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BIOGRAPHIC DATA ON SAMUEL P. ELLISON, JR (Cont.)

PUBLICATIONS (Cont.)

- \*1951. Microfossils as environment indicators in Marine shales: Jour. Sed. Petrology, v. 21, pp. 214-225; Reprinted, 1976 in "Depositional Environments and Paleocology, Foraminiferal Paleocology," Soc. Econ. Paleo. and Min., Reprint Series No. 2, pp. 1-12
- 1952, (With Wilson, J. A. and Wilson, J. L.) Hold that fossil: Paleontology aids hunt for hard-to-find oil; World Oil, v. 134, no. 5, pp. 97-101.
- \*1953, Abnormal specimen of *Eouvigerina cocoaensis* from Mississippi; Contr. Cushman Found. Foram Res., v. 4, pp. 66-67.
- 1953, (Editor and coauthor with others) General Geology Laboratory Manual for Geology 601a; Hemphills Book Store, Austin, Texas, 76 p.
- \*1954, Television microscopy for micropaleontology; Contr. Cushman Found. Foram Res., v. 5, p. 186.
- 1954, (Editor and co-author with others) General Geology Laboratory Manual for Geology 601a (revised) Hemphills Book Store, Austin, Texas, 72 p.
- 1954, (With others) Guidebook to Pennsylvanian rocks of north-central Texas: Abilene Geol. Soc., Abilene, Texas 35 p.
- \*1955, Economic applications of paleocology: Econ. Geol. v. 50, pp. 867-884
- \*1955, Costs of Geologic Education: Am. Assoc. Petrol. Geol., Bull., v. 39, pp. 1952-1955.
- 1957, Origin of porosity and permeability in reservoir rocks: Producers Monthly, v. 21, pp. 38-44.
- \*1957, Apco Field, Pecos County, Texas: Univ. Texas Bull. 5716, pp. 23-30.
- \*1957, Page Field, Schleicher County, Texas: Univ. Texas Bull. 5617, pp. 247-257.
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- \*1958, (Editor and co-author with others) Workbook for general geology; Harper Bros., New York, 275 p.
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- 1959, (editor) The University of Texas, Department of Geology Newsletter, July.
- \*1960, Thinking patterns for geologists: Am. Assoc. Petrol. Geol. Bull., v. 44, pp. 980-983 (SEPM presidential address).
- \*1960, Oil and gas in north-central Texas: Int. Geol. Congress Rept. 21st Session, Norden, part II, pp. 19-26; Reprinted in Proc. Southwestern Fed. of Geol. Soc., Abilene, Texas, 1960.
- 1960, (editor) The University of Texas, Department of Geology Newsletter, July.
- 1961, (Editor) The University of Texas, Department of Geology Newsletter, July



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BIOGRAPHICAL DATA ON SAMUEL P. ELLISON, JR (Cont.)

- \*1962, Annotated bibliography and index of conodonts: Univ. Texas Publ. 6210, 128 p.
- \* 1962, (With Scott, A. J., Rexroad, C. B., and Ziegler, W. ) Comments on orientation of conodonts: Jour. Paleontology, v. 36, pp. 1394-1396.
- 1962, (With Clabaugh, S. E.) The University of Texas, Department of Geology Newsletter (Editor), July.
- 1962, Conodonts of the Trans Pecos Texas (Abstract): Am. Assoc. Petrol. Geol. Bull., v. 46, pp. 265-266. Also in Program of San Francisco Meeting, 1962.
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- 1963, The Society of Economic Paleontology and Mineralogy: A history, Purposes and Activities: Geotimes, v. 8, no. 1, pp. 26-32.
- \*1963, The need to understand sciences: Proc. of 9th Conf. Adv. Sci. and Math teaching, Univ. Texa , Oct. 9, pp. 3-9 (Also given as an address at the conference).
- \*1963, Classification and stratigraphic distribution of conodonts: Private Publication of Humble Oil and Refining Co., Res., Houston, 161 p.
- 1963, (With Clabaugh, S. E.)(Editor) The University of Texas, Department of Geology Newsletter, July
- \*1964, Second supplement to annotated bibliography and index of conodonts: Texas Jour. Sci., v. 16, pp. 216-242.
- 1964, Memorial to Robert Doyle: Am. Assoc. Petrol. Geol. Bull., v. 48, pp. 731-732.
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- 1964, Review of "Geology and Mineral deposits of the Pachuca Del Monte District, Mexico," by A. Geyna et al; Am. Statesman, June 7, p. 22.
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BIOGRAPHICAL DATA ON SAMUEL P. ELLISON, JR. (Cont.)

- 1966, A philosophy of geological education: Jour. Geol. Ed., v. 14, pp. 3-6 (Given as the presidential address in Kansas City)
- 1966, Memorial to Maurice G. Mehl; Am. Assoc. Petrol. Geol. Bull., v. 50, p. 2484; also in Geol. Soc. Am. Bull., v. 77, pp. 219-224. (A slightly different version)
- \*1967, Third supplement to Conodont bibliography and index; Texas Acad. Sci., Jour., v. 29, pp. 5-34.
- \*1967, Origin of Petroleum: Encyclopedia of Chemical Technology; John Wiley, 12 p.
- 1967, Review of "Essays in Paleontology and Stratigraphy," by Teichert and Yochelson; Am. Assoc. Petrol. Geol., Bull., v. 51, pp. 2321-2322.
- 1967, Review of "Geology of Petroleum." by A. I. Levorsen; Jour. Geol. Ed., v. 15, p. 168.
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- 1969, Memorial to Garrat A. Muilenburg; Proc. Geol. Soc. Am., 1969, 5 p.
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- \*1970, Some environmental Geological Problems of Europe: Am. Geol. Inst. Short Course Lecture Notes on Environmental Geol., Nov. 9-10, 1970, 11 p.
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- \*1971, Sulfur in Texas, Bur. Econ. Geol. Univ. Texas, Handbook No. 2, pp. 1-48, 14 text fig., 5 tabs. January



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BIOGRAPHICAL DATA ON SAMUEL P. ELLISON, JR. (Cont.)

- 1971, Radio Show I, Importance of Sulfur Industry; aired on Texas networks, week of Oct. 22, 1971, 25 minutes.
- 1971, Radio Show II, Sulfur in Texas; aired on Texas networks, week of Nov. 11, 25 minutes.
- \*1971, Bibliography of Conodonts (Computer assembled coded listed references on World-wide Conodonts), 300 p.
- 1972, (With Boyer, R. E.) "Your Stake in the Good Earth --- Geology Foundation, 28 p.
- 1971, (With Boyer, R. E.) "Geology at the University of Texas," 36 p.
- 1972, Radio Show III, National Policy on Energy Resources and Mineral Plant Foods; aired on Texas networks, week of May 15, 25 minutes.
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- 1973, Review of "Power Play - Oil in the Middle East," by Leonard Moseley; in Am. Assoc. Petrol. Geol. Bull., v. 57, pp. 2465-2467.
- 1973, Review of "The genus Dinofelis (Carnivora, Mammalia) in the Blancan of North American," by Bjorn Kurten, Texas Me. Mus., Pearce Sellards Ser. no. 19, 7 p.; in Texas Historical Review
- 1973, Review of "Red Light Local Fauna (Clancon) of the Love Formation, southeastern Hudspeth County, Texas," by A. Akersten, Texas Mem. Mus. Bull., no. 20, 53 p., in Texas Historical Review.
- 1973, Review of "Notes of an Alchemist," by Loren Eiseley, Charles Scribners, 125 p.; in Am. Statesman, Oct. 14, p. 35.
- 1973, Review of "Energy Crisis, By Lawrence Rocks and R. P. Runyon, Crown Publishers, 189 p., in Am. Statesman, Dec. 30, p. 30.
- 1973, Radio show, "Energy Resources," with Gardner Lidsey, KUT, aired on Texas networks, week of Dec. 21
- \*1973, (Editor) Toward a national policy on energy and mineral Plant food policies; Univ. Texas Bur. Econ. Geol., sp. publ., 128 p.
- \*1974, Exploration Frontier; Advance Petroleum Geology Short Course, Univ. Tulsa, Tulsa, Okla., 66 p.
- \*1974, Where is the Action for Energy in the Future," Trans. Gulf. Coast Assoc. Geol. Soc., v. 24, pp. 247-254.
- \*1974, Energy Resources for the Future, Proc. Southwestern Legal Foundation Expl. and Econ. of PETrol. Ind., v. 12, pp. 133-167



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BIOGRAPHICAL DATA ON SAMUEL P. ELLISON, JR. (Cont.)

- 1975, Review of "Energy I, Demands, Resources, Impacts, Technology and Policy," by Penner and Icerman, Addison and Wesley; in Am. Assoc. Petrol. Geol. Bull., v. 59, p. 2189
- 1976, Review of "My two Roads," By J. B. Eby; in Am. Assoc. Petrol. Geol. Bull., v. 60, pp. 135-136.
- 1976, Review of Fuels, Minerals and Human Survival," by C. B. Reed, Ann Arbor Publ., in Am. Assoc. Petrol. Geol. Bull., v. 61, pp. 136-138.
- 1976, Microfossil Census Studies (Abstract); Int. Geol. Congress, Abstracts, pp. 266-267.
- 1977, "Historical Geology Compared - Review of four Historical Geology Books," in Jour. Geol. Ed. v. 25, p. 94
- 1978, Review of "Geology at MIT, 1865-1965," by R. R. Shrock, MIT press, in Jour. Geol. Ed. v. 26, p. 211.
- 1979, Memorial to John R. Sandidge; in Geol. Soc. Am. Memorial vol. pp. 1-3.
- 1979, Memorial to Glen G. Bartle; Am. Assoc. Petrol. Geol. Bull., v. 63, pp. 293-254. (With James Sorauf)
- 1979, Memorial to L. T. Barrow; in Geol. Soc. Am. Memorial Vol., (in press).

ECONOMIC FEASIBILITY STUDY

TEXONA PROPERTIES

(White Frog-Fijo Claims)

Walnut Grove Mining District

Yavapai County, Arizona

Introduction

This economic feasibility study has been undertaken at the request of Texona Corporation, a Texas Corporation, who are the owners of the subject property.

The purpose of the study is to determine the economic viability of precious metals contained in sands and gravels located in the area, in and around the Blind Indian Creek.

The survey included mapping, sampling and measurement of gravel beds. The bulk samples collected were processed by gravity concentration, after screening and washing. The concentrate, as produced, was collected. The larger free gold was hand picked from these concentrates and weighed. The balance of the concentrates were pulverized, split and assayed. Rejects from the concentrates were ground and amalgamated with solutions prepared by James Jones at his facility.

The results as reported within this report are based on measured sections of gravel beds, and recovered gold values.

The work was conducted from November, 1981, through May, 1982.

Property Description, Location and History

laid by lode claims. The ownership of these claims lie with Texona Corporation by assignment. The claims lie in sections 27, 28, 32 & 33; Township 11 North; Range 2 West, G&SRB&M. The property contains approximately 1,021 acres.

The claims lie as a contiguous block on the western flank of the Bradshaw Mountains. This mountain chain extends from 30 miles north of Phoenix to the Chino Valley area, around Prescott, Arizona. The general geographic location is in the central quadrant of the State of Arizona.

The property is accessible by two-wheel drive vehicle. The claim block is reached by following U.S. Highway 89 from Wickenburg via Congress, a distance of 31 miles north and east. Just west of Kirkland Junction, the Waggoner Road leads south. This is followed approximately 6 miles to the Diamond 2 Ranch, at which point a mine road leads east approximately 3 miles to the claims.

The property lies at an elevation of approximately 3,500 feet to 4,000 feet above sea level. The climate is moderate, allowing year round operations. Occasional inclement weather may preclude operations temporarily during the winter and summer storms.

There is no official record of precious metal production for the property, but remnants of old camps and workings reflect prior small operations. It is reported that these placers were worked by the Chinese in the early period of Arizona History.

More recent activities during the 1970's by prior owners of the property included some limited placer gold production from



the immediate creek area.

Prior to this feasibility study, exploration and test work had been undertaken by Texona Corporation, under the supervision of James Jones. This work included trenching, bulk sampling and gravity pilot plant processing. Refining tests were completed, utilizing modified amalgamation processes.

#### Evaluation

The area of immediate interest based on the work undertaken by Texona, lies in and adjacent to the Blind Indian Creek at an approximate elevation of 3,800 feet above sea level. This area encompasses the White Frog Claims Nos. 4, 5, 9, 10, 11, 13 and 14. The elevation raises to the east at a rate of about 200 feet per mile.

The area tested is mainly creek gravels, which overlay unconformably extrusive rhyolite and intrusive granites. The gravels range from recent, lying in the Blind Indian Creek, to older deviated river courses. The gravels consist of quartz, garnet, granites, with minor amounts of epidote. No appreciable amounts of carbonates were observed in the gravels.

The method of tonnage determination and sampling consisted of cutting 54 trenches to mineable depths. This was accomplished with a 3 yard front end loader, where useable. In cases of limited access, a 1 yard back hoe was utilized.

The individual cut was identified by number, depth of cut logged and width of gravel measured. The composite sample from each cut was hauled to the pilot mill.

At the mill, the bulk sample was dumped over a four inch spaced bar grizzly. The minus four inch material was passed through a 3/8 inch trommel screen. The oversize was discarded to waste.

The minus 3/8 inch material was concentrated by passing through a rotary screw sluice. This process through the screw action allows a concentration of heavier material with the lighter tailing material being discarded to a second screw sluice. This concentrate from the second sluice was collected as a middling. The tailings were discarded to the tailing ponds.

The concentrate middlings and tailings were weighed. The grizzly oversize was estimated and the trommel oversize was weighed and timed to determine trommel volume.

The concentrate and middling "draw off" was set particularly coarse to allow adequate recovery of free precious metals.

The coarse concentrate was transported to the Alanco Metallurgical Facility at Tombstone, Arizona. The coarse concentrate was reconcentrated over a laboratory gravity table. The concentrate was dried and the magnetic portion separated. The sizable free gold was collected and weighed. The remaining viewable fine grains were counted and a weight established according to the number of "colors".

The middlings and tailings from the "re-concentrated" concentrates were assayed for gold and silver by conventional fire assay.

The reject from the fire assay samples were ground to a minus 300 mesh at the James Jones Facility at Congress, Arizona.

Additives developed by Jones were included in the grinding circuit. Mercury was added and the "slurry" was passed over copper amalgam plates. The amalgam was removed from the plates and retorted.

Evaluation Results

1. Recovered Free Gold

Area A	\$3.00 per ton processed
Area B	\$5.00 per ton processed

2. Tonnage Reserves (Tons)

Area A	1.5 million (50% Positive)
Area B	1.5 million (50% Positive)
Area C	500,000 Probable
Area D	1 Million Probable
Area E	1 Million Probable
Area F	4 Million Probable

Screen Analysis - Average Pit Run

+ 4"	15%
-4" + 2"	5%
-2" + 1 1/2"	3%
-1 1/2" + 1"	4%
-1" + 3/4"	3%
-3/4" + 1/2"	4%
-1/2" + 1/4"	9%
-1/4" - 6 mesh	7%
-6 mesh	50%
Total	<u>100%</u>

Water Resources

In the area of the pilot plant, a fairly dense sandstone section dips to the east and above which, surface water is retained. Surface water flow at the millsite has been measured at 10 g.p.m. Development of adequate water is highly probable on the dip of this impervious sedimentary section extending into the east half of Section 33 and into Section 34.

Projected Economics

These projections are based on 1,000 t.p.d. operations.

Loading - Hauling to Grizzly	\$0.75
Grizzling & Screening	0.25
Concentration	1.25
Amortization	0.10
Contingency	0.10
Refining	0.05
	<hr/>
	\$2.50

Based on positive and 50% of probable reserves, projects to:

Average Value	\$4.00
Cost	2.50
Gross Net	1.50

$$\$1.50 \times 4.74 \text{ Million} = \$7,125,000.00$$

Conclusion

Based on recovery of the free gold content, as tested, this is an economically viable project, providing efficient mining practices are employed.

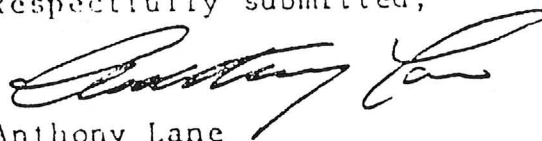
Processing of the screened material (-1/4"), which contain the major values, reduces the mill capacity to 500 t.p.d.<sup>+</sup>.

Water, which is the critical factor to placer type operations, appears to be available in suitable quantities, however conservation

and reuse of water is necessary.

