PRINTED: 12-14-2006

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: BUTTON (2 OF 2)

ALTERNATE NAMES:
GOLD BUTTON
FORTUNA

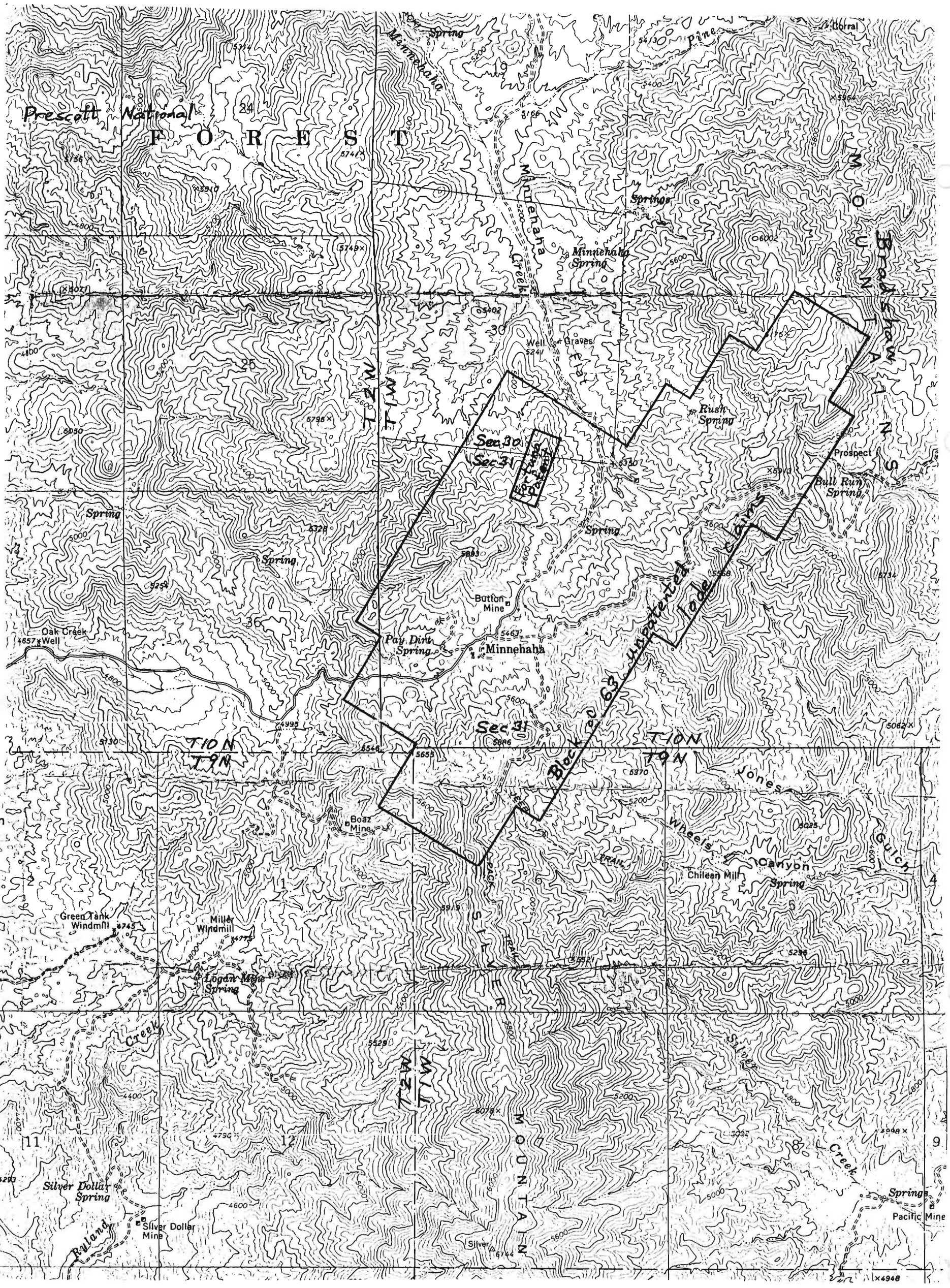
YAVAPAI COUNTY MILS NUMBER: 829B

LOCATION: TOWNSHIP 10 N RANGE 1 W SECTION 31 QUARTER C
LATITUDE: N 34DEG 09MIN 57SEC LONGITUDE: W 112DEG 24MIN 17SEC
TOPO MAP NAME: MINNEHAHA - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:
GOLD
SILVER
LEAD
ZINC
COPPER

BIBLIOGRAPHY:
USGS MINNEHAHA QUAD
AMMMR BUTTON MINE FILE
BLM AMC FILE 44052
MSHA MINE INFO. SUPP. 0201955
SEE ADMMR MILLER MINING CLAIMS FILE
CLAIMS INCLUDE ALL OF SEC 31 AND PART OF SEC. 29 & 32
USGS BULL 782, P. 177 & 178
ABM BULL. 137, P. 59-60



SCALE 1:24 000

1 MILE

1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

1 KILOMETER

CONTOUR INTERVAL 40 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

GN MN
0°48' 14 MILS
14° 249 MILS

UTM GRID AND 1969 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

ARIZONA

QUADRANGLE LOCATION

Fortuna/Button/Paydirt/Bradshaw Mining Co. Property Location

Minnehaha 7½' Quad. Yavapai Co. Arizona

Compiled by Don White
July, 1993

Figure 1

A BRIEF GEOLOGIC REVIEW OF THE FORTUNA GOLD DEPOSIT (GOLD BUTTON OR PAYDIRT MINE) YAVAPAI COUNTY, ARIZONA

for

BRADSHAW MINING COMPANY

by

Don C. White

Geologist, C.P.G.

July, 1993

A BRIEF GEOLOGIC REVIEW OF THE
FORTUNA GOLD DEPOSIT
(GOLD BUTTON OR PAYDIRT MINE)
YAVAPAI COUNTY, ARIZONA

for
BRADSHAW MINING COMPANY

by DON C. WHITE, GEOLOGIST, C.P.G.
JULY, 1993

EXECUTIVE SUMMARY:

Two field days (familiarizing with the property and meeting with Syl Dimmer and John Dowis) and two office days (reviewing available data and compiling this report, plan, sections, etc.) were spent appraising the potential of Bradshaw Mining Company's Fortuna (also know as Paydirt or Button) gold property.

Both geologic evidence underground and in outcrop as well as evidence from Callahan and Cyprus investigations point toward a narrow, discontinuous, and erratically mineralized gold zone confined to the oxidized, near-surface horizon of only tens of feet. This small zone hosts some coarse, secondary-enriched gold on fractures associated with iron and manganese oxides. Deeper drifts have revealed only barren or very low grade (far subeconomic) clay fault gouge.

Remaining blocks with exploration potential fall within the Fortuna patented claim. Their potential, however, is not likely to exceed 1,000 contained ounces which is not adequate to justify development costs, no less mining or milling. Thus I do not recommend any further expenditures on the property.

INTRODUCTION:

I was asked by John Dowis, mining engineer, on behalf of Bradshaw Mining Company, to inspect, offer judgment on, and recommend exploration and development plans for Bradshaw's gold mining efforts at their Paydirt mine. This was confirmed in discussions with William Means of Bradshaw.

I spent June 25, 1993 at the property, inspecting old and new workings, being briefed on the property's history by Sylvester Dimmer, and reconnoitering the trace of the Fortuna vein and nearby veins. Another day was spent at the property July 7, 1993 in the company of John Dowis to review aspects of geology, exploration alternatives, and development potential.

Additionally, the available historic data has been studied, including the published information on turn-of-the-century to depression era workings, the more recent brief studies by Cyprus Metals and Callahan Mining companies, and the Parker and Blomquist reports. All of these are cited as completely as possible in the accompanying reference listing.

PURPOSE:

My objective is to advise what exploration potential lies within the property. What is the gold grade distribution? What factors affect is mineability? Is it sufficiently rich and abundant to mine at a profit, and if so where? What tonnage and grade exists and what more may be found? I offer judgements and evidence on these issues.

PROPERTY NAME AND LOCATION:

The historic name of this gold property is the Fortuna. The single patented claim in the holdings (see Figure 1) is the Fortuna patent and its principal vein structure has long been called the Fortuna gold vein.

In recent years other names have been applied. One is the Button or Gold Button, from the shaft located just east of the present mill. That, however, is a different structure than the Fortuna. Another name of late is Paydirt for the Fortuna vein, mill, and mining company. And too the name Minnie or redundantly, Little Minnie, has been in use for some of the northerly workings on the Fortuna trend.

Herein I will use the historic and documented name Fortuna for the main vein and Button for that separate vein to the east, and Button mill for the present mill adjacent to the old caved shaft.

The Fortuna property is located principally in Sections 30 and 31 of Township 9 North, Range 1 West, Gila and Salt River Meridian of central Arizona. It is on the Minnehaha 7-1/2 degree quadrangle of the southwestern Bradshaw Mountains in Yavapai County, Arizona.

Easiest access is via paved road to Walnut Grove and twenty-some miles of good to poor graded road beyond. The roughest stretch is some fourteen miles with fords and washouts southeast of Wagoner. The Wagoner-Crown King road traverses the property and spur roads lead to the various workings recently active. Other workings are reached only on foot, often through dense chaparral, but all within one quarter mile of four-wheel drive access.

PROPERTY STATUS:

The Fortuna patent and a group of about sixty-three unpatented claims are apparently controlled by Bradshaw Mining Company. No investigation was conducted nor requested as to legitimacy or terms of this control. The claim block lies within the Prescott National Forest and U.S. Forest Service minerals jurisdiction as to surface disturbances, environmental permitting, and so forth.

PRODUCTION AND HISTORY:

The area's gold mines fall within the historic Minnehaha mining district southwest of Crown King, Arizona. It is sometimes grouped with the Tiger district in old reports. The Minnehaha mines were discovered by prospectors in the late nineteenth century and received serious testing by up to 400-foot shafts and adits shortly after 1900. Most were worked only a few years at a time and few of them after the 1930's depression era.

Minnehaha district production including the Button, Fortuna, Boaz, Colossal, and Gold Note/Gold Hill mines collectively for 1901 through 1950 is estimated at 400 ounces gold and 1,400 ounces silver with perhaps 1,000 tons of base metal ores containing about 1,200 pounds copper and 8,600 pounds lead (Keith, 1983). To that must be added the 1980's Button mill production estimated by Syl Dimmer as 500 ounces gold (his statement of "$200,000. worth" at average $400./oz for late 1980's).

None of the Minnehaha mines has ever had regular commercial production. Fortuna, with the Button mill, accounts for most, (say 600-800 ounces gold) of the district's production which totals less than 1,000 ounces.

Most of the Fortuna production has been from intermittent processing of mostly oxidized ores from the B-level just north of the Fortuna patent on the old Minnie claim. Minor additional production in recent years has come from the Gold Springs adit and small quartz lenses mined out or old mine dumps cleaned up.

The Button mine shaft, now fully caved, was reportedly 400 feet deep about 1900, with 650 feet of drifting to the north and 100 feet to the south. Waldemar Lindgren reported on it then as being a Precambrian quartz vein in granite with glassy quartz containing some sulfides (pyrite, chalcopyrite, galena, and sphalerite).

The Fortuna claim was patented with a May 29, 1906 mineral survey (M.S. 2275; it is now Yavapai County parcel 204-7-26). In 1906 there were several shallow (less than 100-foot) shafts and adits on the Fortuna vein. Between then and 1934 there were several 10-stamp to 20-stamp mills in sporadic operation either at Button, Boaz or Colossal mines, probably with shipping of ore and sharing of mill facilities between them.

