to processing Kirwin Blue Wash ores on a commercial basis. (see documentation)

ACTIVATED MERCURY CATHODE COLLECTION has proved an excellant method of capturing precious metals from subject Ores and further testing should be performed at Scottsdale, Arizona, to hypo so;ution for optimum recovery of all precious metals.

With regard to the four methods of capturing precious metals as a saleable product, all as noted above, each is amenable to the subject Ore. Pre-treatment of Ore in the form of a roast to 700°F would be a requirement for Cyanide and Hypochloride Leach. Ore would similarly require pulverization to about 200- Mesh size to fully liberate Micron-sized orecious metals and can be done for an estimated $3 to $4 dollars per ton depending upon the plant.

CONCLUSIONS AND RECOMMENDATIONS:

The vast Multi Billion Dollar precious metals orezone located in central Arizona covering some 400 square miles of flat desert sands which have become mineralized through vertical invasion by Hydrothermal solutions impregnating the ores with abundant Gold, Silver, Platinate group metals, is xhararterized by being situated in an area of EASY ACCESS in SUPERB all-year mining weather. Close to transportation facilities, adjacent to labor and commodity sources, in an environment of stable government, favorable to the mining industry. EASY OPEN PIT, PLACER MINING WITH FRONT END LOADING INTO TRUCKS WITH NIL OVERBURDEN TO REMOVE, AND EMENABLE TO PROVEN INEXPENSIVE PROCESSING METHODS MAKING THE KIRWIN BLUE WASH PRECIOUS

# PARSELL

1966 E. FIRST ST. TEMPE ARIZONA 85281
TELEPHONE 602-966-7761

DATE 4/4/74

RESEARCH ASSAY REPORT for Ken Bonnalsnill

| ELEMENT | OZS. PER TON | VALUE PER TON | @ MARKET U.S. |
|---|---|---|---|
| GOLD (AU) | ① ② ③ 9.44 - 9 | 1605.00 150.30 234.20 | 167.00 |
| SILVER (AG) | | | |
| PLATINUM (PT) | | | |
| RHODIUM (RH) | | | |
| PLADIUM (PD) | | | |
| | | | |
| | | | |
| | | | |
| | U.S. REFERENCE NUMBER | | |

REMARKS: SAMPLE'S (1) Tailing tested, [illegible] Cons-[illegible] Fine
" (2) Cg. [illegible] Sand
" (3) [illegible] Black Cg.

FEE. 30.00

Paid

SIGNATURE
/s/ Scott E. Horton

ORE RESEARCH — ANALYTICAL REPORT

Type of test: PROOF-OF-EXTRACTION  Date: 12-12-74

Sample submitted by: Gary Smith, Rt. 1, Box 570, Laveen Arizona 85339

Sample description: 'Longwolf 25-75' Black sand semi-concentrated  071.7900

Quantity of material used: 100 Grams  Sample size: 10 Pounds

| Actual extraction | | Equivalent per ton | Values per ton |
|---|---|---|---|
| Silver | 18.7 Mg. | = 5.453 ounces @ $ 4.00 per ounce | = $ 21.82 |
| Gold | 3.1 Mg. | = 0.904 ounces @ $180.00 per ounce | = 162.72 |
| | | | $184.54 |

TEST FEE $235.00 PD.

ORE-TECH LABORATORIES, Incorporated

METALS OREBODY HIGHLY COMMERCIAL AND THUS EXTRAORDINARILY ATTRACTIVE AS A MOST PROFITABLE ENTERPRIZE.

Presented as a means of economic comparison with the KBW mine, the following represents a partial list of profitable mines with Gold Ore Grade being mined from expensive underground developments with no other contributing metals and nil subsidization:

| PRODUCER | GOLD VALUE: OZ/TON | DOLLAR VALUE/TON * | |
|---|---|---|---|
| SIGMA MINES | 0.22 | $ 24.20 | $ 92.40 |
| DOME MINES | 0.27 | 29.70 | 113.40 |
| EAST MALARTIC | 0.13 | 14.30 | 54.60 |
| CAMFLO | 0.24 | 26.40 | 100.80 |
| PAMOUR PORCUPINE MINES | 0.15 | 16.50 | 63.00 |
| LAMAQUE MINING CO. | 0.125 | 13.75 | 52.50 |

* first column at $116 per/oz. second column at $420 per/oz.

Above values per ton assume added significance when compared with dollar value of KBW orezone of over $100.00 per ton (1983 $378.), open pit,placer mine.

NEWMONT MINING CORPORATION'S "CARLIN MINE" in Northwestern Nevada compares with KBW Orezone insomuch that open pit, placer methods are utilized, hydrochemical methods of extraction are applicable and GOLD particles are Micron Sized. It is noted with interest that Newmont's Gold Grade is half that of KBW Ore.

Recommendation is for immediate production of precious metals from KBW mine. Pre-production research to ascertain the optimum economic viability of the four known methods of extraction of precious metals into saleable products should be implimented with emphasis on electrlytic extraction and activated mercyry cathode collection using 100, 200 and 300 pound samples, all at an estimated cost of $ regarded as a mill expenditure. Results of this research will specify type of process to employ on production, and dictate modifications to best suit KBW Ore.

PHOENIX, ARIZONA
DECEMBER 20,1978

REGISTERED PROFESSIONAL ENGINEER G. L. KIRWAN PROVINCE OF ONTARIO

G. L. KIRWAN

GERRY KIRWAN, B.Sc., P.Eng.
CONSULTANT TO THE MINERAL INDUSTRY
611 W. Gibraltar Ln., Phoenix, Arizona 85023
(602) 993-1857

GERRY KIRWAN & ASSOCIATES
• Mine Engineering
• Contract Exploration Engineering
Geological, Geophysical, Geochemical Surveys
• Commodity Reports

CONSULTING EXPLORATION ENGINEERING

RESUME OF G.L. KIRWAN:

1. BORN JANUARY 14, 1930, OTTAWA, ONTARIO, CANADA. SON OF A MINING ENGINEER WHO DID AN EXCELLENT JOB OF INITIATING HIS SON INTO THE VARIED AND TECHNICAL ASPECTS OF GEOLOGY AND MINING ENGINEERING.

2. RECEIVED BACHELOR OF SCIENCE DEGREE, 1957, CARLETON UNIVERSITY, OTTAWA, CANADA, AND TAUGHT BOTH CLASSROOM AND LABORATORY FOR 3 YEARS.. WHILE ATTENDING UNIVERSITY, RECEIVED PROFESSIONAL EXPERIENCE AND KNOWLEDGE WITH UNITED STATES STEEL CORPORATION, NEWMONT MINING CORPORATION, BRITISH PETROLEUM CORPORATION, AND NORANDA MINES LTD. IN THE FIELDS OF GEOLOGY, ENGINEERING, GEOPHYSICS, AND GEOCHEMISTRY. PERFORMED SOME POST GRADUATE WORK ALONG WITH INSTRUCTING AT UNIVERSITY OF MISSOURI.

3. 1960, BECAME CANADA'S YOUNGEST RECOGNIZED INDEPENDANT GEOLOGICAL ENGINEERING CONSULTANT. SIMULTANEOUSLY OWNED AND CONTROLLED LARGEST VOLUMEWISE CONTRACT ENGINEERING FIRM OF ITS KIND IN CANADA WITH COAST TO COAST OPERATIONS ESSENTIALLY PERFORMING TECHNICAL PROGRAMS ASSESSING POTENTIAL OREBODIES UNDER A VARIETY OF CONDITIONS. UNDERGROUND EXPERIENCE WITH KERR ADDISON GOLD MINES.

4. I AM REGISTERED WITH THE ASSOCIATION OF PROFESSIONAL ENGINEERS OF THE PROVINCE OF ONTARIO AS A PROFESSIONAL ENGINEER. I AM A FELLOW OF THE GEOLOGICAL ASSOCIATION OF CANADA, AND A MEMBER OF THE CANADIAN INSTITUTE OF MINING AND METALLURGY.

5. WITH INTEREST FOCUSSED ON REBELLIOUS TYPE ORES, I BECAME ACTIVELY ENGAGED IN THIS CHALLANGE IN 1960 AND HAVE STUDIED UNIQUE EXTRACTIVE PROCESSES THROUGHOUT THE WORLD APPLICABLE TO ORES THAT HERETOFORE WERE NON ECONOMIC.

6. OVER PAST 6 YEARS, HAVE FOCUSSED ON SOUTHWEST AREA OF UNITED STATES PARTICULARLY ON NON ASSAYABLE ORES PECULIAR TO THIS REGION CURRENTLY BRINGING INTO PRODUCTION FOUR EXTREMELY LARGE HIGH GRADE PRECIOUS METALS OREZONES

REGISTERED PROFESSIONAL ENGINEER G. L. KIRWAN PROVINCE OF ONTARIO

G. L. KIRWAN

GERRY KIRWAN, B.Sc., P.Eng.
CONSULTANT TO THE MINERAL INDUSTRY
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CONSULTING
EXPLORATION
ENGINEERING

# CERTIFICATE

I, GERALD L. KIRWAN OF THE CITIES OF VANCOUVER, B.C., CANADA, AND PHOENIX, ARIZONA, CERTIFY AS FOLLOWS:

1. THAT I AM A CONSULTING GEOLOGICAL ENGINEER MAINTAINING OFFICES AT 1331 CHARTWELL DR., NORTH VANCOUVER, CANADA, AND 611 WEST GIBRALTAR LN., PHOENIX, ARIZONA 85023.

2. THAT I HAVE BEEN GRADUATED FROM CARLETON UNIVERSITY, B.Sc., 1957, AND THAT I HAVE PRACTISED MY PROFESSION CONTINUOUSLY ALONG WITH MINOR TEACHING-STUDYING IN 1958, UNIVERSITY OF MISSOURI.

3. THAT I RECEIVED PROFESSIONAL EXPERIENCE AND KNOWLEDGE WITH UNITED STATES STEEL CORP., NEWMONT MINING CORP., BRITISH PETROLEUM CORP., AND NORANDA MINES LTD., ALL ALONG WITH 16 YEARS AS AN INDEPENDANT EXPLORATION-DEVELOPMENT-MINING CONSULTANT.

4. THAT I AM REGISTERED WITH THE ASSOCIATION OF PROFESSIONAL ENGINEERS OF THE PROVINCE OF ONTARIO AS A PROFESSIONAL ENGINEER, I AM A FELLOW OF THE GEOLOGICAL ASSOCIATION OF CANADA, AND A MEMBER OF THE CANADIAN INSTITUTE OF MINING AND METALLURGY.

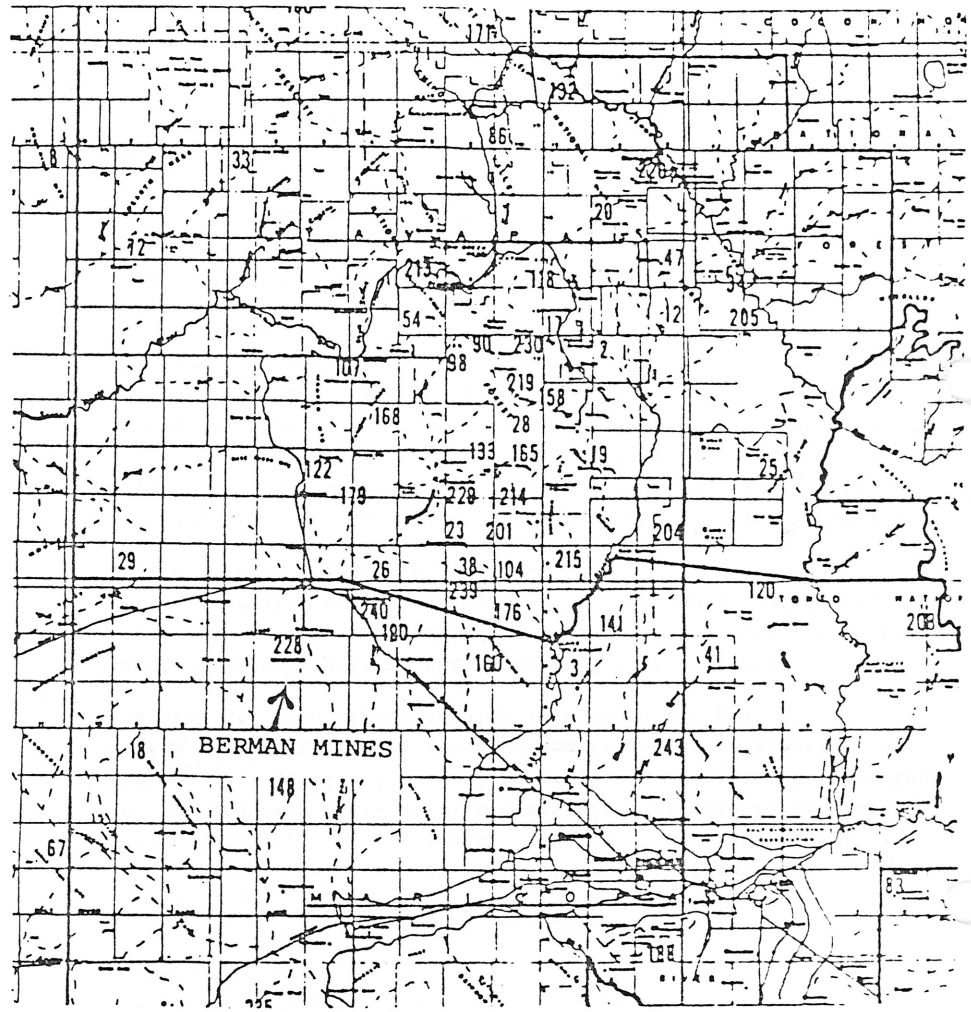
5. THAT REPORT HEREIN IS BASED UPON ALL PERTINENT DATA RELATIVE TO THE KIRWAN BLUE WASH PRECIOUS METALS OREBODY, THAT THE REPORT IS FACTUAL AND REPRESENTS FAIRLY FINDINGS TO DATE FROM OTHER PARTIES RESEARCH WORK BUT CHIEFLY MY OWN RESEARCH.

6. THAT SUBJECT REPORT IS A PRIVATE REPORT PREPARED AS A NORMAL SEQUENCE TO A MINING OPERATION, AND IS NOT TO BE MISCONSTRUED AS AN APPEAL FOR FUNDING.

DATED AT PHOENIX, ARIZONA, THIS 20TH DAY OF DECEMBER, 1978

REGISTERED PROFESSIONAL ENGINEER
G. L. KIRWAN
PROVINCE OF ONTARIO

G. L. KIRWAN




ARIZONA BUREAU OF MINES
UNIVERSITY OF ARIZONA
TUCSON, ARIZONA
J. D. FORRESTER, DIRECTOR

225-Vekol (Casa Grande) ..... M-6
226-Verde (Jerome) ..... G-7
227-Virginia (Weaver, Mocking Bird) ..... E-1
228-Vulture ..... I-5
229-Wagoner (Walnut Grove) also known as Silver Mt. (201) ..... I-6
230-Walker ..... H-6

# MAP AND INDEX OF ARIZONA MINING DISTRICTS

K I R W I N  B L U E  W A S H

P R E C I O U S  M E T A L S  M I N E

W I C K E N B E R G  A R E A

C E N T R A L  A R I Z O N A

INTRODUCTION

Subject report is relevant to the economic viability of vast tonnages of sand material containing inordinate amounts of both GOLD and SILVER along with contributions from the Platinate group metals all relative to the Kirwin Blue Wash Orebody (KBW).

Apprraisal of precious metals wealth is presented herein as determined through strict adherence to accepted engineering principles.

RECOMMENDATION IS FOR IMMEDIATE MINERAL PRODUCTION.

PROPERTY, LOCATION, ACCESS.

Genarally known as the "Blue Wash Placer", The holdings encompass the LARGE HASSAYAMPA PLAIN including portions of adjacent Tonopah Desert.

More specifically, the precious metals area commencing immediatly South of the famed VULTURE GOLD MINE located some 15 miles south southwest from the city of Wickenberg, Arizona. Extends 6 miles West, 14 miles East and southward for 20 miles from this mine enclosing over 400 square miles in Maricopa County, Vulture mining district. Thus imparting to this region the extraordinary distinctio of likely being the most enormous discovery of precious metals in existance.

Drill holes verify that the subject placer sand materials is from 500 ft. to 1,300 ft. in thickness.

Access is easily attained via the Vulture mine road, originating



3 miles West of Wickenberg from Hwy. 60 directed South Southwestward past the mine proper directly onto the Kirwin Blue Wash precious metals holdings.

As ground held by placer mining claims has been acquired from Bureau of Land Management (BLM), the normal 5% royalty payable to State of from production proceeds is not applicable thus substantially enhancing profits from mining.

GEOLOGY: SOURCE AND ENRICHMENT METHODS.

It is virtuallu historic the prolific number of vein type Gold & Silver Lode deposits prevelant in the famoue Wickenburg area. However the many miles of flat desert in Blue Wash Placer lack obvious geological evidence of zones of concentration for precious metals mineralization as stream channels and river gravels, thus the area has been almost totally ignored in the past.

Recent research confirms that source of precious metals is from vertically rising, superheated aqueoua solutions, enriched with precious metals, emanating from a molton pluton situated some distance below the Blue Wash Placers.

For many tens of thousands of years hydrothermal mineralizers have invaded the Hassayampa Plain-Tonopah Desert sands depositing generation after generation of precious metals continuously as the source solutions cool near surface. Thus endowing the subject sand material over an exceptionally wide area with Gold, Silver and Platinum particles. Leaving a legacy of one of the largext ore zones of its type in existance.

Because of the mode of enrichment, it is logical to conclude that the sand orebody increases in value with precious metals with depth, and it is possible this increase is a logrithmic function.

HISTORY: EVALUATIVE TECHNIQUES:

Attention in the region has been focussed upon Lode type deposits almost to the exclusion of Blue Wash Placer.

Name of Shipper Jim Covert & Ed. Murray J.

Address Wickenburg, Ariz.

Name of Mine or Sample Blue West Placer Sent in on Trailer

Location of Property Wickenburg.

Date Received 1-25-64 | Date Assayed 2-14-64

Classified Pounds of Plus 3/8" | Plus 1/16"

Pounds Plus -16" Pounds 2000# Run test | -20 Mesh Pounds

Magnetics Pounds | Weight of Total Shipment 10 ton

Weight of Products from Cone 17 Oz. | Minus -20 Mesh 7oz.

Plus 20 Mesh 10 oz. | Weight of First Riffle 24 pounds

Weight of Second Riffle 14½ pounds | Weight of Third Riffle

Assay Value of Cone Concentrates -20 Mesh 16 Mesh 7oz.

Gold Ounces Per Ton 845.00 oz. | Palladium Ounces Per Ton 2.50

Platinum Ounces Per Ton 20 oz | Total Values Per Ton $45,625.00

Assay Value of Cone Concentrates Plus 20 Mesh (10oz)

Gold Ounces Per Ton 20.00 oz. | Palladium Ounces Per Ton 3.10

Platinum Ounces Per Ton 1.00 | Total Values Per Ton $842.00

Assay Value of First Riffle off Table -20 Mesh (24 [illegible])

Gold Ounces Per Ton 1.40 | Palladium Ounces Per Ton [illegible]

Platinum Ounces Per Ton 1.00 | Total Values Per Ton $193.00

Heads Non-Mag.

Assay Value of Second Riffle off Table -20 Mesh

Gold Ounces Per Ton .10 | Palladium Ounces Per Ton 2.10

Platinum Ounces Per Ton .35 | Total Values Per Ton $77.50

Heads Mag.

Assay Value of Third Riffle off Table -20 Mesh

Gold Ounces Per Ton 1.20 | Palladium Ounces Per Ton [illegible]

Platinum Ounces Per Ton .20 | Total Values Per Ton $67.00

In interpretation: from 10 tons of head crude ore sand Wickenburg Blue placer, it was reduced to 2000 pounds of minus 16" which was coned giving +20 mesh 10 oz. material with above assays, and minus 20 mesh 7 oz. with as says. Con ratio is therefore 3200:1 for +20 mesh, and 4571:1 for -20 mesh monthly figures

Assay Value of Middlings off Table -20 MESH

Gold Ounces Per Ton .10 | Palladium Ounces Per Ton 1.50

Platinum Ounces Per Ton Trace | Total Values Per Ton $33.50

Assay Values of Tails off Table -20 Mesh

Gold Ounces Per Ton Trace | Palladium Ounces Per Ton .50

Platinum Ounces Per Ton Trace | Total Values Per Ton $10.00

Assay Values of Plus 3/16" off Trommel Screen

Gold Ounces Per Ton | Palladium Ounces Per Ton

Platinum Ounces Per Ton | Total Values Per Ton

Assay Values -3/16" and Plus 20 Mesh Off Jig

Gold Ounces Per Ton | Palladium Ounces Per Ton

Platinum Ounces Per Ton | Total Values Per Ton

The values per ton listed in this report are just the rough concentrates taken as described, and by retabling the same, the values could be increased many times higher than are shown here.

The results that we are reporting in this report, figure out that it will take about _____ tons of bank run material or other material to produce a ton of the concentrates.

The results reported were obtained by running this sample through the following equipment, CLARK TROMMEL SCREEN, CLARK CONE AND A CLARK JIG, and then the fines from the jig were run over a Riffle Table. After the Magnetics were removed with an electric separator.

On wet material that is received at our plant and before we run a mill test of the material, it is dried through a gas-fired dryer and then the magnetics are removed and the balance of the material is run through the above-described circuit.

It is very important that the Magnetics be removed from either dry or wet material before the balance of the material is run through the test unit.

HESPARIA SMELTING & REFINING WORKS

By Clifford Taylor, General Manager

# PARSELL

1966 E. FIRST ST. TUCSON ARIZONA 85231
TELEPHONE 602-966-7761

DATE 4/4/74

RESEARCH ASSAY REPORT for Ken Bonnstill

| ELEMENT | OZS. PER TON | VALUE PER TON | @ MARKET US$ |
|---|---|---|---|
| GOLD (AU) | ① ② ③ 9.44 - .9 | 16.05.00 150.20 234.20 | 167.00 |
| SILVER (AG) | | | |
| PLATINUM (PT) | | | |
| RHODIUM (RH) | | | |
| PLADIUM (PD) | | | |
| | | | |
| | | | |
| | | | |
| | US REFERENCE NUMBER | | |

REMARKS: Samples (1) Tucson Tailings, Wilcox Way Cos-Lyon Field
" (2) Cty. Rio Rico Sand
" (3) Amalgamating Wash Cty.

FEE 30.00

Paid

SIGNATURE
/s/ Scott E. Horton

ORE RESEARCH — ANALYTICAL REPORT

Type of test: PROOF-OF-EXTRACTION  Date: 12-12-74

Sample submitted by: Cary Smith, Rt. 1, Box 570, Laveen Arizona 85339

Sample description: 'Longwolf 25-75' Black sand semi-concentrated  OTI.7900

Quantity of material used: 100 Grams  Sample size: 10 Pounds

| Actual extraction | | Equivalent per ton | Values per ton |
|---|---|---|---|
| Silver | 28.7 Mg. | = 5.453 ounces @ $ 4.00 per ounce | = $ 21.82 |
| Gold | 3.1 Mg. | = 0.904 ounces @ $180.00 per ounce | = 162.72 |
| | | | $184.54 |

TEST FEE $235.00 PD.

V.C. Simon

ORE-TECH LABORATORIES, Incorporated

Assaying Chemical Analysis
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

August 7, 1976

Gerry Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results from the wet chemical analysis for Ag and Au on sample of Wickenburg ore delivered 8/4/76.

Ag = 2.50 Troy oz./Ton of ore

Au = .40 Troy oz./Ton of ore

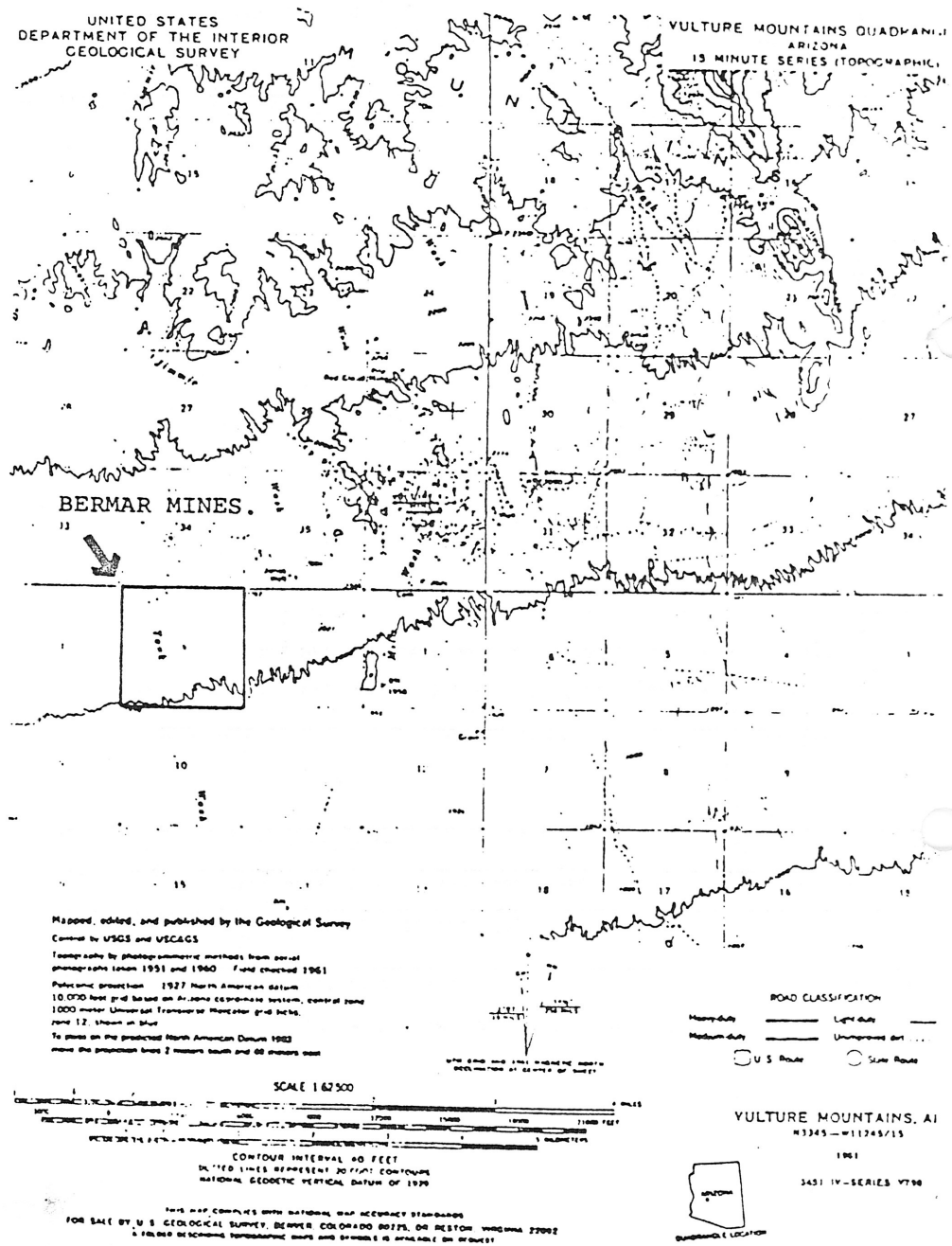
Yours truly,

Willard Luegge

Willard Luegge

SECTION 7, GK claims, Wickenburg, Arizona
Material derived from surface over wide area,
Composite grab sample

G. L. Kirwan, P.E. Aug. 9, 1976



PM LABS
Assaying Chemical Analysis
Consulting Ore Evaluation
540 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

February 1, 1976

Gerry L. Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results of the wet chemical analyses on sections 3,4, 5,6, and 11.

| | | | | | | |
|---|---|---|---|---|---|---|
| Section 3: | Silver = | 16.00 | Gold = | .72 | Pt group = | .10 |
| Section 4: | Silver = | 12.96 | Gold = | 1.26 | Pt group = | .10 |
| Section 5: | Silver = | 13.15 | Gold = | 1.42 | Pt group = | .13 |
| Section 6: | Silver = | 14.58 | Gold = | .87 | Pt group = | .08 |
| Section 11: | Silver = | 16.20 | Gold = | .83 | Pt group = | .10 |

SECTIONS REFER TO LOCATIONS SOUTH OF VULTURE MINE SOUTHWEST OF WICKENBURG, ARIZONA, R6W, TWP. 5N (Section 11 is Twp. 6N)

SAMPLES TAKEN BY G.L. KIRWAN, SIEVED TO -16 MESH, SAMPLES TAKEN FROM CENTRE OF EACH SECTION IN ZONE 100 FT. RADIUS, SOME AVERAGE 1-3 FT. DEPTH IN CAT CUTS.