Reclamation requirements will have to be established with the Forest Service as mandated in each area developed, but should not be a major problem.

Respectfully submitted,



Anthony Lane

Dated: June 10, 1982

ALANCO, LTD.

Anthony Lane, President

Education

B. Sc. - Geology  
B. Sc. - Mining Engineering  
Business Law - Minor  
Loughborough College  
Royal School of Mines

Professional Experience

1950 - 1951 British National Coal Board  
Supervision 17 coal mines near Coalville,  
Leicestershire

1951 - 1953 Anglo-Iranian Oil Co.  
Staff Engineer - Aide to V.P. Administration

1954 - 1955 Dean Roland - Geologists, Denver, Colorado  
Field Geologist - Uranium Exploration

1955 - 1957 Geophysical Engineering Co., Colorado Springs,  
Colorado  
Field Manager - Petroleum and Mineral  
Geophysics - South-West

1957 - 1961 Yucca Mining Co. and Florida Maganese Co.,  
Deming, New Mexico  
General Manager - 500 T.P.D. Maganese - Operations

Formation of Alanco Ltd.

1961 Organized Anthony Lane & Associates  
Associates - Consultants, followed by Alanco  
Ltd. in 1970

Clientele

The Anaconda Company  
American Metals (then Climax Molybdenum)  
Utah International  
Union Oil Company  
Western Minerals Corporation  
Venture Drilling Company  
Knox-Arizona Corporation  
B.S. & K. Mining Company  
Anamax Mining Company

Special Projects

Exploration and Mine & Mill Development --  
Maganese, Lead, Copper and Fluorspar - New Mexico  
Exploration -- Copper - Southern New Mexico  
Exploration and Mine & Mill Development --  
Gold, Silver, Copper, Lead and Zinc - Arizona  
Exploration -- Gold - Wyoming and Nevada  
Exploration and Mine & Mill Development --  
Tungsten and Gold - Utah  
Metallurgy -- Precious Metals Extraction  
Land Management -- Contractual  
Claim Patenting -- Federal

(7)

MINING LEASE

THIS MINING LEASE, entered into as of the 25 day of June, 1982, between TEXONA MINING COMPANY, INC., a Texas corporation, hereinafter referred to as TEXONA, and FULTON GEOLOGICAL SERVICES, INC., a Nevada Corporation, hereinafter referred to as FULTON.

RECITALS

(A) Whereas, TEXONA is the owner of certain unpatented mining claims situated in the Walnut Grove and Martinez Mining Districts, Yavapai County, Arizona, comprising portions of Township 10 North, Range 5 West, and Township 11 North, Range 2 West, G&SRB&M, more particularly described in Exhibit AA attached hereto, the same being hereinafter sometimes collectively called the Premises; and

(B) Whereas, FULTON has mine equipment to mine, mill and process mineral ores and metallic minerals and desires to obtain an exclusive lease from TEXONA of the Premises in order to mine, mill, process and market gold and other valuable minerals on and from the Premises; and

(C) Whereas, TEXONA desires to lease the Premises to FULTON upon certain terms and conditions:

NOW, THEREFORE, in consideration of the sum of Thirty-two Thousand Dollars (\$32,000.00) to be paid to Woodrow Carpenter on or before August 15, 1982, as per that certain agreement between TEXONA and Woodrow Carpenter, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by TEXONA, and in consideration of the mutual agreements of the parties hereinafter set forth, the parties covenant and agree as follows:

I.

GRANT OF LEASE

1.1 TEXONA has agreed and by these presents does hereby lease, let and demise exclusively to FULTON, on and subject to the terms and covenants and conditions hereinafter

(2/1/82) E.F.B.



set forth, the Premises, together with all of the veins, lodes and ledges and metals, ores, minerals, earth and rock contained therein, and all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, including all extralateral rights and water rights, and together with all right, title, and interest therein which TEXONA may hereafter acquire.

1.2 This Mining Lease is granted for the purposes of surveying, exploring, prospecting, mining, developing and exploitation of the Premises and for all purposes and activities reasonably incident thereto. Without limiting the generality of the foregoing by enumeration, FULTON shall have the right held by TEXONA under the General Mining Law to enter into and take over immediately the possession and control of the Premises and the whole and every part thereof, and, during the term of this Mining Lease, and any renewal thereof, to remain in the sole and exclusive possession and control thereof and to investigate, measure, sample, examine, test, develop, work, mine, operate, use, manage, and control the same and to mine, extract, and remove from the Premises the ores and minerals therein contained and appurtenant and belonging thereto, to dump materials generated from said mining operations on the Premises, and to treat, mill, ship, sell or otherwise dispose of the minerals thereof and receive the proceeds therefrom under the terms, covenants, and conditions set forth herein; and to erect, construct, maintain, use, and operate thereon and therein buildings, structures, machinery, equipment, roads, waterways and other facilities reasonably required by FULTON for the full enjoyment of the interest leased, and to use easements and all rights of way for ingress and egress to which TEXONA may be entitled; and to use any water or water rights belonging to TEXONA.

## II.

### TERM AND RENEWALS

2.1 Subject to the payment of royalties as herein

(7/1/7) E. J. B.

provided, the term of this Mining Lease shall be for an initial period of one (1) year, commencing on the date hereof, unless sooner terminated as hereinafter provided. FULTON may, at its option, renew this Mining Lease for an additional term of five (5) years. Such renewal shall be subject to all the provisions of this Mining Lease.

2.2 The renewal right provided in paragraph 2.1 shall be exercised only by FULTON's written notice to TEXONA given or before the expiration of the initial one (1) year term.

### III

#### ROYALTY

3.1 Royalties are reserved by and shall be paid to TEXONA as followed:

3.1.1 Twenty-five (25%) of the net smelter returns from the sale of ore or concentrates derived therefrom mined and removed from the Premises.

3.1.2 Notwithstanding the provisions in paragraph 3.1.1 or elsewhere in this Mining Lease, all valuable minerals and metals recovered from the Premises shall be held and retained by FULTON until such time as an accounting may be had between the parties hereto, at which time TEXONA shall have the option to take delivery of its royalty by weight of such minerals and metals.

3.1.3 Unless taken in kind, payments of royalties shall be made by FULTON TO TEXONA's credit in the Valley National Bank, Yarnell Branch, Yarnell, Arizona. Payments shall be made on or before the 20th day of each month following receipt of returns for all ores mined and shipped to a mill or smelter or sold from the Premises. Fulton shall accompany such payments with sworn statements showing in tons or cubic yards the amount of all ore mined, milled, smelted or sold and a copy of the smelter settlement sheets from which the royalty was computed.

### IV.

#### OPERATION OF MINE

4.1 From the date hereof, FULTON agrees to diligently

(21/1) S. J. F.

use its best efforts to obtain all necessary permits and approvals from state and federal agencies having jurisdiction in the Premises in order to prepare the Premises for mining operations and thereafter to work the Premises in a good and minerlike manner, in accordance with sound mining practices, in compliance with all applicable governmental laws and regulations, whether county, state, or federal. FULTON shall comply in all respects with the U. S. Forest Land Reclamation Act and other applicable laws and regulations. Upon securing the necessary permits for the commencement of mining operations, FULTON agrees to work the mine twenty-four (24) days per month and process a minimum of seven hundred and fifty (750) short tons per day.

V.

SURFACE: RIGHTS, PROTECTION, AND RESTORATION

5.1 FULTON shall have the right to use the surface of the Premises to the extent necessary for the prospecting, mining, and milling of the Premises and other operations reasonably incident thereto, and in addition shall have the right to use any timber thereon for its mining operations under this Mining Lease within the outline of the U. S. Forest Service permit.

VI.

PROTECTION FROM LIENS, NOTICES, AND INDEMNITY

6.1 FULTON shall pay and satisfy all claims for materials, supplies, and labor in connection with the operations conducted on the Premises, and shall keep the mine and Premises free of liens or encumbrances of any and every kind, except such as might result from state and county tax assessments not required to be paid by FULTON, or such as may result from any acts of persons other than FULTON, FULTON's employees, or those in privity with FULTON.

6.2 FULTON shall forthwith post and thereafter keep posted in conspicuous places at entrances to the Premises such notices as may be necessary to adequately notify all persons who may come in or upon the Premises that the same are held by FULTON

(71-3) D.F.B.

under lease from TEXONA, and that FULTON is and shall be liable for all labor performed and supplies and materials utilized by FULTON in and upon such Premises, and that FULTON; and not TEXONA, will be solely responsible for all debts and expenses incurred in operations under this Mining Lease, all as required by the statutes in the State of Arizona.

6.3 FULTON shall hold TEXONA harmless and fully indemnify TEXONA against all claims and demands of any kind or nature which may be made upon TEXONA or against the Premises for, on account of, any debt or expense incurred by FULTON, as well as from and against any and all acts, transactions, or omissions of FULTON, it's agents or employees, and FULTON shall defend and save harmless and fully indemnify TEXONA against any liability or asserted liability for, or on account of, injury to or death of any person, violation of any law, or damage to any property sustained during the continuance of this Mining Lease alleged to have resulted from any act or omission of FULTON, its agents or employees.

VII.

TAXES

7.1 In the event of production from the Premises, FULTON shall pay seventy-five percent (75%) and TEXONA twenty-five percent (25%) of all such taxes, including, but not limited to, all occupation, production, real property or ad valorem taxes based upon production by FULTON, pertaining to the Premises. In the event the production from the Premises should hereafter be subjected to a severance tax, such severance tax shall be paid seventy-five percent (75%) by FULTON and twenty-five percent (25%) by TEXONA. All taxes levied against equipment, machinery, supplies, or any other personal property or fixtures placed upon and used in connection with the mining of the Premises by FULTON shall be paid by FULTON. In any event, FULTON and TEXONA shall be responsible for the payment of their own respective income taxes.

(-11-A) S. J. J.

VIII

RIGHT OF REDEMPTION AND SUBROGATION

8.1 FULTON, at its option, shall have the right to redeem for TEXONA, by payment, any mortgage, taxes, or other liens on the Premises in the event of default of payment by TEXONA, and be subrogated to the rights of the holder thereof. In case of payment of any such mortgage, taxes, or other liens by FULTON, in addition to the right of subrogation herein granted, FULTON shall also have the right to retain any royalties which become due to TEXONA hereunder and to repay itself therefrom, and the retention of such royalties by FULTON shall have the same effect as if paid to TEXONA in whose behalf payment of any mortgage, taxes, or other liens were made.

IX.

TITLE

9.1 TEXONA represents that:

9.1.1 The location of each mining claim has been perfected and maintained in all respects in accordance with the mining law of the United States and the State of Arizona, and TEXONA has good and sufficient possessory title thereto, free of all liens, charges, and encumbrances, subject only to the paramount title of the United States;

9.1.2 Texona has full power and authority to enter into this Mining Lease and to deal with and lease the Premises in accordance with the terms hereof; and

9.1.3 There is not presently pending any suit, action, claim, dispute, or other proceeding, either at law or in equity, affecting the mining claims and to the best knowledge, information, and belief of TEXONA there is none now contemplated of any person or corporation, and TEXONA has taken no action which would prejudice its right, title, or interest in and to the mining claims.

9.2 If TEXONA's title covers less than the entire undivided title in the Premises, all royalty payments provided

7/1/82

herein shall be reduced to the same proportion thereof as the undivided title actually owned by TEXONA bears to the undivided title warranted herein. Payment or tender by FULTON to TEXONA of such proportional royalty payments shall constitute compliance with FULTON's obligations under paragraph 3.1 of this Mining Lease.

X.

ASSESSMENT WORK

10.1 Subject to termination or expiration of this Mining Lease and the provisions of paragraph 13.1 hereof, FULTON will perform or cause to be performed, at its expenses, all of assessment work required by law in order to maintain each unpatented mining claim included in the Premises during each assessment year commencing on or after September 1, <sup>(7/1/1982 S.P.F.)</sup> ~~1981~~, with respect to which year required assessment work has not been done prior to the date of this Mining Lease, and will, at its expense, timely record with the Yavapai County Recorder and file with the Bureau of Land Management or cause to be so recorded and filed affidavits of the performance of such assessment work, allocating therein to or for the benefit of each claim for which assessment work is required at least the minimum amount of such work required by law to maintain such claim, provided that if this Mining lease has expired or terminated more than ninety (90) days before the end of any assessment year, FULTON shall not be required to do such assessment work or cause such affidavits to be recorded or filed with respect to such assessment year.

XI.

RECORDS, REPORTS AND RIGHT OF INSPECTION

11.1 FULTON shall keep accurate records of its operations hereunder, including the amounts of minerals and metals taken from the Premises, the assays thereof, sales, and transactions which are deemed herein to be sales, any data or information required to be maintained pursuant to article III hereof pertaining to calculation of royalties, which records shall be accessible to TEXONA at the mine office of FULTON located on the Premises

(7/1/1982 S.P.F.)

at reasonable times and under reasonable circumstances for inspection by an auditor or accountant of TEXONA at the expense of TEXONA.

11.2 TEXONA or its designated agent shall have the right to enter upon the Premises at all reasonable times and under reasonable circumstances in order to examine, inspect, survey, and take samples, provided such inspection does not interfere with or hinder the operation of FULTON hereunder. Such inspection shall be at the sole risk and liability of TEXONA or its agent who will obey all rules and laws pertaining to the Premises.

XII.

NOTICES

12.1 All notices and communication provided for hereunder shall be deemed to have been properly given or transmitted if and when deposited, certified and postage prepaid, in the United States mail, or sent by Western Union telegram, addressed to the parties at the addresses and to the attention of the representative, if any, indicated below:

TEXONA:

Mr. Mike Flynt, President  
Texona Mining Company, Inc.  
5700 Rain Creek Parkway  
Austin, Texas 78759

FULTON:

Fulton Geological Services, Inc.  
P. O. Box 526  
Wickenburg, Arizona 85358

Any party may change its address for purposes of this Mining Lease by giving notice to the other party in accordance with the provisions of this clause.

XIII.

FORCE MAJEURE

13.1 The breach or failure to perform any of the covenants or conditions hereof on the part of FULTON shall not be grounds for cancellation or termination or forfeiture when such breach or failure to perform is caused or compliance is prevented by severe weather conditions, explosions, unusual mining casualty, fire, flood, insurrection, riots, strikes, Acts of God, or from governmental restraints or inability

5/1/51 D. J. S.

to obtain governmental approvals or permits, lack of a profitable economic market for ores or mineral products produced from the Premises; or on account of any eventuality beyond the reasonable control of FULTON, while such circumstances or conditions shall continue to exist, provided, however, that FULTON shall notify TEXONA in writing specifying the condition so existing and FULTON shall, in such event, use all reasonable diligence to remove such preventing cause and upon its removal shall thereafter promptly resume performances of its obligations under this Mining Lease.

XIV.

FULTON'S RIGHT OF SURRENDER

14.1 FULTON may at any time, upon thirty (30) days prior written notice to TEXONA, surrender FULTON's rights hereunder and thereby cancel and terminate this Mining Lease. In order to exercise such right of surrender, FULTON shall supply TEXONA with a recordable instrument, in proper form, terminating and surrendering to TEXONA all rights and interests obtained hereunder. Upon such termination, FULTON shall be under no further obligation whatsoever to TEXONA, except for the making of payments of royalty or taxes which have already accrued as of the date of such surrender, the delivery to TEXONA of all documents, maps, and data delivered to or developed by FULTON on the Premises, and compliance with article VI hereof.

XV.

TEXONA'S RIGHT OF TERMINATION

15.1 Subject to the force majeure provisions of this Mining Lease, upon the violation by FULTON of any of the applicable covenants herein, TEXONA may at its option and upon written notice to FULTON, specifying the specific violation or violations and giving notice of its intention so to do, cancel and annul this Mining Lease unless FULTON shall, within sixty (60) days after receipt of such written notice, cease such violation and pay to TEXONA all monies then due under this Mining

(171-7) D. J. B.



XIX.

CONGRESS CLAIMS

19.1 FULTON will do a feasibility study on the Congress claims group at FULTON's convenience to determine the economics of these mining claims.

XX.

NEW ISSUE TEXONA STOCK

20.1 If FULTON achieves production within sixty (60) days after the signing of this Mining Lease and meets the Thirty Two Thousand Dollars (\$32,000.00) payment to Woody Carpenter that is owed by TEXONA, FULTON will receive Five percent (5%) of all TEXONA stock, private or public, issued from the date of the signing of the Letter of Intent attached hereto as Exhibit A.

IN WITNESS WHEREOF the parties hereto execute the foregoing instrument on the 28 day of July, 1982.