During the 1980's the Fortuna has received more attention than others in the Minnehaha district. Exploration drifting and mill construction and improvements have continued sporadically, none of it very successfully (reserves not discovered or built) nor lucratively (mill has operated on a batch basis at a substantial loss).

Unfortunately, one of the key reasons the Fortuna owners/operators may have made the costly investments they have, is the guidance they've had from poor technical "experts." A couple are worth quoting: Pierre Parker, an aged consulting geologist apparently studied the property briefly in 1988 (three days on site). He didn't even know how to specify the dip of the Fortuna vein which he says is 15 degrees to 20 degrees westerly when in fact it's 70-85 degrees W. Perhaps he was taking it from vertical which is never the convention. with no evidence at all he comes up with the "reasonable" ... expectation "that in the deeper horizon the gold values will be higher..." and that "evidence from similar type deposits suggests that a large tonnage of higher grade ore is available a little deeper...." These kinds of "studies" are worse than useless because they deceive the unsophisticated or non-technical investor.

An anonymous author goes on to "use" select figures from Parker's 1988 "report" and combine a 7,500 ft. strike length, a 400 ft. dip dimension, a 6 ft. thickness and 12.5 ft^3/s.t. tonnage factor to calculate 1.4 million tons of "ore" to be "reasonable and conservative." At the same time, Blomquist (1991) has a total of two sentences to say about "reserves:"

> There is no estimate of tonnage available. Exposed veins and historic activity indicate the potential for a long life for the mine property with adequate ore to keep the mill running for years.

I take exception to all these simplistic dismissals of reserves as a non-issue, as though reserves will materialize when needed. Indeed, I have serious doubts that any real economic reserves may be located. My reasons for this skepticism are several and are elaborated in the remainder of this report.

GEOLOGY:

The Fortuna vein is one of a set of subparallel fault-hosted quartz veins. They are all generally north-northeast (NNE) striking and dip steeply to the west. The Fortuna vein averages an 80 degree dip to the west over its most worked segment within the Fortuna patent.

At its north extreme, the Fortuna vein becomes lost beneath cover of Minnehaha Flats, beyond the claim block. South of the patent about 500 feet, the Fortuna vein arcs to the west, slightly flattens and apparently quits. It becomes mimicked further south by a series of flatter-dipping and less auriferous shears. Thus the total prospectable length of the Fortuna vein is about 2,500 feet, not the 7,500 proclaimed by Parker (1988).

The Fortuna is first a fault, secondly a vein, and only a portion of that mineralized. The fault became the host for hydrothermal fluids which precipitated some quartz and accompanying base and precious metals in an irregular distribution along its trace. Continued faulting is known because the quartz is in turn broken or brecciated. This post-mineral faulting produced a lot of finely ground up rock rich in clay which we call gouge. It is very sticky and pasty but also slips with gravity when it's wet, which it always is underground. This was a major problem on the C-level.

As with all faults and veins, the Fortuna is somewhat sinuous in geometry, that is, it is a wavy surface. It varies about 10 degrees back and forth within a few feet along strike or dip. Similarly, it pinches and swells in thickness, from just a few inches in the north drift off the A crosscut to over seven feet in one penetration in the deepest or C drift. It seems to average about two feet of gouge and an additional one to three feet of breccia and parallel gougy shears on one or both walls. On the C-level, however, it is all clay gouge.

The latest slickensides (fault direction indicators) clearly show an oblique motion with slicks plunging about 45 degrees south, presumably down on the west (oblique, left-lateral, normal motion). There are also cross-faults in roughly an east-west and steeply north-dipping orientation. These have suffered mostly down-on-the north motion, yielding apparent right-lateral offsets of the Fortuna fault/vein. The amount of offset on such cross faults is only a few feet where the vein is exposed but may be found in less-explored segments or underground to be an aggravation in that jogs in the drift may be necessary to stay with the Fortuna vein.

Oxidation is probably very important to the gold grade distribution. The A and B levels are both predominantly oxidized and both less than 100 feet below surface. Where the Fortuna was reached recently, 175 feet back in the D level drift, it is totally <u>un</u>oxidized. There it is a 2-foot thick gouge zone with finely broken quartz fragments (like pea-gravel) in lots of clay. There is a dusting of fine-grained euhedral (crystalline) sugar-like pyrite grains throughout. This pyrite is mostly iron oxides only 40 feet above in the B level.

The wall rock is all Precambrian rock, generally a quartz-monzonite to granite composition. Locally it is a gray-block gneissic banded amphibolite.

Where post-mineral faulting does not upset the contact of quartz to wall rock, that contact is as Lindgren described it, "frozen." In other words, the quartz melds solidly with the granite and amphibolite, and is itself pre-metamorphic, probably Precambrian as well.

There are several short segments of crudely parallel veins to the Fortuna. One is the Button which was likely similar thickness and lithology. As it is totally caved and inaccessible and undocumented, one may judge it only by samples left around the old shaft. Workings apparently penetrated Precambrian granite and amphibolite and reached milky to translucent gray quartz with iron sulfide and lesser base metal sulfides plus or minus gold. It was not a bonanza and hence its lack of production and documentation.

The same can be said for another thin, discontinuous vein about 300 feet east of the Button, across the road, and the Gold Spring vein with adit about 300 feet south of the SE corner of section 30.

MINERALIZATION:

The Fortuna vein carries erratic gold mineralization. The gold is associated with pyrite and base metal sulfides (chalcopyrite, galena, and sphalerite, sulfides of copper, lead, and zinc respectively) which occur in irregular but small quantities along the vein. In the oxide zone the gold is at least partly free and coarse grained (visible grains on gravity tables). There is no petrographic study available to know how the gold occurs in the primary sulfide zone but it is probably electrum in and adjacent to sulfide grains.

Silver grades are 2 to 4 times that of gold but economically insignificant given the absolute values less than 1 opt Ag and silver's low price relative to gold.

With better grade gold (say over 0.1 opt) other metals typically include 0.1 to 0.5% Cu, 0.01 to 0.1% Pb and 0.01 to 0.05% Zn. Antimony averages only about 10 to 100ppm (0.001 to 0.01%) arsenic usually less than 50 ppm and mercury generally less than 1 ppm. None of these are potentially economic byproducts except for the trivial value (about 1-2% of gross) added by silver. Gold is the sole metal commodity of value at Fortuna.

Gold grade distribution is the key determinant of whether one can make a gold mine. All the evidence at Fortuna points to very low grades (0.00X to 0.0X opt Au) in the unoxidized zone. Only in the oxide zone where supergene or secondary enrichment has occurred do we start to find 0.X opt or better grades. And there, typical of enriched mineralization, the gold grades are very fickle.

The B level assay plan (figure 4) pretty well demonstrates the lower oxide zone gold distribution. There are two sets of assays. The difference between them is so great one must seek an explanation. One set is full drift width (5 to 11 ft.) back samples taken by Callahan Mining Co. personnel and fire assayed at a commercial laboratory. All those values are 0.0X opt except for two slightly over 0.1 opt and one 1.1 opt. The other set was from samples of unknown width or representativeness, collected by the miners from faces or muck. These were likely assayed "in-house" at the Button mill laboratory with unknown contamination, quality control, or accuracy. Chances are, in the absence of salting or fraud, the differences between the two sets of data are

accounted for by the miner's samples being in some way selective and "high-graded." For instance, in an oxidized shear zone like Fortuna, what is easiest to sample is the softest, most altered and often richest material. Non-professional samplers will favor this softer rock, not aware that they are biasing the assay to the high side, maybe to an extreme.

The Callahan samples of 1987 are corroborated by Cyprus' 1989 sampling. The figures clearly indicate very erratic gold grade distribution; generally low or about 0.0X opt but locally two orders of magnitude or over 100 times enriched to multi-ounce grades. This is a classic characteristic of secondary enrichment in the oxide zone.

Indeed, as soon as one goes deeper on the Fortuna vein, say to the C level, gold is virtually absent. The C level adit drift breaks into the thick (2 to 7+ foot) gougy Fortuna shear at two points and Cyprus' sample assays (see figure 5) at both sites indicate less than 0.01 (one hundredth) opt gold.

Up in the oxide zone, gold has migrated geochemically along with iron oxides (orange, red, brown, yellow, and black crusts and coatings) and manganese oxides (mostly black) along fractures and dispersed laterally into the broken wallrock. This explains the gold recovered over good widths (5-10 feet) in the open cut near the portal of the B level. That phenomenon, however, is very superficial. It persists only 10 to 40 feet there and probably no further elsewhere. Oxidation is much diminished at about 50 foot depth and virtually zero by 100 foot depth. One control of oxidation depth and amount of gold enrichment at any particular point along the strike of the Fortuna may be the abundance of cross-fractures and faults. These are very visible at the B level portal area. This increased fracture abundance in yet another orientation, helps to trap gold on more surfaces and hence boost grade.

DISCUSSION OF ORE CONTROLS AND RESERVE LIMITATIONS:

The controls on gold grade distribution are clearly:

a) The Fortuna fault and several subparallel faults

b) Vein mineralization along that fault, by no means continuous. Quartz and sulfides must also have been present. Many areas are merely barren gouge.

c) Oxidation. It is clear that primary or sulfidic gold grades are nowhere near the secondary enriched gold grades.

Thus we have structurally (fault and cross-fault) controlled amenability to hydrothermal (upward) and supergene (downward) mineralization. And only where you have both types (i.e., in the oxide zone) will grades have a chance to be adequate for mining.

Under this circumstance, it is easy to see in longitudinal section (figure 3) why the old workings quit where they did and why gold was found

where it was. The old Fortuna stopes and the B-level are exceedingly shallow, oxidized, fault guided, and likely localized by perpendicular faults or fractures. This is clearly only a narrow band of prospectable turf along the trace of the Fortuna.

Much of that strike length is already tested or mined out. In fact only about 60% remains of the original potential within the Fortuna patent and little potential extends outside the Fortuna patent. The blocks that remain are dubbed "Fortuna N" and "Fortuna S" on the longitudinal section. Fortuna N lies between the A and B adits and Fortuna S lies south of the old Fortuna shaft, extending as far as the patent limit which is about the same as the point where the fault and vein diverge to the west and become lost.

Each of these blocks is about 500 feet long and, assuming vein thickness of 2 feet and oxidation to 100 foot depth, could yield reserves of about 5,000 tons each. One would only know if such potential reserves exist by sampling them either by drilling or drifting.

COST VERSUS BENEFITS OF CONTINUED EXPLORATION:

What value may an additional 10,000 tons of 0.X opt Au have? Is it worth testing? These are key questions to be answered prior to any further expenditure.

I believe the historic pattern of grades is the best model for projecting the future. If another 1,000 ounces of total recoverable gold were identified I'd be very impressed. At $400./oz that is $400,000. worth.

Merely drifting N and S from adit A to test or develop that ground will require drifting 1,000 feet which at $300./ft is $300,000. There's nothing remaining to pay for stoping, hauling, processing, etc. Such a reserve, even if it exists, would have to be much richer than the figures indicate in order to be economic.

CONCLUSIONS AND RECOMMENDATIONS:

All the indications are that the Fortuna vein hosts only very limited additional reserves. An optimistic view is 10,000 tons of perhaps 0.1 opt gold or possibly just some high-grade within that, say 2,000 tons at 0.5 opt. Either way, contained gold is unlikely to exceed 1,000 ounces which can't begin to pay for discovery or development costs, no less mining or processing.

On that basis I can not recommend any further investigation or expenditures on the property. I recommend that sunk costs be partly recouped by sale of assets at the mill and sale of mining equipment.