Yours truly,
Willard A. Luegge

G.L. Kirwan
G L Kirwan

CONSULTING
EXPLORATION
ENGINEERING
GERRY KIRWAN, B.Sc., P.Eng.
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• Mine Engineering
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Geological, Geophysical, Geochemical Surveys
• Consulting Services

PM LABS
Assaying Chemical Analysis
Consulting Ore Evaluation
540 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

February 26, 1976

Gerry Kirwan
611 W Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results of wet chemical analysis on Gary Smith Cons #1 bar cuttings ( From 10 lbs. of gold bowl heavies )

Ag = 07%
Au = .01%
Pt group = .005%

Note: Having a bar weight of 63.7 Troy ounces, this would calculate out at 9.00 oz. of Ag./1.28 oz. of Au. and .60 oz. of Pt group per ton of gold bowl heavies.

SME:

Re: Results of wet chemical analysis on Gary Smith Cons.

Ag = 10.80 oz./Ton
Au = .60 oz./Ton
Pt group = .25 oz./Ton

BAR FRO
FURNACE INC
OF CONS

Yours truly,
Willard Luegge
Willard Luegge

Gold - Silver not in concentrate!

38 tons for 100 lbs!

Con ratio 760:1

WICKENBURG ORES
RESULTS: POSITIVE

P M LABS
Assaying Chemical Analyses
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

March 10, 1976

Gerry L. Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results of: (1) Wet chemical analysis for silver, gold, and platinum group on the Garcia Ironwood Mines ore and (2) cyanide leach test on the same ore and(3) chloride leach test on the same ore.

Results of the Wet Chemical Analysis:

| | | |
|---|---|---|
| Silver | = 17.28 Troy oz./Ton of ore | $361.32 |
| Gold | = 2.31 Troy oz./Ton of ore | |
| Pt group | = 2.70 Troy oz./Ton of ore | ($337.50+) |

Results of the Cyanide Leach Test:

| | | |
|---|---|---|
| Silver | = 9.60 Troy oz./Ton of ore | $274.07 recove |
| Gold | = 1.87 Troy oz./Ton of ore | |

Results of the Chloride Leach Test:

| | | |
|---|---|---|
| Silver | = 11.37 Troy oz./Ton of ore | $267.75 recove |
| Gold | = 1.76 Troy oz./Ton of ore | |

X ALL ORE SIEVED TO -10 MESH (VALUES LOST) NO SIEVING REQUIRED

Yours truly,

Willard Luegge

NOTES: CYANIDE: POLVERIZED TO PASS -200 MESH. NACN. 120 HOURS LEACH, AERATED, STIRRED (NO LEAD ACETATE) 1% SOLUTION (too low for ...

CHLORIDE: PULVERIZED TO PASS -200 MESH. 5% SOLUTION, 50:1 HYPOCHLORITE : HYDROCHLORIDE ACID. 120 HOUR LEACH. STIRRED-AERATED

BOTH LEAD HCL PRECIPITATE (Previous runs zinc powder contaminated)
BOTH DORE BUTTON AND ACID PARTING

P M LABS
Assaying Chemical Analyses
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

May 18, 1976

Gerry L. Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results from the wet-chemical analysis for Ag and Au on Sec. 12-3N-6W.

| | | |
|---|---|---|
| Ag | = 15.00 | Troy oz./Ton |
| Au | = 1.84 | Troy oz./Ton |

Yours truly,

Willard Luegge

township 3N, Range 6W, Section 12, Vulture Mining District. Composite 2,000 square ft., Taken by Stan Pellow, ALS. May 10, 1976; all from surface.

G.L. Kirwan

Gold Quest has now acquired the services of Mr. James Lower, Professional Engineer, to design a five ton per day pilot plant that will be moved onto the property to bulk sample ore reserves and expects to have blocked out 30 million tons of ore, grading at .4 to 1.0 oz/T Gold of raw feed. This program will start in the month of January, 1982 and be completed by June 1982.

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Signed
Robert Kennealy
Exploration Manager.

NOTES:

Received 8.74 oz Gold from 30 tons bank feed ore from sec. #23

Samples #5 & #6-- .8 and .9 Gold and Silver per ton, taken from trench piles from a depth of five feet.

Sample #3-- .4 oz/T Gold & Silver. Sample taken from 1500 feet from sample #1 at a depth of 3 feet.

Sample #2-- .94 oz/T Gold & Silver taken from one foot below surface on loader trench hole, 2,000 feet from sample #1.

Sample #1 -- 1.55 oz/T Gold. Taken from material in 10 foot trench.

Sample #1 Section 8. .36 ozT Gold, .28 oz/T Silver. Sample was taken from area rangeing from surface to 10 foot depth. Previous assay on material from same location. .60 oz/T Gold, .30 oz/T Silver and another assay, .52 oz/T Gold and .30 oz/T Silver.

Sample #3 Section 12. .31 oz/T Gold, .96 oz/T Silver. Concentrate taken from barrel was 500 pounds on 17 tons of raw feed ore. Value per ton $165.80. Raw feed assay on Section 23 total and average of $206.38 per yard, or $257.98 per ton.

Sample #2 Section 3. .25 oz/T Gold, .38 oz/T Silver. Sample taken from 200 ton stock pile from surface to 10 foot depth. Value average of $208.36 per yard or $ 260.45 per ton, with 58% recovery.



J and J Research and Development Inc.
Gold, Silver and Platinum Ores
2027 South McQueen Road • Mesa, Arizona 85202
• Phone (602) 892-1561

November 29, 1981

Mr. Barry Bellchambers
Gold Quest Exploration
P. O. Box 951
Scottsdale, AZ 85252

SUBJECT: ASSAY RESULTS FROM SIX (6) TEN-POUNT (10#) SAMPLES TAKEN FROM THE 189 TONS OF GOLD QUEST'S ORE

Fire assay results are as follows:

| | Gold Au Oz./Ton | Silver Ag Oz./Ton |
|---|---|---|
| Sample #1 | 0.02 | 0.42 |
| Sample #2 | 0.02 | 0.40 |
| Sample #3 | .M11 | M11 |
| Sample #4 | 0.[illegible] | 2.90 |
| Sample #5 | 0.62 | 2.40 |
| Sample #6 | 1.52 | 4.87 |
| TL | 2.32 / 6 = .39 oz/ton | 10.89 / 6 = 1.82 oz/ton |

Jerry C. Henderson, Research Chemist

19

Subject: PROOF-OF-EXTRACTION, process [illegible] Date:

Sample submitted by: Gerry Kirwan 611 W. Gibralter Lane Phoenix Arizona 85023

Sample description: Blue Wash ore OTL11952

Quantity of material used: 1000 grams Sample size: 50 pounds

| | Actual extraction | | Equivalent per ton | Values per ton |
|---|---|---|---|---|
| #1 | Silver | 92.1 Mg. | = 2.685 ounces @ $ 5.00 per ounce | = $ 13.42 |
| | Gold | 26.9 Mg. | = 0.784 ounces @ $153.00 per ounce | = $133.[illegible] |
| #2 | Silver | 201.2 Mg. | = 5.867 ounces @ $ 5.00 per ounce | = $ 29.33 |
| | Gold | 9.3 Mg. | = 0.271 ounces @ $153.00 per ounce | = $ 41.46 |
| | | | | $ 70.79 |

NOTE: This ore was first ground to minus 150 mesh and then pre-treated in a thermal reactor with aluminum chloride.

THIS ORE IS ALLUVIAL SAND MATERIAL FROM SURFACE DERIVED FROM WICKENBURG, SECTION 3, T5N, R6W, SAMPLED BY MIKE QUINN, DENVER, COLORADO WHICH SAMPLE WAS A COMPOSITE TAKEN OVER 1/2 MILE ACROSS SUBJECT SECTION WEIGHING SOME 50-60 POUNDS, CUT AND RIFFLED.

NOTE: #2 ABOVE, THE TWO CHEMICAL INGREDIANTS WERE LOWERED FROM THE NORMAL 50:50 PLUS ORE AS IN #1 TO 35:35 PLUS ORE PLUS INGREDIENT.

G.L. KIRWAN 3/29/77

G. L. Kirwan

Result fee

V. L. Simon

[illegible] LABORATORIES [illegible]


PM LABS
Assaying Chemical Analyses
Consulting Ore Evaluation
640 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145


April 5, 1976

SMELT

E. Amendolagine
c/o Manny Consultants Ltd.
Vancouver 10, B.C.

Re: Results of analyses on samples delivered last week.

| Description: | Silver: | Gold: | Platinum Group: |
|---|---|---|---|
| ** Section 3 | 60.80 | .78 | [illegible] |
| *** | 23.50 | 4.20 | 1.63 |

** This is a split, head crude ore, Wickenburg, which I furnaced getting 96.26 oz. silver, 0.46 oz. gold

***Vertical sample surface to bottom of cat pit 50 ft. screened to 16-

Sincerely,

G. L. Kirwan

Assayer

All furnacings of above ore including fire assays with precious metals recovery were performed by G.L. Kirwan, P.E., along with M. Amendolagine, P.E., of Vancouver, B.C. Ore samples were taken by both these parties.

* WICKENBURG ORE UNSIEVED * HEAD CRUDE SAND ORE FROM SURFACE.

Assaying Chemical Analysis
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

August 7, 1976

Gerry Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results from the wet chemical analysis for Ag and Au on sample of Wickenburg ore delivered 8/4/76.

Ag = 2.50 Troy oz./Ton of ore

Au = .40 Troy oz./Ton of ore

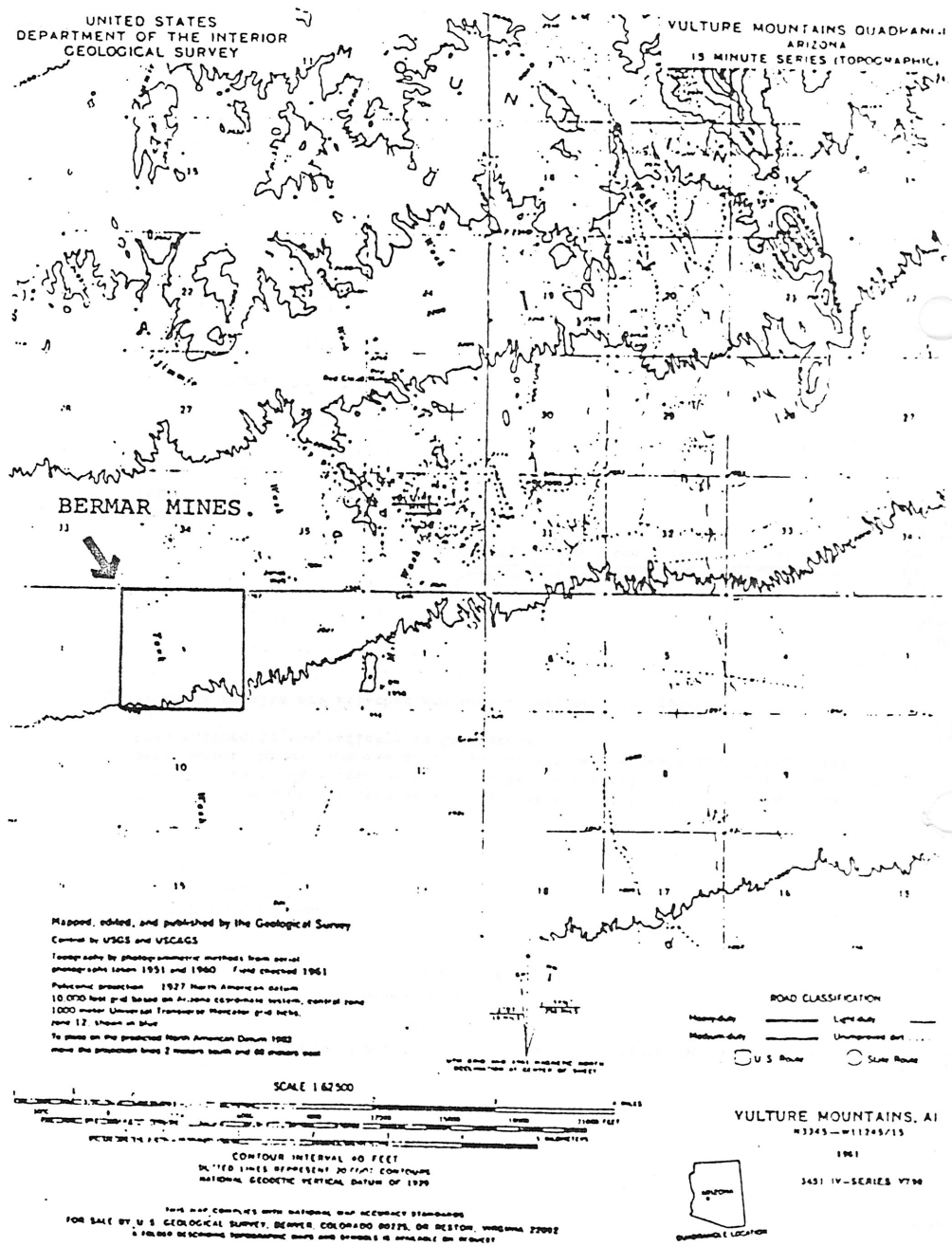
Yours truly,

Willard Luegge

Willard Luegge

SECTION 7, GK claims, Wickenburg, Arizona
Material derived from surface over wide area,
Composite grab sample

G. L. Kirwan, P.E. Aug. 9, 1976



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November 29, 1981

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SUBJECT: REPORT ON PROCESSING AND REFINING 30 TONS OF GOLD QUEST ORE

125 tons of ore from Section 23 south of Wickenburg, Arizona was shipped by truck to Melo Research & Development, Inc. in Moapa, Nevada. Processing was commenced on October 28, 1981; results sent to the refinery November 5, 1981; refinery payment received November 24, 1981 in the amount of $3,489.45 (see attachments.)

At Melo's plant, 30 tons of this ore was put into the circuit and leached with KCN, oxidizer and wetting agent. Time of leach was 18 hours. (Note: Normal time of leach with Melo R & D, Inc. process is 4 hours.)

The slimes of this Section 23 ore had no body, so we were unable to filter the ore. By adding a flocculant to the ore we were able to settle most of it. Then we decanted the solution from which we were able to recover about 60% of the total values.

The process used is as follows:

The ore was fed from the ore bin to a trommel where water was added to the ore. At the trommel the ore was washed for 18 minutes. At the rear end of the trommel it was screened. Plus 10 mesh was conveyed out of the circuit to the tails. Minus 10 mesh was run over a sluice box into a sump, then pumped to a screw classifier at which point the sand was run through a magnetic roll and the magnetics extracted. The remainder of the sand was pumped to a concentrating table where the non-magnetics were extracted.

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Non-magnetics from 30 tons - 68 lbs.

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Potassium cyanide - 8 lbs./ton
"X" Oxidizer - 1 gal./ton.
Wetting Agent - 1 pint/ton

From the sump the slimes were pumped to a 2,000 gallon tank and mixed for 40 minutes. Then the slimes were pumped to an 18,000 gallon thickener to finish out the 4-hour leach time.

The cyanide solution is pumped to three hold tanks.



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From the hold tank the cyanide solution was pumped through the resin tanks where the gold was extracted by the resin. After all of the solution had been pumped through the resin, it was taken from the resin towers and dried, then shipped to the refinery in California.

Refinery results are attached and made a part of this report.

Jerry C. Henderson, Research Chemist

JCH:bh
attachments

TOTAL CHARGES: $6,000.00

TOTAL PAID: $3,000.00

BALANCE DUE: $3,000.00

REPORT ON HASSAYAMPA PLAIN DEPOSIT
KIRWIN BLUE WASH
SMITH MINING CLAIMS

October 30,1981

On April 15th, 1981, Mr Robert Kennealy and Mr. L. Hassel were called upon to test six sections of placer ground on the Hassayampa Plain, ( also known as the Kirwin Blue Wash and the Smith Mining Claims) sixteen miles Southwest of Wickenberg, Arizona.

Built was a small portable centrifuge that has the ability to collect 95% of all material over a density of four. This machine was set up on the Jones ranch and five 135 lb. samples were run through the centrifuge with a result of two (2) grains of gold per 135 lb.sample of raw feed. (equals .162 ozT)

The material run was very fine and the largest rock encountered was minus two inches. One of the problems was the material washing and we found it had to be cycled through twice to get a good wash. The Gold in the clean-up was a very fine with the largest nugget -16 mesh. Also, when cleaning the concentrator a very small amount of dull silver leads were found.

With the excellant results from the small portable mill, a second phase of testing was set up by Mr. Barry Bellshambers and Mr Kennealy to test the extent of the deposit and prepare for a larger pilot plant to be taken to the area.

On June 5th an extensive soil sampling program was set up to test and prove out 4.5 million tons of Ore to justify a 250 T.P.H. plant.. Samples were taken across a six mile range from the surface with assays running from .4 oz/T to 1.5 oz/T Gold. A 2000 foot grid pattern was done on sections 23 and 8, sampling every 500 feet and placing four 10 foot backhoe trenches at each corner of the 2000 foot pattern with an assay result of .9 oz/T Gold average grade.

Assay method used at this time was hydrochloric , leaching one (1) pound samples for three days and removing values by electrolitic extraction, ending up with a pure gold button. All assays using this method proved of very high value.



A third phase of testing was set up to determine if a cetrifuge could prove good enough values to place the property into production. A 40 T.P.H. test plant was rented from Melcom Industries on July 18th and 100 tons of a compositesample was taken from Section 8 and another 100 tons from section 23, using an old method of assay (scorefire with silver inquart) and taking two samples from each stock pile, the results came out at over 1.0 oz/T Gold of raw feed. We then 17 tons of material from section 23 and had to shut down the plant. The reason the 100 ton was run, was because of poor recovery from the plant. It was noted that too much black sand loss was coming from tailings, which indicated the plant was running to slow and had an improper wash. Assay of concentrates from plant came out to $12. per ton of raw feed.

Because of the poor performance of the pilot plant we decided to attempt to leach the material on pads taking 50 pound samples. We proceeded to cyanide leach for seven days but because of the fineness of the material, we would develop a puddling action and the cyanide would not perculate.

Our next test was in J & J Research Lab. By agitating the material using potassium cyanide, x-oxidizer and a wetting agent over 18 hours we were able to recover in solution .6 oz/T Gold of raw feed.

A large staking and land acquisition program was set up to acqui all the ground in the immediate area and a company was formed by the name of GOLD QUEST EXPLORATION, which now controls 62,000 acres of placer ground. This was completed by September 30th, 1981.

Talking over our problems with assayers and the constant discrepancy of the ground, a decision was made by Gold Quest to prove values by bulk sampling ground. 100 tons of raw feed was sent to Helo Research and Development to run the material through their 100 T.P.D. mill, which is working with complex ores. The results confirmed that a very large ore body of precious metals exists on the entire Hassayampa Plain. Out of 30 tons run, a recovery of 9.1 of Gold ( .30 oz/T) was placed in hand and our research chemist reported that only 40% of the values were actually recovered.

Gold Quest has now acquired the services of Mr. James Lower, Professional Engineer, to design a five ton per day pilot plant that will be moved onto the property to bulk sample ore reserves and expects to have blocked out 30 million tons of ore, grading at .4 to 1.0 oz/T Gold of raw feed. This program will start in the month of January, 1982 and be completed by June 1982.

SUMMARY

There have been numerous assay reports and many failures to prove up values on the Hassayampa Plain deposit and the only reason Gold Quest has been successful, is because of bulk sampling procedures (we milled the ore). The proof is that we now have Gold in hand. Only a positive approach is required and common sense milling procedures.

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Exploration Manager.

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November 29, 1981

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P. O. Box 951
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| TL | 2.32 / 6 | 10.89 / 6 |
| | .39 oz/TON | 1.82 oz/TON |

Jerry C. Henderson, Research Chemist

23

Sel-Rex

SEL-REX CORPORATION

HOME OFFICE:
NUTLEY, NEW JERSEY 07110
PHONE (201) 667-5200

OFFICES:
CHICAGO
LOS ANGELES
PROVIDENCE

DATE 11 24 81

C 11172

SHIP TO
HELO R S D INC.
P.O. Box 199
[illegible] NV 89025
Attn: Mr. Henderson

CUSTOMER ORDER NO. S/O # 22560

SHIP VIA WILL CALL

TERMS

| QUANTITY | UNIT | DESCRIPTION | UNIT PRICE |
|---|---|---|---|
| 8 74 | Tr. Ozs. | Gold | |

37% Inventory
For Singleton
Return Payment
11/1/81

Signature

TAXABLE ☐ RESALE ☐

CUSTOMER COPY

VAN WYK

MOUNTAIN STATES RESEARCH & DEVELOPMENT

Certificate No. 235

CERTIFICATE OF ASSAY

PROJECT NO. 2172

DATE 2/15/80

| Sample No. | | Cu % | Pb % | Zn % | Au oz/T | Ag oz/T |
|---|---|---|---|---|---|---|
| [illegible] #3 [illegible] | | N.D. | .01 | .01 | .801 | .18 |
| 08 " " #4 [illegible] | | 2.20 | .10 | .04 | .212 | .35 |
| 09 " " #5 [illegible] | | 0.47 | .04 | .07 | .057 | .16 |
| 10 " " #6 [illegible] | | 2.60 | .25 | .16 | .281 | .62 |

1.5 cu SAMPLE PREP
70 ea. ASSAYS

Charge $ [illegible]

THIS IS NOT A BILLING.

Chief Chemist

J and J Research and Development Inc.
Gold, Silver and Platinum Ores
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Note: Magnetics from 30 tons - 480 lbs.
Non-magnetics from 30 tons - 68 lbs.

At this writing these portions have not been processed.

The slimes from the screw classifier on the overflow side poured into a sump. At this point the chemicals were added for the leach:

Potassium cyanide - 8 lbs./ton
"X" Oxidizer - 1 gal./ton.
Wetting Agent - 1 pint/ton

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From the hold tank the cyanide solution was pumped through the resin tanks where the gold was extracted by the resin. After all of the solution had been pumped through the resin, it was taken from the resin towers and dried, then shipped to the refinery in California.

Refinery results are attached and made a part of this report.

Jerry C. Henderson, Research Chemist

JCH:bh
attachments

TOTAL CHARGES: $6,000.00

TOTAL PAID: $3,000.00

BALANCE DUE: $3,000.00

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October 7, 1981

Gold Quest Exploration
P. O. Box 951
Scottsdale, AZ 85252

REPORT OF SCREEN TESTS ON ORE SAMPLE #1051A SUBMITTED BY ROBERT KENNEALY:

| | | Au Oz./Ton |
|---|---|---|
| Plus 16 Mesh | 24.20% | Nil |
| Minus 16, Plus 30 Mesh | 11.89% | Nil |
| Minus 30, Plus 60 Mesh | 14.09% | 1.40 |
| Minus 60, Plus 80 Mesh | 4.62% | 1.80 |
| Minus 80, Plus 100 Mesh | 3.74% | 3.40 |
| Minus 100, Plus 140 Mesh | 4.07% | 2.80 |
| Minus 140 Mesh | 37.40% | 1.80 |

TOTAL CHARGES - $350.00

BALANCE DUE - $350.00

Jerry C. Henderson, Research Chemist

REGISTERED ASSAYER
JACK STONE
5479
ARIZONA, U.S.A.

J and J Research and Development Inc.
*Gold, Silver and Platinum Ores*
2027 South McQueen Road • Mesa, Arizona 85202
Phone: (602) 892-4561

October 4, 1981

Gold Quest Exploration
P. O. Box 951
Scottsdale, AZ 85252

REPORT OF SCREEN TESTS ON ORE SAMPLE #1050A SUBMITTED BY ROBERT KENNEALY:

| | | Ag Oz./Ton | Au Oz./Ton |
|---|---|---|---|
| Plus 16 Mesh | 29.235% | 0.40 | 0.06 |
| Minus 16, Plus 30 Mesh | 14.361% | 1.24 | 0.16 |
| Minus 30, Plus 60 Mesh | 17.019% | 0.65 | 0.15 |
| Minus 60, Plus 80 Mesh | 4.814% | 2.80 | 1.80 |
| Minus 80, Plus 100 Mesh | 3.656 % | 4.80 | 2.10 |
| Minus 100, Plus 140 Mesh | 3.678% | 4.20 | 1.80 |
| Minus 140 | 27.167% | 3.10 | 2.30 |

1. Next approach on this ore is to try to gravity concentrate it.

2. Cyanide for 48 hours.

2A. Cyanide with oxidizer for 4 hours.

Total Charges - $350.00

BALANCE DUE - $350.00

Jerry C. Henderson, Research Chemist

REGISTERED ASSAYER
JACK STONE
5479
ARIZONA, U.S.A.

J and J Research and Development Inc.
*Gold, Silver and Platinum Ores*
2027 South McQueen Road • Mesa, Arizona 85202
Phone: (602) 892-4561

September 20, 1981

Gold Quest Exploration
P. O. Box 951
Scottsdale, Arizona 85252

SUBJECT: Placer Samples Submitted by Robert Kennealy

| | | | Ag Oz/Ton | Au Oz/Ton |
|---|---|---|---|---|
| #1: | S & S | Scorefire with silver inquart | 1.40 | 0.874 |
| #2: | Sec. 8B | " " " " | 1.40 | 1.16 |
| #3: | Sec. 8A | " " " " | 1.60 | 1.87 |
| #4: | Sec. 23B | " " " " | 1.30 | 2.18 |
| #5: | Sec. 23A | " " " " | 1.40 | 2.76 |
| #6: | Sec. 8A | Cyanide assay with oxidizer | 0.30 | 0.02 |
| #7: | Sec. 23A | " " " " | 0.35 | 0.04 |
| #8: | Sec. 23B | " " " " | 0.20 | 0.02 |
| #9: | Sec. 8B | " " " " | 0.30 | 0.02 |

TOTAL CHARGE - $450.00

BALANCE DUE - $450.00

Jerry L. Henderson
Research Chemist

Na Comp Inc.
1966 East 1st Street — Tempe, Arizona 85281 — 602-967-9469

June 6, 1981

Reference : KBW 2 thru 5
ONE POUND SAMPLE

Mr. Robert Kennealy,

The results of our testing of reference ores are as follows:

Kirwan Blue Wash #2
STANDARD ASSAY FLUX, FIRE, AND ELECTROLYTE
Dore - - - - - - - - - -19.7mg Au, Ag - - - - - -1.3 ounces per ton

Kirwan Blue Wash #3
STANDARD FLUX, FIRE, AND ELECTROLYTE
Doré - - - - - - - - - -6mg Au, Ag - - - - - - - -.40 ounces per ton

Kirwan Blue Wash #4
STANDARD FLUX, FIRE, AND ELECTROLYTE
Doré - - - - - - - - - -7.3mg AU, Ag - - - - - - -.48 ounces per ton

Kirwan Blue Wash #5
STANDARD FLUX, FIRE, AND ELECTROLYTE
Doré - - - - - - - - - -12.3mg Au, Ag - - - - - - -.82 ounces per ton

These results were done in the laboratory and production areas, however, the results in large scale production may not necessarily equal these results.