TEXONA MINING COMPANY, INC.

By [Signature]  
its President

ATTEST:

\_\_\_\_\_  
Its Secretary

FULTON GEOLOGICAL SERVICES, INC.

By: [Signature]  
Its President

ATTEST:

\_\_\_\_\_  
Its Secretary

(311) S. J. Z.

APPENDIX A

G-3

AMALGAM TEST  
FOR BLIND INDIAN PROPERTY

Black Sands from 658 lbs. of head ore = approx. 15 lbs.  
Tumbled for 6 hrs. with .3 lbs. of caustic soda.  
Dissolved Mercury with concentrated Nitric Acid.  
Fired Gold.  
Weigh of button = .37 grams.

@ \$400.00 gold = 1.12 grams/ton of head ore = \$14.40 per ton. 036  
@ \$500.00 gold = 1.12 grams/ton of head ore = \$18.00 per ton.

Russell A. Pollard

July 7, 1981



G-1 Lower Bulky - Coarse

0.21 oz Gold/tm  
+52.5

2.18 oz Silver/tm  
10.90

G-1 Lower - Fine

0.56 oz Gold/tm  
+140

1.53 oz Silver/tm  
7.85

Blind 6-3 Coars

2046.75 gms

8.47 oz Gold/tm

1.82 oz Silver/tm

# Blue Jay Laboratory & Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O., UT 84119  
301/972-6403

## ASSAY REPORT

SAMPLE I.D. CPL TEXAS DATE Aug 13 1981

SUBMITTED BY Tom Jones

ADDRESS \_\_\_\_\_

ORE TYPE \_\_\_\_\_

CONCENTRATED? YES \_\_\_\_\_ NO \_\_\_\_\_

ASSAY RESULTS: One bead too small to be weighed

TR OZ/TON GOLD \_\_\_\_\_

TR OZ/TON SILVER Trace

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DANIEL SUAREZ  
METALLURGICAL ENGINEER

\_\_\_\_\_

# Blue Jay Laboratory & Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O. Box, UT 84119  
801/972-6403

## ASSAY REPORT

SAMPLE I.D. 1-0218 Mid DATE Aug. 13<sup>th</sup> 1981

SUBMITTED BY TIM TONE

ADDRESS \_\_\_\_\_

ORE TYPE \_\_\_\_\_

CONCENTRATED? YES \_\_\_\_\_ NO \_\_\_\_\_

### ASSAY RESULTS:

TR OZ/TON GOLD 4.60 oz/TON

TR OZ/TON SILVER 1.80 oz/TON

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Fire Assay

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

DANIEL SUAREZ  
METALLURGICAL ENGINEER

Goodman Lin Chemist

# Blue Jay Laboratory & Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O., UT 84119  
801/972-6403

## ASSAY REPORT

SAMPLE I.D. 1-0218 May DATE Aug 13<sup>th</sup> 1951

SUBMITTED BY TIM TONE

ADDRESS \_\_\_\_\_

ORE TYPE \_\_\_\_\_

CONCENTRATED? YES 7 NO \_\_\_\_\_

### ASSAY RESULTS:

TR OZ/TON GOLD 0.58 OZ/TON

TR OZ/TON SILVER 0.22 OZ/TON

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Fire Assay

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DANIEL SUAREZ  
METALLURGICAL ENGINEER

Christopher Lin Chemist

# Blue Jay Laboratory & Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O. Box, UT 84119  
801/972-6408

## ASSAY REPORT

SAMPLE I.D. 1-0218 Cons DATE Aug 13<sup>th</sup> 1981

SUBMITTED BY JIM JONES

ADDRESS \_\_\_\_\_

ORE TYPE \_\_\_\_\_

CONCENTRATED? YES  NO

Concentration Ratio ~~1:1~~ 1:2.7 = 1

### ASSAY RESULTS:

TR OZ/TON GOLD 8.48 OZ/TON

TR OZ/TON SILVER 3.31 OZ/TON

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Fire Assay

DANIEL SUAREZ  
METALLURGICAL ENGINEER

Gustav L. Fu



# Blue Jay Laboratory of Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O. Box, UT 84119  
801/972-6403

## ASSAY REPORT

SAMPLE I.D. 1-0212 (magnetic <sup>filings from concentrate</sup>) DATE August, 18, 81

SUBMITTED BY Jim Jones

ADDRESS \_\_\_\_\_

ORE TYPE Silicified with oxide

CONCENTRATED? YES From 13.24 (concentrate) NO \_\_\_\_\_

### ASSAY RESULTS:

TR OZ/TON GOLD 0.57 .37

TR OZ/TON SILVER 0.10

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Free Assay

DANIEL SUAREZ  
METALLURGICAL ENGINEER



# Blue Jay Laboratory & Refinery

a division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O., UT 84119  
801/972-6403

## ASSAY REPORT

SAMPLE I.D. 1-0217 (HEAD) DATE Aug. 6, 81

SUBMITTED BY JIM JONES.

ADDRESS \_\_\_\_\_

ORE TYPE Silicous. with some oxides

CONCENTRATED? YES        NO       

ASSAY RESULTS: DOBE BE 2 - 0.11 TR OZ./TN.


TR OZ./TON GOLD \_\_\_\_\_

TR OZ./TON SILVER \_\_\_\_\_

TR OZ./TON PLATINUM \_\_\_\_\_

REMARKS Fire Assay

DANIEL SUAREZ  
METALLURGICAL ENGINEER



# Blue Jay Laboratory & Refinery

a Division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O. Box, UT 84119  
801/972-5403

## ASSAY REPORT

SAMPLE I.D. 1-0217 (weight: 13.23# <sup>CONC.</sup> DATE Aug, 6, 81

SUBMITTED BY Jim Jones

ADDRESS \_\_\_\_\_

ORE TYPE Black Sand

CONCENTRATED? YES 13.23# NO \_\_\_\_\_

CONC. RATE: 105 %

### ASSAY RESULTS:

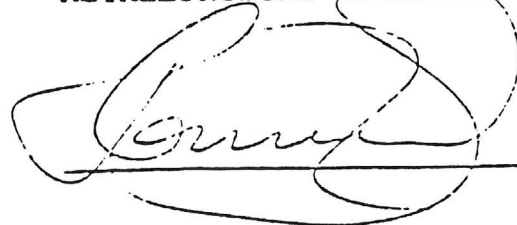
TR OZ/TON GOLD 0.48

TR OZ/TON SILVER 0.20

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Fire Assay

DANIEL SUAREZ  
METALLURGICAL ENGINEER



# Blue Jay Laboratory & Refinery

a Division of Blue Jay Smelter, Inc.

2630 South 3270 West, P.O., UT 84119  
801/972-6408

## ASSAY REPORT

(CONCENTRATE WITHOUT MAGNETICS.)  
SAMPLE I.D. 10217 DATE August, 13, 81

SUBMITTED BY Jim Jones

ADDRESS \_\_\_\_\_

ORE TYPE Allicious with oxide

CONCENTRATED? YES 13.2% CONCENTRATE NO \_\_\_\_\_

CONC. RATE: 308 : 1

### ASSAY RESULTS:

TR OZ/TON GOLD 211.2

TR OZ/TON SILVER 23.5

TR OZ/TON PLATINUM \_\_\_\_\_

REMARKS Five Assay

DANIEL SUAREZ  
METALLURGICAL ENGINEER



## Re: Valuation of Texona Under Various Assumptions (4/22/82 #1)

Assumptions:	5000000.00	10000000.00	15000000.00	20000000.00	25000000.00
Total Reserves in tons	5000000.00	10000000.00	15000000.00	20000000.00	25000000.00
Tons/day avg. production	500.00	1000.00	1500.00	2000.00	2500.00
Oz/ton gross	0.05	0.10	0.15	0.20	0.25
Price/oz (spot)	200.00	300.00	400.00	500.00	600.00
\$/ton operating expenses	5.00	5.00	5.00	5.00	5.00
# days/month in production	25.00	25.00	25.00	25.00	25.00
# months in operating year	12.00	12.00	12.00	12.00	12.00
# days in production per yr	300.00	300.00	300.00	300.00	300.00
<b>Results:</b>					
Oz/day gross production	25.00	100.00	225.00	400.00	625.00
Oz/day net (90% gross)	22.50	90.00	202.50	360.00	562.50
Price/oz net (90% spot)	180.00	270.00	360.00	450.00	540.00
\$/day net sales	4050.00	24300.00	72900.00	162000.00	303750.00
\$/day operating expenses	2500.00	5000.00	7500.00	10000.00	12500.00
\$/day operating profits	1550.00	19300.00	65400.00	152000.00	291250.00
-Texona Royalty (.66 x sales)	1023.00	12738.00	43164.00	100320.00	192225.00
=Operator's Profits	527.00	6562.00	22236.00	51680.00	99025.00
\$/month net sales	101250.00	607500.00	1822500.00	4050000.00	7593750.00
\$/month operating expenses	62500.00	125000.00	187500.00	250000.00	312500.00
\$/month operating profits	38750.00	482500.00	1635000.00	3800000.00	7281250.00
-Texona Royalty (.66 x sales)	66825.00	400950.00	1202850.00	2673000.00	5011875.00
= Operator's Profits	-28075.00	81550.00	432150.00	1127000.00	2269375.00
\$/year net sales	1215000.00	7290000.00	21870000.00	48600000.00	91125000.00
\$/year operating expenses	750000.00	1500000.00	2250000.00	3000000.00	3750000.00
\$/year operating profits	465000.00	5790000.00	19620000.00	45600000.00	87375000.00
-Texona Royalty (.66 x sales)	801900.00	4811400.00	14434200.00	32076000.00	60142500.00
=Total Yrly Operator's Profit	-336900.00	978600.00	5185800.00	13524000.00	27232500.00
Life of Mine in Years	33.33	33.33	33.33	33.33	33.33
Lifetime Sales	40500000.00	242999999.99	728999999.99	1619999999.99	3037499999.99
Lifetime Operating Expenses	25000000.00	50000000.00	75000000.00	100000000.00	124999999.99
Lifetime Operating Profits	15500000.00	192999999.99	653999999.99	1519999999.99	2912499999.99
-Lifetime TexRoyalty (.66xsls)	26730000.00	160379999.99	481139999.99	1069199999.99	2004749999.99
=Lifetime Operator's Profits	-11230000.00	32620000.00	172860000.00	450800000.00	907750000.00
\$/ton net sales	8.10	24.30	48.60	81.00	121.50
\$/ton operat expenses	5.00	5.00	5.00	5.00	5.00
\$/ton operat profits	3.10	19.30	43.60	76.00	116.50
\$/ton Tex.Royalty (.66xsales)	5.35	16.04	32.08	53.46	80.19
\$/ton Operator's Profits	-2.25	3.26	11.52	22.54	36.31
\$/oz net sales	180.00	270.00	360.00	450.00	540.00
\$/oz operatin expenses	111.11	55.56	37.04	27.78	22.22
\$/oz operating profits	68.89	214.44	322.96	422.22	517.78
\$/oz Tex.Royalty (.66xsales)	118.80	178.20	237.60	297.00	356.40
\$/oz Operator's Profits	-49.91	36.24	85.36	125.22	161.38

## Re: Valuation of Texona Under Various Assumptions (4/22/82 03)

Assumptions:	10000000.00	10000000.00	10000000.00	10000000.00	10000000.00
Total Reserves in tons	10000000.00	10000000.00	10000000.00	10000000.00	10000000.00
Tons/day avg. production	2500.00	2500.00	2500.00	2500.00	2500.00
Oz/ton gross	0.15	0.15	0.15	0.15	0.15
Price/oz (spot)	200.00	300.00	400.00	500.00	600.00
\$/ton operating expenses	5.00	5.00	5.00	5.00	5.00
# days/month in production	25.00	25.00	25.00	25.00	25.00
# months in operating year	12.00	12.00	12.00	12.00	12.00
# days in production per yr	300.00	300.00	300.00	300.00	300.00
<b>Results:</b>					
Oz/day gross production	375.00	375.00	375.00	375.00	375.00
Oz/day net (90% gross)	337.50	337.50	337.50	337.50	337.50
Price/oz net (90% spot)	180.00	270.00	360.00	450.00	540.00
\$/day net sales	60750.00	91125.00	121500.00	151875.00	182250.00
\$/day operating expenses	12500.00	12500.00	12500.00	12500.00	12500.00
\$/day operating profits	48250.00	78625.00	109000.00	139375.00	169750.00
-Texona Royalty (.66 x sales)	31845.00	51892.50	71940.00	91987.50	112035.00
=Operator's Profits	16405.00	26732.50	37060.00	47387.50	57715.00
\$/month net sales	1518750.00	2278125.00	3037500.00	3796875.00	4556250.00
\$/month operating expenses	312500.00	312500.00	312500.00	312500.00	312500.00
\$/month operating profits	1206250.00	1965625.00	2725000.00	3484375.00	4243750.00
-Texona Royalty (.66 x sales)	1002375.00	1503562.50	2004750.00	2505937.50	3007125.00
= Operator's Profits	203875.00	462062.50	720250.00	978437.50	1236625.00
\$/year net sales	18225000.00	27337500.00	36450000.00	45562500.00	54675000.00
\$/year operating expenses	3750000.00	3750000.00	3750000.00	3750000.00	3750000.00
\$/year operating profits	14475000.00	23587500.00	32700000.00	41812500.00	50925000.00
-Texona Royalty (.66 x sales)	12028500.00	18042750.00	24057000.00	30071250.00	36085500.00
=Total Yrly Operator's Profit	2446500.00	5544750.00	8643000.00	11741250.00	14839500.00
Life of Mine in Years	13.33	13.33	13.33	13.33	13.33
Lifetime Sales	242999999.99	364499999.99	485999999.99	607499999.99	728999999.99
Lifetime Operating Expenses	50000000.00	50000000.00	50000000.00	50000000.00	50000000.00
Lifetime Operating Profits	192999999.99	314499999.99	435999999.99	557499999.99	678999999.99
-Lifetime TexRoyalty (.66xsales)	160379999.99	240569999.99	320759999.99	400949999.99	481139999.99
=Lifetime Operator's Profits	32620000.00	73930000.00	115240000.00	156550000.00	197860000.00
\$/ton net sales	24.30	36.45	48.60	60.75	72.90
\$/ton operat expenses	5.00	5.00	5.00	5.00	5.00
\$/ton operat profits	19.30	31.45	43.60	55.75	67.90
\$/ton Tex.Royalty (.66xsales)	16.04	24.06	32.08	40.10	48.11
\$/ton Operator's Profits	3.26	7.39	11.52	15.66	19.79
\$/oz net sales	180.00	270.00	360.00	450.00	540.00
\$/oz operatin expenses	37.04	37.04	37.04	37.04	37.04
\$/oz operating profits	142.96	232.96	322.96	412.96	502.96
\$/oz Tex.Royalty (.66xsales)	118.80	178.20	237.60	297.00	356.40
\$/oz Operator's Profits	24.16	54.76	85.36	115.96	146.56