The holding costs of the property ($200. per claim starting August, 1993) are not worthwhile. The only claims possibly worth keeping valid are a limited belt taking in the Minnie and the Fortuna/Button vein traces and mill site if time is needed for its dismantling.

The other veins on the property are very restricted. They are of limited strike length, thin and low grade. Their exploration attractiveness is so low that I can not see the property attracting a lessee or purchaser.

The chance to keep the mill working on custom ores or feed from neighboring mines is next to nil. There are no producing mines in the Minnehaha or Tiger district nor any others within haulage range. If there were, the chances of their ore fitting your mill's flowsheet are slim. I see no justification for continuing maintenance or security on the Button mill since it has no use there.

AN "IF YOU DON'T BELIEVE ME" ADDENDUM:

Perhaps your reaction to my report will be : "He doesn't know what he's talking about; he's only a _____ _____ geologist; we'll show him and the world." Well, in that event, I recommend you go ahead and test the Fortuna further. In so doing, however, make some improvements over previous efforts.

Have a geologist map the vein traces and sample completely in advance of anything else. Then have a surveyor establish a baseline and elevation control points for accurate geometric understanding of the vein and old and new workings.

Then you'll have to decide whether to drift and test underground or drill from the surface. I'd recommend, if you're to damn-the-torpedoes and go ahead anyway, a drilling program of say $50,000. over a drifting program at least several times as costly.

Most importantly for everyone involved, document what is done. Use professional help and they will keep records of property status, surveying and geologic mapping, sampling and assay results, costs, production, etc. Only

then will you be able to effectively evaluate what you have and where to go from there.

Following is a possible program and budget for testing the Fortuna S and Fortuna N blocks in the oxide zone and even drilling beneath the oxide zone to check my assertions about the gold grades in the sulfide zone. A schematic drill section (figure 6) shows possible holes (core or reverse circulation) to test at appropriate depths. Three vertical fans of holes like on that section would be more than adequate. Drill penetrations are shown on the longitudinal section (figure 3).

Next stage exploration plan and budget

	Activity	Cost
1)	Geologic sampling and mapping 10 days @ $300 incl. expenses	$ 3,000.
2)	Surveying - baseline, elevations and control points 3 crew days @ $650.	2,000.
3)	Access for drilling - dozed road and drill pads D-6 dozer for 2 days @ $300 + mobe	1,000.
4A)	Drifting - exploration drifts N and S from A adit Up to 500 ft. N and S or 1,000 ft @ $300.	300,000.
4B)	Core Drilling - HQ core for shallow holes + reducing to NQ for deeper holes 4,000 feet @ $25. + mobe, bits, mud, etc.	100,000.
4C)	Rev. Circ. drilling - 4-1/2" hole, cuttings only 4,000 feet @ $8. + mobe	35,000.
5)	Assays - 200 samples @ $15.	3,000.
6)	Geologic supervision of drilling; sampling, and reporting on above 20 days @ $300.	6,000.

Totals; depending on drifting, core or R.C. drilling selection.

A)	Drifting total	$315,000.
B)	Core drilling total	115,000.
C)	R.C. drilling total	50,000.

These are all crude estimates only. Obviously, I see no point in fine-tuning budget estimates for work I am not recommending! Nevertheless, should you choose to pursue any portion of this program, I shall be happy to provide more detailed recommendations and assistance.

Don C. White
521 East Willis St.
Prescott, AZ 86301
Ph. & FAX: 602-778-3140

July 12, 1993

Mr. Sherman Millener
Bradshaw Mining Company
c/o Mr. William Means
10227 North 32nd Lane, #101
Phoenix, AZ 85051

Dear Mr. Millener:

Accompanying is my report on your Paydirt mine/Button mill/Fortuna property. What I have to say may not be what you were hoping to hear. I am a professional economic geologist and take pride in deciphering geologic truth or reality through the camouflages of mother nature and mankind. Unfortunately, that also sometimes puts me in the role of bearer of bad news to individuals who may have already invested in a losing venture or had higher hopes than are justified.

Such is the case at the Fortuna property. Yes, you have the Fortuna structure and some local high grade gold mineralization. Lots of development effort and expense has accomplished precious little with drifting on the A, B, C, and D levels and installation of your mill. Only the B-level yielded any encouragement and what your in-house assays told you there is a very different story than two reputable company's sampling and assaying (see figure 5 in the report).

I am convinced the Fortuna's "7,500 foot strike length" as boasted by Parker, is truncated, as in the Cyprus mapping, to only about 1,500 feet meaningful potential in the Fortuna vein. The 4-foot or greater thickness is only about 2 feet in old stopes. The deep potential is all barren clay fault gouge. The thin, shallow, fickle grade oxide zone is all that remains of merit. Unfortunately, it is too limited in tonnage and too low grade to be a target for Bradshaw or lessees or buyers. I see no other potential on the property, even should gold prices increase 100% in the near future. You would need several multiples gold price increase to have a profitable mine.

This is probably bitter news indeed. I shall be happy to answer any questions you may have or even to go further to test my interpretations against your or other's possibly more hopeful ones. For instance, I have 18 rock samples taken from various outcropping and underground sites on my last visit to the Button. Those could be assayed for further evidence. If you wish to pursue that, give me a call and we can discuss the merits and costs.

My statement is attached. I thank you for the chance to study your property. Do let me know if I may help in any further way.

Sincerely,

Don White
Geologist, C.P.G.

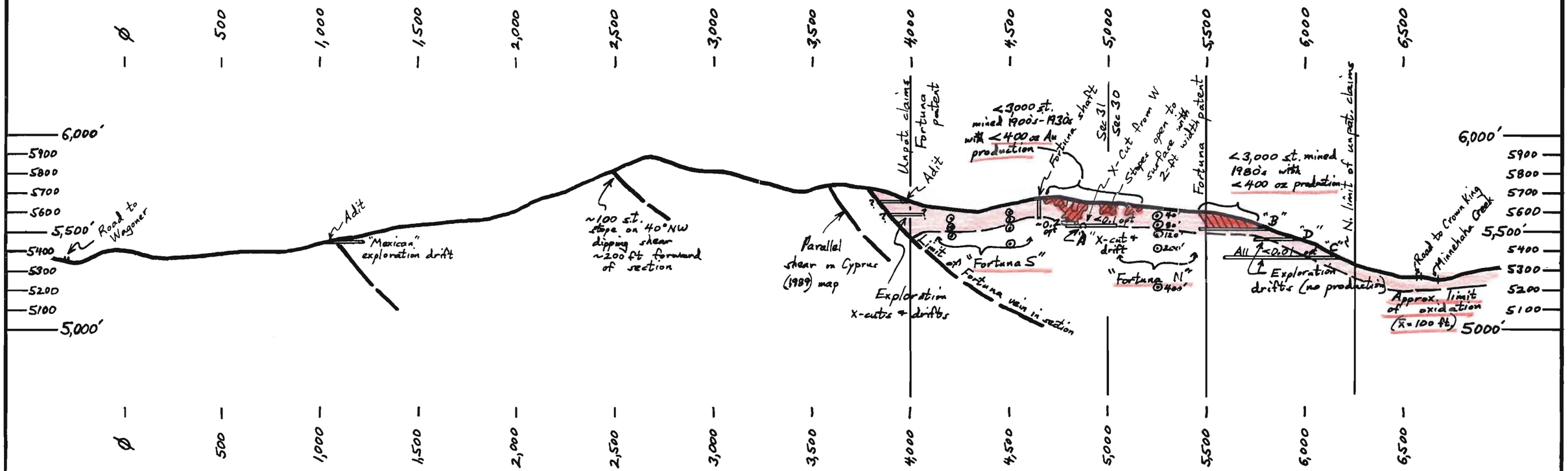
Enclosures

cc: W. Means, J. Dowis, F. Millsaps

~S
(S25W or 205°)

Looking ~W
(295°)

~N
(N25E or 025°)



"Fortuna N" and "Fortuna S" are two blocks of prospectable vein, about 500 ft long each, that could be tested by drilling from surface or by drifting further N & S from the "A" level X-cut. These two areas, both within the Fortuna patent, could each host up to 5,000 tons (if 2-ft thickness prevails) of 0.X opt. Au within the oxide zone (if it extends to ~100 ft depths as shown) where secondary enrichment has occurred. Deeper potential depends upon totally unknown primary grades which could also be tested by drilling. (Note sample 40', 80', 120', 200', and 400' drill penetrations).

Horizontal & Vertical Scale
1" = 500'

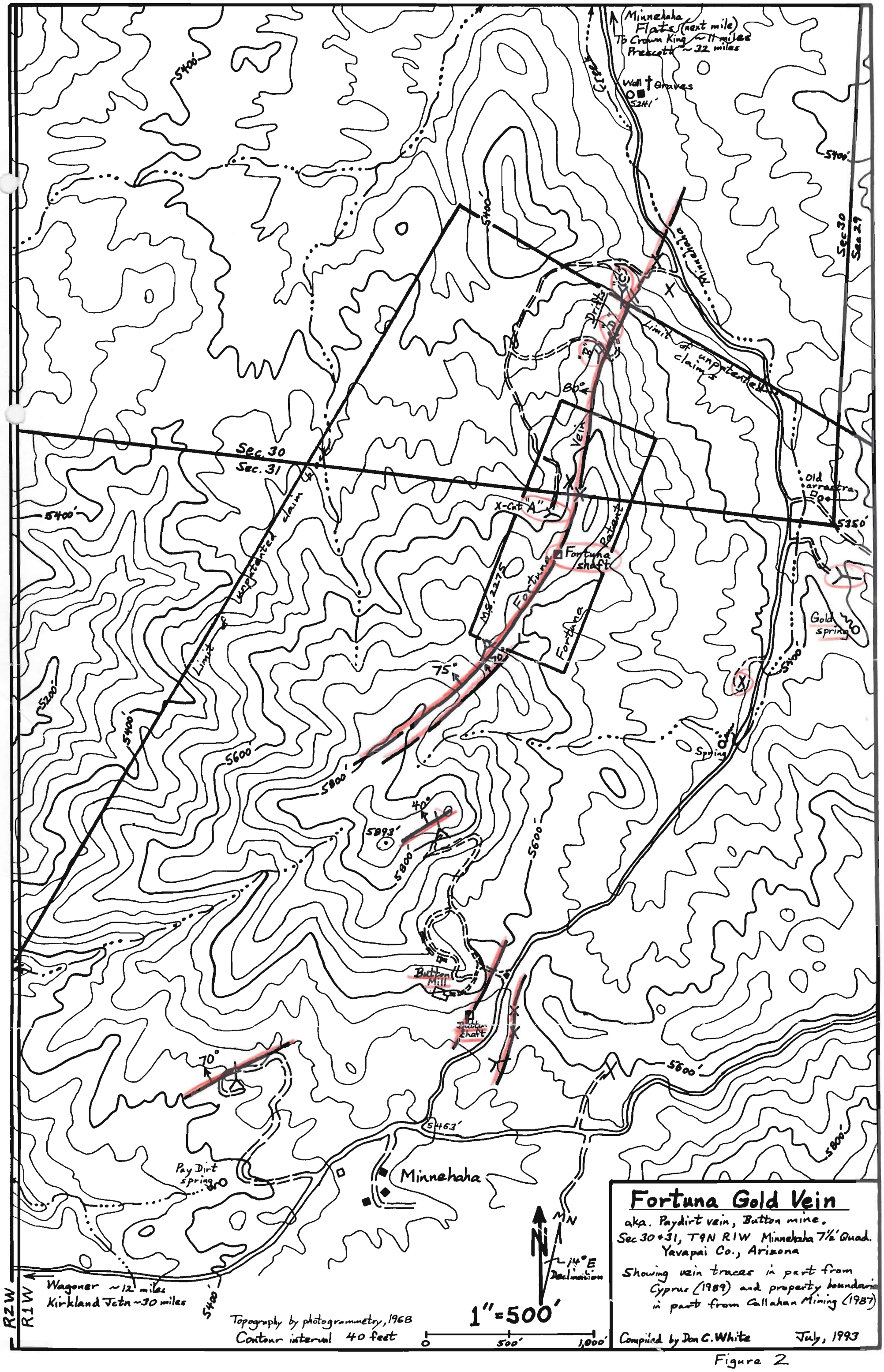
Fortuna Vein
Longitudinal Section - Looking W

In plane of structure (fault) which averages ~ N25°E with ~80°W dip

Showing topography, property boundaries, mine workings, veins/faults and their limits, some assays and production notes, and possible areas for discovery/development of marginal new reserves.