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Jerry C. Henderson, Research Chemist

BER-MAR MARICOPA COUNTY

NJN WR 11/27/87: Supplied information to a Texas caller who reports that a group out of Las Vegas is selling placer material from a project known as Red Cloud Placer, Maricopa County. They guarantee a .1 of gold oz/yard in their offering. Brian Stone of Phenix Mining (Berman - file) is doing the processing of this material.

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KAP WR 5/27/88: A visit was made to the site of the Ber-Mar Mine (file) Maricopa County. There was no sign of recent acivity. Only a few old sample cuts in alluvium were visable. The property had been purported to be a valuable high grade gold and platinum group metal placer deposit for which investors were vigorously sought within the last couple of years.

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BER-MAR MINE MARICOPA COUNTY

NJN WR 1/27/84: Jennifer Chirolis, Office of the State Comptroller, State of Florida, 401 NW 2nd Ave., St. 870, Miami, Florida, 305-377-5213 called inquiring about G. Brian Stone's Phenix Mining Corp. She reported Mr. Stone has taken people before as a Florida Corporation named Rocky Mtn. Oil & Gas Corporation by selling oil and gas leases. The State of Florida has enjoined Mr. Stone from selling securities in Florida. Mr. Stone has not registered Phenix Mining as a security with the State of Florida.

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NJN WR 1/27/84: Ms. Chirolis also reported that the address of Phenix Mining Corp is bogus. At that location Mr. Stone's wife has a "talent agency" but rarely is anyone there. Ms. Chirolis is sending a copy of Phenix Mining Corp's Prospectus to our office for our evaluation and use.

---

NJN WR 3/9/84: Bob Kenneally (c) reports that copies of his data contained in Phenix Mining Corp's (c) Ber-Mar Mine, Maricopa County was not public information. It was used for his company's internal use to evaluate various labs and refineries operating in the Phoenix area.

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RRB WR 7/26/85: Submitted information about George Brian Stone and Bert L. Smith (Ber-Mar - file) to Margaret Ellis of the Securities Division, Corporation Commission. The Securities Division is issuing a cease and desist order on the sale of ore blocks by Stone and Smith.

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RRB WR 5/23/86: It was reproted that Brain Stone of Phenix Mining (Ber Mar Mine-file) is selling shares in Florida again.

---

RRB WR 12/12/86: Received information that G. Brian Stone of Phenix Mining Co (c) Ber Mar Mine, Maricopa County, is now doing business as president of Mining Syndicators Ltd (c) of Wickenburg and Reno. The Securities Division of the Corporation Commission had a Cease and Desist order on Phenix Mining Company so I notified them of his new operation.

---

BER-MAR MINE

PHENIX MINING CORPORATION
1528 NE 147th St. N
Miami, Florida 33161
(305) 940-7078

130 Vine Street Suite E
Reno, Nevada 89503
(702) 329-5011

NJN WR 6/24/83: G. Brian Stone, 1528 Northeast 1 St., N. Miami, Florida 33161 visited. He reported that he is with Phenix Mining Corp. which is a Florida and Nevada corporation. He (or the company) has bought Sec. 3 T5N R6W, Maricopa County and control the placer rights to an additional 6 sections. This area is just south of the Vulture Mine. Mr. Stone believes that there is a geothermal placer in this area which has a grade of .2 oz Au/ton and 5 oz Ag/ton. The problem he is working on now is how to economically recover those values.

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NJN WR 11/11/83: Brian Stone with Phenix Mining Corp. called seeking our "Pertinent Data" publication. He reported they plan to have a pilot placer plant operational by December, on land south of theVulture Mine.

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KAP WR 11/25/83: Brain Stone requested information on prestart up requirements for a mining operation. Mr. Stone explained he plans a test plant to use Bahamian Refining Company's synergistic recovery process. The test site is to be on the Gold Quest Project which is believed to be part of the Kirwan Blue Wash deposit which was held by Bert Smith.

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NJN WR 12/9/83: Phenix's Placer property is located in Secs 3 & 4, T5N R6W. Samples have been taken to Bahamian Refinery of Phoenix, Action Mining of Trona, California and a place inApache Juncion that does electrostatic concentration for recoery tests.

---

KAP WR 12/16/83: Linda Edwards, 5571 E. 200 N. Lafayette, Indiana 47905, phoned and requested information on the Bermar Mine. She and her husband have been solicited to invest in such a mine by a firm known as Republic Investment. The mine is proported to be operated by Phenix Mining Co. She mentioned a Bert L. Smith was involved. Albert L. Smith, 3016 Maury St., Des Moines, Iowa 50317 has a group of claims, the Derby, made up of the Derby #21-32, #69-76 and 117-120 in parts of Sec 6, 7, 8, 18, 19 and 30. T4N R6W shown on the BLM microfiche. The claims are placers in the Osborn District, Maricopa County. The inherent risks of a small mine venture were explained. Mrs. Edwards was concerned because she could not afford to lose the money. She promised to send us a copy of the soliciting data.

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| | |
|---|---|
| IN THE MATTER OF THE OFFERING OF SECURITIES BY:<br><br>PARKER BRYANT, INC.<br>(A California Corporation<br>1100 Glendon Avenue, Suite 2101<br>Los Angeles, CA 90024<br><br>DAVID C. KNIGHT, President<br>1100 Glendon Avenue, Suite 2101<br>Los Angeles, CA 90024<br><br>GARY KOSACZ<br>1100 Glendon Avenue, Suite 2101<br>Los Angeles, CA 90024<br><br>ANDREW M. SHUBERT<br>Parker Bryant, Inc.<br>21601 Vanowen Street, Suite 204<br>Canoga Park, CA 91303 | DOCKET NO. S-2242-I<br><br>DECISION NO. 54620<br><br>ORDER TO CEASE AND DESIST |

On August 5, 1985 the Corporation Commission issued an Order to Cease and Desist against the above Respondents. Respondents offered and sold securities in the form of limited partnerships in oil and gas drilling. The Order includes findings of offer and sale of unregistered securities by unregistered salesmen and fraud in the offer and sale of securities.

BERMAL MINE (f)

| | |
|---|---|
| IN THE MATTER OF THE OFFERING OF SECURITIES BY:<br><br>PHENIX MINING CORPORATION<br>1528 N.E. 147th Street<br>North Miami, FL 33161<br>and<br>5 Wellick Road<br>Wickenburg, AZ 85358<br><br>GEORGE BRIAN STONE<br>1528 N.E. 147th Street<br>North Miami, FL 33161<br>and<br>608 Whipple Street, Apt. 6<br>Wickenburg, AZ 85358 | DOCKET NO. S-2243-I<br><br>DECISION NO. 54644<br><br>ORDER TO CEASE AND DESIST AND CONSENT TO SAME |

On August 22, 1985 the Corporation Commission issued an Order to Cease and Desist against the above Respondents. Respondents consented to an Order admitting the sale of unregistered securities by unregistered salesmen and fraud in the offer and sale of securities. The securities sold involved investment contracts in mining operations outside of Wickenburg, Arizona.

BER A MINE FIVE BM $

# Development & Mining Agreement

This AGREEMENT made and entered into this 23 day of NOVEMBER 1983 by and between PHENIX MINING CORPORATION, of 1528 N.E. 147 Street, N.Miami, Florida 33161, a Nevada Corporation, hereinafter REFFERED to as DEVELOPER, and [redacted] of [redacted] [redacted]reinafter reffered to as MINER,

WHEREAS it is the desire of the MINER to have 185 cubic yards of Mineral Ore developed, mined and extracted, currently located at the BER-MAR Mines Wickenberg Arizona, and,

WHEREAS it is the desire of the DEVELOPER to develop said Mineral Ore,

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this agreement and for other good and valuable considerations, receipt of which is hereby acknowledged, it is mutually agreed as follows:

MINER AGREES TO :

1. Pay to the DEVELOPER the sum of Six Thousand Seven Hundred Dollars for its services in developing, mining and extracting MINERS Mineral Ore, for each block of Ore MINER requires DEVELOPER to process for a total of Six Thousand Seven Hundred ($ 6700 —) for each 185 cu.yds. Mineral Ore. (SEE ADDENDUM).

2. Have DEVELOPER arrange for the REFINING of MINERS finds into Bullion and to make a deduction of such Refining costs from the gross proceeds at the rate of 10% of Gross Proceeds.

   Further, have DEVELOPER make such deductions as provided for in a certain sales Agreement between MINER and MINE OWNER.

3. Arrange for DEVELOPER to have access to his Mineral Ore at/on the BER-MAR MINE premises as will be required to fulfill this Agreement.

4. Pay to DEVELOPER necessary fees to either store and/or deliver such Bullion to MINER.

DEVELOPER AGREES TO:

1. Provide its services to successfully fulfill the work terms of this agreement, to develop and arrange for the refining of MINERS Mineral Ore into Silver & Gold Bullion.

2. Distribute such proceeds of above stated activities in accordance with the obligations of and the MINERS wishes, and to deliver MINERS Silver & Gold Bullion to a place designated by MINER, at MINERS expense.

3. Begin the development work on MINERS Ore within the calendar year MINER enters into this AGREEMENT and to complete said Development no later than the day of 19 and then to arrange for Refining MINERS Ore into Bullion as soon as scheduling allows.

4. Begin the Development work on MINERS Mineral Ore on a first come first serve basis, in relation to DEVELOPERS committments on previous agreements.

5. Keep MINER abreast of all developments that would relate to MINERS property within the scope of this Agreement.

6. Provide such INSURANCE as is necessary to protect MINER and as is required by statute in the area to be mined.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. MINER and DEVELOPER are each independent and are not Partners, Joint Venturers, Employer/Employee or Principal and Agent and that no such relationship shall ever exist.

2. That pre-payment is a non-refundable payment in the absence of breach of this Agreement by DEVELOPER.

3. This Agreement shall be interpreted by the Laws of the State of Arizona.

4. DEVELOPER shall not be held liable for DEVELOPERS inability to perform under this AGREEMENT due to FORCE MAJEURE and/or any prohibition by any laws or regulations enacted from date of this offering that would prohibit DEVELOPER from doing so ( war, revolution, insurrection, restraint of rulers, riot, civil commotion, strike or lockout or stoppage or restraint of labor, the seizure or confiscation of Gold and/or Silver or any other similar event due to previous commitments , equipment failure, availability of repair parts and or any other event outside the control of PHENIX that hinders or prevents the performance by PHENIX of its obligations under this AGREEMENT. Any lost time due to the foregoing will be added to the end of this AGREEMENT, thus extending AGREEMENT time period. Should DEVELOPER be unable, due to the above acts to fulfill DEVELOPERS obligations at any time under this AGREEMENT DEVELOPER shall return to MINER any and all unused portions of MINERS funds in DEVELOPERS posession.

5. Notice under this AGREEMENT shall be in writing, conveyed one to the other by U.S. Mail, First Class, Certified, Return Receipt.

6. Accept this AGREEMENT as the total AGREEMENT and acknowledge that there is no other arrangements or agreements except as herein stated AND STATED IN ADDENDUM SIGNED BY BRIAN STONE AND DATED BY L S THERIAULT 11-03-83

AND, THEREFORE, WHEREAS the parties hereto mutually and individually agree to the above terms and conditions hereinabove stated on the date above first written, do enter into this AGREEMENT.

PHENIX MINING CORPORATION

MINER

[redacted]

WITNESS

WITNESS

[redacted]

# Purchase Agreement

This AGREEMENT made and entered into this 2 day of NOVEMBER 1983 by and between BERMAR MINES, of P.O. Box 2193, Wickenberg, Arizona 85358 hereinafter referred to as SELLER, and

[redacted] of [redacted]

[redacted] hereinafter referred to as BUYER.

WHEREAS it is the desire of the SELLER to sell such quantities of its Mineral Ore as is possible, and it is the desire of the BUYER to purchase certain quantities of said Mineral Ore this agreement is made.

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this agreement and for other good and valuable considerations receipt of which is hereby acknowledged, it is agreed as follows:

SELLER AGREES TO:

1. Sell and transfer such quantities of Mineral Ore as BUYER shall agree to buy.
2. Convey to BUYER a like quality of MINERAL ORE as is represented in the materials supplied to BUYER.
3. Provide reasonable access to said Mineral Ore for BUYER to examine at his option, and allow BUYER to remove said ORE as he may desire within the terms of this agreement.
4. Acknowledge that the deposits of Mineral Ore are shown in sufficent quantities and qualities to reasonably justify commercial exploitation based upon the geological and assay reports supplied to BUYER.
5. Verify that said Mineral Ore is in fact owned by, and therefore saleable by SELLER to BUYER, and that SELLER will provide BUYER with a valid Bill of Sale certifying ownership thereto with a detailed description of location of Mineral Ore.
6. Accept payment of such Net Proceeds split with BUYER in Silver & Gold Bullion as may be agreed herein,

BUYER AGREES TO:

1. Buy One Hundred Eighty five ( 185 ) cubic yards of Mineral Ore, and to pay to SELLER the sum of Six Hundred ($600.00), in U.S. Dollars for said Mineral Ore upon the signing of this agreement.
2. Hereby assign to the SELLER as a share of the NET PROCEEDS SIXTY PERCENT (60%) thereof the net total of all Silver & Gold found in the Mineral Ore as a portion of full payment thereof. Net total shall be determined after deducting all mining development costs, plus accrued interest thereon and all mineral extraction costs, plus all refining costs.
3. Satisfy the SELLER that BUYER is capable of developing and refining the Mineral Ore, or enter into a development agreement with a company acceptable to SELLER, and to commit payment for development of BUYERS Mineral Ore

within thirty (30) days after signing this agreement.

4. To assume all payments to have said Mineral Ore developed and Refined.

5. Complete all development and Refining of said Mineral Ore within a period of five (5) years from the date of this agreement.

6. Give an assignment to the development company to deduct the said sixty (60) percent of net proceeds from the Silver & Gold after deducting all development, note and interest , and refining costs as stated above and pay said share in Silver & Gold Bullion.

7. Acknowledge and represent herein that BUYER accepts the representation of the SELLER as to the quality and quantity of the deposits of Ore so as to reasonably justify commercial exploitation. Note geological and assay reports.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. A legal and detailed description of BUYERS Mineral Ore shall be enclosed with the BILL OF SALE showing the location on the grid block of BUYERS Ore. Enclosed is a chart showing such available locations. On a first come basis each buyer shall have his name placed upon one or more of these squares that shall hold and contain his Mineral Ore, and BUYER shall be notified of his specific square, which shall become the legal property of BUYER subject to the terms contained herein.

2. This agreement shall be interpreted by the laws of the state of ARIZONA.

3. Accept this Agreement as the total agreement and acknowledge that there are no other arrangements or agreements except as herein stated AND STATED IN ADDENDUM SIGNED BY BERT L SMITH AND DATED 11-23-83 BY L.J. THERMOLT

AND, THEREFORE, WHEREAS, the parties hereto mutually and individually agree to the terms and conditions hereinabove stated do enter into this agreement on the above first written date.

BERMAR MINES - SELLER

BUYER

[redacted]

WITNESS

WITNESS

[redacted]

within thirty (30) days after signing this agreement.

4. To assume all payments to have said Mineral Ore developed and Refined.

5. Complete all development and Refining of said Mineral Ore within a period of five (5) years from the date of this agreement.

6. Give an assignment to the development company to deduct the said sixty (60) percent of net proceeds from the Silver & Gold after deducting all development, note and interest , and refining costs as stated above and pay said share in Silver & Gold Bullion.

7. Acknowledge and represent herein that BUYER accepts the representation of the SELLER as to the quality and quantity of the deposits of Ore so as to reasonably justify commercial exploitation. Note geological and assay reports.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. A legal and detailed description of BUYERS Mineral Ore shall be enclosed with the BILL OF SALE showing the location on the grid block of BUYERS Ore. Enclosed is a chart showing such available locations. On a first come basis each buyer shall have his name placed upon one or more of these squares that shall hold and contain his Mineral Ore, and BUYER shall be notified of his specific square, which shall become the legal property of BUYER subject to the terms contained herein.

2. This agreement shall be interpreted by the laws of the state of ARIZONA.

3. Accept this Agreement as the total agreement and acknowledge that there are no other arrangements or agreements except as herein stated AND STATED IN ADDENDUM SIGNED BY BERT L SMITH AND DATED 11-23-83 BY L.J. THERIAULT

AND, THEREFORE, WHEREAS, the parties hereto mutually and individually agree to the terms and conditions hereinabove stated do enter into this agreement on the above first written date.

BERMAR MINES - SELLER

BUYER

[redacted]

WITNESS

WITNESS

# BER-MAR MINES

BOX 2193
Wickenberg. Az. 85358

Bert L. Smith Mine
[602] 684-3469

To Whom It May Concern:

This letter is to inform all parties that BER-MAR MINES hereby warrants the amount of value of the GOLD & SILVER contained in each block of Ore at Fifteen Thousand Dollars in reliance and dependence on the Two Engineering Reports and Pilot Test Plant results as shown in a certain brochure distributed to potential investors.

Each Block of Ore shall be made up of at least 185 cubic yards of mineable material (278 tons)

BER-MAR MINES further warrants that in the event any Block of Ore fails to contain the said amount, BER-MAR MINES will provide such amount as shall be needed to fulfill this warranty up to and including an additional full block of Ore at no additional expense to the Purchaser/ Miner.

Bert L. Smith
Owner,
Bert L. Smith Mine.

Bert L Smith

DATED BY [redacted]
11-23-83
ADDENDUM

1528 N.E. 147 Street N. Miami, Fla. 33161
(305) 940-7078

# PHENIX MINING CORP.

TO WHOM IT MAY CONCERN:

The above named company, thru an agreement with BER-MAR MINES will, if necessary at no charge to the MINER (investor) develop, mine and extract up to an additional Block of Ore that BER-MAR MINES has warranted to said MINER (investor) to fulfill its obligation under said warranty.

Phenix Mining Corp.

G.Brian Stone
President.
DATED BY [redacted]
11-23-83
ADDENDUM

GERALD LEWIS
COMPTROLLER OF FLORIDA

# OFFICE OF COMPTROLLER
## STATE OF FLORIDA

TALLAHASSEE
32301-8054

**PLEASE REPLY TO:**
**Office of Comptroller**
**Suite 870**
**401 N.W. 2nd Avenue**
**Miami, Florida 33128**
**(305) 377-5213**

RECEIVED
FEB 2 1984
DEPT. MINERAL RESOURCES
PHOENIX, ARIZONA

January 30, 1984

Mr. Nyal Niemuth
c/o Dept. of Mineral Resources
Mineral Building Fairgrounds
Phoenix, Arizona 85007

Dear Mr. Nyal:

Per our telephone conversation on January 26, 1984 I am forwarding a copy of the prospectus regarding Phenix Mining Corporation. Packet "A" refers to the the first offering concerning the Easy One/ Lucky Rose/Windmill Placer claims located near Lovelock, Nevada. This deal never went through but I thought it may be of interest to you to see the similarities in each brochure.

Pack "B" refers to the present offering concerning the Bermar Mine located in Wickenburg, Arizona. Please look this over and let me know what you think.

Also I'd appreciate any information concerning Gold Dome, Inc./ Estrella de Oro Mine.

Again, thank you for your help. If I can be of any assistance to you please feel free to contact me.

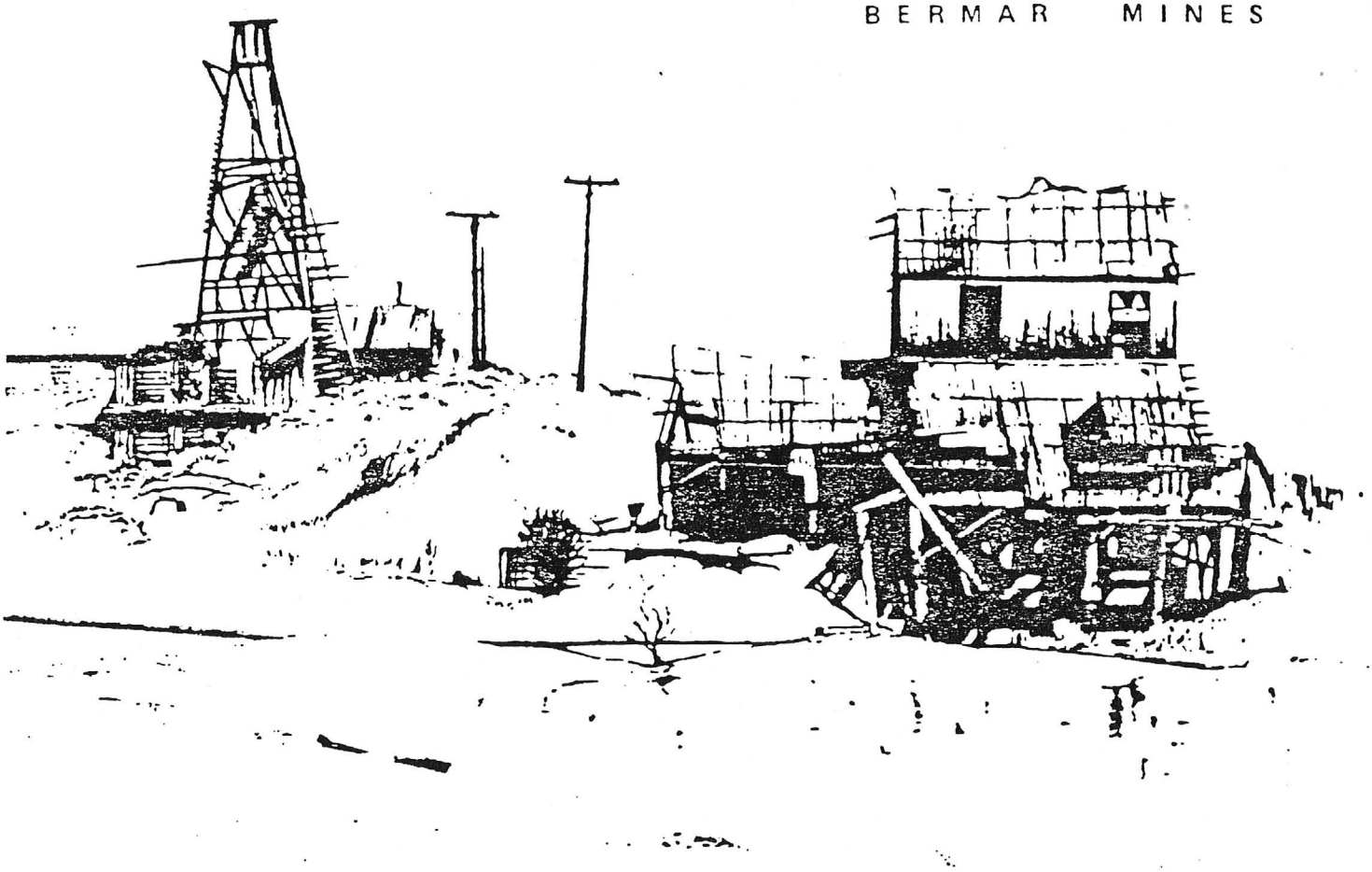
Sincerely,

Jennifer Chirolis

Jennifer Chirolis
Financial Investigator

JC/pa

BERMAR MINES



# GOLD SILVER MINE

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Enclosures in seperate package herein.

Cover Drawing:

The VULTURE MINE a pen and ink drawing by John T.Fitzgerald starkly and dramatically captures the lifeless emtiness of the once gold-rich ghost that had estimatedly produced around $21 million in ite time. (Corrected to the current market prices that represents $ 240 million.)

1528 N.E. 147 Street N. .ami, Fla. 33161
(305) 940-7078

130 VINE Street Suite E Reno, Nv. 89503
(702) 329-5011

# PHENIX MINING CORP.

Dear Investor:

Does GOLD for $176.03 per. oz. sound unbelievable ? How about $35.19, it used to be about that price.

Does SILVER for $4.40 per. oz. sound unbelievable ? How about $.83, it used to be about that price.

In fact it still is.....if you're a GOLD & SILVER MINER ! !

Everything you read here is a result of good old fashioned hard headed business economics and Yankee ingenuity.

Your becoming a Miner is exactly what we are talking about. This is possible because of a cooperative business venture offered by Bert L. Smith Mine and Phenix Mining Corporation.

PLUS:

* You're entitled to a 1 for 1 Tax Advantage. (616 IRS Code)

* 15% Depletion allowance on all profits. (613 IRS Code)

* You may also be able to carry forward 7 years or recapture over the past 3 years of taxes. (172 IRS Code)

* You don't have to pay taxes on your profit until you sell the Gold & Silver Bullion. (451 IRS Code)

* You take all proceeds in Gold & Silver Bullion.

* You have a MINIMAL OR NEGLIGIBLE RISK.

Here's how it works:

You as an individual become a MINER by purchasing 185 cu. yds. (278 tons) of Precious Metals Mineral Ore * from BER-MAR MINES in Wickenberg, Arizona where the PLACER MINE is located. You pay for your Mineral Ore $600 cash and you agree to a 60% split of the NET NET PROCEEDS with BER-MAR MINES. THAT'S AFTER YOU RECOVER YOUR MINING COSTS, AND ALL EXPENSES HAVE BEEN PAID.

Now that you're a Miner, you will want to develop, extract and have your Ore refined into Bullion. (Of course,you could do it)

Phenix Mining Corp. will handle the Development, Mining and Extraction for you for a total fee of $6,700. This fee is returned to you from GROSS PROCEEDS BEFORE ANYTHING IS TAKEN FROM THE ORE.

Once your Ore has been turned into finds, Phenix will arrange to have them refined into Bullion for the standard 10% refining fee paid to the refiner.

Then Phenix will either store or*deliver your Gold & Silver Bullion to you.

Profits should run from a projected NET NET $2,900 minimum based upon an ultraconservative $15,000 GROSS to a return of $ 14,802 based upon the low end of the expected recovery line to as mush as $67,668 on the averages of the assays based upon 1.1 oz/T GOLD and 21.91 oz/T SILVER.

A SUBSTANTIAL RETURN ON A MODEST INVESTMENT OF ONLY $7,300 total!!!

Since there are a limited number of Ore Blocks available, we would suggest immediate action on your part to avail yourself of this most unusual opportunity.

Only 126 total Ore Blocks of the 2,304 available are being offered for sale. Once these are sold out, no others will be available ! !

Please feel free to contact us person to person collect should you have any immediate questions we may answer. or contact your broker direct.

* Offered as and when available, due to the limited number of blocks available at the time of offer.

** Amounts can vary, so please inquire if you're interested in any amount other than as stated.

THIS OFFERING IS CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED WITHOUT THE EXPRESS WRITTEN PERMISSION OF PHENIX MINING CORPORATION.

The purchase of precious metals mining ore has not been either registered or approved or disapproved by a legal body. Security Exchange Commission or other body nor has the securities regulating body of any state, including the States of Florida and Nevade nor has the commission for such authority passed upon the accuracy of this offering. Nor has the Attorneys General of either Florida or Nevada passed on or endorsed the merits of this offering. Nor has any aforementioned authority given an opinion as to this offering being considered a security.

The exact profitability of this offering cannot be stated, however, at the time of printing, utalizing the then current prices, profitability is reasonably assured, due to the value of the Ore as determined by the Engineering Reports and the test plant results. Therefore, the offering should be considered to be of a VERY LOW to LOW to NEGLIGIBLE RISK.