Re: Valuation of Texona Under Various Assumptions 4/22/82 #2

Assumptions:	10000000.00	10000000.00	10000000.00	10000000.00	10000000.00
Total Reserves in tons	10000000.00	10000000.00	10000000.00	10000000.00	10000000.00
Tons/day avg. production	1000.00	1000.00	2000.00	2000.00	2500.00
Oz/ton gross	0.10	0.10	0.20	0.20	0.15
Price/oz (spot)	300.00	400.00	300.00	400.00	350.00
\$/ton operating expenses	5.00	5.00	5.00	5.00	5.00
# days/month in production	25.00	25.00	25.00	25.00	25.00
# months in operating year	12.00	12.00	12.00	12.00	12.00
# days in production per yr	300.00	300.00	300.00	300.00	300.00
Results:					
Oz/day gross production	100.00	100.00	400.00	400.00	375.00
Oz/day net (90% gross)	90.00	90.00	360.00	360.00	337.50
Price/oz net (90% spot)	270.00	360.00	270.00	360.00	315.00
\$/day net sales	24300.00	32400.00	97200.00	129600.00	106312.50
\$/day operating expenses	5000.00	5000.00	10000.00	10000.00	12500.00
\$/day operating profits	19300.00	27400.00	87200.00	119600.00	93812.50
-Texona Royalty (.66 x sales)	12738.00	18084.00	57552.00	78936.00	61916.25
=Operator's Profits	6562.00	9316.00	29648.00	40664.00	31896.25
\$/month net sales	607500.00	810000.00	2430000.00	3240000.00	2657012.50
\$/month operating expenses	125000.00	125000.00	250000.00	250000.00	312500.00
\$/month operating profits	482500.00	685000.00	2180000.00	2990000.00	2345312.50
-Texona Royalty (.66 x sales)	400950.00	534600.00	1603800.00	2138400.00	1754156.25
= Operator's Profits	81550.00	150400.00	576200.00	851600.00	591156.25
\$/year net sales	7290000.00	9720000.00	29160000.00	38880000.00	31893750.00
\$/year operating expenses	1500000.00	1500000.00	3000000.00	3000000.00	3750000.00
\$/year operating profits	5790000.00	8220000.00	26160000.00	35880000.00	28143750.00
-Texona Royalty (.66 x sales)	4811400.00	6415200.00	19245600.00	25660800.00	21049875.00
=Total Yrly Operator's Profit	978600.00	1804800.00	6914400.00	10219200.00	7093875.00
Life of Mine in Years	33.33	33.33	16.67	16.67	13.33
Lifetime Sales	242999999.99	323999999.99	485999999.99	647999999.99	425249999.99
Lifetime Operating Expenses	50000000.00	50000000.00	50000000.00	50000000.00	50000000.00
Lifetime Operating Profits	192999999.99	273999999.99	435999999.99	597999999.99	375249999.99
-Lifetime TexRoyalty (.66xsales)	160379999.99	213839999.99	320759999.99	427679999.99	280664999.99
=Lifetime Operator's Profits	32620000.00	60160000.00	115240000.00	170320000.00	94585000.00
\$/ton net sales	24.30	32.40	48.60	64.80	42.53
\$/ton operat expenses	5.00	5.00	5.00	5.00	5.00
\$/ton operat profits	19.30	27.40	43.60	59.80	37.53
\$/ton Tex.Royalty (.66xsales)	16.04	21.38	32.08	42.77	28.07
\$/ton Operator's Profits	3.26	6.02	11.52	17.03	9.46
\$/oz net sales	270.00	360.00	270.00	360.00	315.00
\$/oz operatin expenses	55.56	55.56	27.78	27.78	37.04
\$/oz operating profits	214.44	304.44	242.22	332.22	277.96
\$/oz Tex.Royalty (.66xsales)	178.20	237.60	178.20	237.60	207.90
\$/oz Operator's Profits	36.24	66.84	64.02	94.62	70.06

Re: Valuation of Texona Under Various Assumptions (4/22/82 #1)

Assumptions:	10000000.00	10000000.00	10000000.00	1000000.00	10000000.00
Total Reserves in tons	10000000.00	10000000.00	10000000.00	1000000.00	10000000.00
Tons/day avg. production	1000.00	2000.00	3000.00	4000.00	5000.00
Oz/ton gross	0.15	0.15	0.15	0.15	0.15
Price/oz (spot)	350.00	350.00	350.00	350.00	350.00
\$/ton operating expenses	5.00	5.00	5.00	5.00	5.00
# days/month in production	25.00	25.00	25.00	25.00	25.00
# months in operating year	12.00	12.00	12.00	12.00	12.00
# days in production per yr	300.00	300.00	300.00	300.00	300.00
<b>Results:</b>					
Oz/day gross production	150.00	300.00	450.00	600.00	750.00
Oz/day net (90% gross)	135.00	270.00	405.00	540.00	675.00
Price/oz net (90% spot)	315.00	315.00	315.00	315.00	315.00
\$/day net sales	42525.00	85050.00	127575.00	170100.00	212625.00
\$/day operating expenses	5000.00	10000.00	15000.00	20000.00	25000.00
\$/day operating profits	37525.00	75050.00	112575.00	150100.00	187625.00
-Texona Royalty (.66 x sales)	24766.50	49533.00	74299.50	99066.00	123832.50
=Operator's Profits	12758.50	25517.00	38275.50	51034.00	63792.50
\$/month net sales	1063125.00	2126250.00	3189375.00	4252500.00	5315625.00
\$/month operating expenses	125000.00	250000.00	375000.00	500000.00	625000.00
\$/month operating profits	938125.00	1876250.00	2814375.00	3752500.00	4690625.00
-Texona Royalty (.66 x sales)	701662.50	1403325.00	2104987.50	2806650.00	3508312.50
= Operator's Profits	236462.50	472925.00	709387.50	945850.00	1182312.50
\$/year net sales	12757500.00	25515000.00	38272500.00	51030000.00	63787500.00
\$/year operating expenses	150000.00	300000.00	450000.00	600000.00	750000.00
\$/year operating profits	11257500.00	22515000.00	33772500.00	45030000.00	56287500.00
-Texona Royalty (.66 x sales)	8419950.00	16839900.00	25259850.00	33679800.00	42099750.00
=Total Yrly Operator's Profit	2837550.00	5675100.00	8512650.00	11350200.00	14187750.00
Life of Mine in Years	33.33	16.67	11.11	8.83	6.67
Lifetime Sales	425249999.99	425249999.99	425249999.99	425250000.00	425249999.99
Lifetime Operating Expenses	50000000.00	50000000.00	50000000.00	50000000.00	50000000.00
Lifetime Operating Profits	375249999.99	375249999.99	375249999.99	375250000.00	375249999.99
-Lifetime TexRoyalty (.66xsales)	280664999.99	280664999.99	280664999.99	280665000.00	280664999.99
=Lifetime Operator's Profits	94585000.00	94585000.00	94585000.00	94585000.00	94585000.00
\$/ton net sales	42.53	42.53	42.53	42.53	42.53
\$/ton operat expenses	5.00	5.00	5.00	5.00	5.00
\$/ton operat profits	37.53	37.53	37.53	37.53	37.53
\$/ton Tex.Royalty (.66xsales)	28.07	28.07	28.07	28.07	28.07
\$/ton Operator's Profits	9.46	9.46	9.46	9.46	9.46
\$/oz net sales	315.00	315.00	315.00	315.00	315.00
\$/oz operatin expenses	37.04	37.04	37.04	37.04	37.04
\$/oz operating profits	277.96	277.96	277.96	277.96	277.96
\$/oz Tex.Royalty (.66xsales)	207.90	207.90	207.90	207.90	207.90
\$/oz Operator's Profits	70.06	70.06	70.06	70.06	70.06



**GEO-TEC MANAGEMENT & CONSULTANT, INC.**

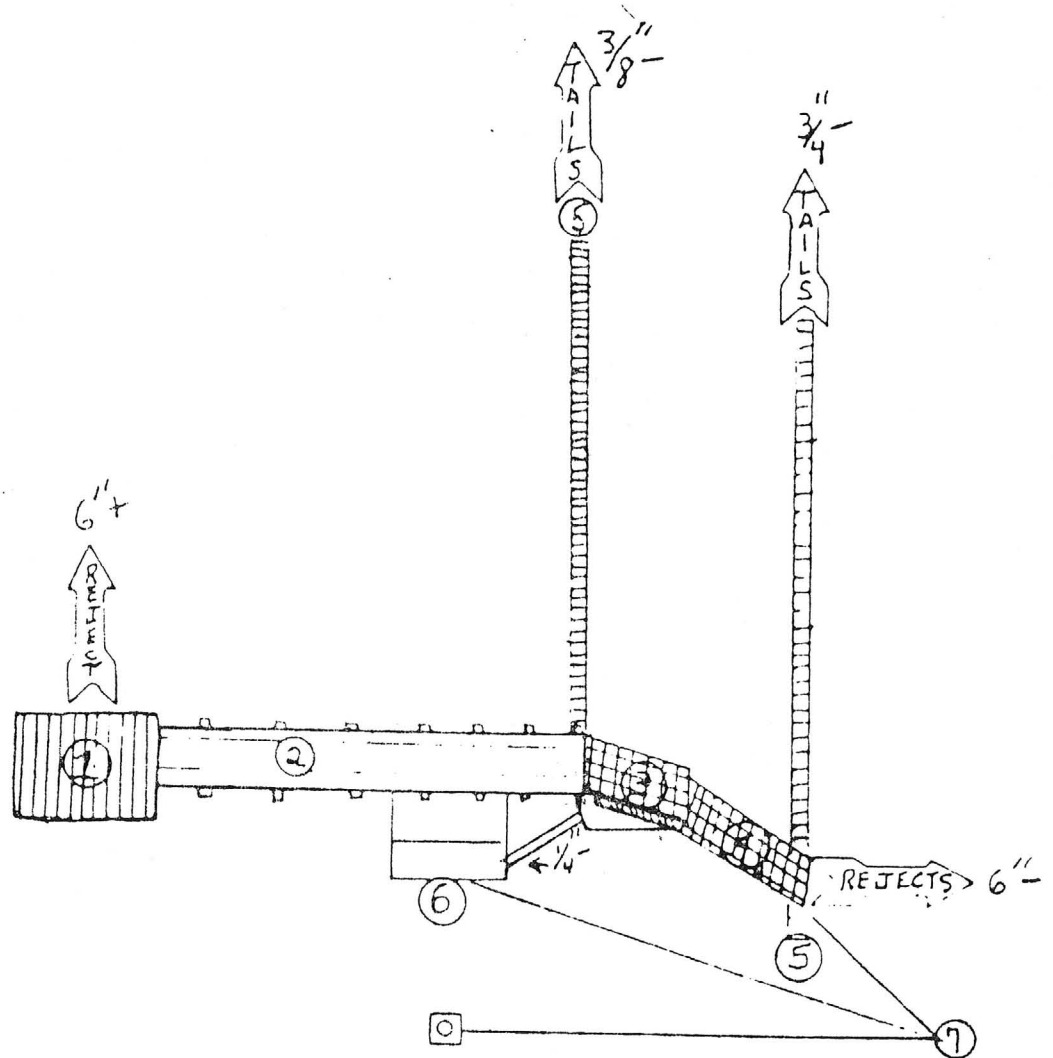
SPECIALIZING IN MINING & MILLING

335 WHIPPLE - P.O. BOX 2885

WICKENBURG, ARIZONA 85358

(802) 884-6487

**MILL CIRCUITRY**

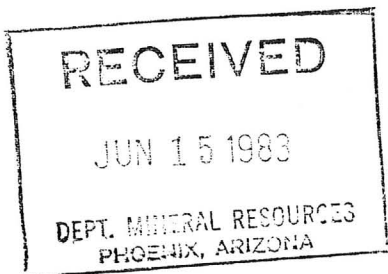


- 1. Grizzly
- 2. Conveyor
- 3. 2 Deck Screen
- 4. 1 Deck Screen
- 5. 30' Sluice Box
- 6. Centrifuge
- 7. Pump and Pipe Line

**EXHIBIT B**

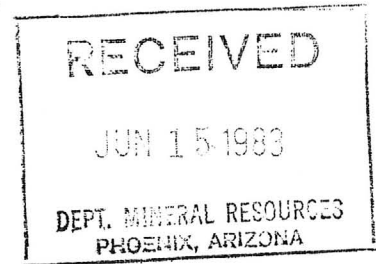
APPENDIX

COPIES OF REPORTS EVALUATED



## SOUTHWEST RESEARCH INSTITUTE

POST OFFICE DRAWER 28510 • 6220 CULEBRA ROAD • SAN ANTONIO, TEXAS, USA 78284 • (512) 684-5111 • TELEX 76-7357

Department of Materials Sciences  
February 23, 1983

Mr. Michael G. Colvard  
 Martin & Drought Inc.  
 615 Soledad, Suite 300  
 San Antonio, Texas 78205

Subject: Southwest Research Institute Project No. 06-7293-108  
 "Consulting Services"  
FINAL REPORT

Dear Mr. Colvard:

This letter constitutes our final report on determining the viability of a gold mining property located in Arizona. All of the available documents, reports, and other data concerning the property were examined for authenticity and/or as an aid in determining the above-mentioned viability. An on-site visit was made to audit the property and to obtain a number of small samples for mineral analysis.

No attempt will be made in this report to describe the property as to its location boundaries, history, regional and local geology, or other features. This has been done adequately in several of the repetitious reports. A brief check in the SwRI Library and my files has confirmed its location in an area geologically favorable to gold accumulations. Arizona Bureau of Mines at the University of Arizona maintains a very extensive mineral resource library. I have copies of many of the geological maps and reports of the area, and these were used to locate the Blind Indian Claim Group in the Prescott National Forest, Yavapai County, Arizona.

A. Evaluation of Reports

The following reports were received from either you or Mr. W. M. Flynt as copies of the originals. These are listed below in order of date, with short comments on each. An extensive critique will not be made.

1. William B. Murdaugh Report, July 1981 - This is probably the best report on the area; however, results of the test sampling program are missing from "Appendix A." Presumably, 18 to 20 trenches and pits were made according to his Figure 4. Although the sample sites, and values shown, are located a half mile to the southwest of the claims I visited, the area is very similar, so these values would be typical.



SAN ANTONIO, TEXAS  
 WITH OFFICES IN HOUSTON, TEXAS, AND WASHINGTON, D. C.

2. Assays by Blue Jay Lab for Mr. Jones, August 1981 - No report was received with these assays. Source or locations where the three samples were obtained are not known. Not enough information is included to verify the assay results.

3. Walter Campbell Associates, April 1982 - Letter and computer projections of operating data - not relevant.

4. Samuel P. Ellison Report, May 27, 1982 - Dr. Ellison retired in 1979 from all but occasional consulting activities. Not to detract from its value from one so esteemed in the profession, however, his 25-page "review" consists of a two-page letter which doesn't resolve anything, seven pages of location maps and USGS folio, and 16 pages of his biographical data. Few mining geologists would give much value to his review.

5. Anthony Lane, June 10, 1982 - This is a feasibility study based on the results of 54 trenches dug and sampled in a 200-acre portion of the property. A map of this area, with locations of the test trenches, was available for study; however, no assay results have been found.

6. John G. Light Report, not dated - Very brief geology and recommendation to do more sampling.

7. Mining Lease - July 25, 1982 - Turns over properties to Fulton. This is a valid lease giving Fulton certain rights to mining claims held by Texona. It has been recorded in Maricopa County, Arizona. Now invalid.

8. Jimmie G. Meador Report to Dan Fulton, August 12, 1982 - Repeats past reports included above. His reserve calculations are based on Lane's (No. 5 above) and Geo-Tec's assays.

9. Jimmie G. Meador, August 23, 1982 - A proposed dredge operation to process gravels from the property. His economic study is based on numerous "ifs" and may or may not reflect any actual or "real world" costs for operations of the Blind Indian Properties.

10. Amarillo Mining, Inc., September 27, 1982 - Analysis report of an unidentified sample analyzed by an unknown method. Invalid.

11. Key Laboratories, November 19, 1982 - Three samples of unknown origin were assayed by the fire assay technique. Key Labs and Ms. Rector are known to me. Assay is valid, but only the client knows where samples were obtained.

12. Geo-Tec Report, December 7, 1982 - Sampling procedures of Jim Jones. He used a common but elaborate method to obtain reasonably good samples. I would question his weighing the gold/silver bead by use of a top-loading balance, when the largest bead found weighed less than 2/10 of an ounce. However, I also believe that his values are probably within 15-20% of actual values to be found over the property.

I saw most of the test pits which were dug and sampled by Mr. Jones during my visit to the properties.

#### B. Site Trip and Sampling

On January 13, 1983, I walked over about 500 to 800 acres of the Blind Indian properties along, and on either high bank of, Blind Indian Creek. My reason for visiting the claims was to verify the existence of markers and test pits, and to obtain a few hand samples for mineralogical analysis.

The claims are well marked with legal papers enclosed in cans or jars attached to heavy stakes or pipes which were well set in the ground. There are several disputed claims but most are clear and legitimate. Several of the above reports contain maps showing the various claims comprising the several thousand acres of the Texona property.

Many test pits, trenches, and other sampling sites were visited and examined. Some were marked and could be traced to several of the above reports; others were not. I obtained six hand samples from some of these pits and from stream sampling. In taking such small samples, it is very difficult to "prove" the presence of very heavy gold when it exists in quantities averaging about 6 or 7 parts per million (0.2 oz/ton). However, the presence or absence of certain minerals can provide good clues as to whether gold may occur as an accessory. The following describes these six small samplings.

The six samples were all of unscreened river sand and gravel. Each sample was sieved at 2 mm and 0.25 mm. The undersize material (-0.25 mm) and oversize material (+2 mm) was weighed, bagged, and not further examined. The -0.25 mm material should probably be assayed for gold.

The intermediate fraction (-2 mm + 0.25 mm) was then put into tetrabromoethane (specific gravity of 2.96) and sink and float fractions recovered for each sample. The floats were cleaned with acetone, dried, weighed, bagged, and not further treated. The sinks (material heavier than 2.96) was cleaned with acetone and briefly examined to establish if macroscopic free gold was present. If gold were present, this would establish the most likely type of mineralization with which it was associated and hence simplify determination of its probable original source.