Compiled by Don C. White July, 1993

Figure 3



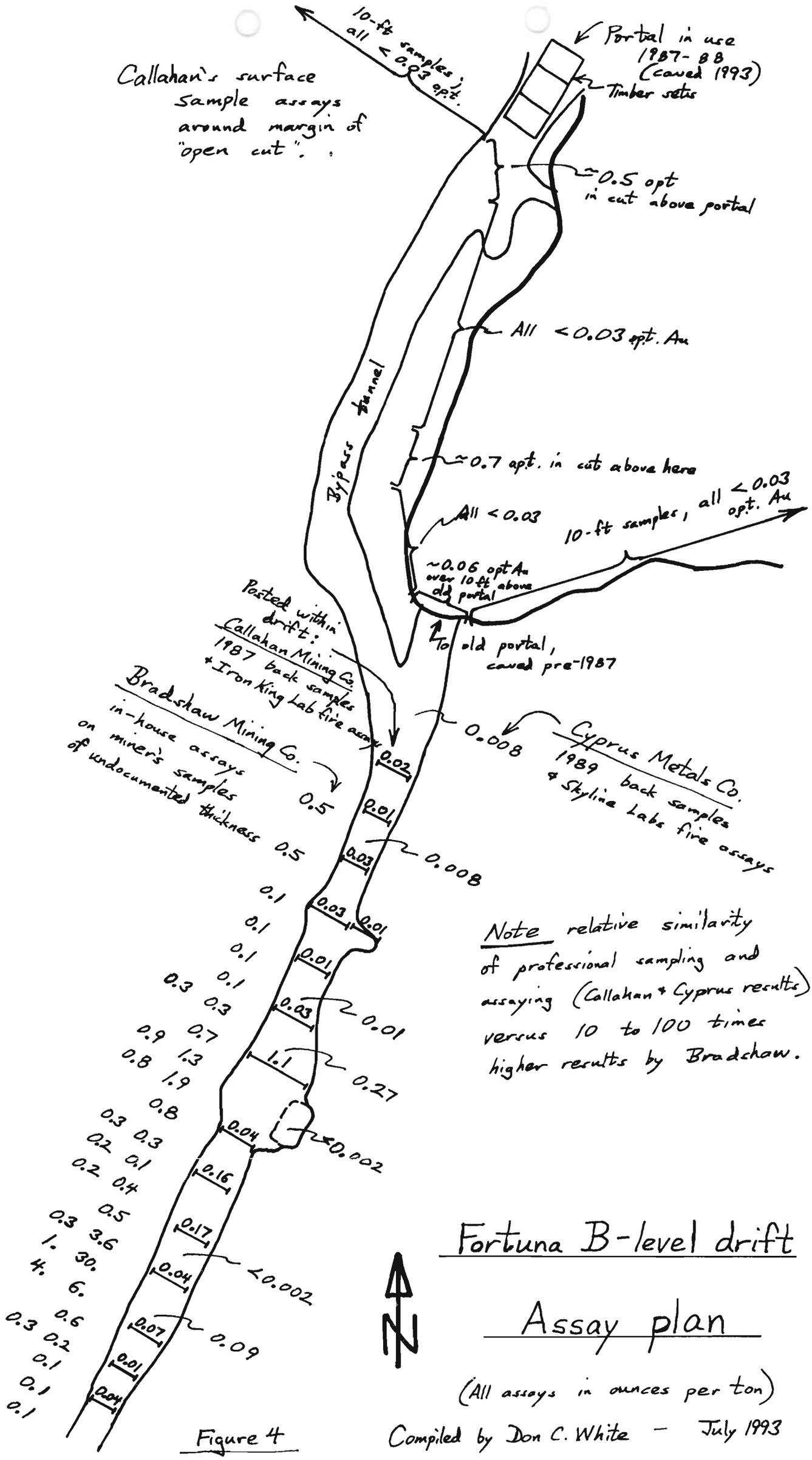
Fortuna Gold Vein

aka. Paydirt vein, Button mine.
Sec 30 & 31, T9N R1W Minnehaha 7½' Quad.
Yavapai Co., Arizona

Showing vein traces in part from Cyprus (1989) and property boundaries in part from Callahan Mining (1987)

Compiled by Don C. White July, 1993

Figure 2



Fortuna B-level drift

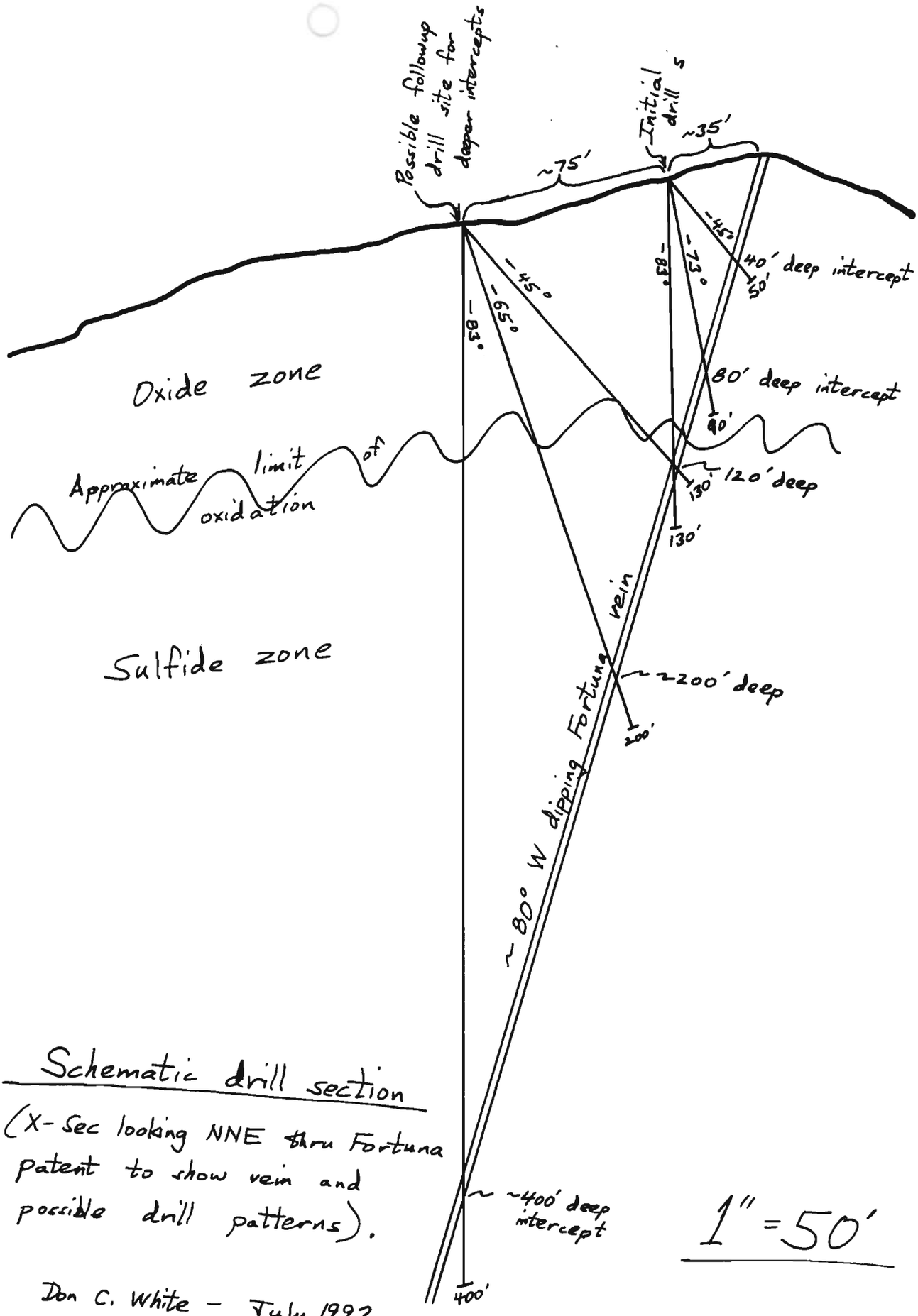
Assay plan

(All assays in ounces per ton)

Note relative similarity of professional sampling and assaying (Callahan + Cyprus results) versus 10 to 100 times higher results by Bradshaw.

Figure 4

Compiled by Don C. White – July 1993



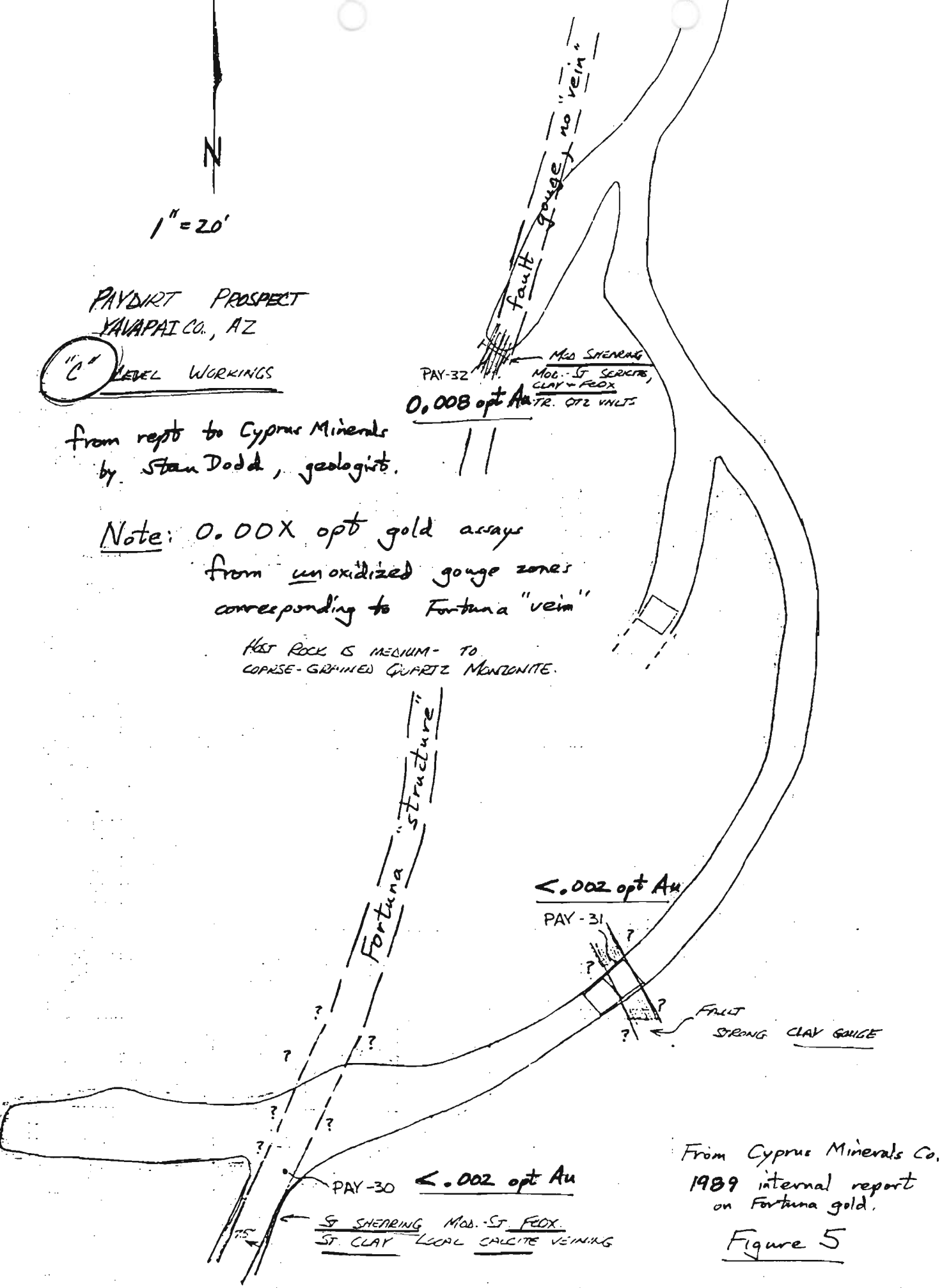
Schematic drill section

(X-Sec looking NNE thru Fortuna patent to show vein and possible drill patterns).