This offering is being made in reliance upon Section 616 of the IRS Code that states Mine Development Expenses are fully deductible in the year incurred including any recourse notes or loans as per section 465 IRS code, can be written off on Schedule "C" against income in the year invested.

Further, we are making this offering as a pure business transaction wherein you are entering into the precious metals mining business and not a security, in reliance upon certain judicial decisions handed down over a period ot time covering a number of cases.*

* Attorney opinions were prepared especially for Phenix exclusive use. You are urged to have your Attorney or Tax Consultant check and verify any representations that would affect you legally or from a tax position.

THIS OFFERING DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR ANY SALE MAY NOT BE LAWFULLY MADE.

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BARRON'S

October 26, 1981

## GOLD AS AN INVESTMENT AND TAX SHELTER: GOING DIRECTLY TO THE SOURCE

By Mike Alver—Quigg & Co

In response to high taxes and today's double-digit inflation, increasing numbers of people are turning to the solidity of gold as a safe, secure investment and tax shelter.

They are buying gold in many forms, including bullion, coins and jewelry. Recent trends, however, indicate that numbers of truly sophisticated investors are going directly to the source and buying into gold mining operations.

While the price of gold has fluctuated during recent months, it has maintained an average value of about $400 per ounce. At this price it is economically feasible to go to drastic lengths to recover the gold. Many once-dormant mines are being reopened across the country.

This type of purchase offers a number of advantages to a prospective purchaser not generally found in most "traditional investments," explaining why gold mining is attracting an unusually high degree of interest. The following are benefits that a prospective purchaser may realize and also points to be aware of when evaluating different projects.

SUPPLY AND DEMAND: Quality gold reserves are limited and can reasonably be expected, over a period of time, to follow the law of supply and demand, thus gold reserves should reasonably be expected to increase in value providing a hard commodity hedge against inflation.

TAX ADVANTAGES: Most purchases in a commercially productive gold mining reserve can be structured so that the purchaser can take advantage of a number of tax aspects which favor holders of gold mining properties and allow tax deductions in excess of initial cash contributions during the year actual mining and processing occurs.

HOARDING AND TAX FREE EXCHANGES: Many purchasers are unaware of the fact that any gold which is mined can be received free of taxes until such times as the purchaser may decide to sell his gold for cash. Additionally, he has the alternatives of either holding his unrefined gold, or exchanging the unrefined gold for refined gold such as gold coins or bullion by means of tax free exchange. Also, the gold can be used as collateral.

LIMITED LIABILITY: A purchaser in a gold unit is only required to make one initial payment for his mining property. The purchaser has no major additional financial liabilities associated with his purchase. His liabilities are therefore limited to the amount of his original purchase.

RISK REDUCTION: The purchase of a gold unit is a relatively simple transaction. The purchase of a small portion of a much larger gold reserve deposit offers a distinct advantage to the purchaser in terms of reducing his costs, time and the risk that would normally be associated with or required of the purchaser who might attempt to locate, analyze, stake and file his own individual mining claims.

Most gold reserve programs are highly leveraged to provide maximum tax benefits to the investor. As a result of the Reagan administration's tax recovery act, many investors are finding such projects unusually attractive, both as long-term investments and short-term supplemental income programs.

# HOW THE PROGRAM WORKS

A. You purchase mineral Ore containing Silver & Gold in blocks of 185 cubic yards (278 tons) for the total sum of $600. You have now become a GOLD & SILVER MINER with precious metals Ore to be processed..

B. Either you make arrangements to mine the Ore yourself, or enter into a Development/Mining Agreement with one of a number of Companies to do so.

If you choose Phenix Mining Corp. will completely Develop, Mine, Extract and arrange for Refining into Bullion your Mineral Ore for a total fee of $6,700 with all necessary work begun within the year of your Agreement.

ALL DEVELOPMENT COSTS ARE 100% TAX DEDUCTIBLE ! (IRS 616)

C. When your Ore has been produced into Bullion, Phenix will either deliver the Bullion to you, sell it, deliver it into their bank until you decide what to do with it, or deliver it into your bank of choice.

NO TAXES ARE PAID ON BULLION PRODUCED UNTIL IT IS SOLD. (IRS 451)

PROJECTED POTENTIAL RETURN ON CASH.

2.2 to 1 up to 9.45 to 1 in tax deffered SILVER & GOLD BULLION.

RISK FACTORS

It is common for business transactions to contain some element of risk and the prudent person will weigh the relative benefits against the relative risks involved. The Engineering reports (2) and the Pilot Plant results have shown a definit substantiated recovery amount of 1.1 oz/T GOLD and 21.91 oz/T SILVER. The recoverable amounts have been shown to be 75%, but a conservative amount of 50%, then less anothet 25% will be used in all of our calculations. Based upon these facts the prudent investor would consider this a LOW, to VERY LOW to MINIMAL to NEGLIGIBLE RISK INVESTMENT.

# E S T I M A T E D  I N C O M E  P O T E N T I A L

BASIC ORE BLOCK UNIT.....185 Cubic Yards. (278 tons)

According to the assay and engineering reports and Test Plant results it is shown that a cubic yard of MINER'S Ore will contain 1.1 ounces of GOLD per ton and 21,.91 ounces of SILVER per ton of Raw Ore. Based upon the adjusted amounts, that have been reduced by 50%, and then again reduced by up to another 25%, then taking the recoverable amounts of 78% of GOLD and 61% of SILVER we arrive at the following: GOLD .221 oz/T & SILVER 8.683 oz/T.

Each Cubic Yard of Ore with GOLD based upon $400 has a value of $ 132.60 and SILVER based upon $10 has a value of $ 130.28 for a total of $ 262.88 per cubic yard or $ 175.25 per ton.

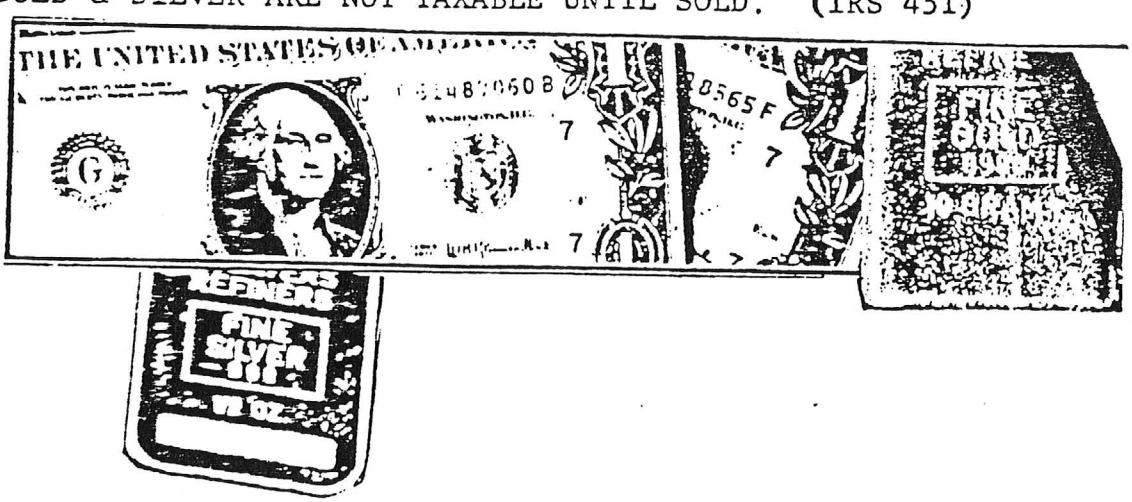
One cubic yard of Mineral Ore contains one and one half tons. 1 cu. yrd. = 1.5 tons.

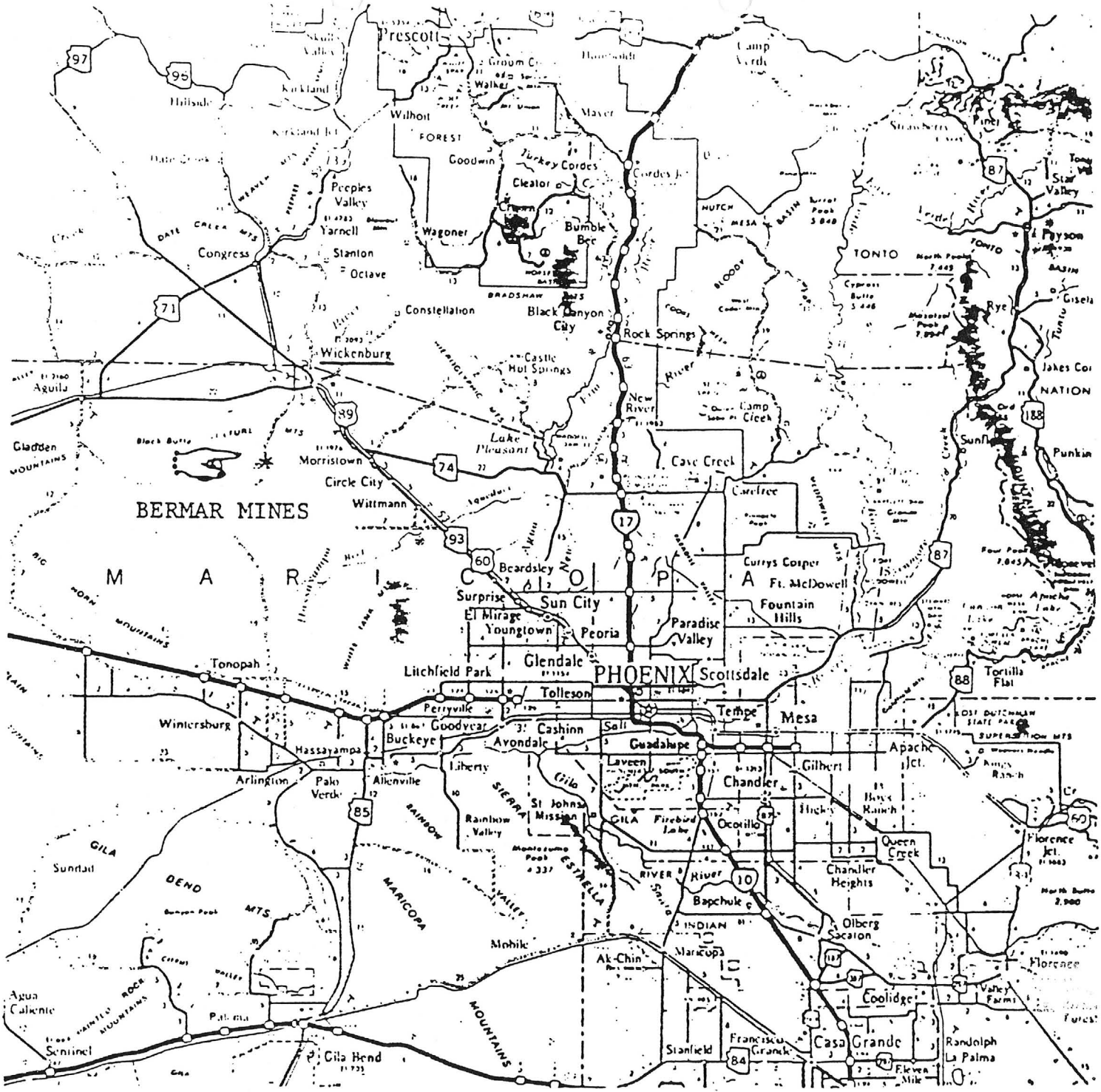
| | | | |
|---|---|---|---|
| | | One Cubic Yard.....$ 262.88 | |
| VALUE | $15,000. | 185 cu. yds at $262.88 = | $ 48,562.50 |
| | 6,700. | CASH INVESTED | $ 6,700 |
| | 1,500. | Refining 10% | 4,856.25 |
| | $ 8,200 | TOTAL COSTS | 11,556.25 |
| | 6,800.. | GROSS PROFIT | 37,006.25 |
| | 4,080. | Owner | 22,203.75 |
| | $ 2,900 | INVESTOR NET PROFIT. | $ 14,802.50 |
| | 900. | Depletion Tax Free.....* | 2,913.75 |

YOUR PROFIT WOULD BE $ 63,293.- if the Mine produced the entire content of 1.1 oz/T GOLD and 21.91 oz/T SILVER.

*A 15% Depeletion allowance goes to INVESTOR and MINE OWNER in proportion to their profits. (IRS 613 b)

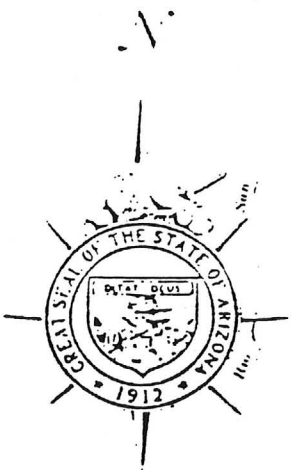
GOLD & SILVER ARE NOT TAXABLE UNTIL SOLD. (IRS 451)






# ARIZONA

BRUCE BABBITT
GOVERNOR



# Commonly Asked Questions & Answers

WHAT EXACTLY IS THIS PROGRAM ABOUT ?

You as an investor by purchasing 185 cubic yards of mineral ore have actually become a Gold & Silver Miner. As a Miner you now own Mineral Ore that has to be processed, and if you are capable you can mine it yourself. However if you are not capable of mining the aggregate yourself you will have to hire an acceptable mining company to do it for you. You can of course hire anyone you wish,and there are a number of companies who will do so for you.

PHENIX Mining Corp. however already has a number of Development/Mining Agreements with purchasers from the BERMAR MINES and is ready and willing to accept Development/Mining Agreements from other responsible Miners.

PHENIX MINING offers a most desireable situation, wherein PHENIX will Develop, Mine and Extract your Mineral Ore into finds for the total sum of $6,700. When we have processed the Ore into what are called finds, we then make arrangements to have the finds Refined into Bullion of .999 finess.

In addition to your projected minimum profits of $ 14,802 and up to $67,668, in Gold and Silver Bullion, on which you pay no taxes until sold you are also under IRS 616 and 465 you are entitled to write off your entire investment of $6,700 on your taxes on a schedule "C" Business Profit or Loss form.

WHEN CAN I EXPECT COMPLETION OF MY ORE INTO BULLION ?

PHENIX will begin the Devekopment of your Ore block within the year you have hired them to mine your Ore, and will then give you a completion date when they should be in a position to delivery your Ore to you in GOLD & SILVER BULLION bars of .999 finess.

The sooner the Agreement is made, the sooner your Ore will be processed. In any case processing and Refining should be completed no later than 15 months after the date of your Agreement, due to the Refining being done by a firm such as Handy & Harman and their schedule.

WHEN DO I RECOVER MY INVESTMENT OF $ 6,700 ?

When the Ore has been processed and turned into Bullion, both the Mine Owner and Phenix have agreed that you will get your investment returned first right off the top. So that you will be taken care of first.

AM I GOING TO HAVE TO PAY FOR ANYTHING ELSE ?

Other than the Refining costs, which are taken from the Bullion produced you are not liable for any additional costs. In other words your only cash investment of $6,700 is the entire amount that you will ever have to pay to BER-MAR or PHENIX.

WHY DON'T I GET MY $ 600 BACK ?

Your cost of purchasing the Ore from BER-MAR MINES is a Capitol investment and as such is your cost of entering the Mining business. However when you sell off your Bullion and take your Depletion allowance of 15% in Tax Free Dollars, you also are allowed to claim as a deduction from profits your $600.

WHERE DO I TAKE DELIVERY OF MY SILVER & GOLD BULLION ?

Your SILVER & GOLD will be delivered to the place you desire, such as your bank or home. However,there will be a minimal delivery charge for guarded and insured delivery.

WHAT IF I WANT YOU TO KEEP IT FOR ME ?

We will be most happy to do so, however you will have to pay the bank direct for the storage charges which should be about 10 cents per day per 100 ounce bullion bar. 32 ounce bars will be less. However these arrangements can be made at the time you make your decision what to do, or how to recieve your silver & gold.

WHAT IS THE COST OF STORAGE FOR MY SILVER & GOLD ?

See above answer.

WHAT PROOF DO I HAVE OF THE VALUE OF MY SILVER & GOLD ?

You will recieve a WARRANT which is a certified assay and receipt indicating the value of your Silver & Gold and the amount of your metals in ounces. With this warrant, you can sell your Silver & Gold or borrow on same without physically having them in your posession. If you sell your bullion, you merely transfer your WARRANT to the purchaser. Of course, you can take delivery of your Silver & Gold at any time.

HOW RISKY IS THIS BUSINESS ?

No business is without risks. We stated on the first page that this was a LOW, MINIMAL, OR NEGLIGIBLE RISK business venture, good business sense dictates that we do that. However, if you will read the preceeding answers you will be able to determine for yourself if this is true.

In our opinion, we feel there is very little risk based upon the assays, Engineering reports and test plant results which show 1.11 oz/T GOLD and 21,91 oz/T SILVER on certified forms. In all there are 20 different assays extending over an extensive time period, from 9 different companies that average that amount. If your Ore were to contain the higher amounts reported and it could, your profits could be as much as $90,000 or more. However we have adjusted the figures used down considerably by 50% at first than taking off another up to 25% and then using the recoverable amounts taken from the average of the three reports of 78% of GOLD and 62% of SILVER the amounts read .221 oz/T GOLD and 8.685 oz/T SILVER which will produce a conservative $ 14,802.

Not a bad return I know you'll agree and certainly a very attractive business venture for a cash committment of just $6,700.....

HOW ARE THE FUNDS TO BE HANDLED ?

All development, mining and extraction funds will be deposited into a trust account in a bank either in Wickenberg, Arizona, Reno, Nevada or in Miami, Florida

HOW DO I KNOW WHICH IS MY ORE, AND WHAT HAPPENS TO IT ?

As you know your Ore is identified not only by Ore location and Grid Block Number, but also by a Miner Identification Number. An independant Security firm will not only constantly monitor your Ore in place, but will also follow it from its removal from its storage location, but throughout its entire processing operations until it is delivered by them into the bank for storage in your name and the note holders.

WHAT IS THE WRITE OFF FOR THIS YEAR ?

1 for 1 of your investment. Your entire $6,700 Development & Mining costs.

HOW MUCH AGGRIGATE MUST I OWN IN ORDER TO HAVE YOU HANDLE IT ?

PHENIX MINING will handle any amount from 185 cu. yds. and up.

HOW DOES THIS TAX DEDUCTION COMPLY WITH THE IRS ?

The program was designed to work within the framework of the IRS Code regulations and complies with them at the time of this writing. We have enclosed a Tax Synopsis sheet giving you the specific Codes and their meaning. You or your representative can verify this information simply by verifying the above information. Should you require it we will make available a complete tax opinion spelled out in detail for your Professional representative to verify.

WHAT ARE THE TOTAL REFINING COSTS ?

The total refining costs are calculated at approximatly 10% of gross refined value and are deducted from the gross proceeds at the time of refining. Since the refining process is not a portion of the development or mining costs and does not enter into the tax advantage considerations, it must be taken care of seperatly. (see income potential example)

WHAT HAPPENS IF THE IRS DISALLOWS MY PURCHASE WITH TAX ADVANTAGES ?

Let me preface this by saying anything is possible but many things are highly improbable. We doubt that this will happen, since as you will see from the tax opinion herein contained, that this is an ordinary business expense that is allowed by the IRS to encourage the development of mining claims. Should there, however, be any difficulty with the IRS we have given you an agreement to defend the first purchaser at our cost. This will set a precedent thru judicial decision and establish a defense for all others pertaining to the IRS.

## WILL GOVERNMENTAL REGULATION OF MINING AFFECT THIS PROJECT ?

Mining operations are at times subject to significant governmental regulation which may adversely affect the ability of Phenix Mining Corporation to develop and refine the silver & gold as intended. Both the state where the claims are located as well as the Bureau of Land Management and other agencies, may assert jurisdiction and take action which could be detrimental to the purchaser and/or necessitate revisions and changes in the plan of operation. However Phenix Mining Corporation is aware that such action may develop and has prepared counter measures and revisions that will permit all holders of mineral aggregate to maintain a continious operation.

## WHAT IS THE MINE WORTH, OR WHAT IS THERE AT THE MINE ?

To the best of our knowledge no exact value has been placed on the mine, however it has been stated that if all the Ore indicated by the assays could be removed it would amount to almost 1,239,000,000.oo dollars.

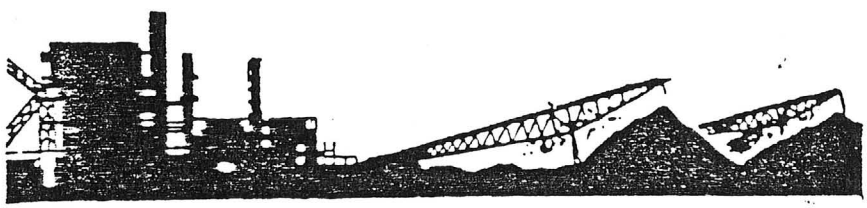
The estimated value of the mine with all the work done to date amounts to $4,800,000 based upon the engineering reports and test plant results.

When the complete Mining, Processing and Refining plants are in place it will represent an additional $1,200,000 approximately and will have a starting capacity of 100 tons of Ore processed per day, expanding to 1,000 tons as soon as possible. Work is now going on to determine, establish, locate and complete the installation of these facilities.

## IF IT IS SO VALUABLE A MINE, WHY IS THE MINER SELLING IT ?

BERMAR MINES although they have substantial mining holdings, does not have sufficient capital to undertake a venture of this magnitude that will require upwards of over 2 million dollars. And since mining does not qualify under the U.S. Government guidelines as a borrower, BERMAR MINES is unable to borrow the funds under normal lending arrangements. Plus, because BERMAR MINES does not want to give everything away as in venture capitol, which wants from 80% to 90% of proceeds, to Limited Partnerships or Stock offerings which require large amounts of money just to prepare the offering.

This method of financing allows BERMAR MINES to retain over 90% of the mine itself, and yet allows you the investor/miner to realize a substantial profit, which you are entitled to, and allows BERMAR MINES to begin immediate development.



The representations contained herein are made based upon the best information available, but are not guaranteed as to accuracy or being illustrative of all possible information on the subject.

# BUSINESS PROFILES

Bert Smith [illegible] for placer claims #9-10-[illegible] in Section 4

## BERMAR MINES

Bermar Mines has offices at P.O. Box 2193, Wickenberg, Arizona 85358, and can be reached at (602) 684-3469 in that city.

The mining Ore being offered is located about 15 miles S.S.W. from Wickenberg Arizona, 3 miles west from highway 60 in the VULTURE MINING DISTRICT. Arizona Mining claim # 55796, 55777, 8, 9

The mine consists of one Section 1 mile square, being made up of four claims of 160 acres each, totaling 640 acres. The section is identified as Section 4, Township 5 N, Range 6 W, and being made up of Smith 1,2,3,4 # ~~17~~ N.W., ~~#18~~ N.E., ~~#19~~ S.E., and ~~#20~~ S.W. as recorded on page ~~2439~~, 2744 U.S. Department of Interior, Bureau of Land Management, Geographic Index, Phoenix, Arizona. [illegible] 602-261-3706

This offering is made up of only 7 plots of the total of 64. These 7 plots contain 126 checkerboarded Blocks of Ore and are sold in quarters, which in total comprise less than 6% of the total mine area.

All Ore is stored on premises, under guard according to a pre-numbered identifiable GRID BLOCK SYSTEM located from the primary claim stakes in place at the mine site.

A Bill-Of-Sale is issued indicating the exact quantity of your Ore and specifically directing you to the location and GRID BLOCK SYSTEM number upon which your Ore is located. The Bill-Of-Sale is recorder in the County Courthouse in Phoenix, Arizona.
602-262-3535 County Records office.
Jren

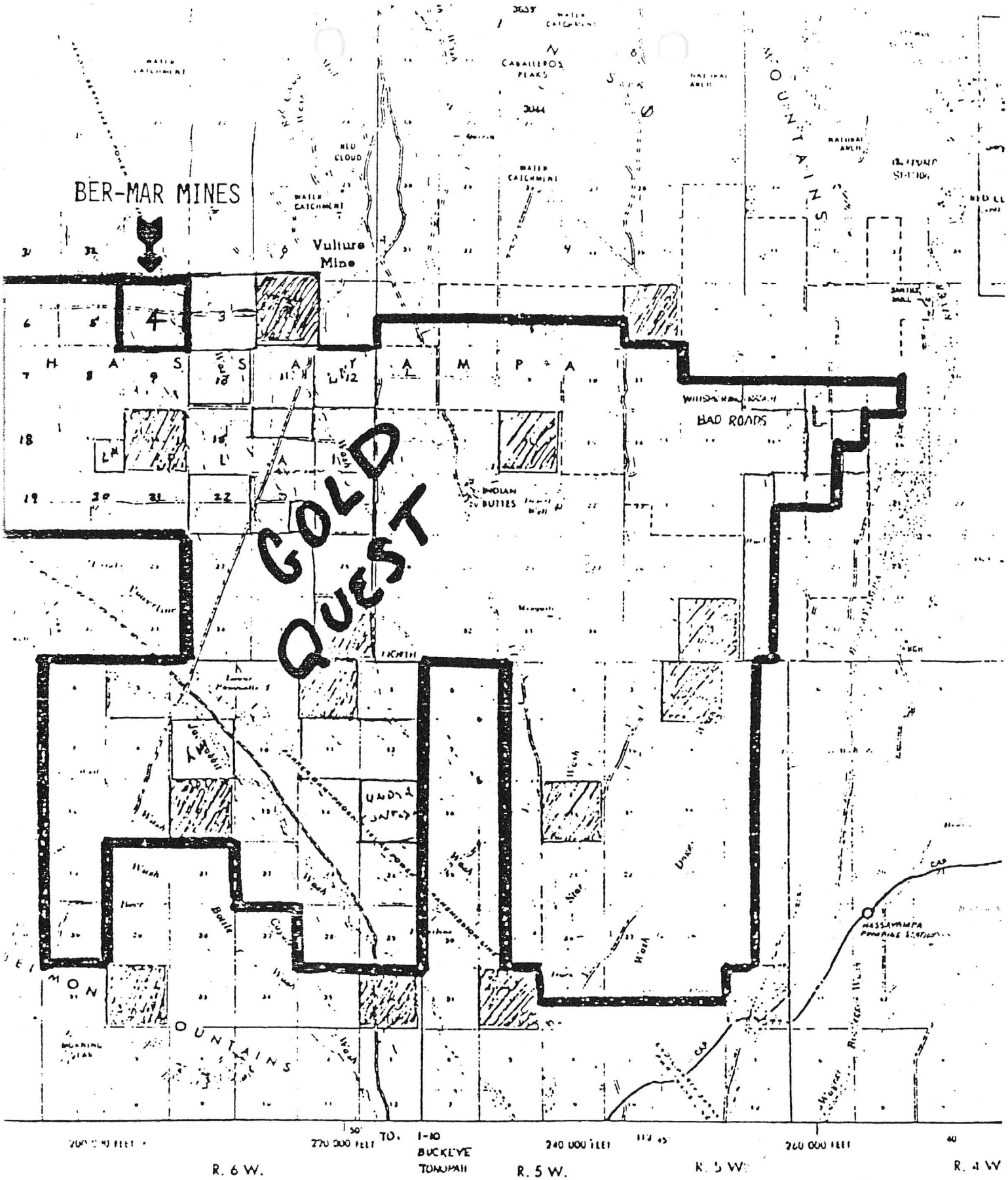
## PHENIX MINING CORPORATION

Phenix Mining Corporation has offices at (1528 N.E. 147 Street N.Miami Florida 33161, (305) 940-7078) and at 130 Vine Street, Suite E, Reno Nevada, 89503 (702) 329-5011 and is currently in the process of opening offices in the Phoenix, Wickenberg Area.