1. DC1 - Location about 300 feet west of old mill and about center of valley. The rock type represented is predominantly amphibolite with almandine garnet, epidote, and magnetite, with some biotite, muscovite, and sphene. Rare tourmaline, zircon, and traces of native silver are present indicating the possibility of pegmatitic and hypothermal mineralization in the drainage area of the sample site. No gold was seen but should be present in the locality.

2. DC2 - Location from area of old workings near sharp bend in river. Country rock is an almandine epidote biotite hornblende schist with magnetite and weathered pyrite. Sphene is common and the presence

of tourmaline suggests the possibility of high-temperature hydrothermal mineralization. The occurrence of diopside indicates possible contact metamorphism. Traces of native silver and one color of gold make this a very positive indication of good gold recovery.

3. DC3 - Location in Blind Indian Creek at near west edge of Section 32 (White Frog claims). Country same as DC2 but with fewer indications of hydrothermal mineralization. Traces of native silver. Should be some gold in area.

4. DC4 - Located about west edge of Section 35 and from stream bed. Almandine epidote amphibolite, very rich in magnetite, with sphene, tourmaline, biotite, and a trace of pyrite. A large sample of magnetite concentrate should be checked for gold content.

5. DC5 - Location in creek in Section 26. Almandine epidote amphibolite with sphene, biotite, muscovite, tourmaline, and rare zircon. Possibility of gold should be good.

6. DC6 - Location from screened pile at old mill. Rock type as above. No metalliferous mineralization seen but sample was not clean. Sample taken from inactive quiescent regime.

The background rock type in all samples is that of fairly high-grade metamorphic rock. In all cases, the material was highly immature, first-cycle, and local, with very little transport having occurred. As such, the samples are not heavy mineral resistate concentrates; therefore, we cannot expect to find grains as heavy as gold in such material. The existence of one grain in DC2 is surprising but indicates the probability of gold throughout the alluvium but most likely in good bedrock traps.

Should the gold present be the product of chemical precipitation, that only occurs on the river bed where there is a throughput of water (and dissolved salts) and suitable Eh/pH conditions for precipitation. Consequently, sampling for alluvial gold has to be in large bulk and should be on bedrock; i.e., more than one day's work. Theoretically, rich, economical alluvial gold is almost without exception invariably limited to tropical environments (historical) for its accumulation. To find it in Recent, modern drainages in Arizona as a first-cycle phenomenon would be considered exceptional. However, there is gold present, its source most likely hypothermal mineralized veins at no great distance upstream. All iron oxides/gossan and pyrite should also be checked for non-free gold.

### C. Conclusions

The presence of gold on the Blind Indian Creek claims of Texona Mining Company has been established. The absolute value of the property cannot be made on the basis of the many rather hit-or-miss prospecting projects carried on thus far. However, in my opinion, based on my evaluation of these miscellaneous reports and the other factors as noted, with proper mining techniques the property will produce economic quantities.

February 23, 1983

of gold at today's price. Although no absolute value can be given, an estimate can be taken from the average grade of potential ore sampled, as done in the reports. Taking them all into account, this "average" appears to fall between 0.2 oz/ton and 0.3 oz/ton. These figures should be improved upon, as stated above, by mining close to bedrock, and could fall to very low values if only the upper sand and gravel is mined.

Copies of all the reports received and evaluated are included with this report in the Appendix for reference in case you do not have them available. If there are any questions concerning the report, please call me at my home (512) 342-2111.

It has been a unique pleasure working with you on this project as it is my last official project with SwRI after almost 28 years. I have retired to other pursuits.

Sincerely yours,



David Curtice  
Project Manager

APPROVED:



U. S. Lindholm, Director  
Department of Materials Sciences

DC:klc  
Attachments

cc: U. S. Lindholm, SwRI (1) (w/o Appendix)  
C. L. duMenil, SwRI (1) (w/o Appendix)

Doc 1-7-82 (1)  
- July 1981

TEXONA MINING COMPANY, INC.  
Suite 351, 314 Highland Mall Boulevard  
Austin, Texas 78752

Not Done

MEMO TO: TO WHOM IT MAY CONCERN  
FROM: W. MICHAEL FLYNT  
RE: MURDAUGH REPORT

This report was done on an additional 1,000 acres that we just acquired in our pacage deal with Mottley Industries. This could well be one of the most complete and most conservative reports we have.

Sincerely,

W. Michael Flynt

WMF:bbk

Enclosures (1)



PRELIMINARY PLACER PROPERTY EVALUATION  
BLIND INDIAN CLAIM GROUP  
BRADSHAW DISTRICT, ARIZONA

PREPARED BY:

~~WILLIAM E. WILDFALGH~~  
CONSULTING GEOLOGIST  
JULY, 1981

PRELIMINARY PLACER PROPERTY EVALUATION

BLIND INDIAN CLAIM GROUP

BRADSHAW DISTRICT, ARIZONA

Prepared by:

William B. Murdaugh  
Consulting Geologist  
July, 1981

## 1.0 INTRODUCTION

From July 1 through July 7, 1981, Mr. Troy Beaver retained this geologist to evaluate the placer gold potential of the Blind Indian Claim Group, Bradshaw Mining District, Arizona. The investigation was preliminary in nature and was intended to confirm the previously reported existence of commercial quantities of placer gold in selected areas of the property so as to justify future exploration and development.

## 2.0 LOCATION AND ACCESS

The property consists of 19 unpatented claims or 760 acres, located in the Prescott National Forest, Yavapai County, Arizona, Bradshaw Mining District, Township 11 North, Range 2 West, Sections 33, 34 and 35 and in Township 10 North, Range 2 West, Sections 3 and 4 as shown in FIGS. 1 and 2. An additional 8 claims have been recently staked contiguous with the southern property boundary. These claims total 320 acres, and appropriate certificates of location are to be filed with the county and BLM in the near future. The U. S. Department of Agriculture, Forest Service, owns the surface rights.

As shown in FIG 1, access is made from State Route 89 over about 20 miles of county-maintained dirt and paved road, thence by Forestry Service road for about 5 miles. During heavy rains, portions of the county-maintained road may not be passable to a number of gully washes across the road. The Forestry road leading into the property crosses the Blind Indian Creek at one point, where it is about 100 feet wide, and two small tributaries at three points, where they are about 25 feet wide. This road could be considerably improved in a short time with a bulldozer and motor grader. Access during rain storms could be provided by culverts across the tributaries.

The nearest major town with hotels and shop facilities is Prescott located about 20 miles due north of the property or about 60 miles by road. A private 3200-foot airstrip in good condition is located about four miles from the property at the Diamond 2 Ranch. The strip is immediately adjacent to the Forestry road, and there is no reason to believe that the owner would not share its use, provided maintenance costs were shared. Flying time from Prescott would be on the order of 15 minutes by light aircraft.

### 3.0 SITE ENVIRONMENT

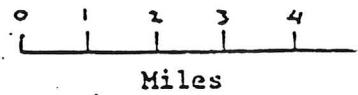
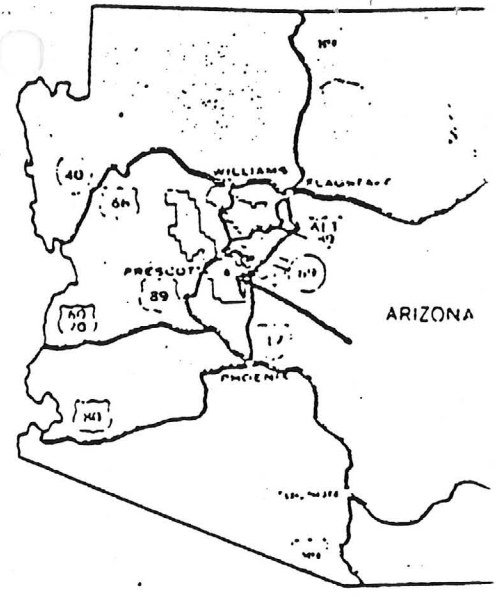
The northern half of the property features 300-foot high hills sloping steeply into the Blind Indian Creek and tributaries. The southern half consists of a flat alluvial valley surrounded on all sides by hills and mountains. The valley is several hundred feet higher than the Blind Indian Creek.

The site is sparsely vegetated with typical high altitude Arizona desert flora. The most abundant species include mesquite and prickly pear. Low scrub pines are very sparse with a roughly estimated density of less than one per two acres.

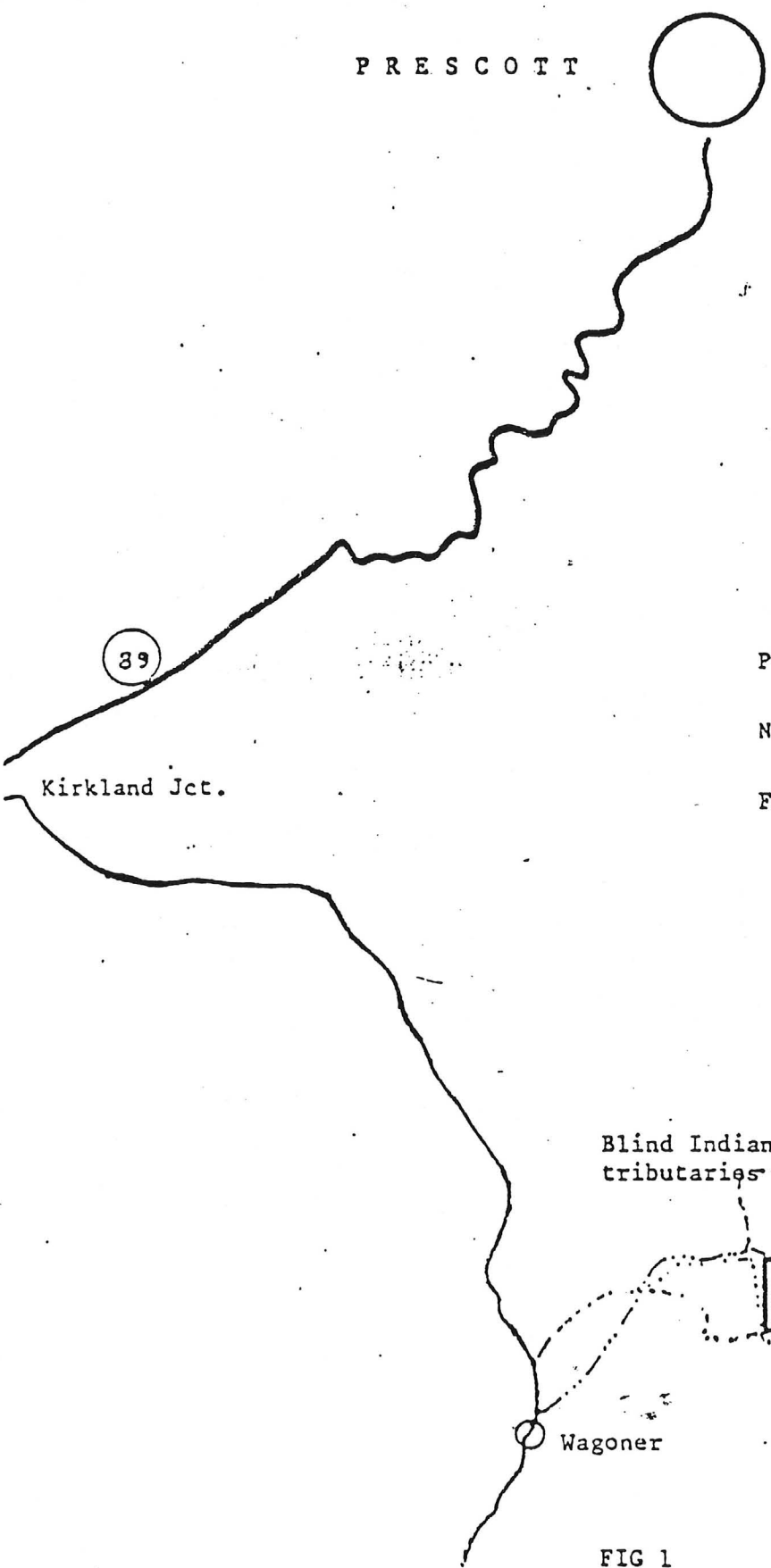
There are no known historical or archeological sites on the property. And there are no known faunal or floral species which would be endangered by a placer mining operation.

Temperatures during the summer can reach upward of 110 degrees F. and occasional flash thunderstorms are possible. Light snows are common during the winter and occasional heavy snows are possible.

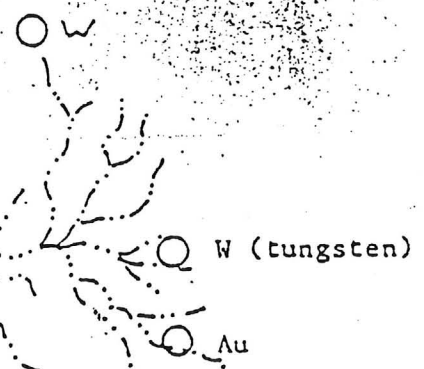
P R E S C O T T



P R E S C O T T  
N A T I O N A L  
F O R E S T



Blind Indian Cr. & tributaries



Wagoner

BLIND INDIAN  
CLAIMS

Cu, Au, Pb, Zn  
Crown King Mir

FIG 1  
Location of Blind Indian Claims & known mining  
in area.

#### 4.0 MINING PERMITS

Mining on the property would fall under both State and federal regulations. Most notably any mining operation would be subject to the regulations of the State Mine Inspector. Because of the relative simplicity of a placer operation, it is not anticipated any complications would arise from this agency, provided that "common-sense" safety procedures were observed, such as properly grounded wiring, shielded belts and pulleys, proper vehicle handling and safety meetings.

Because the U. S. Forestry Service owns surface rights, the District Ranger in Prescott indicated that any developer of the property would have to submit a mine plan which would most likely include restoration of the land surface to its original shape, and reforestation. Due to the pronounced lack of commercial timber on the property, he did not anticipate any problems with mine plan approval. He did indicate that they would inspect the area for any old Indian ruins. Any mining would have to avoid these if they were shown to exist.

#### 5.0 WATER RESOURCES

There are two possible areas of water development on the property---surface and sub-surface. Surface water flows were observed in portions of the Blind Indian Creek at a flow rate of about 30 GPM. It is suspected that this water is derived from nearby springs and that excavation into the creek bed would increase the flow rates. There is a reasonable probability that drilling into gravels and sandstones near the streams may also yield sufficient amounts of water to support a placer operation, particularly if the water were recirculated. For example, 50-100 GPM from a well should easily support a 100 to 200 cu yd per hour operation, on a ten-hour shift. Typical water losses in the desert due to evaporation and take-up by clays would be on the order of 10%.