Don C. White - July 1993

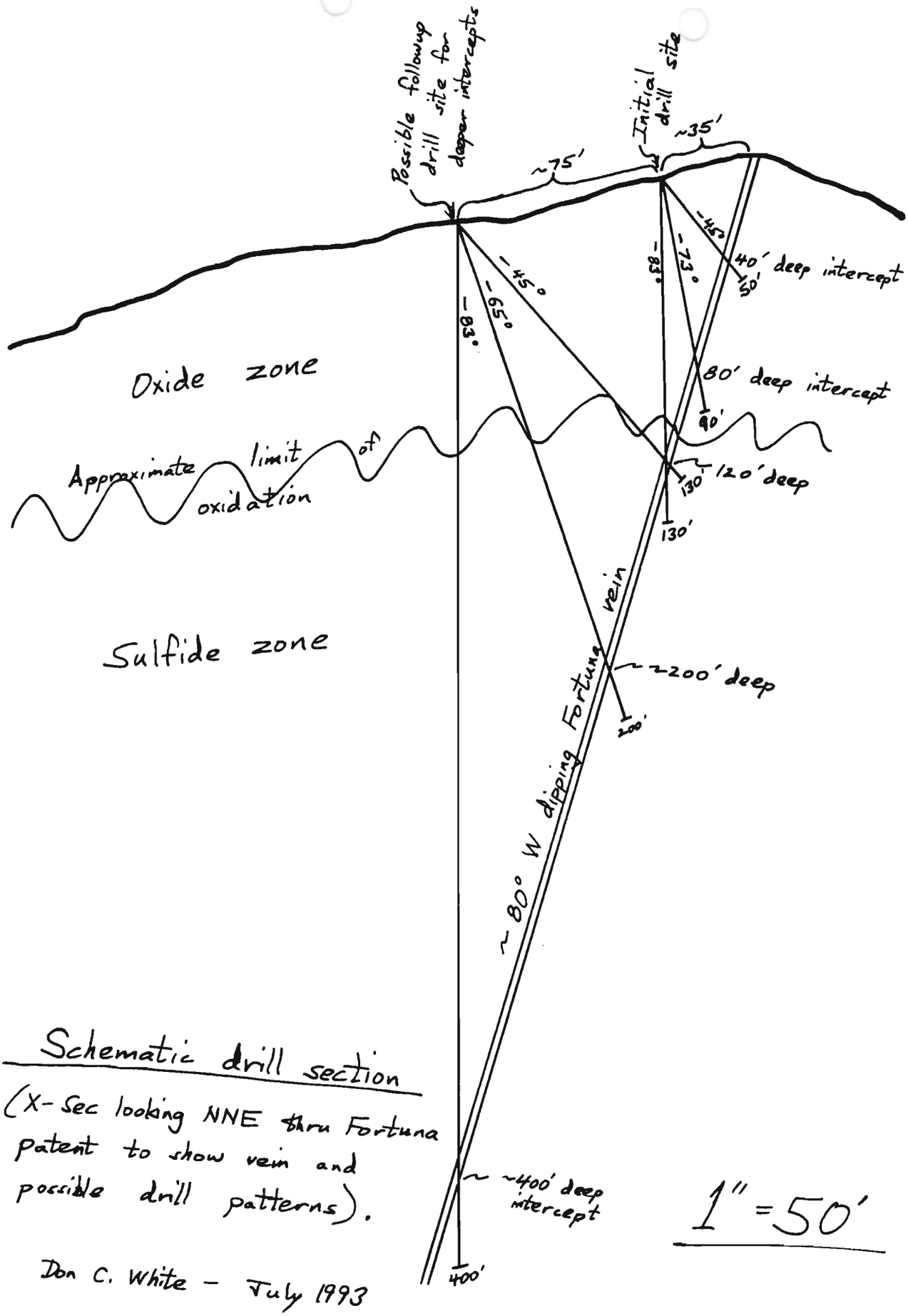
1" = 50'

Figure 6



From Cyprus Minerals Co.
1989 internal report
on Fortuna gold.

Figure 5



Schematic drill section

(X-Sec looking NNE thru Fortuna patent to show vein and possible drill patterns).

Don C. White - July 1993

1" = 50'

Figure 6

REFERENCES

Anonymous; undated (circa 1991); Gold Button mine. A combination of prefatory and summary reports on geology, capital equipment, proposed development and personnel for or by Bradshaw Mining Co., including Blomquist, 1991 and Parker, 1988. Total 36 pages with little of use to appraise veracity of reserves.

Blomquist, Karl; 1991; Button mine; 8-page text focusing on equipment, processing and proposed operations.

Callahan Mining Company; 1987; Miscellaneous sampling notes, sketches, and assays resulting from brief May, 1987 visits to Fortuna by Bruce Bouley, John Dowis, and Al Walkup, all of C.M.C., as review for CMC's possible investment in the property which was never pursued.

Cyprus Metals Company; 1989; 14 pages of sampling notes and sketches and assays by S.P. Dodd, consultant to Cyprus. Transmitted to Bradshaw by Cyprus geologist James A. Matlock, June 2, 1989.

Keith, Stanley B., et.al.; 1983; Metallic mineral districts and production in Arizona; Arizona Bureau of Geology Bulletin 194, pp. 36.

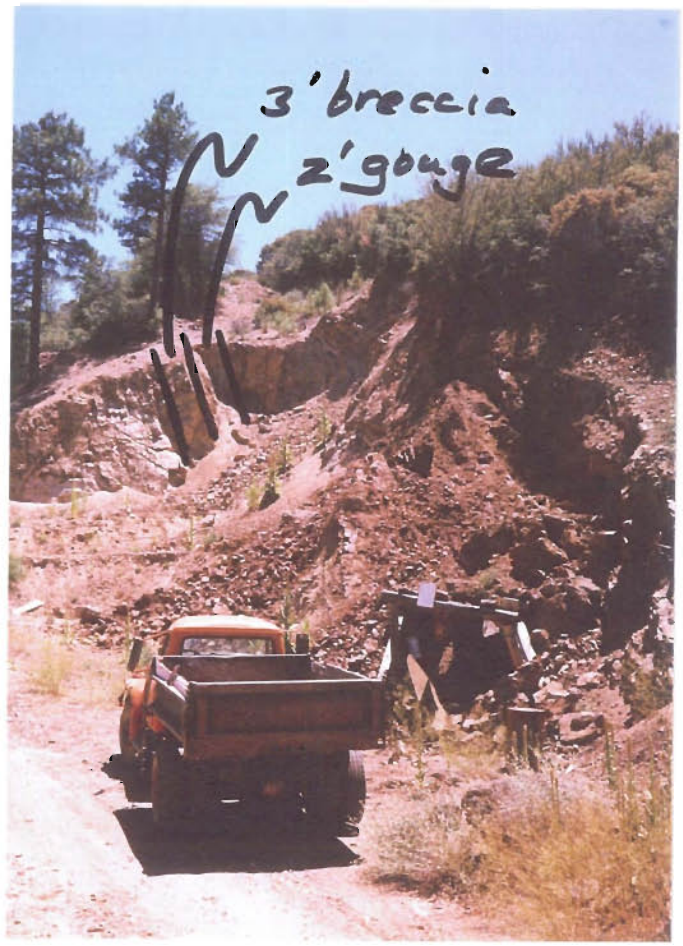
Parker, Pierre E.; 1988; Preliminary report on the Paydirt Mountain gold mine, Wagoner, Arizona. 2-1/2 page text plus property map and level B assay plan. No substantive information and some totally "off-the-wall" interpretations.

Wilson, E.D., et.al.; 1934, Arizona Lode Gold Mines; State of Arizona, Bureau of Geology Bulletin 137. One page (pp 59-60) text on the Tiger district and Minnehaha vicinity including Waldemar Lindgren's 190X observations on the Button mine.

Button mill

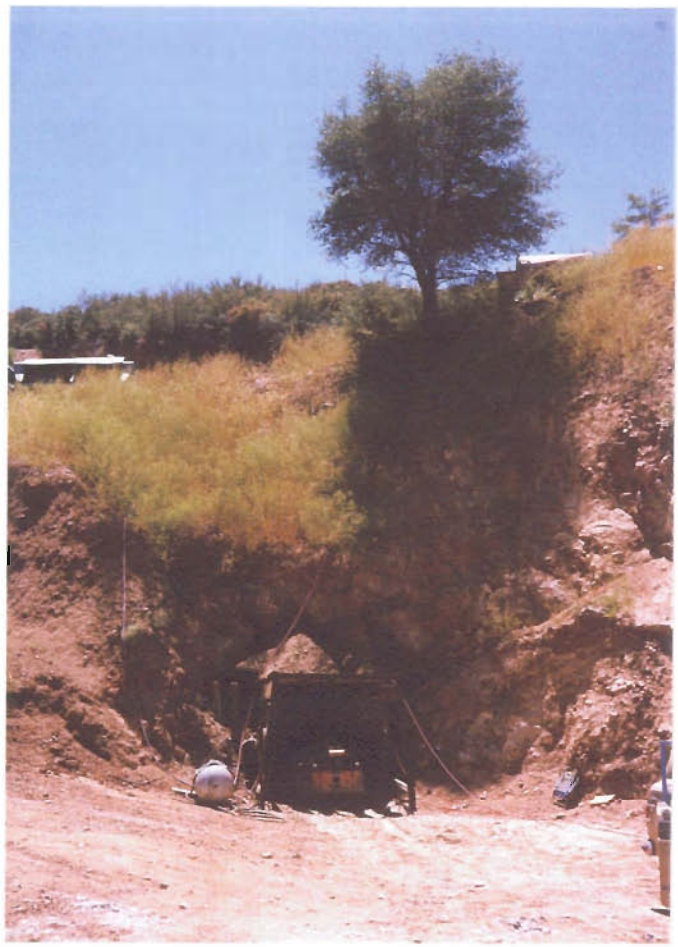
Present-day mill and tailings pond, looking northwest to main ridge harboring the Fortuna vein. Mining relicts include a steam boiler and big gear/flywheel.