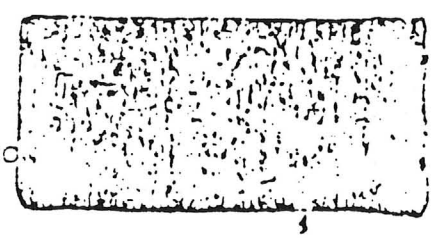
Phenix most recent activities include an open pit mine, MOHAVE HOPE MINES, KINGMAN, ARIZONA, and a placer mine EASY ORE MINE in LOVELOCK, NEVADA. Non existant

Phenix Mining primarily operates with professional mining people from within the area they are mining, because these people know the area best and can do the best job of development, mining, extraction and refining.

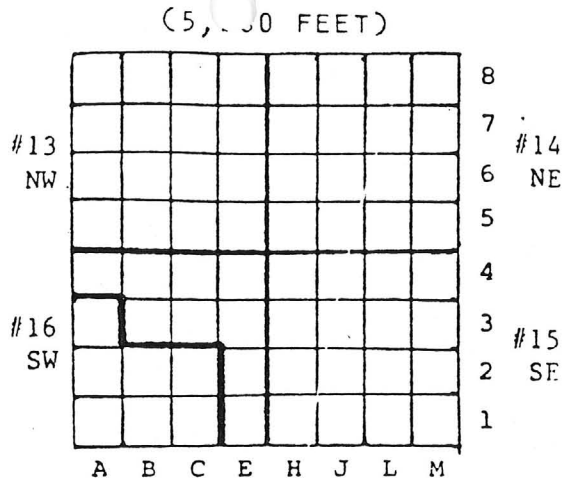
PHENIX MINING charges a flat fee of $6,700 to perform all of the development, mining and extraction of the Miners Ore into Finds, and arranges for the Refining into Bullion for a standard fee of 10% of Gross Proceeds which is taken from production of Bullion. Phenix agrees that Miners investment of $6,700 shall be re-paid first from Gross proceeds.




Compiled From
General Highway Map
aricopa & Yavapai Counties
In Cooperation With
ONA DEPARTMENT OF TRANSPORTATION
ALL RIGHTS RESERVED
WICKENBURG ROUNDUP CLUB



SCALE




# BERMAR MINES

4 - 160 ACRE CLAIMS

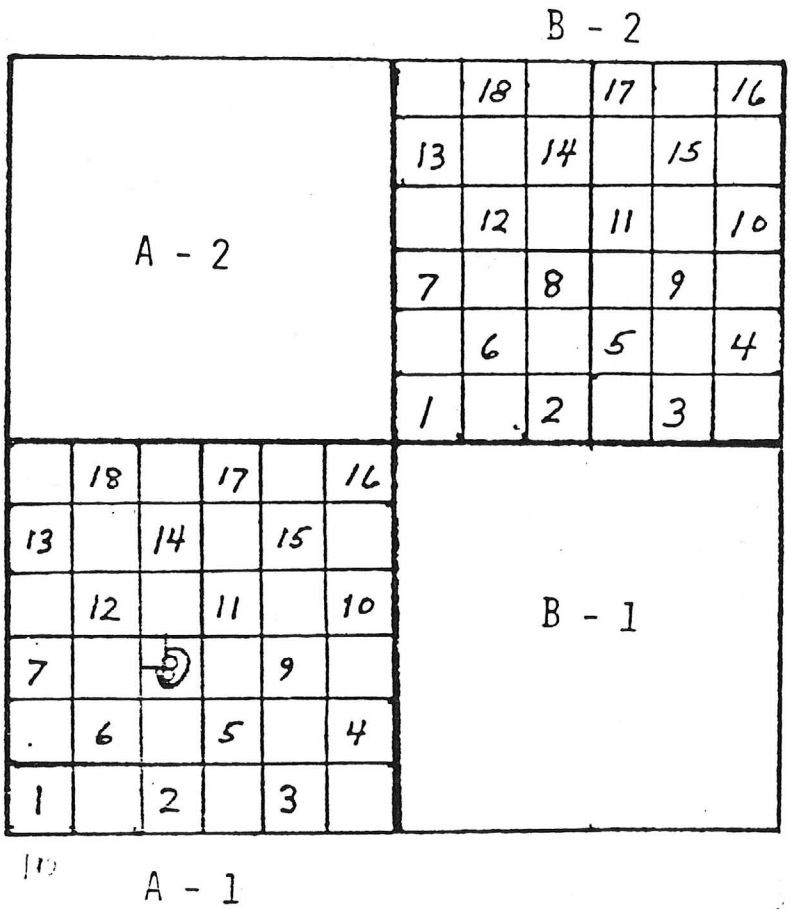
SECTION 4

TOWNSHIP 5N

RANGE 6W

MARICOPA COUNTY ARIZONA

Of the total 64 plots, only 7 are being offered for sale. These plots contain 126 chekerboarded Blocks of Ore, being sold in four parts, NE, SE, NW and SW. There are a total of 2,304 Blocks of Ore contained in the entire 640 acres of the mine.




Pictured on the left are 4 of the Plots from the above Section map.

They are identified as Plots A-1, A-2, B-1, and B-2.

Each Plot is 660 by 660 feet.

The above numbered blocks are available for purchase. Each block represents 185 + cubic yards of Ore, approximatly 278 tons and is approximatly 50 feet square by 2' deep.

8 is an example block and is identified as follows:

S4 - T5N - R6W - A1- 8NW

# GEOLOGICAL REPORT

The entire geological information is made up of two complete Mining Engineering reports and one Mining Test Plant report.

The Mining Engineering Reports were found on file in the Archives at the Department of Mineral Resources, Mineral Building, Fairgrounds, Phoenix, Arizona.

We have duplicated the reports here in their entirety, except that it was necessary to re-type the bulk of the reports. The Assays however could not be replaced, so they were copied exactly as they appeared in the Archives. Some of them had to be traced to make them readable, but all caution was taken to insure that their original content was preserved.

The final report was provided by Bert L. Smith, who received it from Mr. Robert Kennealy, Exploration Manager for Gold Quest Exploration who are conducting additional tests on a portion of Mr. Smiths claims in the "BLUE WASH PLACERS", also known as the "HASSAYAMPA PLAIN".

The first evidence of exploration was the KERR-McGEE, EXXON and PHILLIPS PETROLEUM Geophysical drilling test project that drilled vertical holes through the sand Ore bed. The results from the 14 test holes, 30" in diameter showed in the lab. results to produce 865 ounces of GOLD from the total 10 ton composite sample.

Based upon all of the following information it will be evident to even the most un-informed person that an extremely rich body of precious metals Ore is present on these claims.

# GEOLOGICAL SYNOPSIS SHEET

1. ORIGIN. The geological information contained in this brochure was derived from three reports, 2 Engineering surveys, and 1 from a test plant operated on an adjoining section of the same formations. Two of these reports were found in the archives at the Department of Mineral Resources Mineral Building, Fairgrounds, Phoenix, Az.

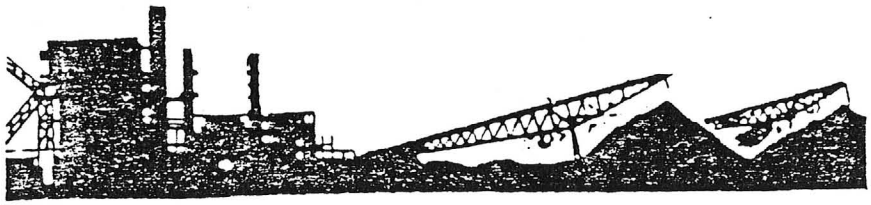
2. FORMATION OF METALS. The Gold & Silver Ore found on the properties were developed in two seperate ways. The first, was the usual formative method of placers in that the metals were washed down from the surrounding mountains. The second development of the metals was from another method entirely of the vertically rising, superheated aqueoua solutions enriched with precious metals, emanating from a molton pluton situated some distance below the Blue Wash PLacers.

3. TEST PLANT RESULTS. Although the test plant was in fact a number of variations of mechanical and then a series of Leaching methods, the results for GOLD were very good, showing an average of 1.45 oz/T per head Ore. SILVER however was not specifically tested for, and yet the residual results were acceptable producing 1.38 oz/T per head Ore. The test plant proved beyond any doubt that substantial amounts of GOLD are present in the area tested, and that the SILVER content could well be greater than the amounts suggested in the Engineering reports.

4. ASSAY TESTING. Both of the Engineering reports and the assayers agreed that the usual methods of assaying for GOLD & SILVER would not show any acceptable results, but that by utilizing more highly dependable testing that substantial amounts of GOLD & SILVER are present in all of the areas tested as evidenced by the voluminous number of tests included herein.

5. SUGGESTED RECOVERY METHOD. It recommended in both the Engineering reports, and substantiated by the test plant that only thru the time tested method of roasting the Ore, then leaching can the greatest amount of metals be recovered. It is also recommended that either an Electrowinning, or Ion Exchange extraction method be used to produce pure metals

6. PERCENTAGE RECOVERY. It is shown by the extraction of numerous 100 pound raw Ore samples processed by the acceptable leaching methods that 78.5 % of the GOLD can be recovered and that 60.25% of the SILVER can be recovered thru actual field type of testing. This would indicate that the mine in question was extremely rich in precious metals Ores, namely GOLD & SILVER and should be mined immediatly according to the Engineering, and test plant recommendations.

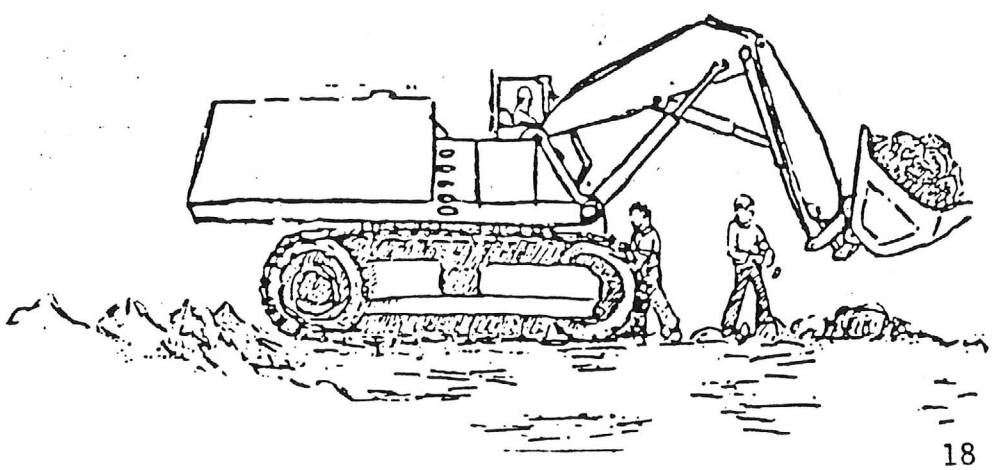


## USE OF PROCEEDS

Development costs include all expenditures necessary to prepare the site for mining. Funds received will be disbursed accordingly, in the following areas:

1. Pre-engineering work.
2. Engineering Work.
3. Equipment Rental.
4. Fuel.
5. Construction Materials.
6. Electrical Panel and Hook-ups.
7. Labor.
8. Pumping System.
9. Water Reservoir and Plumbing.
10. Assay Grids and Lab.
11. Land Reclamation Fund.
12. Licenses, Taxes and Bonds.
13. Communications.
14. Road Building and Repair.
15. Building Maintenance.
16. Transportation.
17. Security.
18. Plant Development and Construction.
19. Administration.

Development work began May,1976. A placer mining Pilot plant is in the process of development for installation on the first mining site to be developed and should be in place some time during late 1983 or early 1984.



# LEGAL REPRESENTATION LETTER

TO WHOM IT MAY CONCERN:
SUBJECT: DEFENSE FUND

IN THE EVENT THAT IRS ATTACKS THE PROPOSED TREATMENT OF THIS INVESTMENT WITH TAX ADVANTAGES, THE UNDERSIGNED, THROUGH ITS ATTORNEYS, AT YOUR REQUEST WILL PROVIDE LEGAL REPRESENTATION AND OTHER APPROPRIATE DEFENSE WITHOUT COST TO YOU TO SUPPORT AND MAINTAIN THE PROJECTED TAX TREATMENT. SUCH SUPPORT WILL INCLUDE DEFENSE IN THE U.S. TAX COURT AND U.S. SUPREME COURT IF NECESSARY. FUNDS ARE BEING ACCUMULATED AND PLACED IN A RESERVE ACCOUNT FOR THIS DEFENSE.

THE ABOVE WILL COVER ONLY THE FIRST SUCH IRS SITUATION IN ONE JUDICIAL DISTRICT. NO DEFENSE WILL BE OFFERED IN OTHER JUDICIAL DISTRICTS. HOWEVER, THE FIRST DEFENSE SHOULD ESTABLISH A PRECEDENT FOR ALL OTHER IRS AUDITS.

PHENIX MINING CORPORATION.

# Tax SYNOPSIS SHEET

NOTE.... THIS IS NOT TO BE CONSTRUED AS A TAX OPINION, BUT ONLY AS A SYNOPSIS OF INFORMATION DRAWN FROM THE TAX OPINION ENCLOSED HEREWITH.

According to the Internal Revenue Code of 1954 including the amendments thereto to the recently enacted Tax Reform Acts of 1976 and 1978, the Income Tax and Procedure and Administration Regulations issued by the treasury Department and interpretations of the Code and regulations by the Courts and IRS, as they exist as of the date of this writing, it appears that:

616 Code Section 616 "there shall be allowed as a deduction in computing taxable income all expenditures paid or incurred during the taxable year for the development of a mine or other natural deposit (other than oil or gas) if paid or incurred after the existance of ore or minerals in commercially marketable quantities has been discovered."

1.616 Regulation 1.616-1(a) substantiates the above thru details.

616 Section 616(a) further states, "a taxpayer is allowed a deduction for development expenditures whether or not such expenditures are made in the development or production stages of the mine or other natural deposits."

465 Section 465 allows for all "at risk" funds to be deductible in the year in which they become "at risk", therefore, allowing for the deduction of the $20,000 Note this year, providing that the Note be a full recourse Note for which the investor is personally liable.

451 Section 451 allows the taxpayer not pay taxes on income from this venture until actual profits have been received. This has been interpreted to mean that constructive receipt has not been made until the Silver & Gold Bullion have been sold.

162 Section 162 allows the taxpayer to deduct all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business even though such expenses exceed the gross income derived during the taxable year from such business.

172 Section 172 covers excess write off and allows that the taxpayer may go back 3 years and recover or may go ahead 7 years in order to spread out his excess losses under Sections 616 and 465. This is, however a specialized deduction and may not apply to every investor. Consult with your Accountant or CPA.

613 (b) Allows for a 15% Depletion Allowance on Gold & Silver.

AGAIN.... THE ABOVE ARE NOT TAX OPINIONS. BUT AN INTERPRETATION OF INFORMATION CONTAINED IN THE OPINIONS HEREIN ENCLOSED.

FILING SAMPLE FOR $ 6,7[illegible] - DEDUCTION.

SCHEDULE C (Form 1040)
Department of the Treasury
Internal Revenue Service (0)

# Profit or (Loss) From Business or Profession

(Sole Proprietorship)

Partnerships, Joint Ventures, etc., Must File Form 1065.

▶ Attach to Form 1040 or Form 1041. ▶ See Instructions for Schedule C (Form 1040).

OMB No. 1545-0074

1982

08

Name of proprietor: MR. TAXPAYER

Social security number of proprietor

A Main business activity (see Instructions) ▶ MINING ; product ▶ SILVER & GOLD

B Business name ▶

C Employer identification number

D Business address (number and street) ▶
City, State and ZIP Code ▶

E Accounting method: (1) ☐ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

F Method(s) used to value closing inventory:
(1) ☐ Cost (2) ☐ Lower of cost or market (3) ☐ Other (if other, attach explanation)

| | Yes | No |
|---|---|---|
| G Was there any major change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes," attach explanation. | | |
| H Did you deduct expenses for an office in your home? | | |
| I Did you operate this business at the end of 1982? | | |

J How many months in 1982 did you actively operate this business? ▶

## Part I Income

| | | | |
|---|---|---|---|
| 1 a Gross receipts or sales | 1a | | |
| b Returns and allowances | 1b | | |
| c Balance (subtract line 1b from line 1a) | | 1c | |
| 2 Cost of goods sold and/or operations (Schedule C-1, line 8) | | 2 | |
| 3 Gross profit (subtract line 2 from line 1c) | | 3 | |
| 4 a Windfall Profit Tax Credit or Refund received in 1982 (see Instructions) | | 4a | |
| b Other income | | 4b | |
| 5 Total income (add lines 3, 4a, and 4b) ▶ | | 5 | |

## Part II Deductions

| | | | | |
|---|---|---|---|---|
| 6 Advertising | | | 25 Taxes (Do not include Windfall Profit Tax here. See line 29.) | |
| 7 Bad debts from sales or services (Cash method taxpayers, see Instructions) | | | 26 Travel and entertainment | |
| 8 Bank service charges | | | 27 Utilities and telephone | |
| 9 Car and truck expenses | | | 28 a Wages | |
| 10 Commissions | | | b Jobs credit | |
| 11 Depletion | 15% IS AVAILABLE | | c Subtract line 28b from 28a | |
| 12 Depreciation, including Section 179 expense deduction (from Form 4562) | ON INCOME. | | 29 Windfall Profit Tax withheld in 1982 | |
| 13 Dues and publications | | | 30 Other expenses (specify): | |
| 14 Employee benefit programs | | | a MINING DEVELOPMENT | 6,700.00 |
| 15 Freight (not included on Schedule C-1) | | | b EXPENSES. | |
| 16 Insurance | | | c | |
| 17 Interest on business indebtedness | | | d | |
| 18 Laundry and cleaning | | | e | |
| 19 Legal and professional services | | | f | |
| 20 Office supplies and postage | | | g | |
| 21 Pension and profit-sharing plans | | | h | |
| 22 Rent on business property | | | i | |
| 23 Repairs | | | j | |
| 24 Supplies (not included on Schedule C-1) | | | k | |
| | | | l | |
| | | | m | |

| | | |
|---|---|---|
| 31 Total deductions (add amounts in columns for lines 6 through 30m) ▶ | 31 | 6,700.00 |
| 32 Net profit or (loss) (subtract line 31 from line 5). If a profit, enter on Form 1040, line 12, and on Schedule SE, Part I, line 2 (or Form 1041, line 6). If a loss, go on to line 33 | 32 | 6,700.00 |

33 If you have a loss, do you have amounts for which you are not "at risk" in this business (see Instructions)? ☐ Yes ☐ No
If you checked "No," enter the loss on Form 1040, line 12, and on Schedule SE, Part I, line 2 (or Form 1041, line 6).

For Paperwork Reduction Act Notice, see Form 1040 Instructions.

# BUSINESS PROFILES

## PHENIX MINING CORPORATION

Phenix Mining Corporation is the sole sales representative for the BERMAR MINES and is conducting a limited sales campaign in selected areas of the U.S.

Although there are currently 640 acres of mineral claims which total about 2,304 blocks of Ore only a fraction of this acreage 126 Blocks will be offered for sale, or about 6%, in quantities of 150 cubic yards each, making up one quarter of each block.

Phenix will enter into Development, Mining, Extraction and Refining Agreements with any responsible party that is a MINER, or purchaser of the above precious metals Ore, with any of those above mentioned who wish to do so, under the following terms.

PHENIX will charge a one time fee of $6,700 with no provision for any additional charges. This fee shall cover the entire cost of Development, Mining and extraction of the Minre's Ore block. Refining which is not covered by Section 616 of the IRS Code and is not deductible shall be charged at the rate of a standard fee of 10% of Gross Bullion and shall be taken from gross proceeds.

PHENIX will make arrangements to deliver all Bullion produced to either the Miner direct with or without Hallmarking, or direct to his bank with Hallmarking. In either case all Bullion delivered shall be .999 finess.

Hallmarking will probably be done by Handy & Harmon a nationally recognized Refining firm. Bullion delivered to the Miner un-hallmarked will have to be re-assayed by Miner before resale can be made.

Phenix shall also give to MINER a deadline date at which time Phenix shall commence an on going processing of MINERS Ore.

Phenix was formed in 1978 with the intention of establishing itself in the Business and Mining community. However it was not until 1981 that Phenix became involved in its first mining venture with MOHAVE HOPE MINES in Kingman Arizona, which project is still on going, and then in 1982 entered into a project with EASY ORE MINE in Lovelock, Nevada. It was in middle 1983 that Phenix entered into an agreement with BERMAR MINES to initiate this sales, and mining project.

G. BRIAN STONE, President of Phenix Mining has had a varied and extensive background in various executive capacties with consulting firms, including not only normal business ventures but in medical areas as well. He served as field engineer with St Regis Paper Company, Marketing Professor with Universal Institute, and General Partner of 3 Oil & Gas Drilling Program.

Mr. Stone has had a variety of experiences with firms involved with the manufacturing and production of various metallurgical products. In addition, his experience over the past 37 years contain a good general knowledge of Open Pit Mining of both Coal and Lime.

# ATTENDANT INFORMATION

## MINE

BER-MAR MINES
P.O. Box 2194
Wickenberg, Az. 85358
Bert L. Smith, Owner
(602) ~~684-3469~~ 685-4420
~~684-2052~~
Leave a message.

## CLAIM, RECORDING

U.S. Dept. of Interior
Bureau of Land Management
2400 Valley Bank Center
Phoenix, Az. 85073
(602) 241-2511

## GEOLOGY & MINING

Gerry Kirwin & Associates.
611 W. Gibralter Lane
Phoenix, Az. 85023
Gerry L. Kirwin B.Sc., P.Eng.

and

Robert Kennealy
Gold Quest Exploration
P.O. Box 951
Scottsdale, Az. 85252

## DEVELOPMENT & MINING

Phenix Mining Corp.
130 Vine St. Suite E
Reno, Nv. 89503
(702) 329-5011

1528 N.E. 147 Street
N.Miami, Fl. 33161
(305) 940-7078

## BANKING

Capital Bank
115 N.W. 167th Street
North Miami Beach, Fl. 33169
Mrs. Bettijean D. Meyer
(305) 653-5440

## FINANCIAL

Columbia Financial Corp.
700 Camelview Plaza
6900 Camelback Road
Scottsdale, Arizona 85251
Robert R. Hansen Pres.
(602) 949-5233
Call after 2 pm Scottsdale time.

## ORGANIZATIONS

Western Mining Council, Inc.
P.O. Box 254
Anderson, California 96007

Arizona Prospectors & Small Mine Owners
P.O. Box 862
Yarnell, Arizona 85632

Gold Prospectors Association
P.O. Box 507
Bonsall. California 92003

Prospector's Club of Southern California
556 N. Hallowell Ave.
Arcadia, California 91006

Nevada Miners & Prospectors
120 Greenridge Drive
Reno, Nevada 89509

# DESCRIPTION OF THE PROJECT

The beneficiation of these variable Crushed Ore and Mine Run Ore values in Gold & Silver would relate most efficiently to a Cyanide Leach Method of Production with Carbon Absorption and State of The Art Refining.

STEP 1

The Ore after removal from its location is first passed thru a Grizzly and Trommel which removes the Nuggets and separates the Ore into Mine Run and Ore needing grinding in a Ball Mill, to produce an Ore body with a standard size of 1/4" to 60 Mesh. The proper sized Ore is then conveyored to a Bulk Ore pile awaiting loading onto the #1 Leach Pad.

STEP 2

After being loaded onto the leach pad, the Ore is subjected to a continual spraying of a mild Cyanide solution. This solution leaches out even the microscopic sized Gold flakes into solution. This operation can run from 4 to 40 hours, depending upon the removal rate of the Gold & Silver.

The pregnant Cyanide solution is passed continually, as a part of the Cyanide solution circulation process, thru a series of Carbon Absorption Columns where the Gold & Silver are removed from the Cyanide solution by being absorbed into the Activated Carbon. The Barren Cyanide is continued thru the circulation system to the Barren Solution Pit and then recirculated to dissolve more precious metals.

When it has been determined that all of the Gold & Silver have been removed that are accessible the #1 Leach Pad is shut down and Pad # 2 which has been loaded while #1 is in operation is now activated to the Cyanide solution process.

STEP3

The Activated Carbon which contains the leached Gold & Silver has been removed from their storage columns while the #1 pit has been down, and before the #2 pit was activated, which has its own Activated Carbon lot.

The removed Activated Carbon is placed into the Processing tanks and a stripper solution is pumped thru it removing the Gold & Silver from the Carbon. This solution is then pushed thru the Heat Exchanger into the Electrowinning tank where the precious metals are collected onto steel wool. The clean Activated Carbon is now ready for re-use.

STEP 4

The steel wool with the precious metals attached is now melted down into Dore Bars and is subjected to a chemical process that removes the Silver first and after subjection to another chemical process removes the Gold completing the chemical Refining process.

At this point, the Silver & Gold are poured into Bullion Bars of .999 Fine and are ready for direct delivery to the bank vault or transferred for Hallmarking and then into the bank. In either case, it is ready to be delivered to the Miner.

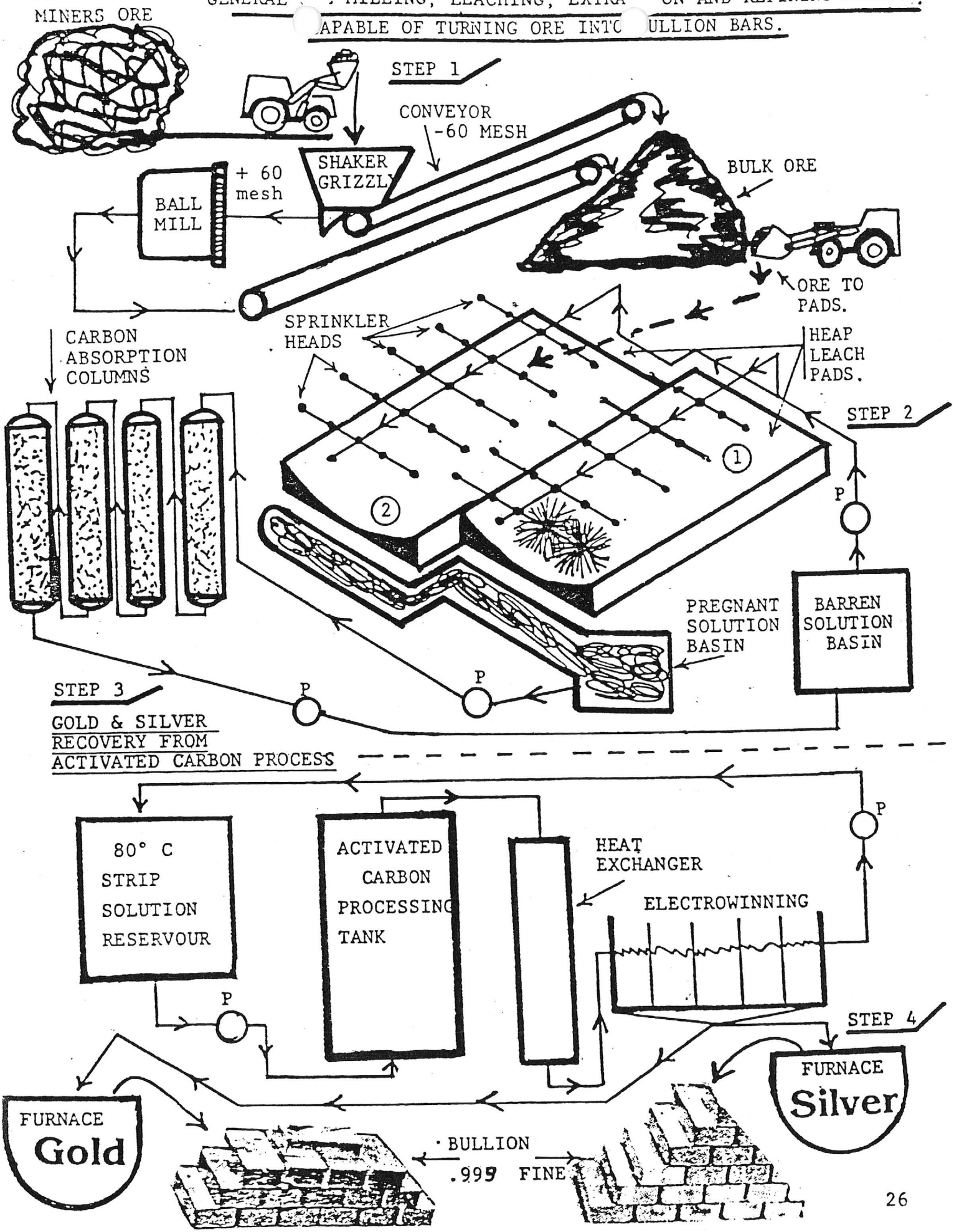
An examination of the 640 acres of the combined claims indicate that the Ore carrying body measures at least from surface to about 100 feet throughout the entire area tested and to an even greater depth in other areas. This provides a total of at least 8,300,000 tons of Ore bearing materials that lend itself to Placer Mining activities.