BY CHKD. BY  
DYLE DYLE

SUBJECT

JOB NO.  
SHEET NO.  
OF

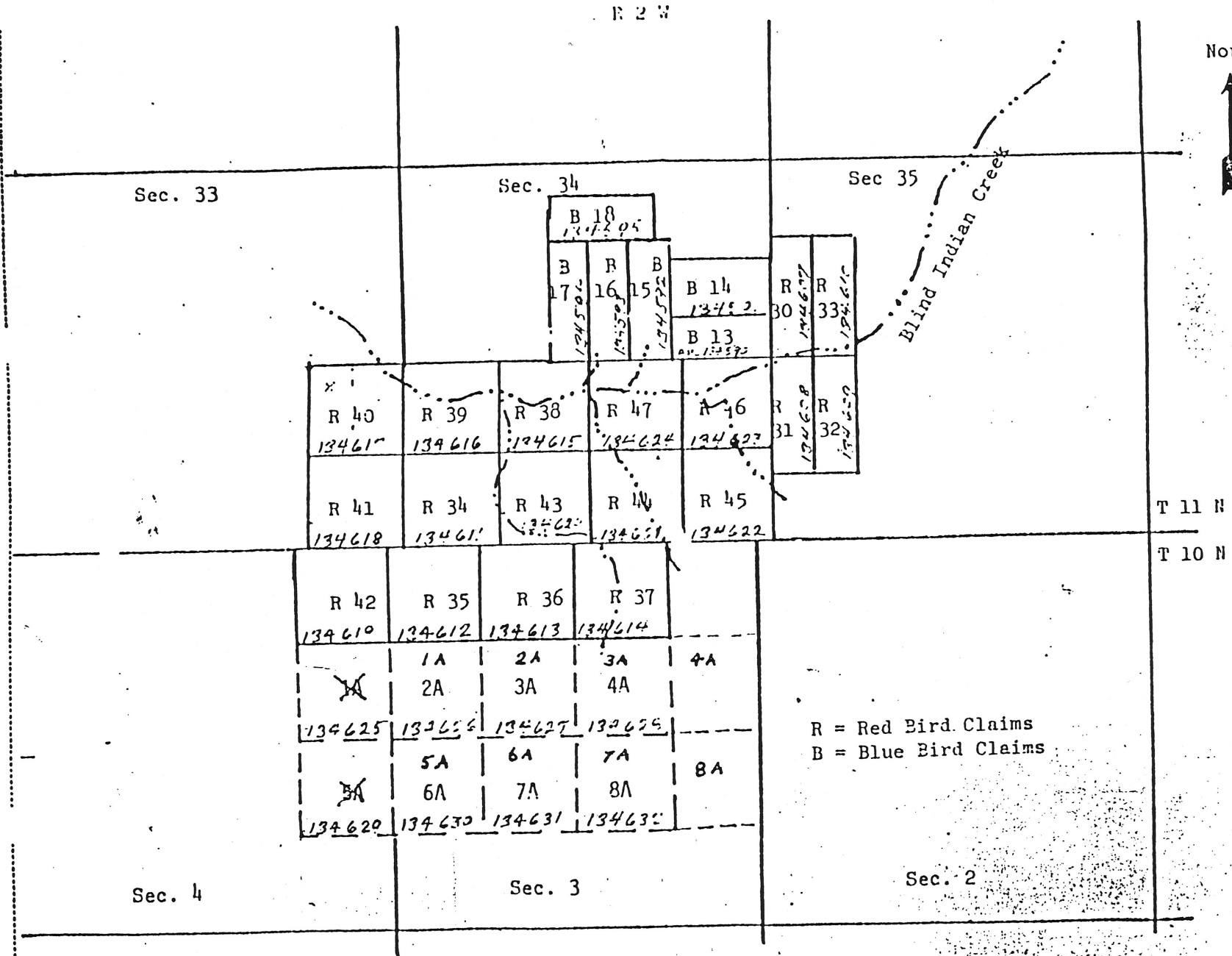


FIG 2  
Blind Indian Claim Group  
Each section is one mile square  
All BLM Nos. prefix AMC

As discussed in the Geological section of this report, the southern portion of the property features potentially deep gravels and sandstones which would be potential aquifers. According to the District Forest Ranger, water can be commonly encountered at 200-300 foot depths in the Bradshaw Mountains. The drainage pattern shown in FIG 1 shows a considerable catchment area west of the property draining into the Blind Indian Creek and into the possible underlying aquifers.

Water rights are owned by the state of Arizona and administered by the Arizona Department of Water Resources in Phoenix. Permits to appropriate sub-surface water, through drilled wells, may be obtained in as little as 15 days from time of application. The property is not located in a water management area, and representatives from the Department felt that there should be no problems in obtaining approval. A licensed water drilling contractor must be used. Appropriation of surface water would be more time consuming and possibly complicated. It takes at least six months to obtain a permit and any existing permittee in the area has the right to protest. Research of the Water Department records showed that the U. S. Forest Service is the only party who hold permits on the subject property. These permits are for the Purebred Spring, FIG 2, and two other springs along the Blind Indian Creek. It is believed that the Forest Service only uses these springs for drinking water, and it is possible that they would not protest their development, provided that they still had use of their drinking water.

The primary use of surface water would be for placering the Blind Indian Creek Gravels. Such an operation would return all water to the creek or the water table underlying the creek. Should an application be submitted to appropriate water, it is important to note this fact and the fact that any loss would be due to evaporation only, say,  $\frac{1}{2}$  acre foot per year, which is a minimal loss.

It is important to note here that at the time that the flow rates of the Blind Indian were noted, it was, according to locals, one of the driest periods of many years; nevertheless, approximately 30 GPM surface flow was noted in one area.



## 6.0 MINING HISTORY

According to local accounts many of the gullies on the property were mined by the Chinese and others during the 1870's and at the turn of the century and possibly during the 1930's. These operations were small and by hand. Remnants of sluice boxes and small dry washers and small tailing piles were noted by this geologist.

As shown in FIG 1 there are a number of hardrock gold, silver, tungsten, copper lead, and zinc mines on or near the Blind Indian Creek drainage some 6 miles east of the property. The most notable of these is the Crown King Mine which produced some \$34 million of gold at today's price at \$400/oz. This mine was in dikes which cut granitic rocks. It is possible that these granitic rocks could be the source of gold on the property.

## 7.0 GEOLOGY

The southern portion of the property in the flat-lying valley consists primarily of ancient stream gravels with numerous "desk" size boulders in places. The material is sub-rounded with a distinct reddish appearance due to weathered iron oxides. The gravels are composed chiefly of granitic material frequently containing well developed muscovite and feldspars. Schists are present to a lesser degree; bull and rose quartz are common along with well developed grey rhombohedral hematite, which can measure up to eight inches across.

A fifty-foot high gravel ridge lies to the extreme south of the property. The flat valley is most likely underlain by a well-sorted, semi-consolidated sandstone, which outcrops at about 30-40 feet below ground level along the Blind Indian Creek Tributaries, and at about 15 feet below

ground level in some of the deeper gullies at the western end of the valley. The valley is dissected by a number of gullies which deepen and widen from a few feet at the eastern end of the valley to a few tens of feet along the western end of the valley.

The ancient gravel beds appear to run east-west along the central portion of the valley. A low ridge lies immediately to the north of the valley, and excavations showed surface soils on this ridge to be immediately underlain by the semi-consolidated sandstone.

The northern portion of the property around the Blind Indian Creek consists of consolidated gravels, sandstones, siltstones, granitic rocks, and schists. Depths to bedrock along the Blind Indian are most likely variable ranging from a few feet to tens of feet. In areas where the creek cuts through hard igneous rocks, the depths will most likely be shallow owing to the resistivity of the rock to erosion. In areas where the creek widens, usually around the sand and siltstones, depths to bedrock could be much greater owing to the less resistive nature of these sedimentary rocks.

The Blind Indian varies from about 150 feet in width, where it passes through the igneous rocks, to about 400 feet, where it passes through sand and siltstones. There are numerous sand and gravels bars, and in many cases there are well developed silt bars which are vegetated and are not normally subject to flooding. The property contains about  $1\frac{1}{2}$  miles of the Blind Indian and about 2 miles of its tributaries, as shown in FIG 2.

Some of the boulders in the Blind Indian are larger than 5-6 feet in diameter, indicating the necessity for heavy excavating equipment. The average size is about a six inch cobble.

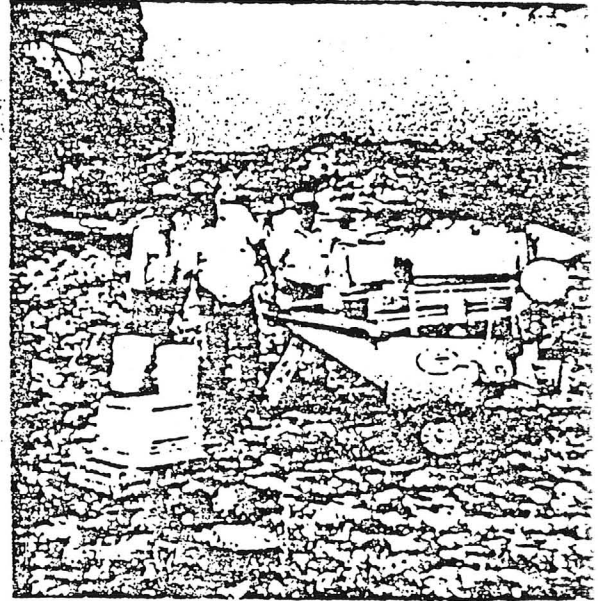


FIG 3

Photos showing Blind Indian Creek and Dumini's test unit (to right).



FIG 3A

Existing small placer operation on Blind Indian Tributary using sluce box (left photo) and backhoe test trench in upper valley, southern part of property. Note flatness of terrain and 5-gal test buckets.

## 8.0 TEST PROGRAM

The test program was concentrated in the main flat valley in the southern half of the property. A CASE backhoe with a ten foot reach and a 1/4 yard bucket was used to excavate the trenches shown in FIG 4. In general, samples were taken from the top and bottom halves of the trenches in five gallon buckets. These samples were run through either a trommel-rocking sluice box unit (Duminies Gold Claimer) or through a MILL-SPEX reverse helical spiral concentrator. The spiral was used toward the end of the program owing to the breakdown of the Duminies unit. Material fed into the spiral was first scrubbed in a portable cement mixer.

Gold quantities were estimated by visually counting the amount of colors and sizes in each five gallon run and comparing them to a "color card" which has pre-weighted gold flecks of various mesh sizes glued to it. The weight of gold present in each five-gallon sample could then be estimated and extrapolated upward to a cubic yard equivalent.

A number of larger samples, weighing several hundred pounds, were also taken from the shallow gullies in the southern valley. Concentrates of these samples were amalgamated with mercury, parted with nitric acid, and the resultant gold weighed and fire assayed. The work was performed by Metal Recovery Systems, Inc. of Carson City, Nevada, as shown in Appendix A.

A Geometrics Proton Precession Magnetometer was used in selected areas to define high magnetite-bearing zones. Although the magnetometer cannot detect gold directly, it is well recognized that gold and magnetite are often associated in sedimentary stream deposits owing to their mutually high specific gravities. It was hoped that the magnetometer would reveal gold-bearing pods or lenses within the ancient stream deposits, thus targeting potential ore bodies.

During the test program attempts were made to excavate along the Blind Indian Creek without success due to the small size of the Backhoe and the average size of the creek boulders (6-18" on the average). A larger excavator or front-end loader could easily excavate this material in the future.

## 9.0 TEST PROGRAM RESULTS

The results of the test program in the southern half of the property are shown in FIG 4. Not all of the test hole concentrates have been assayed to date. The results show that the higher values tend to be in the gullies dissecting the alluvial valley. Values appear to be highest where gold has concentrated along the underlying semi-consolidated sandstone surfaces, as illustrated in FIG 5. Somewhat lower values were also encountered in the ancient alluvial valley gravels; and in general, the values increased with depth. Unfortunately, the backhoe could not penetrate the gravels for more than eight feet, and in most cases not more than five feet. The toughness of these gravels is typical for a desert alluvial deposit, and they would be easily excavated with heavier equipment.

Assays for the bulk gully samples are shown in Appendix A. Test trenches 7-11 only showed trace amounts of gold because the area consists of sandstone.

## 10.0 ORE RESERVES

It is not possible to provide "proven" ore reserve estimates due to the limited nature of the test program. It is possible, however, to provide possible reserves based on the geology of the area and inferences which can be drawn between areas of known gold occurrences and other similar areas.

The reserves on the property can be divided into two areas - the southern half and the northern half. The boundary roughly runs east west along the Township 10 and 11 line, as shown in FIGS 2 and 4.

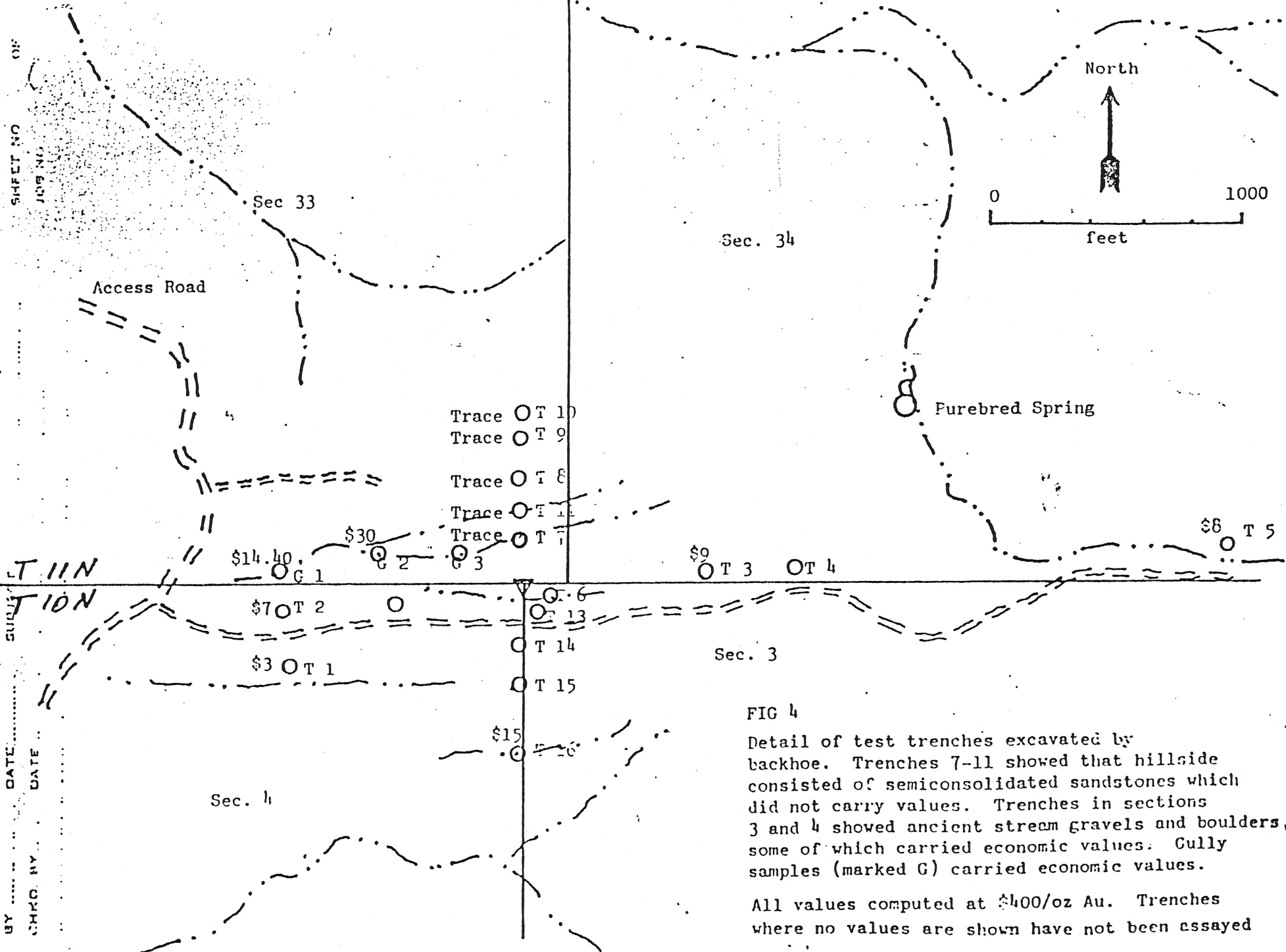


FIG 4

Detail of test trenches excavated by backhoe. Trenches 7-11 showed that hillside consisted of semiconsolidated sandstones which did not carry values. Trenches in sections 3 and 4 showed ancient stream gravels and boulders, some of which carried economic values. Gully samples (marked G) carried economic values.

All values computed at \$400/oz Au. Trenches where no values are shown have not been assayed

### SOUTHERN RESERVES --- GULLIES

These reserves lie in the ancient gravels of the flat alluvial valley and in the gullies which dissect the valley. The concept of the ore occurrence is shown in FIG 5. Gold which has been re-worked and re-concentrated is located in a system of parallel gullies. Most likely it has been derived from the surrounding ancient gravels. The sandstones immediately to the north do not carry values.

The yardages present in the gullies are calculated as follows:

Average length of gully (2,000 ft)	X	
Average width of gully (30 ft)	X	
Average depth of gully (5 ft)	X	
Number of gullies (5)		= 55,600 cu yds X
		Average value
		@ \$15 per cu yd (\$400/oz)
		<u>\$833,333</u>

### SOUTHERN RESERVES --- ANCIENT CHANNELS

The alluvium in the flat valley has also been shown to carry values. Based on observation of underlying sandstone outcrops to the north, east and west, it is possible that this sandstone underlies the alluvium at 40-60 ft. depths, thus providing a surface on which high grade ore may be concentrated. Based on experience with other desert alluvial placers, it is thought that not all of the alluvium will carry commercial values, rather the gold will be concentrated in pods, pockets or lenses which represent areas of heavy mineral concentration as the valley was formed. These pods most likely represent curves and point bars in an ancient channel system where gold has concentrated. The pods can be targeted using a combination of a magnetometer (to find associated magnetic sands) and deep backhoe trenches.