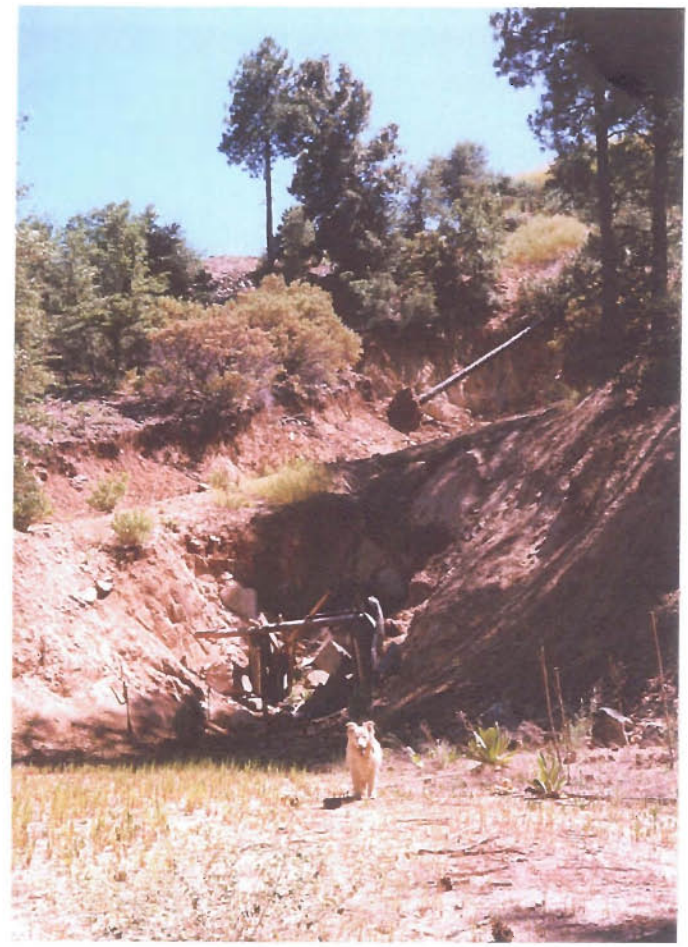
Button mill, above, with Sylvester Dimmer standing between two gravity tables with ball mill behind. Agitated vat leach tanks and carbon columns are beneath mill.



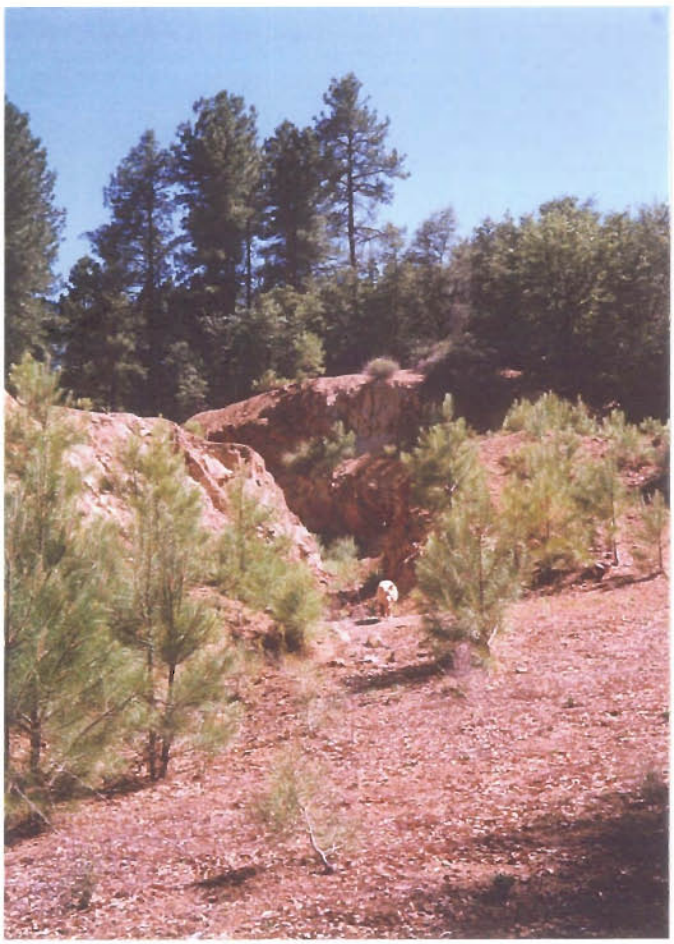
Fortuna vein is consistently about 2 feet thick;

as seen in historic stopes open to surface on the Fortuna patent (looking N) and in the open cut (looking S) at adit drift B. Oxidation and supergene redistribution of gold has spread coarse gold with iron oxides throughout a 4 to 8 foot thick fractured zone. Neither oxidation nor supergene enrichment extend to the next level 40 feet below.





Two other drift levels on the Fortuna vein, both looking south. Presently active tunnel (level D, 40 feet beneath B) with loader in portal is 175 ft in and reaches a 2-foot thick gougy structure which is probably the Fortuna vein. It is very clayey and pyritic with some crushed white quartz and no oxidation. Similarly, level C (deepest) reaches only unoxidized and barren gouge in Precambrian granite.



Subparallel veins occur to the east of the Fortuna. One was mined out by small open cut in the Precambrian granite. Another, further east, just across the road from the Button mill, is narrow (less than a foot thick here) and offset by left-lateral faults as seen here. Note sinuous traces of vein and open cut; the Fortuna vein is sinuous as well.

LEIF BENTZEN
4501 BIRCH ST
NEWPORT BEACH
CAL 92660
office 714-474-7445 HOME 714-838-5382

A PROPOSED EXPANSION PLAN

AND

FINANCIAL ANALYSIS

Prepared
by

Bradshaw Mountain Gold — MAKE/CHECK CPA
El Dorado Square
6621 N. Scottsdale Road
Scottsdale, Arizona 85253

(602) 991-5457
(602) 837-1473

CONTENTS

BRADSHAW MOUNTAIN GOLD

A NEVADA CORPORATION

A PROPOSED EXPANSION PLAN
AND
FINANCIAL ANALYSIS

SUMMARY OF THE PLAN

After more than four years of exploration and testing at the companies Gold Button Mine in Arizona, it has been decided that the company will build a new ore processing mill; expand its existing testing mill; and expand its mining operations.

This decision was reached after careful analysis of the data obtained from June, 1984 until May, 1988.

The companies findings indicates the existence of 1,440,000 tons of gold ore that will produce an estimated 345,600 ounces of gold; with an estimated current value in excess of $155,250,000.

THE COMPANY

Bradshaw Mountain Gold is a Nevada corporation. The main office and telephone number is:

BRADSHAW MOUNTAIN GOLD
EL DORADO SQUARE
6621 N. SCOTTSDALE ROAD
SCOTTSDALE, ARIZONA 85253

(602) 991-5457
(602) 837-1473

OFFICERS: THE OFFICERS OF THE COMPANY ARE:

MARCUS BISHOP	PRESIDENT
SYLVESTER DIMMER	VICE PRESIDENT
RAYMOND PAUL DOSS	SECRETARY

DIRECTORS: THE DIRECTORS OF THE COMPANY ARE:

MARCUS BISHOP

RAYMOND PAUL DOSS

SYLVESTER DIMMER

DONALD DIMMER

RALPH GODFREY

PIERRE PARKER

BRADSHAW MOUNTAIN GOLD MANAGEMENT

MARCUS BISHOP: 52, President and Chief Executive Officer. He is one of the founders of Bradshaw Mountain Gold. Prior to that he has served as an officer and director of the Raymarcus Land Company since 1968. He has been involved in the acquisition and development of mining and ranch properties throughout Arizona. As the chief Executive Officer of Bradshaw, he has directed the five year exploration and development program that has succeeded in verification of the body ore.

RAYMOND PAUL DOSS: 57, Chief Financial Officer, Secretary and Director. He is one of the originators of the companies exploration and development program; developed the capital sources for the pilot mill, development process. He is the President and Chief Executive Officer of the Raymarcus Land Company of Scottsdale, Arizona. Through his twenty years experience and involvement with mining and ranch properties, he provides the financial expertise needed to fund the proposed expansion program.

SYLVESTOR J. DIMMER: 59, Vice President of Mining and Milling, and Director. He is the originator of the present exploration and development program, and he designed and constructed the existing pilot plant. Prior to coming to Bradshaw he designed and built two other pilot plants for placer mining interests. He has been a plant and production manager for more than thirty years, twelve of which have been mine processing facilities.

DONALD J. DIMMER: 55, Vice President of Metallurgy and Mechanical Development, and Director. He has been with the facility since operations commenced. He has designed and built numerous pieces of specialized equipment that has been needed during the exploration and development period. Prior to coming to Bradshaw, he was Vice President of Manufacturing for other companies. He has achieved national prominence for his numerous innovative designs of specialized industrial equipment.

PIERRE E. PARKER: Director. He is a Certified Professional Geologist, he has consulted on projects for many companies throughout the world. He was the Managing General Partner for the Borneo Mining Company. He managed and directed the exploration program of gold leases for Cold Lake Resources of Canada. He is the co-organizer and president of the Earth Sciences Group, a Washington, D.C. based firm.

RALPH G. GODFREY: Director of Bradshaw Mountain Gold. He is a member of the Society of Mining Engineers, of AIME. He is involved in mining in Arizona, Colorado, and Nevada. He is independently employed as a consultant furnishing management and engineering services in the field of geology, mining, and ore dressing. His work has taken him to Central and South America where he has assisted in the design and construction of ore processing facilities; one of which is a 1,500,000 ton yearly capacity phosphate and benefication plant in Brazil

BUSINESS ACTIVITY

Bradshaw Mountain Gold's primary activity is the operation of the Gold Button Mine. The Gold Button Mine is a gold mine located in Yavapai County, about sixty miles Northwest of Phoenix, Arizona. (see exhibit 1)

MINING PROPERTY

The Gold Button Mine consists of sixty three mining claims spread over twelve hundred and sixty acres of lush, hilly, wooded area of the Bradshaw Mountains. (see exhibit 2)

Historically, the Bradshaw's have been considered, by many geologists, to be the number one gold producing area in Arizona.

Developed mines are those which have been sampled, and are capable of accommodating the miners who will take away the ore. Several of the developed mines have been extended vertically as well as horizontally.

At the Gold Button Mine Only five of the claims are being developed at this time.
The remaining claims will be explored and tested for content; and they will eventually come on line for drilling.

THE MILL

The Gold Button Mine has a pilot mill with a twelve ton per day capacity. For the past several years, the pilot plant has been processing sample ore taken from various sites which were being considered for immediate development.

This is a fully equipped mill, with the capacity to completely process ore: ore bins; grind process, classification; concentration tables; separating of free gold, silver, and copper; re-grinding process; leaching tanks; cyanide and Zinc precipitation system.

THE LABORATORY

The company also provides its own assays, measuring, and other metallurgical processing needs. As an independent operation, the laboratory was required. With an on-site laboratory the company is able to process its ore from beginning through the refining process, to a doré bar.

RESEARCH AND DEVELOPMENT

The company management launched an exploration and testing program in 1984. This program was continued until August, 1988. The object of the program was to discover the location of a large ore body capable of sustaining many years of production; and to discover the grade of ore within.