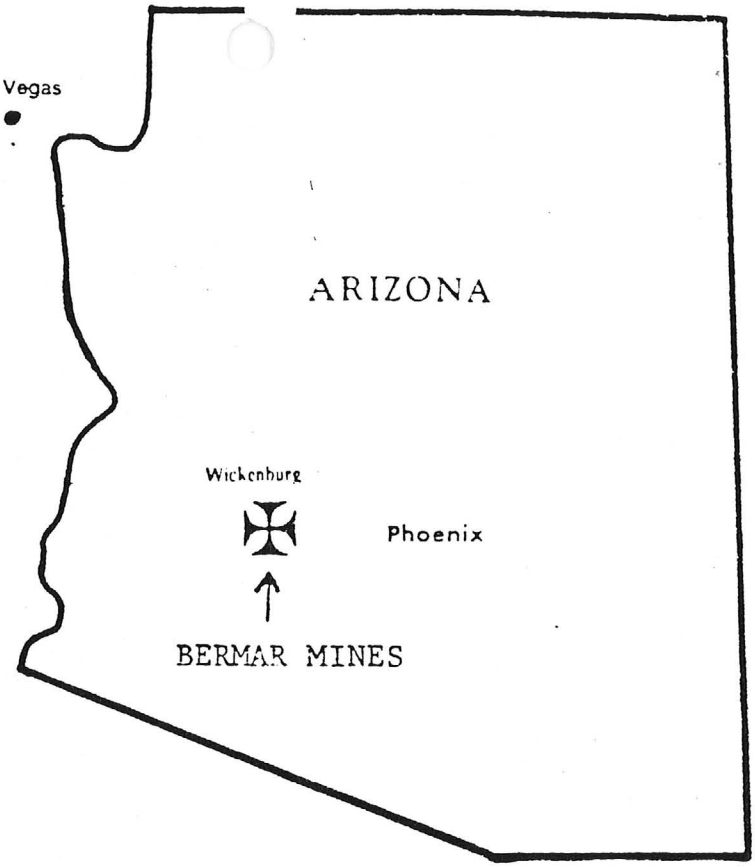
The entire processing as presently projected is best shown by the "General Ore Milling, Leaching, Extraction and Refining Plant." diagram.

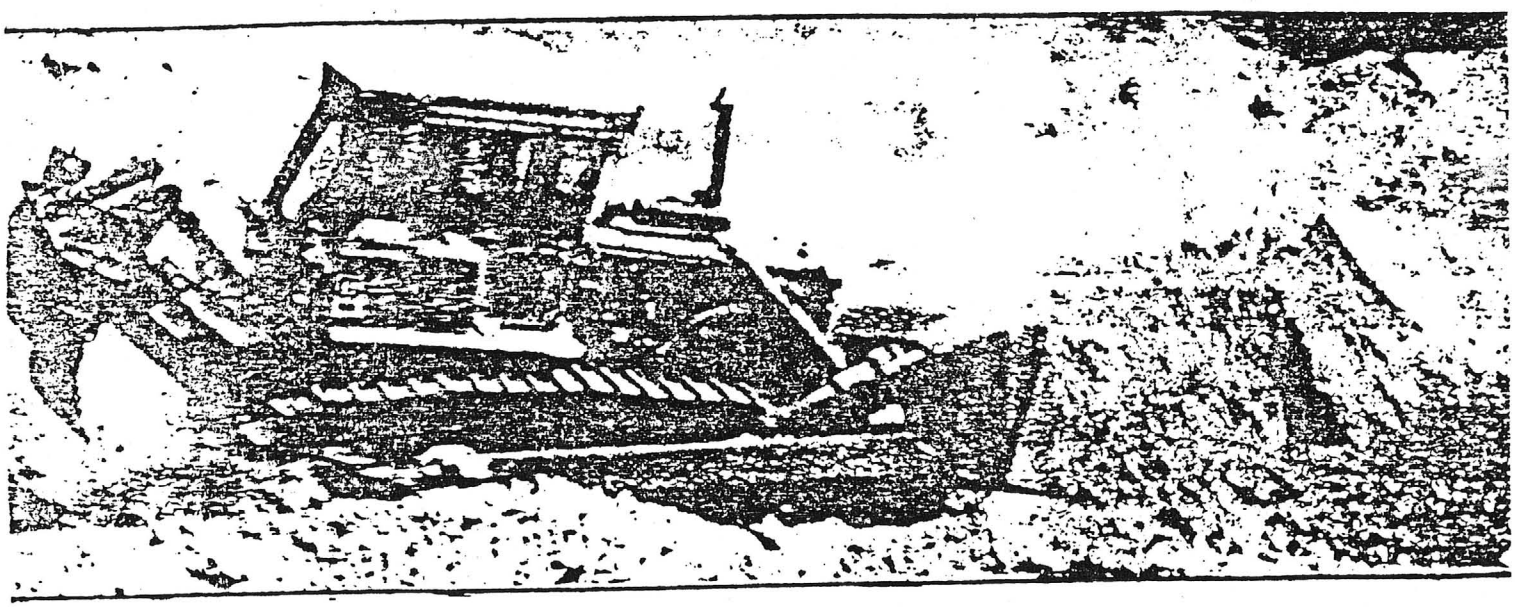
Over the next 12 months and each year thereafter it is expected that 54,000 oz of Gold will be produced and about 2,500,000 oz of Silver will be produced. It is expected that the mine will be operating for a period of 10 + years.

GENERAL . MILLING, LEACHING, EXTRA ON AND REFINING PLANT.

APABLE OF TURNING ORE INTO ULLION BARS.

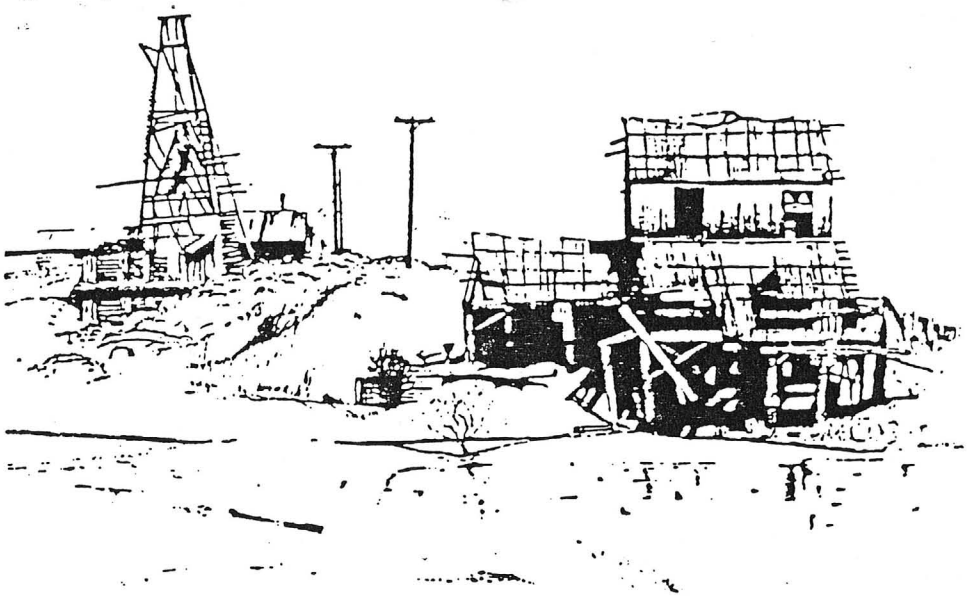




The information contained herein has been obtained from sources believed to be reliable. This offering is speculative and involves a degree of risk. This offering has not been approved or disapproved by the Securities and Exchange Commission, nor has the Commission passed upon the accuracy or adequacy of this offering.

Neither the information presented nor the opinions expressed constitutes a representation or solicitation for purchase or sale of any securities.



GOLD SILVER

# WARNING:

# INSIDE CONTENTS WILL BRING YOU FINANCIAL SUCCESS!

**TAKE CONTROL OF YOUR FINANCIAL FUTURE...**
**TURN THE PAGE:**

# The American dream of financial security can come true for you right now if you read and heed these golden facts!

★ FACT: People who have invested in gold are living the American dream right now!

★ FACT: Gold and other precious metals get stronger when other investments go through the floor!

★ FACT: Gold is the safest way to get richer quicker!

★ FACT: When paper money is worthless gold will be the only widely accepted form of currency... it always has and it always will be!

★ FACT: If you don't have gold or other precious metals in your portfolio, consider yourself unprotected financially!

★ FACT: Only a few short years ago the American dollar was worth a dollar and gold $35 an ounce. Today the dollar is worth much less, but gold is worth over $400 an oz.!

★ FACT: Gold and silver are the only international currencies that retain their value all over the entire planet!

★ FACT: Have you ever seen gold and silver go down and not come back up? Never!

★ FACT: There's never been a better time to buy gold and silver!

★ FACT: Only gold, silver and other precious metals can safely help you reach your American dream and keep you there once you get there!

★ FACT: Gold and silver are like the American space shuttle... always going up!

★ FACT: Gold is stronger than ever!

★ FACT: Gold is your best bet!

★ FACT: Banks fail, the stock market can crumble, even the money market funds have failed... more than once. Gold and silver never have and never will!

★ FACT: Many experts agree gold will be $1,000 to $2,000 an ounce in the near future, silver $75 to $100 an ounce.

★ FACT: It was one of the major quests for gold and silver that brought about the discovery of the new world/U.S.A.

GOLD $176.03 PER OUNCE

# BERMAR MINES

SILVER $ 4.40 PER OUNCE

1. $600 plus 60% of NET NET proceeds buys you 185 cubic yards of PROVEN PRECIOUS METALS MINERAL ORE.....

   a. You have now become a GOLD & SILVER MINER.

   b. You have GOLD & SILVER ORE TO MINE.

2. You hire PHENIX MINING CORP., who will Develop, Mine, and Extract the Ore for you, and then arrange for Refining at 10% of Gross taken from the produced Ore values. You pay to PHENIX a fee of $6,700 for all this.

   a. Both PHENIX and BER-MAR agree that you will GET BACK YOUR INVESTED $6,700 FIRST.

3. Under 616 IRS Code you can deduct 100% of the $6,700, PLUS your entitled to a 15% Depletion Allowance..... (that's TAX FREE MONEY) IRS 613 (b), PLUS You don't pay taxes on your GOLD & SILVER BULLION PROFITS UNTIL YOU SELL THEM. IRS 451. AND you can even carry foreward you losses for 7 years, or re-capture for 3 years back. IRS 172

4. You are given a specicic Processing Deadline date so that you know when your Ore is being turned into GOLD & SILVER BULLION FOR DELIVERY TO YOU.

5. There are TWO ENGINEERING REPORTS and A PILOT PLANT REPORT that show on 20 DIFFERENT ASSAYS BY 9 DIFFERENT COMPANIES that there is 1.1 oz/T GOLD, and 21.91 oz/T SILVER. But the mine is useing a CONSERVATIVE .221oz/T GOLD and 8.685 oz/T SILVER.

6. YOUR PROFIT POTENTIAL IS AT LEAST $14,802,....and if the recovered amount is closer to the assays....and it could, then you could get $ 63,293...CERTAINLY ALL THATS WORTH AN INVESTMENT OF $7,300!!

NOTE

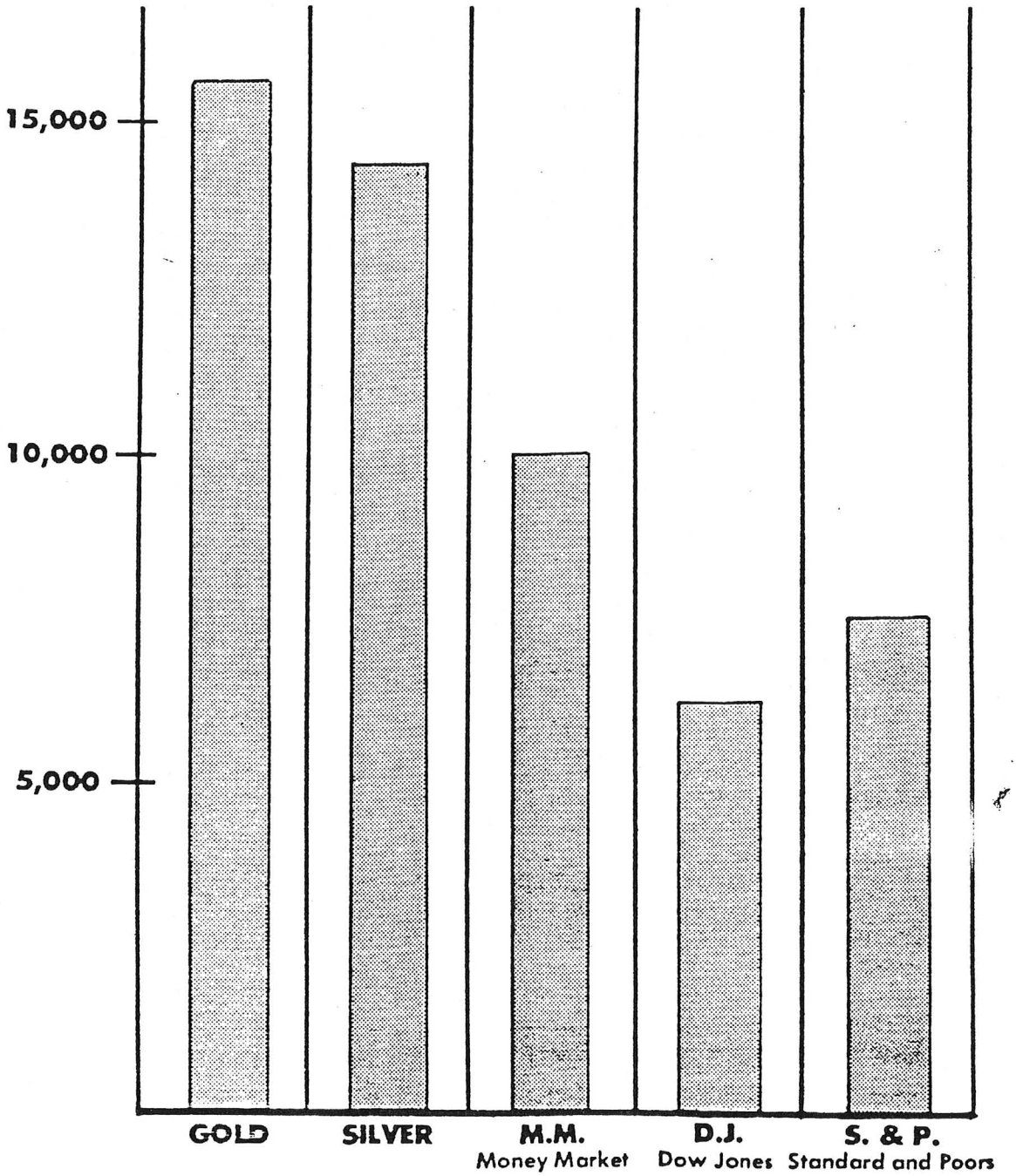
KEEP IN MIND THAT ONLY FOUR QUARTERS OF 126 BLOCKS ARE AVAILABLE AND THEY ARE GOING FAST.....WHEN THEY ARE GONE...THERE ARE NO MORE.....

---

PLEASE WRITE YOUR QUESTIONS HERE.....FOR YOUR CALL BACK.

# GOLD & SILVER OUTPERFORM ALL OTHER INVESTMENTS.

## 5 Year Investment Comparison Chart.




Assumption: Invest $5,000 in 1977*.
Question: Where would your investment be now?*

*For S&P, assume 1979

*Numbers are rounded.

# LAND NEWS...

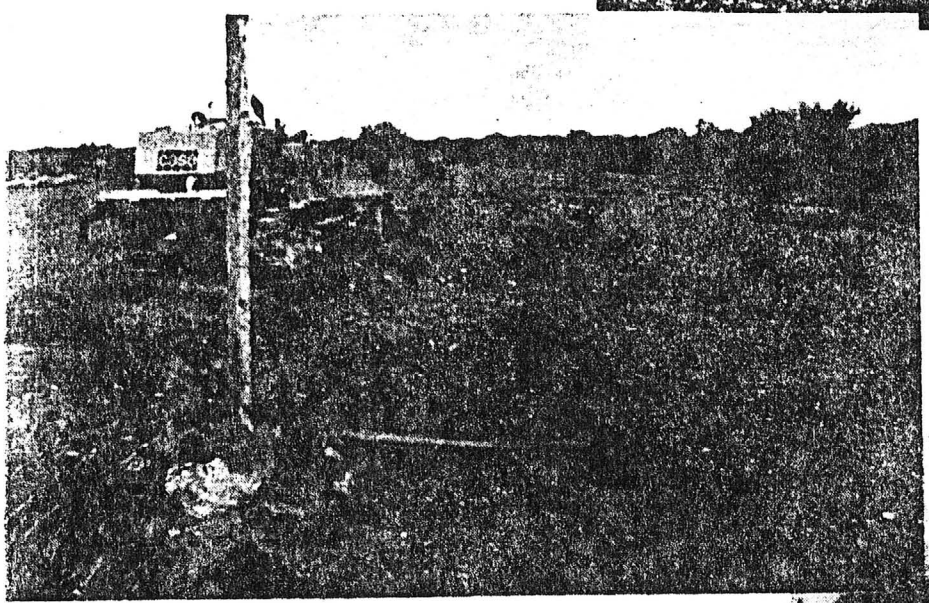
DEVELOPMENT WORK. All of the development work has been completed on both Sections 3 and 4. Anyone wanting to take their tax deductions should now be able to do so.

Additional work was also accomplished, in that an area was cleared for the primary production plant was cleared, plus two water recycling pits were dug.

It is our belief that additional metallurgical testing should be done and, following that feeling, we are in the process of shipping at least 300 tons of selected Ore to the Glory Mining Production Plant in Apache Junction.

MINING CLAIM LOCATION STAKE.

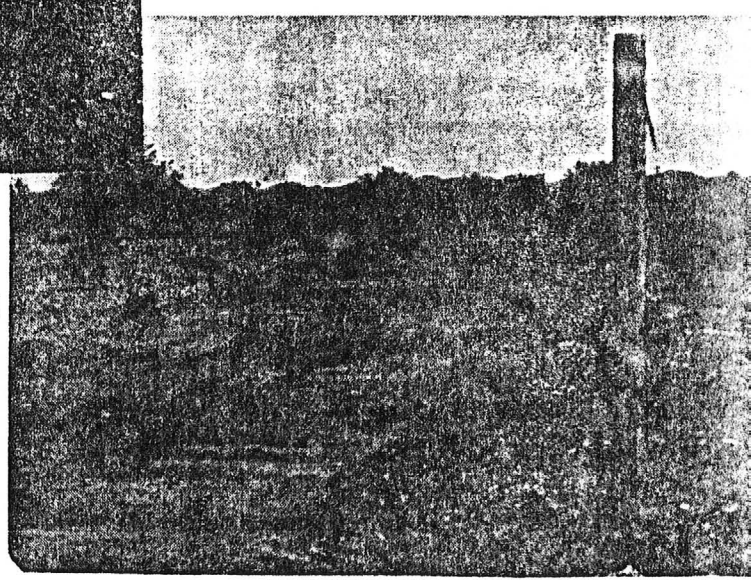
G.Brian Stone, President of Phenix Mining is here shown placing a PRIMARY BOUNDARY POINT stake at the corner of Sections 3 and 4.



STARTING ACCESS ROAD.

A Dozer is shown here making the first cut on the road into the property ending at the mining plant location.

2 miles of additional access road from Vulture Mine Road was also cleaned up for the passage of heavy equipment trucks.

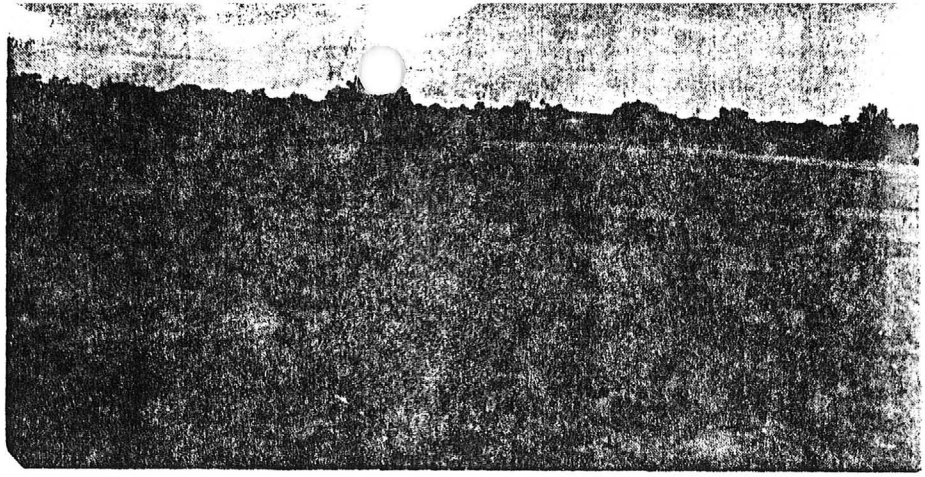


ACCESS ROAD.

Completed access road after the second cut and clean up, thus making the primary mining plant location accessable even to regular car traffic.

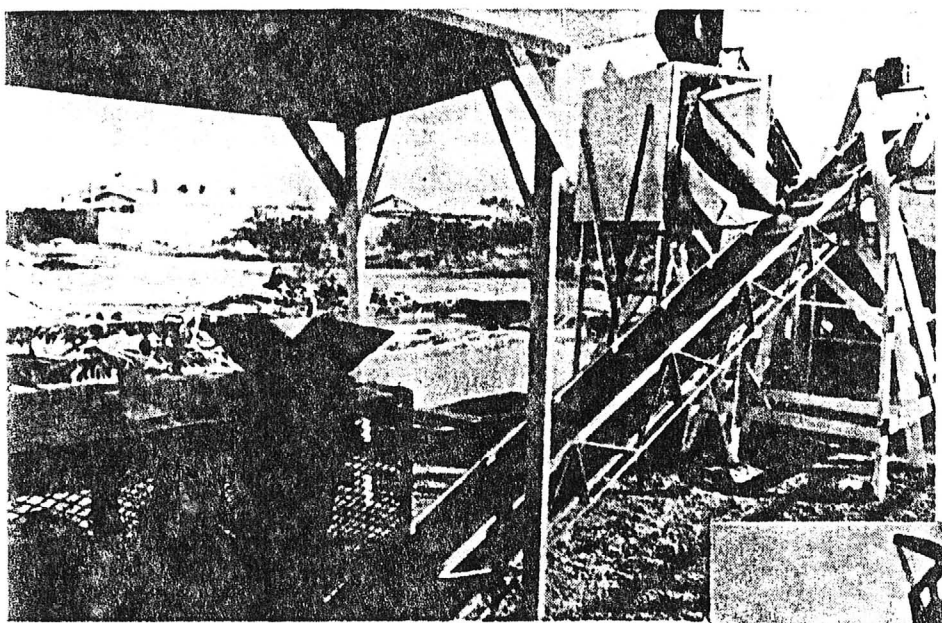
PLANT SITE.

An area large enough to contain a 1,000 ton per day processing plant was made ready and 2 water recycling storage ponds were dug. Dozer in the background was forming the first pond.

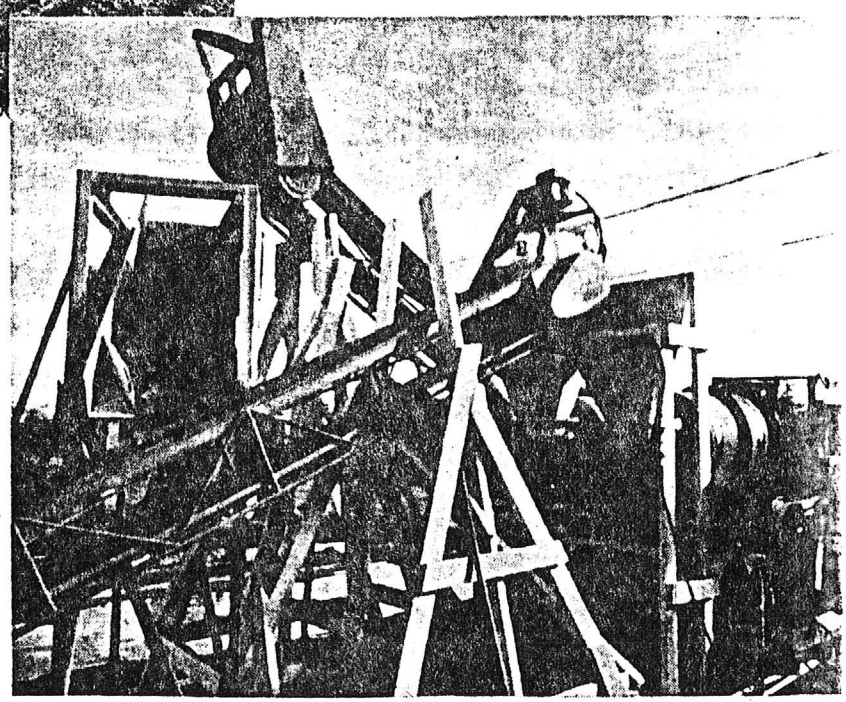


# TEST PILOT PLANT.

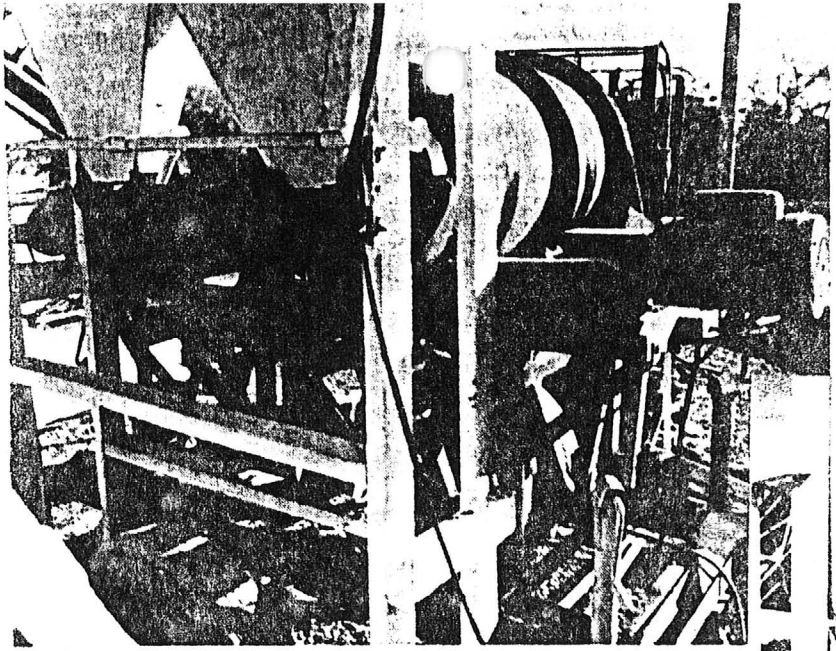
Glory Mining Production Company at 1699 S. Maricopa Dr. Apache Junction,Az. has a test production facility utilizing a gravity removal system with a re-grind factor built in. Plant also provides for Electrolytic Extraction of Precious Metal Ores. Phenix Mining and Ber-Mar Mines have decided that it would facilitate fine tuning of a test plant to have Glory Mining run a number of 100 ton Ore samples in their plant prior to the establishment of a test plant and then a Primary Production Facility on site at our Mining claims.