NORTH

SOUTH

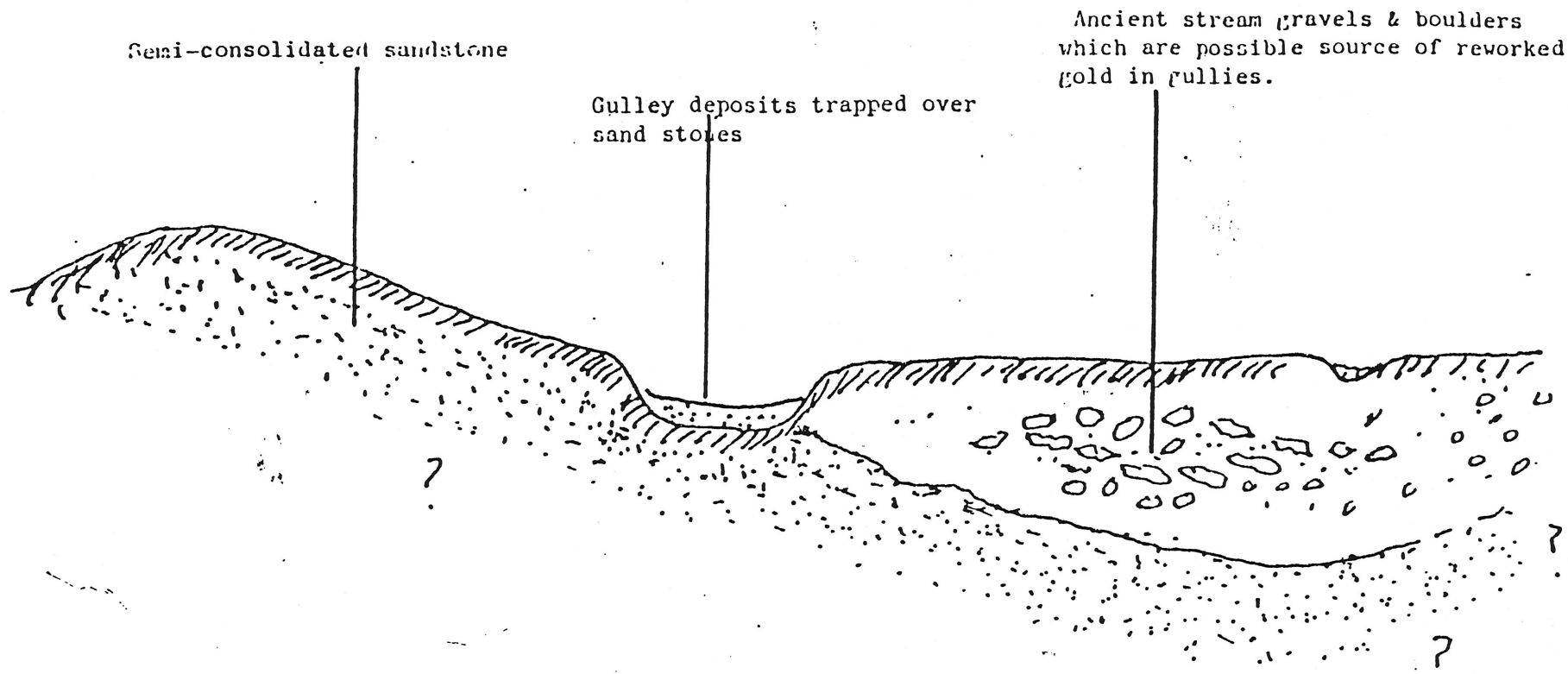


FIGURE 5  
Concept of gold occurrence in southern valley

GATE  
GATE

SHEET NO.  
OF

Based on past experience these pods could measure about 50 feet across the run for several hundred feet. Observation on the ground has shown these channels to run east-west, and they are generally revealed by the presence of large boulders which have been carried along by the streams. In three dimensions the pods would be superimposed on top of one another. They are often truncated owing to the processes which laid them down.

The yardages in the alluvium are computed below. Only 20% of the total gross reserves is taken into consideration because economic pods are estimated to occur only 20% of the time.

Average length of valley (4,200 ft)	X	
Average width of valley (2,800 ft)	X	
Estimated depth of valley ( 50 ft)	X	
20% economic pod frequency		= 4.4 million cu yds X
		<hr/>
		Avg. value @ \$10/yd. =
		<u>\$44 million</u>

It must be pointed out that the area should be further tested, particularly to depth, to substantiate the above estimates.

#### NORTHERN RESERVES --- BLIND INDIAN CREEK

As previously discussed, it was not possible to sample the Blind Indian Creek at depth owing to the limitations of the backhoe. The creek was sampled several weeks prior to this geologist's visit by a Mr. Jean M. Thayer who is a chemical and mining engineer registered with the AIME. Mr. Thayer's interest is the possible investment in the property, so he is considered a disinterested party insofar as testing of values is concerned. By personal communication he reported that he panned 33 samples from the stream banks and bars. The panned concentrates were then fire assayed, and the resulting values showed an average of 0.1 - 0.2 oz. of gold per cu yd. The tests were run by Nevada Testing Labs in Las Vegas, and the results are available on request.

Reserves of the Blind Indian are computed as follows:

Length (7,000 ft)	X	
Avg. Width (200 ft)	x	
Avg. Depth (30 ft)	=	1.6 million cu yds x Avg. values of \$20 per yd = <u>\$31.1 million</u>

The \$20 per cu yd average is half of Mr. Thayer's lower value of 0.1 oz. per yd.

#### 11.0 SUMMARY OF ORE RESERVES

<u>AREA</u>	<u>Cu Yds (millions)</u>	<u>Value in \$ million @ \$400 per oz A</u>
Southern Gullies	.055	0.8
Southern Alluvial valley	4.4	41.0
Blind Indian Creek	1.6	31.0
	<hr/>	<hr/>
TOTALS	6.055	\$75.9 million

#### 12.0 CONCLUSIONS

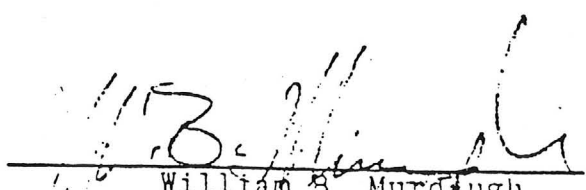
The most economically attractive area on the property appears to be the Blind Indian Creek in terms of the high values reported by Mr. Thayer. The greatest amount of potential reserves are contained in the alluvial valley in the southern portion of the property. Unlike the Blind Indian, mining of the valley gravels would have to be selective based on the occurrences of pods and stringers which would have to be explored for.

Further exploration will have to be conducted on the Blind Indian using heavy excavating equipment so as to reach bed-rock and handle the large cobbles and boulders present in the channel. The source of the gold in the Blind Indian is most likely from the granitic rocks to the east where previous mining has occurred. Other minerals in the concentrates may also be economically attractive, in particular tungsten, molybdenum, lead and zinc.

In general, the limited test program showed the existence of commercial quantities of gold in selected areas. Further detailed work will have to be performed in order to prove up these potential reserve areas.

CERTIFICATION

I hereby certify that this report and all observations contained herein are true and correct to the best of my knowledge, and that I have no interest, direct or indirect, in the BLIND INDIAN Mining Claims or in any property adjacent to the claims.

  
William B. Murdaugh  
BA Geology

Member AIME  
No. 2315570

Phone 702 329 0301

# OPERATING PLAN

2810

Page 1 of \_\_\_\_\_

Date Received \_\_\_\_\_

Bradshaw Ranger District, Prescott National Forest  
Yavapai County, Arizona.

This Operating Plan is submitted pursuant to 36 CFR 252 by the below listed operator, for review and approval by the authorized officer of the Prescott National Forest.

## A. OPERATOR

Name of Operator Texona Mining Co., Inc. 684-7806  
Telephone No.

Address of Operator P.O. Box 526 Wickenburg, Arizona 85358

Name of Field Representative James A. Jones • 684-3437  
(if other than Operator)  
Address and phone number P.O. Box 526  
of Field Representative Wickenburg, Arizona 85358

## B. CLAIM IDENTIFICATION

The name(s) of the claim(s) on which the operation will be conducted are:

Refer to Exhibit A

NAME OF CLAIM TO BE WORKED ( ) Lode ( ) Tunnel Site ( ) Placer ( ) Mill Site	B.L.M. Serial Number	LOCATION DATE	Recorded	
			Docket	Page

## C. LOCATION

The claim(s) is/are located in Section(s) 26-27, Township 11 North,  
Range 2 West.

D. CLAIM OWNER

The owner(s) of the above claim(s) are as follows: Refer to Exhibit B

_____	_____	_____
_____	_____	_____
(Name)	(Address)	(Phone)

The above owner has authorized this operation through (check one): ( ) lease, ( ) contract, (x) direct employment, (x) Other (explain) James A. Jones  
owner

E. MAPS

Refer to Exhibit C.

Sr. Vice Pres.  
Texona Mining Co.

Attached as Exhibit A to this Operating Plan is a map of all claims listed under item B. (a 2" = 1 mile quad map or a U.S. G.S. topographic map). An optional attachment is a sketch map showing the claim grouping, and details of the operation. Will be sent to you by our surveyors in detail.

Alanco Ltd. P.O. Box 5843 Tucson, Ariz. 85703. Owner - Tony Lane  
F. ACCESS 888-5248

The proposed route of access is: Using the Kirkland Junction to Wagner Rd.  
(describe access from point of entry)

at the Diamond 2 Ranch turn East go past ranch air strip across creek into National Forest, using road numbers when available)

bed-stay left at branch in road-we have no forest road no. available.

which consists of existing roads shown as solid lines and proposed roads shown as dashed lines in Exhibit A. (Note: Construction, reconstruction, or restoration of a road as a means of access to mining claims will be authorized separately by a Special Use Permit, when not on the mining claim.)

G. VEHICLES AND EQUIPMENT

The following vehicles and equipment listed by type and size, will be used in connection with this operation:

Type & Size of Vehicle	License or Serial No. (where known)	Location
1977 Ford Van	Employee-owner Dean Givens	Mine site Congress
1981 Ford F250	Texona	Mine site
1978 Chev. 4x4 1/2ton	Owner James A. Jones	Wickenburg & site
Rio Flat bed 5 Ton	Texona	Mine site
1981 John Deere 510 Loader back hoe	Texona	Mine site
1981 John Deere 644B 3 1/2 yard loader	Texona	Mine site

#### H. TYPE OF OPERATION

Describe the type and magnitude of the operation to be performed. Detailed information is required for any earth moving and site clearance operations. A separate surface disturbance map will be submitted as Exhibit B if such operations are extensive. Tie all operations to claim maps. Outline only as much of your operation as is certain. As the operation progresses from stage to stage amendments will be necessary.

Working old diggings of previous owners we have a single deck screen 1 1/2" rock passing then will be tramed by loader to portable mill using existing roads. The mill is fed by ore bin to scrubber-tromel allowing 1/4" ore passing to Spiral Sluice that concentrats black sands, gold, silver etc. that is re-concentrated by a Tri-R min concentrator. Tails from the spiral sluices is ejected over carpet pad then into tailing pond. Water is returned to Mill-tails & oversize rock ejected from mill is stock piled to be returned to mined area by loader. Maximum daily production - 50 tons.

I. ENVIRONMENTAL PROTECTION MEASURES

Describe actions taken to minimize adverse environmental impacts. State your plans for reclamation of disturbed areas and for erosion control, including provisions for filling excavations, grading of soil banks, blocking of access roads, reseeding, etc.

We will be working an area that was previously disturbed, avoiding trees and other plant & brush areas (if we would have to remove brush or trees your office would be informed prior to doing so). All tails & rock will be returned to mined out area by loader & terraced to fit present terrain - the present access roads dead end at mine area - access road to mine 1/8th mi. max. is in creek bed - very rocky. Well maintained by using washed rock from mill tromel. Prudent mining practices will be employed.

J. PERIOD OF OPERATION

This operation will begin on date operation plan is approved by your office (a date not prior to date of approval). This operation will be completed on unknown at this time

A substantially changed operation will be covered by a new Operating Plan.

K. ANTIQUITIES

The operator agrees to notify the authorizing officer of any discovery of cultural or natural history resources within the area covered by the plan. This authorization to proceed does not constitute permission so as to relieve the operator from criminal prosecution under the Antiquities Act (P.L. 59-209) and/or the Archaeological Resources Protection Act (P.L. 96-95).

So understood.

L. ENCLOSURES (list as appropriate)

1. Exhibit A - map. List of claims Load & placer
2. Exhibit B - List of stockholders
3. Exhibit C - Memo to Alanco Ltd. RE: Maps

Submitted by:

TEXONA MINING Co. Inc.

James A. Jones SR. VICE PRES.  
Signature

9-14-81

Date



APPROVAL

1. Approval of this Operating Plan:
  - (a) Does not constitute recognition or certification of ownership by any person named as owner herein.
  - (b) Does not constitute now or in the future recognition or certification of the validity of any mining claim to which it may relate or to the mineral character of the land on which it lies.
2. When another party asserts a title interest in the area covered by this plan, it will be the sole responsibility of the concerned parties to resolve such conflict before proceeding with claim development.
3. A bond (x) is, ( ) is not required. This bond in the amount of \$1600.00 in the form of cash or surety is required to assure reclamation of the disturbed area.
4. Other stipulations (explain or attach).
  - A. Travel type trailers may be used for shelter in conjunction with the mining operation but may not be set up in a permanent fashion.
  - B. All garbage/debris must be removed from the Forest and hauled to a public landfill.
  - C. Upon restoration of the area, the area will be reseeded with a mixture of side oats grama (3 lbs per acre), black grama (2.5 lbs per acre) and sand drop seed (.5 lbs per acre).

Proposal Evaluated by: Ronald Thompson 10/5/81  
 Signature of Forest Service Evaluator Date

Approved by: Philip R. Settle 10/5/81  
 Signature of Authorized Officer Acting DFR Date

ACCEPTANCE OF STIPULATIONS

The stipulations and/or modifications to this plan attached hereto have been reviewed, and will be incorporated into and become a part of this Operating Plan.

James G. Jones 10-5-81  
 Signature of Operator Date

MS = Millsite  
 TS = Tunnelsite

SCHEDULE A

Claim Name	Type of Claim	Date of Location or Amendment	R E C O R D E D			Date Location Notice Filed With ELM	AMC Serial No.	Township/Range/Section		
			Book	Page	Date					
Susie "Q"	PL	10/18/79	1253	886	10/24/79	11/13/79	87988	10N	5W	21
Sylvia Hotsy (Relocated)	PL	8/5/79	1238	83	8/20/79	10/18/79	80986	10N	5W	21
	LD	2/19/80	1290	114	4/7/80	4/8/80	100733			
The 805 Amended	PL	2/3/79	1277	11	2/5/80					
	PL	2/3/80	1279	566	2/19/80	2/20/80	97655	10N	5W	21
Rodney #1	PL	10/27/79	1257	39	11/5/79	11/29/79	95258	10N	5W	29
Rodney #2	PL	10/27/79	1257	41	11/5/79	11/29/79	95259	10N	5W	29
Rodney #3 Amended	PL	1/5/79	1277	7	2/5/80					
	PL	1/5/80	1279	564	2/19/80	2/20/80	97653	10N	5W	29
Rodney #4 Amended	PL	1/5/79	1277	9	2/5/80					
	PL	1/5/80	1279	568	2/19/80	2/20/80	97654	10N	5W	29
Lenore #2 Amended Amended	PL	2/3/79	1276	995	2/5/80					
	PL	2/3/80	1279	552	2/19/80	2/20/80	97659	10N	5W	21
	LD	2/19/80	1290	116	4/7/80	4/8/80				
Lenore #3 (Amended)	PL	2/3/79	1276	997	2/5/80					
	LD	2/3/80	1279	554	2/19/80	2/20/80	97660	10N	5W	21
Lenore #4 Amended	PL	2/3/79	1276	999	2/5/80					
	LD	2/3/80	1279	556	2/19/80	2/20/80	97661	10N	5W	21
Jay-Rich #1 Amended	MS	10/18/79	1253	890	10/24/79	11/13/79	87987	10N	5W	20
	LD	2/19/80	1290	118	4/7/80	4/8/80	87987			
Jay-Rich #2 Amended	PL	10/25/79	1257	43	11/5/79	11/29/79	95260	10N	5W	20
	LD	2/19/80	1290	120	4/7/80	4/8/80	95260			