In May, 1988, The Company Management and Certified Professional Geologist, Pierre E. Parker published his analysis of the data that had been gathered since 1984. (see exhibit 3)

During the four year study, the company's geological division tested, sampled, measured, and mapped the trail of an ore body which is now called the "PAYDIRT VEIN". (see exhibit 4)

QUANTITY

The "PAYDIRT VEIN" by dimension, is known to be 7,500' in length; an average of 6' in width; known to be 400' in depth; with an average ore grade of .6 ounces of gold per ton.. The length of the vein has been tracked and mapped; and will, in all probability extend beyond what has been mapped. The depth of the vein, proven to be 400', is expected to have depths of 2,000' in some locations. (see exhibit 3)

The known existing ore body, through simple calculations, will provide a supply of at least:

1,440,000 tons of gold ore.

(7,500'x400'x6'= 18,000,000 cu. ft.:
12.4 cu. ft. per ton = 1,440,000 tons of gold ore.)

QUALITY OF ORE

The next task was to determine the quality of the ore. The grade of the ore is determined by its gold content. If one ounce of gold can be taken from one ton of ore, the ore is said to be graded "1.0". If it takes 5 tons of ore to yield one ounce of gold, the ore is graded .20 (20 hundredths of an ounce). (Ibid)

In a word, generally, the ore from the "PAYDIRT VEIN" is "rich, having an average grade of .6 ounces of gold per ton.." Bradshaw Mountain Gold's own laboratory; samples, tests, and assays the ore. However, to preserve the integrity of the study, samples of ore from the "PAYDIRT VEIN" have been submitted to outside laboratories for verification of the companies own findings.

Some of the laboratories that provide assays are: North American, Iron King Assay, Complex Metals Research, J.B. Laboratory, and Hazen Research. (see exhibit 5)

Samples from eight different locations along the "PAYDIRT VEIN" were taken. Values of gold content ranged from .41 to 2.68: the average from the assays taken between 1984 to 1986; is 1.339. (Ibid)

Also provided, are results of tests taken from one new tunnel (B) which was recently explored and tested. Samples were taken at 6' intervals. The average value along the vein, using the results of 34 test assays, is 1.59. (Actually the range is from .10 to an astounding, 29.46. (Ibid)

PROBABLE RESERVE

The Officers and Directors agreed to determine the extent of the planned expansion only after the determination of the "PROBABLE RESERVE". The company needed to be certain that the mine could produce, not just a sufficient amount of ore to repay the added investment; but the company anticipated a significant profit.

The Geological Report by Pierre Parker indicates that only five of the companies sixty three claims were analyzed; the potential of the remaining claim appears optimistic based upon preliminary sampling.

Many geologists are in agreement. That the grade of gold ore customarily increases at lower depths. Current reports indicate a proven depth of 400'. Geologists also are in agreement that strong veins such as the "PAYDIRT VEIN" could extend as deep as 2,000'. (see exhibit 3)

This can be supported locally. The McCabe Mine, an operating gold mine over the mountain, is now mining at a 1,200'depth. Additional exploration will provide the proof when it is necessary; for the time being there are millions of tons available with a 400' depth.

PROPOSED EXPANSION

Essentially Bradshaw Mountain Gold will continue its test mining and milling operations: and it will launch a 300 ton per day mining program; and increase its milling capacity up to 300 tons per day.

MILL

A completely new mill will be constructed. To increase efficiency and thereby reduce production costs, the mill will be equipped with advanced technology.

MINING

The mining operations will be implemented with new, and advanced mining machinery which is capable of mining a required 300 tons per day which the mill will absorb, but additional ore will be mined and stored for future processing. It is conceivable that a second 300 ton per day mill would be added upon analysis of future data that will be accumulating.

PLACER MILL

The company intends to conclude a purchase agreement for the acquisition of a placer mining operation which is located on an extension line of the "PAYDIRT VEIN". Additional placer operations are expected to be erected on sites that prove high efficacy.

TEMPORARY FACILITIES

As a temporary measure, the existing pilot mill will be expanded to increase its processing capability from 12 tons per day to 40 tons per day. The mining operation will commence mining for the pilot mill, and building a stockpile of ore for the new mill anticipated to be in September, 1989.

COST OF EXPANSION

MILL: 150 to 300 ton capacity	$1,500,000
Mine Expansion	500,000
Ore Stockpiling	500,000
Pilot Mill to 40 ton capacity	400,000
Exploration & Development	800,000
Operating Reserve	900,000
Repurchase Production Contracts	1,600,000
Total Cost of Expansion	$6,200,000

. Prior to expansion, Bradshaw Mountain Gold plans to repurchase production contracts.

CONCLUSION

The analysis of the estimated Probable Reserve would indicate that the "PAYDIRT VEIN" alone will provide 1,440,000 tons of gold ore: that represents a 13 year absorption period for the new 300 ton per day mill. Additional ore bodies, and the discovery of extended depth of the "PAYDIRT VEIN", suggests that the availability of millable ore is far beyond the figures indicated in the report. As a practical matter, the "PAYDIRT VEIN" alone is capable of providing 345,600 ounces of gold; which represents (at $450 per ounce) $155,520,000. The Board of Directors has concluded that an investment of $6,200,000 is justified

CASH FLOW PERFORMA

200 TONS PER DAY

THIS CASH FLOW PERFORMA IS BASED ON .25 OUNCES OF GOLD PER TON. WITH PRODUCTION STARTING AT THE COMPLETION OF THE NEW MILL WITHIN ONE YEAR. THE NEW MILL IS CAPABLE OF PROCESSING UP TO 300 TONS PER DAY.

DAYS	TONS	ORE GRD	GOLD OUNCE	GOLD PRICE	TOTAL INCOME	ROYALTY	GROSS COSTS	NET PROFIT
1	200	.25	50	450	22,500	2,250	10,000	10,250
2	400	.25	100	450	45,000	4,500	20,000	20,500
3	600	.25	150	450	67,500	6,750	30,000	30,750
4	800	.25	200	450	90,000	9,000	40,000	41,000
5	1,000	.25	250	450	112,500	11,250	50,000	51,250
6	1,200	.25	300	450	135,000	13,500	60,000	61,500
7	1,400	.25	350	450	157,000	15,700	70,000	71,750
8	1,600	.25	400	450	180,000	18,000	80,000	82,000
9	1,800	.25	450	450	202,500	20,250	90,000	92,250
10	2,000	.25	500	450	225,000	22,500	100,000	102,500
FIRST YEAR OPERATIONS:								
350	70,000	.25	17,500	450	7,875,000	787,500	3,500,000	3,587,500
SECOND YEAR OPERATIONS:								
350	70,000	.25	17,500	450	7,875,000	787,500	3,500,000	3,587,500
THIRD YEAR OPERATIONS		THE ROYALTY FEE WILL BE PAID IN FULL AFTER 189 DAYS:						
189	37,800	.25	9,450	450	4,252,500	425,250	1,890,000	1,937,250
AFTER THE ROYALTY IS PAID:								
161	32,200	.25	8,050	450	3,622,500	none	1,610,000	2,012,500
FOURTH YEAR OPERATIONS:								
350	70,000	.25	17,500	450	7,875,000	none	3,500,000	4,375,000
FIFTH YEAR OPERATIONS:								
350	70,000	.25	17,500	450	7,875,000	none	3,500,000	4,375,000
FIVE YEAR TOTALS; including 1,750 operating days:								
	350,000	.25	87,500	450	39,375,000	2,000,250	17,500,000	19,874,750
AT 300 TON PER DAY THE FOLLOWING 5 YEAR FIGURES WOULD BE APPROPRIATE.								
	466,666	.25	116,666	450	52,500,000	2,000,250	23,333,333	26,499,666

GOLD BUTTON MINE

HISTORY

The **GOLD BUTTON MINE** is made up of 63 lode mining claims (1260 acres) situated 13 miles Northeast of the old town of Wagner on County Route #362, (about 20 miles South of Prescott, Arizona) Yavapai County, Arizona.

Sections 29, 31 and 32, Township 10 North, Range 2 West; and Section 1, Township 9 North, Range 2 West; and Section 6, Township 9 North, Range 1 West, Yavapai County, Arizona.

The original Old Button Mine was in operation in the late 1890's and early 1900's when 300 miners lived in Minnehaha Flats. A 460 foot shaft was sunk on claim # 1. Mining was done in 1600' of underground drifting at two levels. Values increased the deeper they went. They were restricted from going deeper because of the water level, they didn't have the pumping ability to pump the water, according to the U.S. Bureau of Mines. Silver and Gold was extracted from the ore by Mercury Amalgumation in a stamp mill. Another stamp mill was located on claim # 61 and mining was conducted on claims # 11, 13 and 14. Another stamp mill was located on claim #7 and mining was done in a shaft and also a tunnel. Recent samples from this tunnel show values as high as 7 ounces per ton.

Other mining was done on claims #3, 4, 5 and 6 by Bill Bledsoe and Cruz Chaves, their ore was milled by a small mill they had located on claim # 8, parts of this mill are in place today.They worked these claims for over 40 years and made a living.

At some time in the past, the old timers drove a tunnel into the vein on claim # 17, samples have been taken from this tunnel with assays from .30 to 2.50 ounces per ton. Extensive work was done on claim # 20 where a tunnel was driven into the mountain over 175' and in areas that sank on the vein more than 90'. They milled the ore on site with an arrastra which is in place today. Samples from this tunnel range in value from .40, .65 and some over 1.0 ounce per ton.

Mr. Ed Rush, who now lives in Prescott, Arizona was a young man in 1920 and spent over twenty years mining in the area on claims # 43, 48, 49, and 56.

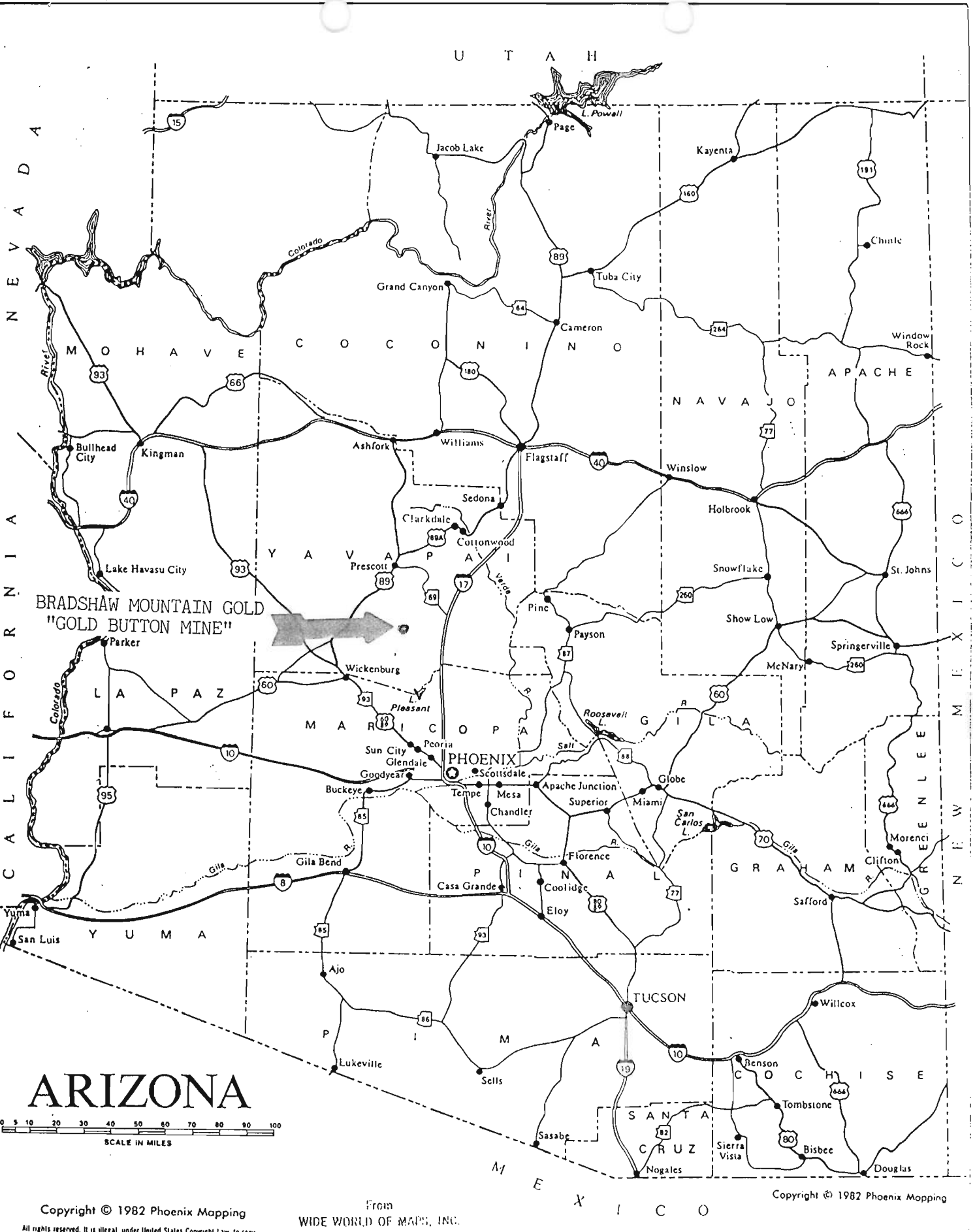
He recently visited the mine and shared some of the past of over 50 years with us. He claimed that at times during the 1920's and 30's over 500 people lived and worked on these 4 claims known as the Rush Springs Area. At that time 3 stamp mills were in operation on the property, now known as the Gold Button Mine. Mr Rush also claimed that 3 sawmills operated in this area, employing over 50 men. They provided timber, lagging and firewood for the steam boilers that powered the stamp mills and hoist.