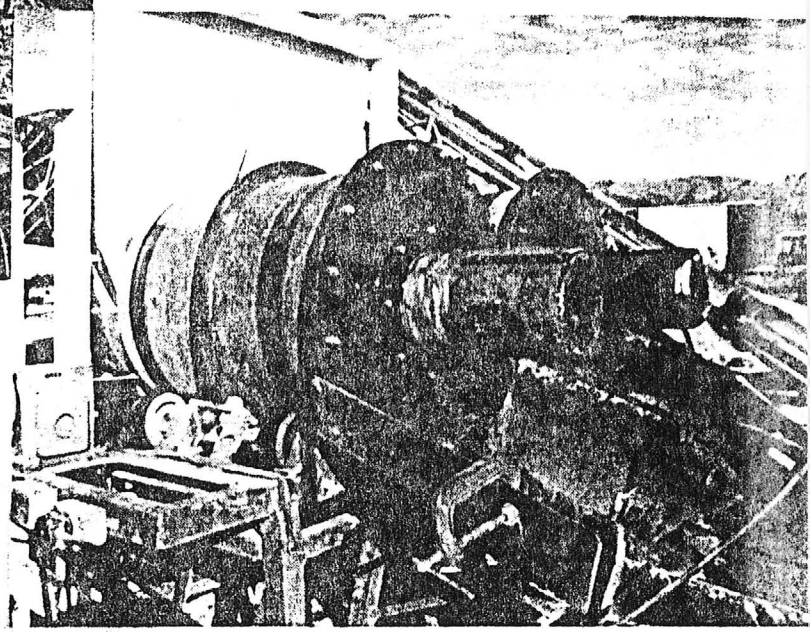
1. On the left is the rock crusher that reduces the Ore to about 1/32", then feeds it direct to a conveyor taking it to the next step.



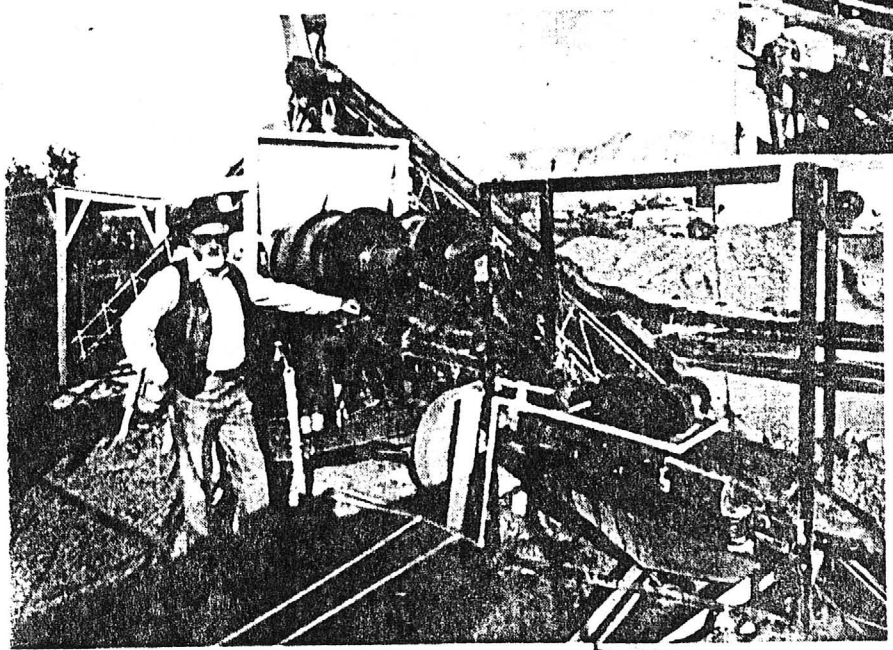
2. Ore continues up the conveyor and is delivered to the Ball Mill storage hoppers. In the upper left of the photo can be seen the return conveyor for the re-grinding of over-sized materials returned from the shaker screen operation.



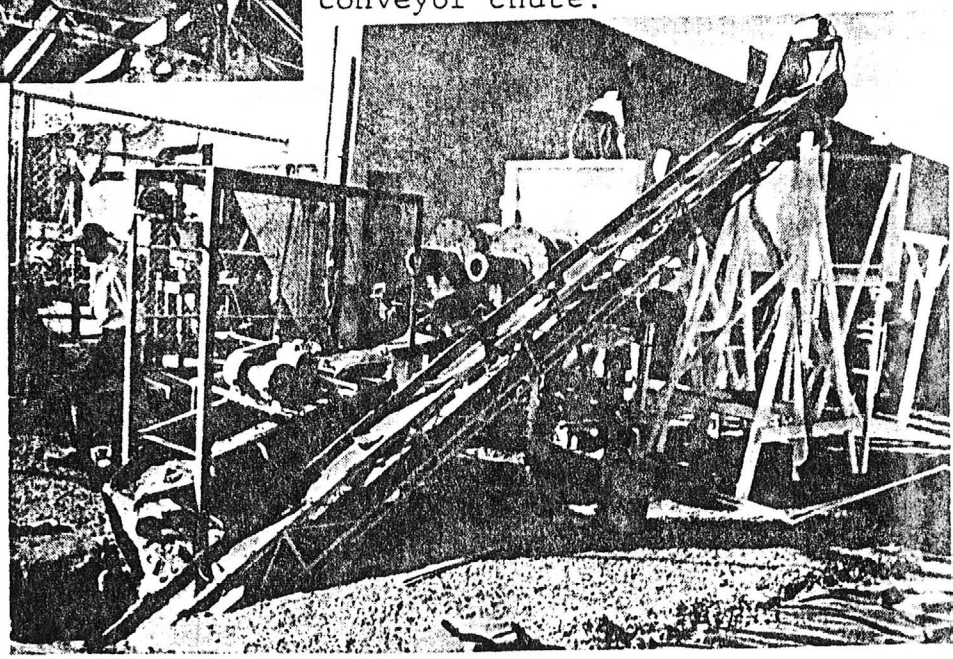
3. Th photo shows the storage hopp s feeding Ore into the 2 Ball Mill crushers. On the right is the electric drive motor for the two Ball Mills.



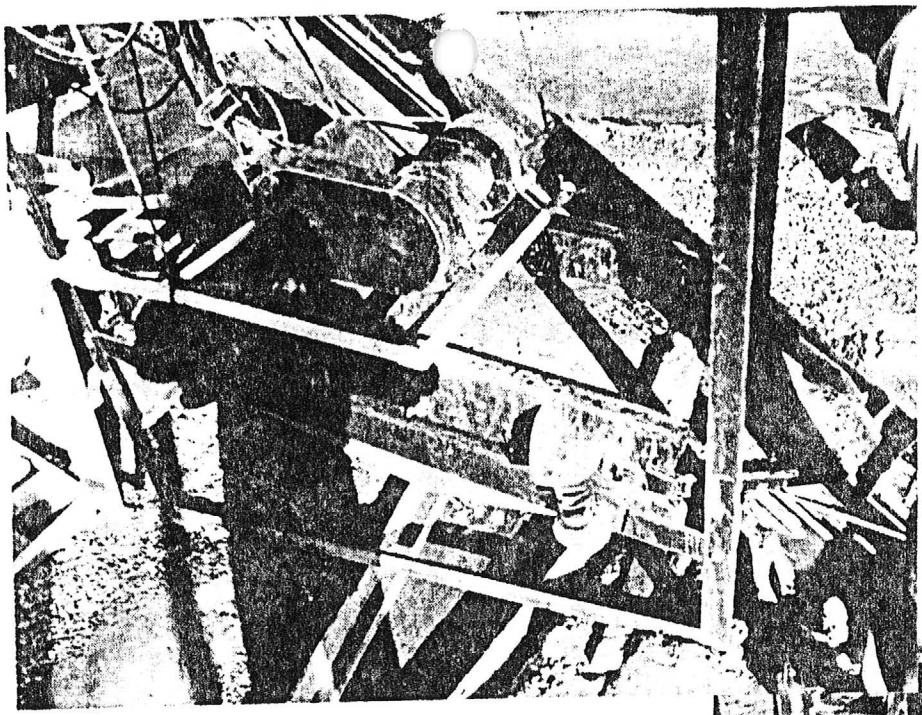
4. The 2 Ball Mills are shown here feeding the microscopically ground Ore into the Shaker Screen feed channels.



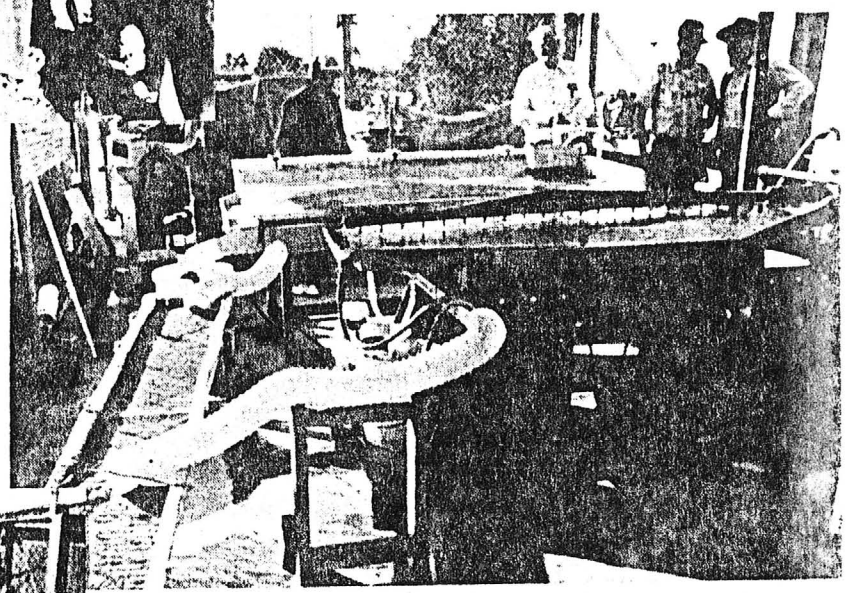
5. Bert Smith owner of Ber-Mar Mines and Bert L. Smith Mine is inspecting the test plant Screen Separator snd shaker assembly. Ore is screened here by size. Proper sizes are passed into conveyor in the lower right hand conveyor chute.



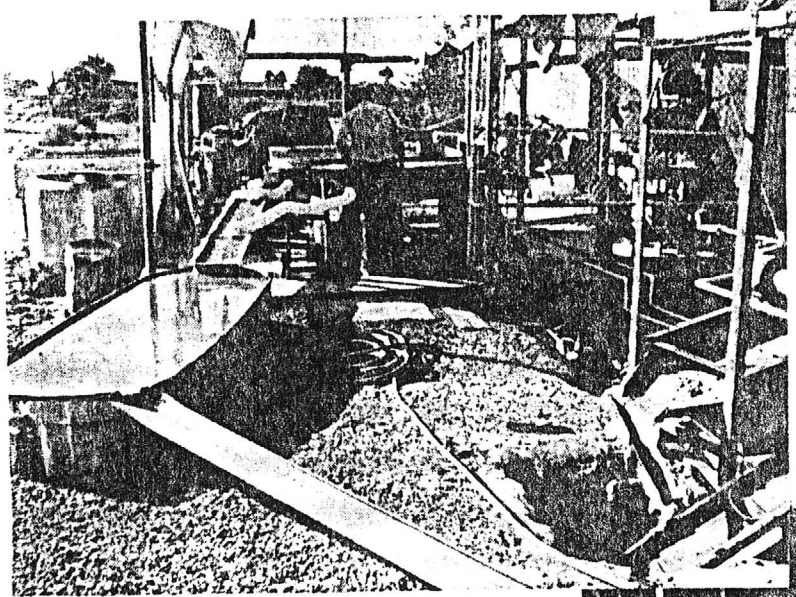
6. Entire sizing, grinding, seperating, re-grinding and conveyor system is shown here. Chute in the lower left hand corner of photo shows over sized Ore being conveyored back to the 2 Ball Mill conveyors for re-grinding.



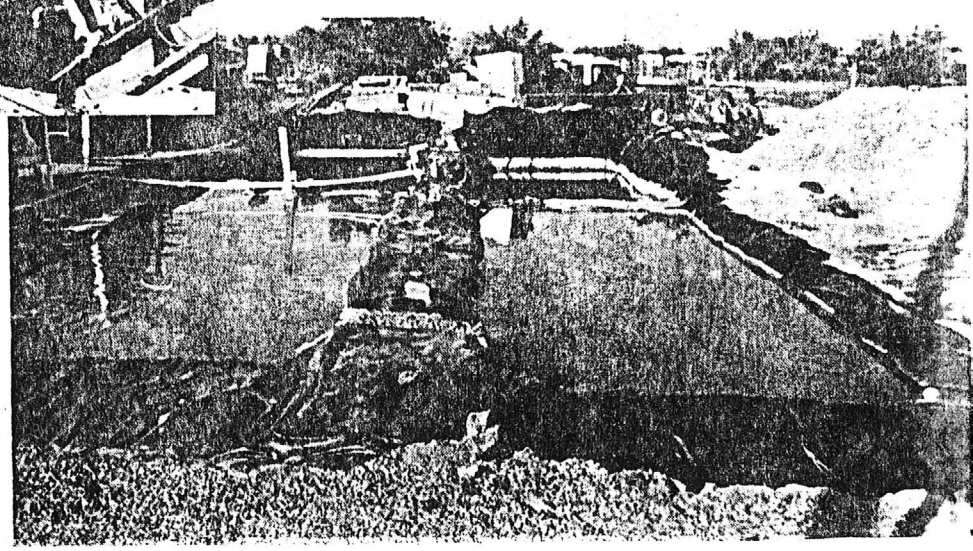
7. The Separator shaker screen assembly is shown here in more detail, showing the conveyor chute; lower center, that conveys the proper sized Ore into the Shaker Table Separator process for further classifying and separating the Precious Metals Ore into groups.



8. The two stage Shaker Table Separators are shown here. Table in the background is the first stage separation and the table in the foreground performs the final separation. Precious Metal Ores are then accumulated in the buckets seen in front of the tables.



9. Waste or tailings slurry is discharged by the shaker tables in this first stage settling tank to drop out the heavier materials and allow them to be re-run for further Ore removal.



10. A direct feed from the first settling tank discharges the water slurry materials into the two stage settling pond. The tailings materials are here removed and the water cleaned for recycling into the system.

BAHAMIAN REFINING CORPORATION

CUSTOM REFINERS. COMPLETE ANALYSIS & FLOWSHEET DESIGN

9222 N. 14TH AVE., PHOENIX, ARIZ. 85021

TELEPHONE (602) 978-9702

# "WHAT IS A SYNERGISTIC RECOVERY SYSTEM?"TM

Most recovery systems rely solely on either specific gravity (the heavy particles are separated - if completely freed from matrix); or flotation (selected particles lifted to surface by air and frothing reagents); or leaching (dissolving values into solution to be recovered later after being separated from ore). These systems usually only recovery 70% of the values and the best they can recover is usually in the high eighty percent.

The Synergistic Recovery System combines all of the above and in addition to fine grinding and agitation, it also: A. pretreats and conditions the ore, B. chemically leaches with simultaneous precipitation, C. provides electrowinning in circuit, D. electrostatic attraction, and E. amalgamation, all at the same time.

SYNERGISM IS COOPERATIVE ACTION SUCH THAT THE TOTAL EFFECT IS EQUAL TO MORE THAN THE SUM OF THE EFFECTS TAKEN INDEPENDENTLY.

The Synergistic Recovery System took 7 years to develop and we believe it is superior to any other method available.

With a Synergistic Recovery System you will both mill AND refine to dore' bar. A dore' bar is a bar usually containing approximately 97% precious metals; gold, silver and platinum group metals; all combined, with the balance being impurities.

Our Synergistic Recovery System plant can process 100 tons/day at a 10% solids ratio. The percentage of solids processed would, in most cases, fall in the range of 5% to 40%, which translates to 50 to 400 tons/day. The percentage of solids processed in any given situation is determined by the particular ore being processed.

An assay tells what can be detected (or recovered) by that particular testing procedure. The reason you may get different results from different tests is simply that different testing procedures were used, or the method of sampling was not the same in each case. A Synergistic Recovery Lab Bench Test is a 3 day recovery procedure, which is done in the same manner as recovery through the plant except on a small scale in the laboratory using one small container instead of ten large tanks.

BAHAMIAN REFINING CORPORATION
CUSTOM REFINING, COMPLETE ANALYSIS & FLOWSHEET DESIGN

9222 N. 14TH AVE., PHOENIX, ARIZ. 85021
TELEPHONE (602) 279-9702

NAME: Brian Stone/ Phenix Mining Corp. DATE: 12-26-83

ADDRESS: 1528 N.E. 147th St. No. Miami, FL 33161

By hydrochemical and ferometallurgical methods, the actual values recovered from your sample are as follows:

| Sample | Au Oz/T | Au Value @ $ 380 | Ag Oz/T | Ag Value @ $8 | Pt Group Indication | Total Value Per Ton** |
|---|---|---|---|---|---|---|
| Ber Mer | .36 | $ 136.80 | .63 | $ 5.04 | --- | $141.84 |

* * * * * * * * * * * * * * * * * * * * *

Based on your sample, the theoretical gold recovery for various methods commonly used is as follows:

Cyanide Heap Leach 75 % of fire recovery.

Flotation 80 % of fire recovery.

Specific Gravity 90 % of fire recovery.

**The average theoretical recovery LOSS of gold values using the above methods is 10 % to 25 %.**

* * * * * * * * * * * * * * * * * * * * *

Using the **SYNERGISTIC RECOVERY SYSTEM**, the total values recovered from your sample are as follows:

| Sample | Au Oz/T | Au Value @ $ 380 | Ag Oz/T | Ag Value @ $ 8 | Pt Group Indication | Total Value Per Ton** |
|---|---|---|---|---|---|---|
| Ber Mer | 1.89 | $718.20 | .72 | $5.76 | ++ | $723.96 |

The **SYNERGISTIC RECOVERY of Au is** 525 % of fire recovery on your sample.

This represents **ADDITIONAL GOLD VALUES** of $ 581.40 /Ton using the **SYNERGISTIC RECOVERY SYSTEM.**

The **SYNERGISTIC RECOVERY SYSTEM** test we have done for you, while it is a three day lab test, is the same procedure at that used in the continuous flow production plant, except for the following:

1. Physical size of the vats.
2. The lab is a batch procedure; the plant is continuous flow.
3. A standard chemical formula is used in the lab, whereas the chemical formulation used in a plant is fine-tuned to the ore being processed.
4. Gold recovery is generally higher in a plant than in the lab. Sufficient data is not available to determine differences (if any) in the recovery of silver or platinum group metals.

++Not including Pt group value, if any.

[illegible] protection to clients, the public and this corporation, this report is submitted and accepted for the exclusive use of the client to whom it is addressed and u[illegible] [illegible] not to be used, in whole or in part, in any advertising or publicity matter without prior written authorization from this corporation.

GOLD * SILVER * PLATINUM

# ASSAY REPORT FORM

Date 12-27-83

Assay Office GLORY MINING CO

Address 1699 SO MARIPOSA AVE.

City & State APACHE JUNCTION, AZ 85220

Phone 1-602-982-8801

G. BRIAN STONE

FOR: PHENIX MINING CORP Phone 305-940-7073

Address 1628 N.E. 147 ST

City & State N. MIAMI, FLORIDA 33161

Note: One assay ton = 29.16 grams. Each milligram of precious metals taken from an Assay Ton equals one troy ounce of precious metals per ton of ore.

| | Ore or material | Weight of sample | Initial weight of bead | Percentage of gold in bead | GOLD ounces per ton | SILVER ounces per ton | PLATINUM ounces per ton | OTHER |
|---|---|---|---|---|---|---|---|---|
| 1 | WICKENBURG ORE | 29.16 GRS. | 1.300 | .50% | .450 | .400 | — | 60 MASH |
| 2 | " " | 29.16 GRS | 1.400 | .50% | .475 | .450 | — | 100 MASH |
| 3 | " " | 29.16 GRS | 1.600 | .50% | .533 | .525 | — | 150 MASH |
| 4 | " " | 2 LBS. | 3.200 | | .103 | 2.929 | — | LEACH TEST |
| 5 | " " | 2 LBS | 3.100 | | .100 | 3.000 | — | ELECTROLYTIC CONCENTRATION TABLE |
| 6 | | | | | | | | |
| 7 | | | | | | | | |

Above and following tests were performed on samples taken from Sections 3 & 4. Materials were collected on 100' centers, nine per section from surface areas.
Township 5 N, Range 6 W, Maricopa County, Arizona.

Signature Lyman D. Frederick

GLORY MINING PRODU ION
1699 S. MARIPOSA DR.
APACHE JUNCTION, AZ. 85220

Phone 602 982 8001

page # 1

PHENIX MINING CO.

TEST SERIES WICKENBURG ARIZ.

Test No. A

Jar No. 1
Mesh size 150
CLS-1 or -13
Acid used CLS-13
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right AWAY
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS TRACE mg %Au Au/ton AG/ton
FAAL mg %Au Au/ton Ag/ton
RECOVERY %Au %Ag

Test No. A

Jar No. 2
Mesh size 150
CLS-1 or -13
Acid used Ferric Chloids
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right AWAY
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS 1.500 mg .50 %Au .500 Au/ton .500 Ag/ton
FAAL +mg %Au .500 Au/ton .500 Ag/ton
RECOVERY % Au % Ag

Test No. A

Jar No. 3
Mesh size 150
CLS-1 or -13
Acid used CLS-13
Acid reaction A (B) C D
pH test 1

Pre-treatment NONE
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right AWAY
Precip time 2 HRS.
Precip filtering F (M) S SS

RESULTS .900 mg .50 %Au .300 Au/ton .700 AG/ton
FAAL mg %Au .300 Au/ton .700 Ag/ton
RECOVERY %Au %Ag

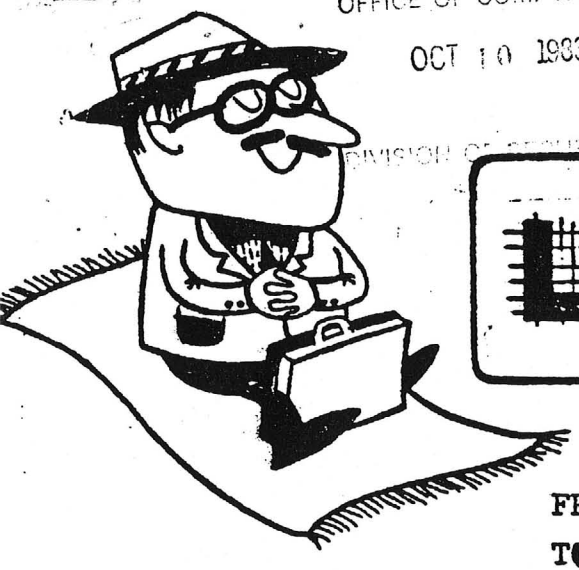
Test No. A

Jar No. 4
Mesh size 150
CLS-1 or -13
Acid used CLS-1
Acid reaction A (B) C D
pH test 1

Pre-treatment NO
Ore filtering F (M) S SS
Heat 150° F. or 150
Zinc reaction Right AWAY
Precip time 2 HRS
Precip filtering F (M) S SS

RESULTS Nothing mg %Au Au/ton Ag/ton
FAAL +mg %Au Au/ton Ag/ton
RECOVERY % Au % Ag

RECEIVED
OFFICE OF COMPTROLLER
OCT 10 1983
DIVISION OF SECURITIES



# PMC LATE NEWS...

December 29, 1982.

FROM: Easy Ore Mining. Phenix Mining.
TO: Brokers, Dealers, Advisors and Investors.
RE: Mine Visitation & Guided Tours.

Starting Sunday March 13, 1982,*or Sunday April 3, 1983 and every Sunday thereafter, weather permitting, there will be guided visitation to the mine and mining operations that will be open to selected persons.

The tour shall start from the Reno Airport, proceed to Lovelock by Bus where a stop will be made to pick up additional visitors, and then shall proceed to the mine where lunch will be served.

The complete tour will include the general mining area, including the LUCKY ROSE CLAIMS; immediate area undere current development; the Mining processes, Mineral aggregate transportation; the extraction process; the Refining process, and on to the smelting and pouring into bullion bars the extracted Silver and Gold.

The exact dates and times will be announced, at which time those wishing to visit the mine should make appointments to do so.

When planning a visitation to the mine, keep in mind that we are going into an outdoor work environment. Therefore it is suggested that you bring suitable outdoor books or shoes. A sweater would also be suggested due to the elevation, and winds present. Ladies should definitly plan to wear slacks.

Please also be aware that tight security prevails at the mine site since we are handling your Gold & silver.....

* Mining in this part of Nevada usually is conducted only from April until November due to adverse weather and wind conditions.

# Purchase Agreement

This AGREEMENT made an entered into this day of 198 by and between EASY ORE MINING CORPORATION, of 2527 North Carson Street, Suite 205, Carson City, Nevada 89701 hereinafter referred to as SELLER, and

_____ of _____

_____ hereinafter referred to as BUYER.

WHEREAS it is the desire of the SELLER to sell such quantities of its Mineral Ore as is possible, and it is the desire of the BUYER to purchase certain quantities of said Mineral Ore this agreement is made.

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this agreement and for other good and valuable considerations receipt of which is hereby acknowledged, it is agreed as follows:

SELLER AGREES TO:

1. Sell and transfer such quantities of Mineral Ore as BUYER shall agree to buy.
2. Convey to BUYER a like quality of MINERAL ORE as is represented in the materials supplied to BUYER, and to guarantee a MINIMUM VALUE OF ($60,000) Sixty Thousand Dollars in each said ORE block.
3. Provide reasonable access to said Mineral Ore for BUYER to examine at his option, and allow BUYER to remove said ORE as he may desire within the terms of this agreement.
4. Acknowledge that the deposits of Mineral Ore are shown in sufficent quantities and qualities to reasonably justify commercial exploitation based upon the geological and assay reports supplied to BUYER.
5. Verify that said Mineral Ore is in fact owned by, and therefore saleable by SELLER to BUYER, and that SELLER will provide BUYER with a vaid Bill Of Sale certifying ownership thereto with a detailed description of location of Mineral Ore.
6. Accept payment of such Net Proceeds split with BUYER in Silver & Gold Bullion as may be agreed herein, or in cash U.S. Dollars if Buyer shall elect to do so.