Claim Name	Type of Claim	Date of Location or Amendment	RECORDED			Date Location Notice Filed With BLM	AMC Serial No.	Township/Range/Section		
			Book	Page	Date					
Jay-Rich #3 Amended	PL	10/25/79	1257	45	11/5/79	11/29/79	95261	10N	5W	20
	LD	12/19/80	1290	122	4/7/80	4/8/80	95261			
Jay-Rich #4	PL	12/25/79	1257	47	11/5/79	11/29/79	95262	10N	5W	20
Jay-Rich #5	PL	10/25/79	1257	49	11/5/79	11/29/79	95263	10N	5W	20
Jay-Rich #6	PL	10/25/79	1257	51	11/5/79	11/29/79	95264	10N	5W	20
Jay-Rich #7 Amended	PL	2/3/79	1277	1	2/5/80	2/20/80	97656	10N	5W	20
	PL	2/3/80	1279	558	2/19/80					
Jay-Rich #8 Amended	PL	2/3/79	1277	3	2/5/80	2/20/80	97657	10N	5W	20
	PL	2/3/80	1279	560	2/19/80					
Jay-Rich #9 Amended	PL	2/3/79	1277	5	2/5/80	2/20/80	97658	10N	5W	20
	PL	2/3/80	1279	562	2/19/80					
Fijo #1	PL	9/25/80	1339	302	11/17/80	11/28/80	118009	11N	2W	28
Fijo #2	PL	9/25/80	1339	304	11/17/80	11/28/80	118010	11N	2W	28
Fijo #3	PL	9/25/80	1339	306	11/17/80	11/28/80	118011	11N	2W	27
Fijo #4	PL	9/25/80	1339	308	11/17/80	11/28/80	118012	11N	2W	27
Fijo #5	PL	9/25/80	1339	310	11/17/80	11/28/80	118013	11N	2W	27
Fijo #6	PL	9/25/80	1339	312	11/17/80	11/28/80	118014	11N	2W	27
Fijo #7	PL	9/25/80	1339	314	11/17/80	11/28/80	118015	11N	2W	28
Fijo #8	PL	9/25/80	1339	316	11/17/80	11/28/80	118016	11N	2W	28

Claim Name	Type of Claim	Date of Location or Amendment	R E C O R D E D			Date Location Notice Filed With BLM	AMC Serial No.	Township/Range/Section		
			Book	Page	Date					
White Frog #1	PL	5/1/80	1296	865	5/6/80	5/7/80	102847	11N	2W	32
White Frog #2	PL	5/1/80	1296	867	5/6/80	5/7/80	102848	11N	2W	32
White Frog #3	PL	5/1/80	1296	869	5/6/80	5/7/80	102849	11N	2W	32
White Frog #4	PL	5/1/80	1296	871	5/6/80	5/7/80	102850	11N	2W	32
White Frog #5	PL	5/1/80	1296	873	5/6/80	5/7/80	102851	11N	2W	32
White Frog #6	PL	5/1/80	1296	875	5/6/80	5/7/80	102852	11N	2W	32
White Frog #7	PL	5/1/80	1296	877	5/6/80	5/7/80	102853	11N	2W	32
White Frog #8	PL	5/1/80	1296	879	5/6/80	5/7/80	102854	11N	2W	32
White Frog #9	PL	5/1/80	1296	881	5/6/80	5/7/80	102855	11N	2W	32
White Frog #10	PL	5/1/80	1296	883	5/6/80	5/7/80	102856	11N	2W	32
White Frog #11	PL	5/1/80	1296	885	5/6/80	5/7/80	102857	11N	2W	32
White Frog #12	PL	5/1/80	1296	887	5/6/80	5/7/80	102858	11N	2W	32
White Frog #13	PL	5/1/80	1296	889	5/6/80	5/7/80	102859	11N	2W	32
White Frog #14	PL	5/1/80	1296	891	5/6/80	5/7/80	102860	11N	2W	32
White Frog #15	PL	5/1/80	1296	893	5/6/80	5/7/80	102861	11N	2W	32
White Frog #16	LD	9/25/80	1339	272	11/17/80	11/28/80	117994	11N	2W	32
White Frog #17	LD	9/25/80	1339	274	11/17/80	11/28/80	117995	11N	2W	32
White Frog #18	LD	9/25/80	1339	276	11/17/80	11/28/80	117996	11N	2W	32

Claim Name	Type of Claim	Date of Location or Amendment	R E C O R D E D			Date Location Notice Filed With BLM	AMC Serial No.	Township/Range/Section		
			Book	Page	Date					
White Frog #19	LD	9/25/80	1339	278	11/17/80	11/28/80	117997	11N	2W	32
White Frog #20	PL	9/25/80	1339	280	11/17/80	11/28/80	117998	11N	2W	33
White Frog #21	PL	9/25/80	1339	282	11/17/80	11/28/80	117999	11N	2W	33
White Frog #22	PL	9/25/80	1339	284	11/17/80	11/28/80	118000	11N	2W	33
White Frog #23	PL	9/25/80	1339	286	11/17/80	11/28/80	118001	11N	2W	33
White Frog #24	LD	9/25/80	1339	288	11/17/80	11/28/80	118002	11N	2W	33
White Frog #25	PL	9/25/80	1339	290	11/17/80	11/28/80	118003	11N	2W	33
White Frog #26	PL	9/25/80	1339	292	11/17/80	11/28/80	118004	11N	2W	33
White Frog #27	PL	9/25/80	1339	294	11/17/80	11/28/80	118005	11N	2W	33
White Frog #28	PL	9/25/80	1339	296	11/17/80	11/28/80	118006	11N	2W	34
White Frog #29	PL	9/25/80	1339	298	11/17/80	11/28/80	118007	11N	2W	34
White Frog #30	PL	9/25/80	1339	300	11/17/80	11/28/80	118008	11N	2W	34

STATE CLAIM

Lenore #1 Amended	TS	10/18/79	1253	888	10/24/79					
	LD	10/18/79	1260	308	11/1/79			10N	5W	16

EXHIBIT B

John W. Colgin  
314 Highland Mall Blvd.  
Suite 351  
Austin, Texas 78752

W. Michael Flynt  
3015 Red Robin Loop  
Bryan, Texas 77801

Richard D. Relyea  
8222 Jamestown  
C131  
Austin, Texas 78758

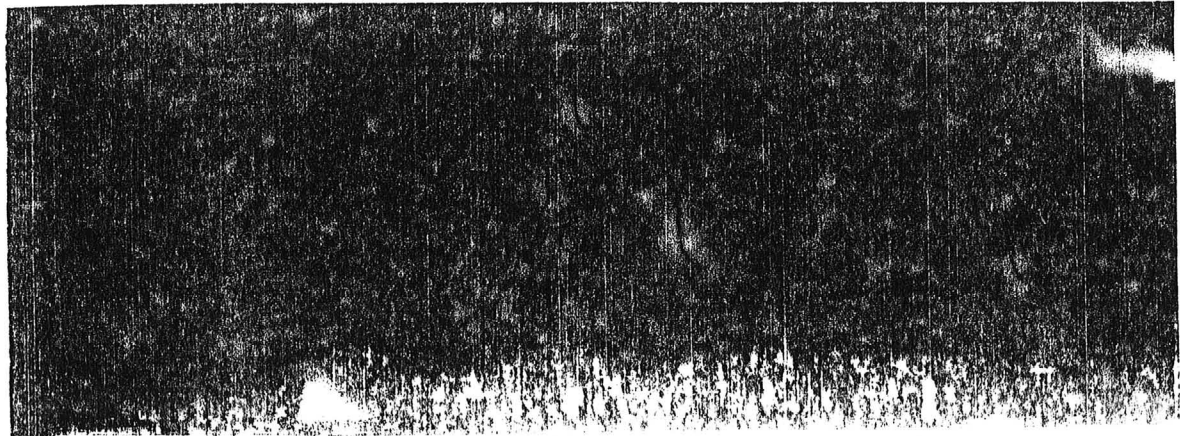
James Jones  
P.O. Box 526  
Wickenburg, Arizona 85358

James Miller  
P.O. Box 147  
White's City, New Mexico 88268

John F. Jones  
2732 E. Moreland  
Phoenix, Arizona 85008

Randall R. Reneau  
912 W. Anderson  
Suite 200-B  
Austin, Texas 78757

Richard L. Alexander  
1300 American Bank Tower  
Austin, Texas 78701



MEMO: ALANCO

ATT: TONY LANE

Enclosed is our operation plan. Would you send reduced maps  
of this area to Forest Officer Jon B. Shumate

Bradshaw Ranger District

Highway 69

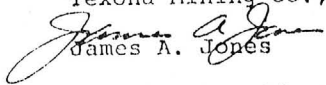
Prescott National Forest

Prescott, Arizona

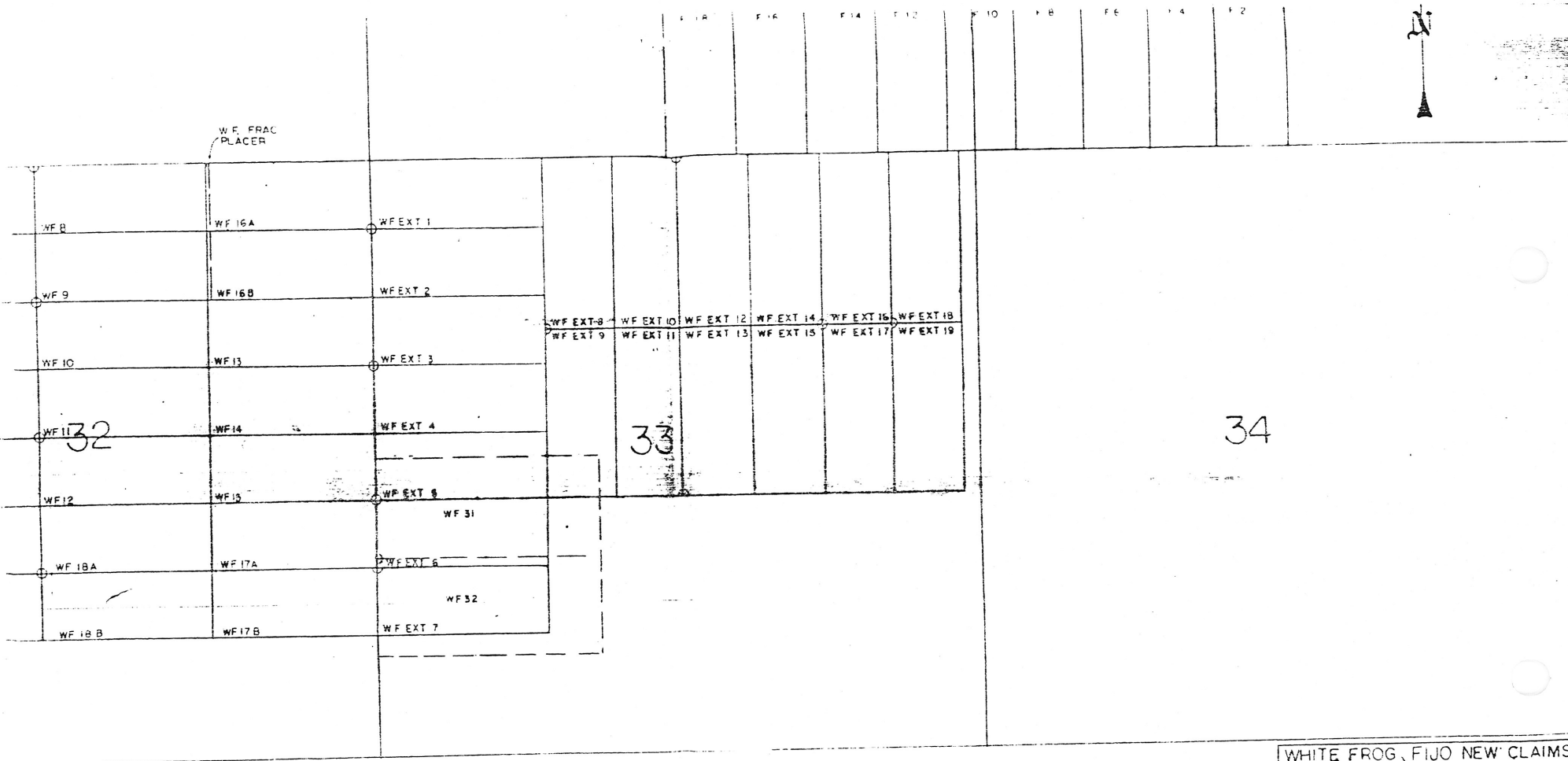
They need this as soon as possible.

Thank you.

Texona Mining Co., Inc.

  
James A. Jones

Sr. Vice President

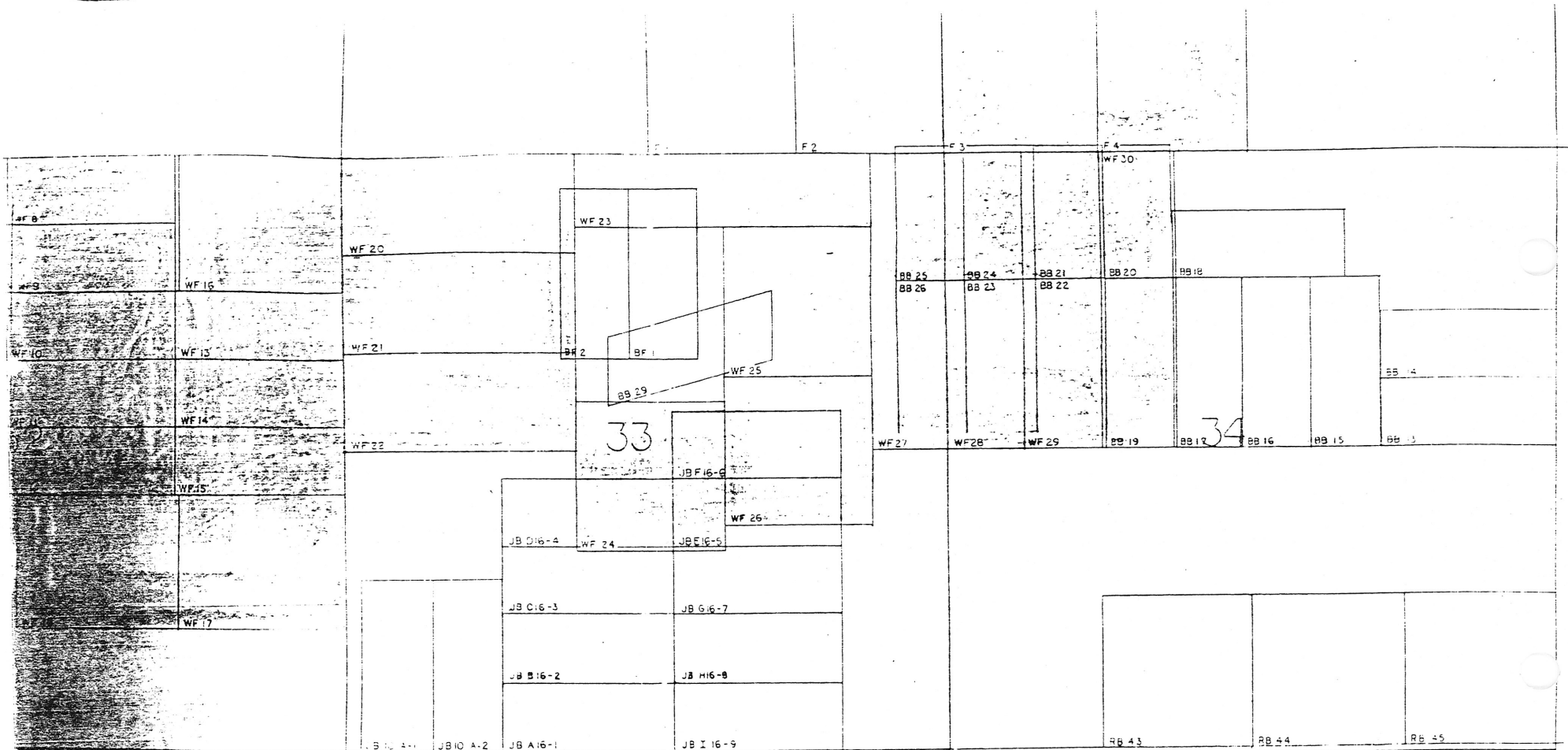


WHITE FROG, FIJO NEW CLAIMS

1" = 1000' WALNUT GROVE DIST. BY DEC.  
 DATE 5-20-81 YAVAPAI CO. AZ. T11N R2W

FOR  
 ARNELL FINK & J.F. JONES  
 BY ALANCO LTD.





WHITE FROG, FIJO AND ADJACENT  
 CLAIMS  
 SCALE 1" = 600' WALNUT GROVE DIST. BY 322  
 DATE 6-20-61 YAVAPAI CO. AZ. T11N R2W  
 FOR  
 ARNELL FINK & J.F. JONES  
 BY ALANCO LTD.