BUYER AGREES TO:

1. Buy _____ (  ) cubic yards of Mineral Ore,

   and to pay to SELLER the sum of _____

   ($  ), in U.S. Dollars for said Mineral Ore upon the signing of this agreement.
2. Hereby assign to the SELLER as a share of the NET PROCEEDS SIXTY PERCENT (60%) thereof the net total of all Silver & Gold found in the Mineral Ore as a portion of full payment thereof. Net total shall be determined after deducting all mining development costs, plus accrued interest thereon and all mineral extraction costs, plus all refining costs.
3. Satisfy the SELLER that BUYER is capable of developing and refining the Mineral Ore, or enter into a development agreement with a company acceptable to SELLER, and to commit payment for development of BUYERS Mineral Ore

within thirty (30) days after signing this agreement.

4. To assume all payments to have said Mineral Ore developed and Refined.

5. Complete all development and Refining of said Mineral Ore within a period of five (5) years from the date of this agreement.

6. Give an assignment to the development company to deduct the said sixty (60) percent of net proceeds from the Silver & Gold after deducting all development, note and interest , and refining costs as stated above and pay said share in Silver & Gold Bullion or U.S. Dollars.

7. Acknowledge and represent herein that BUYER accepts the representation of the SELLER as to the quality and quantity of the deposits of Ore so as to reasonably justify commercial exploitation. Note geological and assay reports.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. A legal and detailed description of BUYERS Mineral Ore shall be enclosed with the BILL OF SALE showing the location on the grid block of BUYERS Ore. Enclosed is a chart showing such available locations. On a first come basis each buyer shall have his name placed upon one or more of these squares that shall hold and contain his Mineral Ore, and BUYER shall be notified of his specific square, which shall become the legal property of BUYER subject to the terms contained herein.

2. This agreement shall be interpreted by the laws of the state of NEVADA.

3. Accept this Agreement as the total agreement and acknowledge that there are no other arrangements or agreements except as herein stated.

AND, THEREFORE, WHEREAS, the parties hereto mutually and individually agree to the terms and conditions hereinabove stated do enter into this agreement on the above first written date.

| EASY ORE MINES- SELLER | BUYER |
|---|---|
| _____ | _____ |
| _____ | _____ |
| WITNESS | WITNESS |

# Development & Mining Agreement

This AGREEMENT made and entered into this day of 198 by and between PHENIX MINING CORPORATION, of 1528 N.E. 147 Street, N.Miami, Florida 33161, a Florida Corporation, hereinafter reffered to as DEVELOPER, and

_____ of _____

_____ hereinafter reffered to as MINER,

WHEREAS it is the desire of the MINER to have _____ cu yds of Mineral Ore developed, currently located at the Easy Ore Mines, Lovelock Nevade, and

WHEREAS it is the desire of the DEVELOPER to develop said Mineral Ore,

NOW, THEREFORE, in consideration of the mutual agreements and cevenants contained in this agreement and for other good and valuable considerations, receipt of which is hereby acknowledged, it is mutually agreed as follows:

MINER AGREES TO:

1. Pay to the DEVELOPER the sum of ($ ) _____

   _____ DOLLARS for its services in developing MINERS Mineral Ore.

   Fee to be paid as follows:

   a. ($ ) _____ DOLLARS in cash.

   b. ($ ) _____ DOLLARS in the form of a full recourse note payable in five (5) years, carrying 12% simple interest per annum, paid annually. Note is made payable to COLUMBIA FINANCIAL CORPORATION, Scottsdale, Arizona.

2. Have DEVELOPER deduct from the total of the Silver & Gold mined, the Promissary Note in the amount of $_____ plus interest for the account of Columbia Financial Corporation. The said Silver & Gold shall be in Bullion. The MINER has the option to redeem the Promissary Note with payment in U.S. Dollars and retain all Silver & Gold. Profit Sharing is provided for in a certain sales agreement between MINER and Easy Ore Mines.

   a. Net proceeds are arrived at after deducting all mining, processing, and refining costs from the total Silver & Gold Bullion produced, as per the above agreement.

3. Make the determination of Note pay off method in time for DEVELOPER to meet all time requirements.

4. Arrange for DEVELOPER to have access to his Mineral Ore at/on the Easy Ore Mine premises as will be required to fulfill this agreement.

DEVELOPER AGREES TO:

1. Provide its services to successfully fulfill the work terms of this agreement, to develop and arrange for the refining of MINERS Mineral Ore into Silver & Gold Bullion.

2. Distriubte such proceeds of above stated activities in accordance with the obligations of and the MINERS wishes, and to deliver MINERS Silver & Gold Bullion to a place designated by MINER, at MINERS expense.

3. Begin the development work on MINERS Mineral Ore within the calendar year MINER enters into this agreement, and to complete said development, and arrange for refining of MINERS finds within the five (5) year term required.

4. Begin the development work on MINERS Mineral Ore on a first come first serve basis, in relation to DEVELOPERS committments on previous agreements.

5. Keep the MINER abrest of all developments that would relate to MINERS property within the scope of this agreement.

WHEREIN IT IS MUTUALLY AGREED AS FOLLOWS:

1. MINER and DEVELOPER are each independant and are not Partners, Joint Venturers Employer/Employee or Principal and Agent and that no such relationship shall ever exist.

2. That pre-payment is a non-refundable payment in the absence of breach of this agreement by DEVELOPER.

3. That Columbia Financial Corporation is an independant organization with no interest, other than an interest as a creditor, in the mining activity contemplated by this agreement.

4. This agreement shall be interpreted by the laws of the state of Florida.

5. Accept this agreement as the total agreement and acknowledge that there is no other arrangements or agreements except as herein stated.

AND, THEREFORE, WHEREAS the parties hereto mutually and individually agree to the above terms and conditions hereinabove stated on the date above first written, do enter into this agreement.

| PHENIX MINING CORPORATION | MINER |
|---|---|
| _____ | _____ |
| _____ | _____ |
| WITNESS | WITNESS |

COLUMBIA
FINANCIAL CORPORATION

700 ARIZONA BANK BUILDING
6900 CAMELBACK ROAD
SCOTTSDALE ARIZONA 85251
(602) 949-5233

# PROMISSORY NOTE

Full Recourse

$_____ Date: _____

Due: _____
(10years from date of signing)

For value received, the undersigned (Maker) promises to pay to the order of COLUMBIA FINANCIAL CORPORATION, 700 Arizona Bank Building, 6900 Camelback Road, Scottsdale, Arizona 85251 (Holder) the principal sum of $_____ together with simple interest at the rate of 10% per annum on _____.

This note is made and delivered in accordance with that certain Mining Agreement dated_____, 1982 between Maker and Payee (the Agreement). All the terms and conditions of the Agreement are incorporated herein by reference as if fully set forth herein.

This note may be prepaid in whole or in part, without penalty.

The PRINCIPAL has the option to redeem the Promissory Note with payment in U.S. Dollars and retain all Gold and Silver Bullion.

Interest due must be paid at end of fiscal year.

The Maker hereby waives presentation, demand of payment, notice of dishonor, protest and notice of protest and any and all other notices and demands in connection with this note.

Signature_____

Print Name_____

_____
Address

_____
City State Zip Code

_____
Telephone

WITNESS:_____

# A S S I G N M E N T

☐ I/We do assign to PHENIX MINING CORPORATION the right to deduct from my/our note the amount of $
$ PLUS INTEREST
at 10% (ten percent) per annum from _____ 1982
and remit the same in Silver & Gold Bullion to the account of COLUMBIA FINANCIAL CORPORATION. It is understood that said note and interest shall be deducted from the total Gold & Silver Bullion mined, processed and refined from my/our mineral aggregate.

☐ I/we request that PHENIX MINING CORPORATION exercise this assignment for payment of note and interest, at lender's option after sufficient Gold & Silver has been mined, processed and refined to equal payment of said note and interest

☐ I/we retain the option to redeem Promissary Note with payment in U.S. Dollars and retain all Gold and Silver Bullion.

Executed this day of 1982.

PRINCIPAL(S): WITNESSETH:

_____ _____
name Signature

_____
address phone

_____
City State

_____ _____
name Signature

_____
address phone

_____
City State

# PURCHASER QUESTIONNAIRE
(STRICTLY CONFIDENTIAL)

THE PURPOSE OF THIS QUESTIONNAIRE IS TO DETERMINE YOUR SUITABILITY TO DEVELOP YOUR MINERAL ORE, AND SHALL ONLY BE SEEN BY COLUMBIA FINANCIAL, THE LENDING INSTITUTION, AND OF COURSE PHENIX MINING.

Please complete the information below in its entirety. Please note all customer names intended to be included in this account must be listed under "Legal Account Name".

**LEGAL ACCOUNT NAME (PLEASE PRINT: FIRST NAME, MIDDLE INITIAL, LAST NAME):**

NAME _____ AGE ____

NAME _____ AGE ____ SOCIAL SECURITY OR TAXPAYER I.D. NO. _____

NAME _____ AGE ____

**RESIDENCE ADDRESS:**

STREET ADDRESS _____ AREA CODE ____ TELEPHONE NUMBER _____

CITY _____ STATE ____ ZIP CODE _____

**MAILING ADDRESS, IF DIFFERENT FROM ABOVE:**

STREET ADDRESS _____

CITY _____ STATE ____ ZIP CODE _____

BUSINESS NAME: _____ AREA CODE ____ BUSINESS PHONE _____

OCCUPATION: _____ ANNUAL INCOME $ _____

BANK NAME: _____ APPROXIMATE NET WORTH $ _____

Marital status_____. Nature of business_____

Current position or title_____

Period of employment_____

Previous employment(if above less that 5 years_____

_____

NAME OF PRIOR EMPLOYER_____

POSITION_____ DUTIES_____

PERIOD EMPLOYED_____

COMMENTS:

1. EDUCATIONAL BACKGROUND, LIST ANY DEGREES HELD IN BUSINESS, FINANCE OR RELATED FIELDS OF ENDEAVOR. (e.g., Bachelor of Arts-Economics):

2. ANY PROFESSIONAL LICENSES OR REGISTRATIONS (bar admissions, accounting certifications, real estate brokerage licenses, and SEC or state broker dealer registrations held):

3. INVESTMENT EXPERIENCE:

(i) Please indicate the frequency of your investments in marketable securities (stocks, bonds, debentures, notes): ( ) OFTEN ( ) OCCASIONALLY ( ) SELDOM ( ) NEVER.

(ii) Please indicate the frequency of yyur investments ot interests in real property (fee, lease, mortgage): ( ) OFTER ( ) MORE THAN ONCE ( ) ONCE ( ) NEVER.

(iii) PLEASE INDICATE WETHER YOU HAVE EVER INVESTED IN TAX ORIENTED INVESTMENTS OR SHELTERS SOMEWHAT SIMILAR TO THIS.
( ) YES ( ) NO
If yes indicate in the space below the nature of each such investment (real estate, oil & gas, cattle, etc.):

4. IN EVALUATING THE MERITS AND RISKS OF THIS INVESTMENT HAVE YOU RELIED UPON THE ADVICE OF OTHERS? ( ) YES ( ) NO.

NOTE:

You should answer the above in the affirmative only if you have presented this investment to others who in turn have analyzed the investment in depth on your behalf and who, in making such analysis, were familar with and took into consideration your financial position and investment objectives.

Do not answer the above in the affirmative if you have merely described the investment to others in broad generalities and sought their advice more on a social as opposed to a professional basis.

IF YOU ANSWER TO THE ABOVE QUESTION IS YES, PLEASE ANSWER THE FOLLOWING:

(a) Identify each such person, including business address and telephone number.

(b) Has such person described in (a) above confirmed to you in writing that there is presently no(and for the past two years there has been no) material relationship between such person and/or his affiliate(s) and the developer and/or its affiliate(s) and that no such relationship is presently contemplated (if he has advised you in writing that there is, or has been, a material relationship, please attach a copy of such document to this quastionnaire.

( ) YES ( ) NO

5. FINANCIAL INFORMATION

I have adequate means of providing for my current needs and personal contingencies, have no nee for liquidity in my investment, and am able to bear the economic risk of my purchase. I also have sufficient means and liquid assets to risk any loss on possible expenditures that may be made on future costs of mineral recovery from the aggregate unit if I should decide to enter into any recovery program. In making this statement, consideration has b-en given to whether I can afford a complete loss. I offer, as evidence of my ability to bear the economic risk, the following information:

(a) My net worth( exclusive of home, furnishings, and automobiles is in excess of $ .

(b) My expected taxable income to be in 1982 at least$ . before giving effect to any losses that may be projected by participating in this mining program.

(c) I expect my taxable income to be at least $ in the next 5 taxable years for Federal income tax purposes before giving effect to any losses that may be projected by participating in this mining program.

(d) My gross income (from all sources, including tax-exempt interest) in the last year was at least $

(e) I expect my annual gross income (from all sources, including tax-exempt interest) to be at least $ per year, for the current tax year and 5 subsequent tax years.

(f) The approximate amount of my gross income in the last tax year remaining after payment of Federal,State and local taxes, and after payment of all my ordinary and necessary expenses was.
$ .

I understand that Phenix Mining Corporation will be relying on the accuracy and completeness of my responses to the foregoing questions and I represent and warrant to them as follows:

(a) The answers to the above questions are complete and correct and may be relied upon by Phenix in determining whether I meet their standards of acceptance established by them to be certain the Miner will be able to meet Miners financial obligations, and will not place an undue hardship upon Miners financial circumstances.

(b) I will notify Phenix of any material change in any statement made herein occurring prior to commencement of work on my Mineral Ore. I will also notify my sales representative.

The resale of the purchaser's interest is not allowed, and if an exception is to be made for resale, the consent of Phenix must be obtained in writing, or an opinion of counsel that the sale would not be in violation of any applicable laws.

Dated_____,198_.

_____
Print Name

_____
Witness

_____
Signature

_____
Witness

_____
Social Security Number

# EASY ORE MINING

2527 North Carson Street, Suite 205 • Carson City, Nevada 89701 • (916) 455-1709

January 3, 1983

As per our understanding and agreement that we should develop the Easy Ore Claims in a limited and controlled fashion in order to complete development in early 1983, we are hereby releasing the remaining 105 blocks of Ore for sale.

Since 20 blocks have already been placed as of this date, you will only sell 35 blocks in January, 35 blocks in February and the remaining 35 blocks in March.

This will allow for price adjustments to follow the rising market price trend. In view of the mine results produced to date, it is our belief that an increase of at least 20% should be made this month. Then an additional 20% should be added each succedding month thereafter until all remaining blocks have been sold.

As before, only blocks that have been found to exceed considerably our minimum warranted standard shall be released.

Upon the completion of the sale of these blocks of Ore, no additional blocks shall be released, as our financial objectives shall have been reached and the mining operations shall have been fully paid for and in full operation.

Respectfully Submitted By

Donald M. Bird

Donald M. Bird
Chairman of the Board.

A Nevada Corporation

MINING EXPLORATION DEVELOPMENT AND INVESTMENT

GERRY KIRWAN, B.Sc., P.Eng.
CONSULTANT TO THE MINERAL INDUSTRY
611 W. Gibraltar Ln., Phoenix, Arizona 85023
(602) 993-1857

GERRY KIRWAN & ASSOCIATES
• Mine Engineering
• Contract Exploration Engineering
Geological, Geophysical, Geochemical Surveys
• Community Projects

CONSULTING
EXPLORATION
ENGINEERING

# CERTIFICATE

I, GERALD L. KIRWAN OF THE CITIES OF VANCOUVER, B.C., CANADA, AND PHOENIX, ARIZONA, CERTIFY AS FOLLOWS:

1. THAT I AM A CONSULTING GEOLOGICAL ENGINEER MAINTAINING OFFICES AT 1331 CHARTWELL DR., NORTH VANCOUVER, CANADA, AND 611 WEST GIBRALTAR LN., PHOENIX, ARIZONA 85023.

2. THAT I HAVE BEEN GRADUATED FROM CARLETON UNIVERSITY, B.Sc., 1957, AND THAT I HAVE PRACTISED MY PROFESSION CONTINUOUSLY ALONG WITH MINOR TEACHING-STUDYING IN 1958, UNIVERSITY OF MISSOURI.

3. THAT I RECEIVED PROFESSIONAL EXPERIENCE AND KNOWLEDGE WITH UNITED STATES STEEL CORP., NEWMONT MINING CORP., BRITISH PETROLEUM CORP., AND NORANDA MINES LTD., ALL ALONG WITH 16 YEARS AS AN INDEPENDANT EXPLORATION-DEVELOPMENT-MINING CONSULTANT.

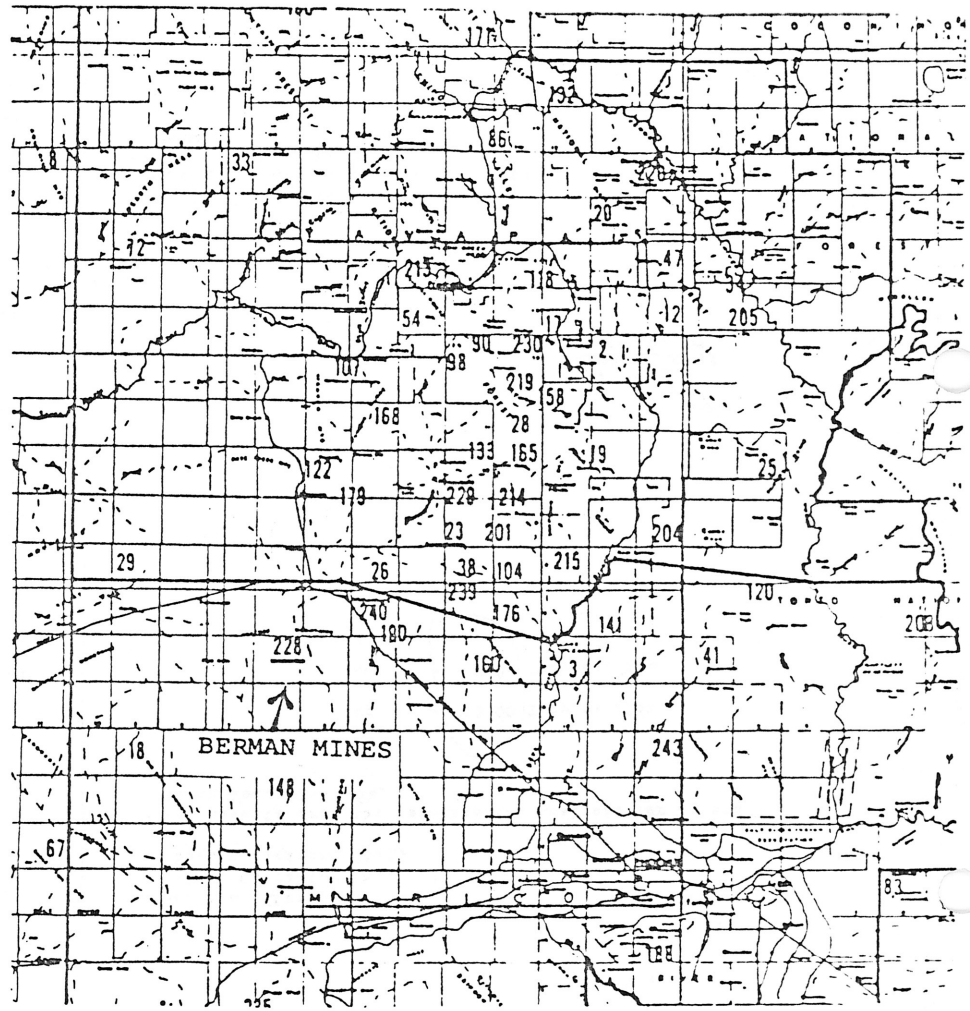
4. THAT I AM REGISTERED WITH THE ASSOCIATION OF PROFESSIONAL ENGINEERS OF THE PROVINCE OF ONTARIO AS A PROFESSIONAL ENGINEER, I AM A FELLOW OF THE GEOLOGICAL ASSOCIATION OF CANADA, AND A MEMBER OF THE CANADIAN INSTITUTE OF MINING AND METALLURGY.

5. THAT REPORT HEREIN IS BASED UPON ALL PERTINENT DATA RELATIVE TO THE KIRWAN BLUE WASH PRECIOUS METALS OREBODY, THAT THE REPORT IS FACTUAL AND REPRESENTS FAIRLY FINDINGS TO DATE FROM OTHER PARTIES RESEARCH WORK BUT CHIEFLY MY OWN RESEARCH.

6. THAT SUBJECT REPORT IS A PRIVATE REPORT PREPARED AS A NORMAL SEQUENCE TO A MINING OPERATION, AND IS NOT TO BE MISCONSTRUED AS AN APPEAL FOR FUNDING.

DATED AT PHOENIX, ARIZONA, THIS 20TH DAY OF DECEMBER, 1978

REGISTERED PROFESSIONAL ENGINEER
G. L. KIRWAN
PROVINCE OF ONTARIO




ARIZONA BUREAU OF MINES
UNIVERSITY OF ARIZONA
TUCSON, ARIZONA
J. D. FORRESTER, DIRECTOR

# MAP AND INDEX OF ARIZONA MINING DISTRICTS

225-Vekol (Casa Grande) ..... M-6
226-Verde (Jerome) ..... G-7
227-Virginia (Weaver, Mocking Bird) ..... E-1
228-Vulture ..... I-5
229-Wagoner (Walnut Grove) also known as Silver Mt. (201) ..... I-6
230-Walker ..... H-6

WICKENBURG ORES
RESULTS: POSITIVE

P M LABS
Amazing Chemical Analyses
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

March 10, 1976

Gerry L. Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results of: (1) Wet chemical analysis for silver, gold, and platinum group on the Garcia Ironwood Mines ore and (2) cyanide leach test on the same ore and(3) chloride leach test on the same ore.

Results of the Wet Chemical Analysis:

| | | |
|---|---|---|
| Silver | = 17.28 Troy oz./Ton of ore | $361.32 |
| Gold | = 2.31 Troy oz./Ton of ore | |
| Pt group | = 2.70 Troy oz./Ton of ore | ($337.50+) |

Results of the Cyanide Leach Test:

| | | |
|---|---|---|
| Silver | = 9.60 Troy oz./Ton of ore | $274.07 recove |
| Gold | = 1.87 Troy oz./Ton of ore | |

Results of the Chloride Leach Test:

| | | |
|---|---|---|
| Silver | = 11.37 Troy oz./Ton of ore | $267.75 recove |
| Gold | = 1.76 Troy oz./Ton of ore | |

*ALL ORE SIEVED TO -10 MESH (VALUES LOST) NO SIEVING REQUIRED

Yours truly,

Willard Luegge

NOTES: CYANIDE: POLVERIZED TO PASS -200 MESH. NACN. 120 HOURS LEACH, AERATED, STIRRED (NO LEAD ACETATE) 1% SOLUTION (too low for

CHLORIDE: PULVERIZED TO PASS -200 MESH. 5% SOLUTION, 50:1 HYPOCHLORITE : HYDROCHLORIDE ACID. 120 HOUR LEACH. STIRRED-AERATED

BOTH LEAD HCL PRECIPITATE (Previous runs zinc powder contaminated)
BOTH DORE BUTTON AND ACID PARTING

P M LABS
Amazing Chemical Analyses
Consulting Ore Evaluation
660 E. AVE. J-1
LANCASTER, CA. 93534
(805) 942-5145

May 18, 1976

Gerry L. Kirwan
611 W. Gibraltar Ln.
Phoenix, Arizona 85023

Re: Results from the wet-chemical analysis for Ag and Au on Sec. 12-3N-6W.

| | | |
|---|---|---|
| Ag | = 15.00 | Troy oz./Ton |
| Au | = 1.84 | Troy oz./Ton |

Yours truly,

Willard Luegge

township 3N, Range 6W, Section 12, Vulture Mining District. Composite 2,000 square ft., Taken by Stan Pellow, ALS. May 10, 1976; all from surface.

G.L. Kirwan

Name of Shipper Jim Covert & Ed. Murry J.

Address Wickenburg, Ariz.

Name of Mine or Sample Blue West Placer Sent in on Trailer

Location of Property Wickenburg.

D.T. Received 1-25-64 | DATE ASSAYED 2-14-64

CLASSIFIED POUNDS OF PLUS 3/8" | PLUS 1/16"

Pounds Plus -16" Pounds 2000# Run test | -20 Mesh Pounds

Magnetics Pounds | Weight of Total Shipment 10 ton

Weight of Products from Cone 17 Oz. | Minus -20 Mesh 7oz.

Plus 20 Mesh 10 oz. | Weight of First Riffle 24 pounds

Weight of Second Riffle 14½ pounds | Weight of Third Riffle

Assay Value of Cone Concentrates -20 Mesh 16 Mesh 7oz

GOLD OUNCES PER TON 845.00 oz. | PALLADIUM OUNCES PER TON 2.50

PLATINUM OUNCES PER TON 20 oz | TOTAL VALUES PER TON $45,625.00

Assay Value of Cone Concentrates Plus 20 Mesh (10oz)

GOLD OUNCES PER TON 20.00 oz. | PALLADIUM OUNCES PER TON 3.10

PLATINUM OUNCES PER TON 1.00 | TOTAL VALUES PER TON $842.00

Assay Value of First Riffle off Table -20 Mesh (24 [illegible])

GOLD OUNCES PER TON 1.40 | PALLADIUM OUNCES PER TON [illegible]

PLATINUM OUNCES PER TON 1.00 | TOTAL VALUES PER TON $193.00

Heads Non-Mag.

Assay Value of Second Riffle off Table -20 Mesh

GOLD OUNCES PER TON .10 | PALLADIUM OUNCES PER TON 2.10

PLATINUM OUNCES PER TON .35 | TOTAL VALUES PER TON $77.50

Heads Mag.

Assay Value of Third Riffle off Table -20 Mesh

GOLD OUNCES PER TON 1.20 | PALLADIUM OUNCES PER TON [illegible]

PLATINUM OUNCES PER TON .20 | TOTAL VALUES PER TON $67.00

In interpretation: from 10 tons of head crude ore sand Wickenburg Blue placer, it was reduced to 2000 pounds of minus 16" which was coned giving +20 mesh 10 oz. material with above assays, and minus 20 mesh 7 oz. with as says. Con ratio is therefore 3200:1 for +20 mesh, and 4571:1 for -20 mesh [illegible] figures

Assay Value of Middlings off Table -20 MESH

GOLD OUNCES PER TON .10 | PALLADIUM OUNCES PER TON 1.50

PLATINUM OUNCES PER TON Trace | TOTAL VALUES PER TON $33.50

Assay Values of Tails off Table -20 Mesh

GOLD OUNCES PER TON Trace | PALLADIUM OUNCES PER TON .50

PLATINUM OUNCES PER TON Trace | TOTAL VALUES PER TON $10.00

Assay Values of Plus 3/16" off Trommel Screen

GOLD OUNCES PER TON | PALLADIUM OUNCES PER TON

PLATINUM OUNCES PER TON | TOTAL VALUES PER TON

Assay Values -3/16" and Plus 20 Mesh Off Jig

GOLD OUNCES PER TON | PALLADIUM OUNCES PER TON

PLATINUM OUNCES PER TON | TOTAL VALUES PER TON

The values per ton listed in this report are just the rough concentrates taken as described, and by retabling the same, the values could be increased many times higher than are shown here.

The results that we are reporting in this report, figure out that it will take about _____ tons of bank run material or other material to produce a ton of the concentrates.

The results reported were obtained by running this sample through the following equipment, CLARK TROMMEL SCREEN, CLARK CONE AND A CLARK JIG, and then the fines from the jig were run over a Riffle Table. After the Magnetics were removed with an electric separator.

On wet material that is received at our plant and before we run a mill test of the material, it is dried through a gas-fired dryer and then the magnetics are removed and the balance of the material is run through the above-described circuit.

It is very important that the Magnetics be removed from either dry or wet material before the balance of the material is run through the test unit.

HESPARIA SMELTING & REFINING WORKS

By Clifford Taylor, General Manager