Much of the work was done near the surface in the oxide ores. When they reached the sulfide ores it was much too hard for them to work by hand and the gold was locked up in the sulfides making it almost impossible for them to work. As a result, many of the old workings can be found on this property that penetrate 15 or 20' into the mountain and then stop. In many cases good assayable ore is found in these old workings. In most cases these ores are not a problem with the equipment now in place at the Gold Button Mine. Gravity separation and flotation are both available now.

PRESENT OPERATIONS

The present milling operations are achieving a recovery percentage of 87 to 95 percent, depending on the ore being run. We expect the new mill to achieve an even greater recovery percentage. The known ore bodies are extensive and warrant a mill of 200 to 300 tons per day. Much exploration and development is required to determine if these ore bodies go down 1600 to 2,000', as suggested by several geologists. They have said it would not surprise them, in fact, they would expect it. Only drilling will confirm this.

Several other structures exist that require exploration and development work. It appears enough ore exists, to provide a long and profitable operation.



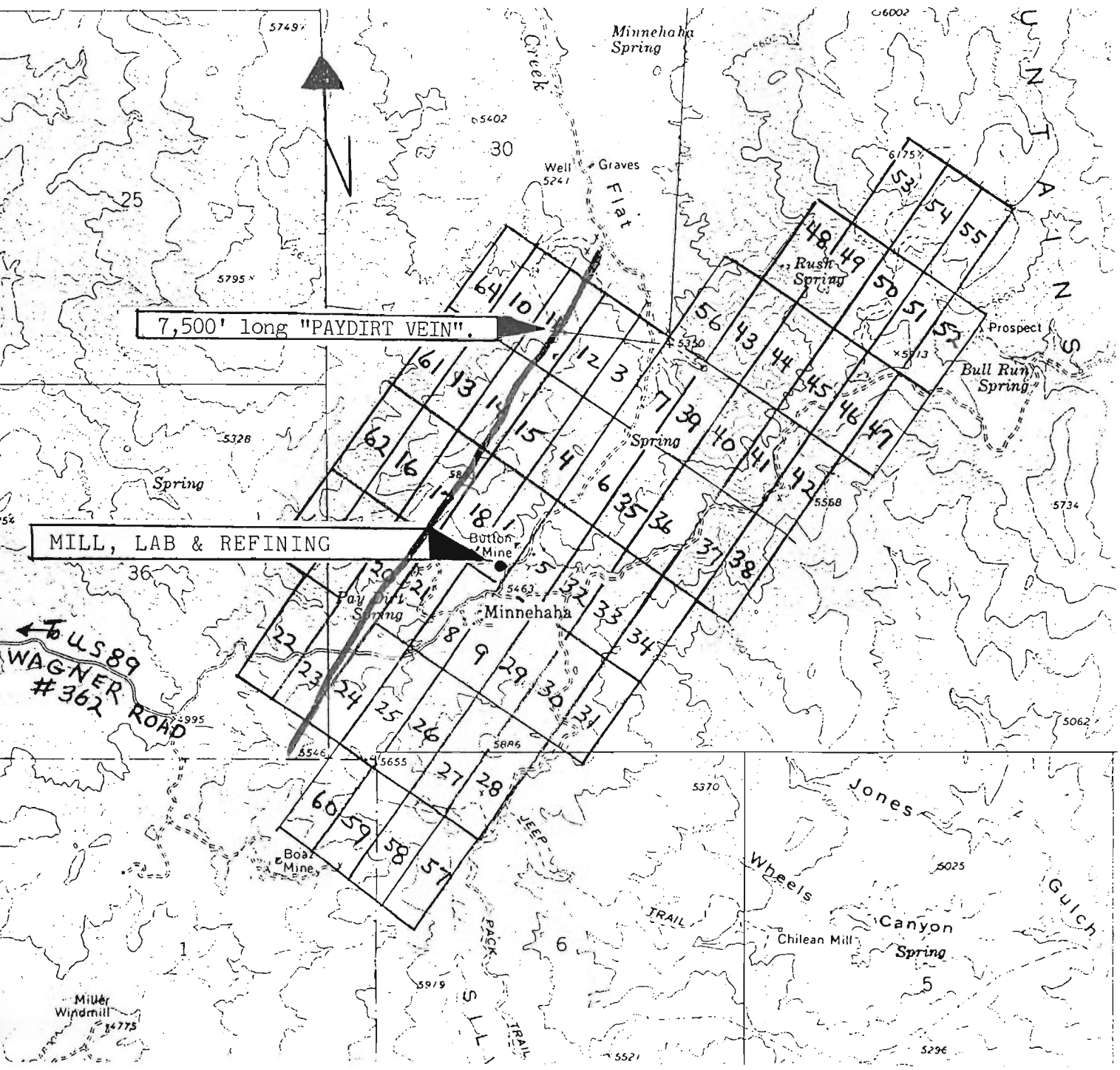
ARIZONA

From
WIDE WORLD OF MAPS, INC.
ARIZ. MAP SHOP & GALLERY
Phoenix, Arizona

BRADSHAW MOUNTAIN GOLD

MINING CLAIM MAP

1. Location of "PAYDIRT VEIN".
2. 63 mining claims, 1,260 acres.
3. Mill, Lab and Refining location.



BRADSHAW MOUNTAIN GOLD

The following represents the **GOLD** and **SILVER** recovered from ore mined from various locations of the **PAYDIRT VEIN**, during our testing program. The pilot mill processed the ore into a **doré bar** and the following sales were made.

DATE	SOLD TO	OUNCES AG	OUNCES AU	TOTAL SETTLEMENT
4-16-87	ENGELHARD METALS	8.831	1.459	$ 466.17
5- 4-87	ACADEMY METALS	0	5.000	1,835.20
6-25-87	PETERSON METALS	0	7.200	2,346.00
8- 7-87	ENGELHARD METALS	42.987	19.828	9,294.12
8-18-87	ENGELHARD METALS	0	23.030	10,321.22
8-31-87	ENGELHARD METALS	24.377	15.763	7,137.68
9-14-87	ENGELHARD METALS	36.746	11.009	5,057.23
9-18-87	ENGELHARD METALS	0	24.000	10,818,26
9-30-87	ENGELHARD METALS	31.056	2.286	1,283.64
10- 8-87	ENGELHARD METALS	16.215	13.004	5,772.39
11-26-87	ENGELHARD METALS	9.415	15.925	7,343.50
12-10-87	ENGELHARD METALS	20.944	22.679	10,802.30
1-12-88	ENGELHARD METALS	8.610	13.850	6,387.34
2- 4-88	ENGLEHARD METALS	5.975	11.469	4,796.51
3- 3-88	ENGLEHARD METALS	17.543	35.016	14,804.67
3-21-88	ANDERSON METALS	0	6.067	2,664.00
	TOTAL	222.699	227.555	$101,130.23

ASSAY REPORT

THE FOLLOWING ARE ASSAYS OF ORE FROM THE PAYDIRT VEIN WHICH WERE DONE BY OUTSIDE LABORATORIES.

	Gold AU	Silver AG	Pltn PT
1. 6/7/84 Gold Dome Sample #1	1.50	4.28	
2. 6/7/84 Gold Dome Sample #2	2.68	2.16	
3. 8/6/84 North American	2.110	1.60	.01
4. 1/11/85 Iron King Assay	2.216	3.38	
5. 1/18/86 Complex Metals Res.	1.65	.48	
6. 9/17/86 J. B. Laboratory	.55	7.00	.90
7. 9/17/86 J. B. Laboratory	.41	2.77	
8. 10/3/86 Hazen Research	1.81	2.54	.01

The following Assays were taken from the "B" level tunnel located at the North end of the PAYDIRT VEIN. Each sample was taken as a chip across the face of the vein, 6' to 8' wide, in seventy two inch intervals.

1. .50	12. .28	23. .12
2. .51	13. .29	24. .21
3. .08	14. .52	25. 3.96
4. .12	15. 3.63	26. 1.12
5. .18	16. 29.46	27. .28
6. .22	17. 5.40	28. .21
7. .76	18. .54	29. .10
8. 1.24	19. .21	30. .35
9. 1.73	20. .10	31. .06
10. .94	21. .08	32. .06
11. .35	22. .15	33. .08
		34. .25

EXHIBITS

1. Map: Arizona

2. Video: Bradshaw Mountain Gold: (news release)

3. Geological Report; May 6, 1988

4. Map of Paydirt Vein

5. Assay List

ADDENDUM #1

PLAN OF OPERATIONS

Paydirt Claims #1,3,4,5,6,&7

OPERATOR: Nuclear Ventures Inc., J. Stanley Hodgson, President
C/O S.E. Theiss, 186 Broadway Lot #16,Yarnell, AZ 85302

The original Plan of Operations is hereby modified to incorporate a change in location of the millsite. It will now be located on, and adjacent to, the original Button Millsite, rather than on the ridge to the west as originally proposed (See attached map). This new proposal will involve less road building and surface disturbance than the original.

Also, Road #362 will be relocated to avoid a muddy wash that the road now runs through. This new section of road will be surveyed by the Prescott National Forest Engineering Staff, and once completed will become part of the Forest Road and Trails Systems Road #362. This road will remain open to public use, with the right-of-way remaining with the USDA Forest Service. All brush removed by road construction will be piled by the operator so it can be burned by the Forest Service when conditions permit.

A temporary service road will be constructed from Road #362, through the mill pond area, to the millsite.

Whenever the fire danger reaches the point that a RED FLAG ALERT is called by the Forest Service, the operator will be required to shut down all operations involving internal combustion engines, blasting, or any other activity that increases the risk of fire.

Signed: J Stanley Hodgson 5/7/79
Operator Date

Thomas R. Chacon 5-14-79
District Ranger Date

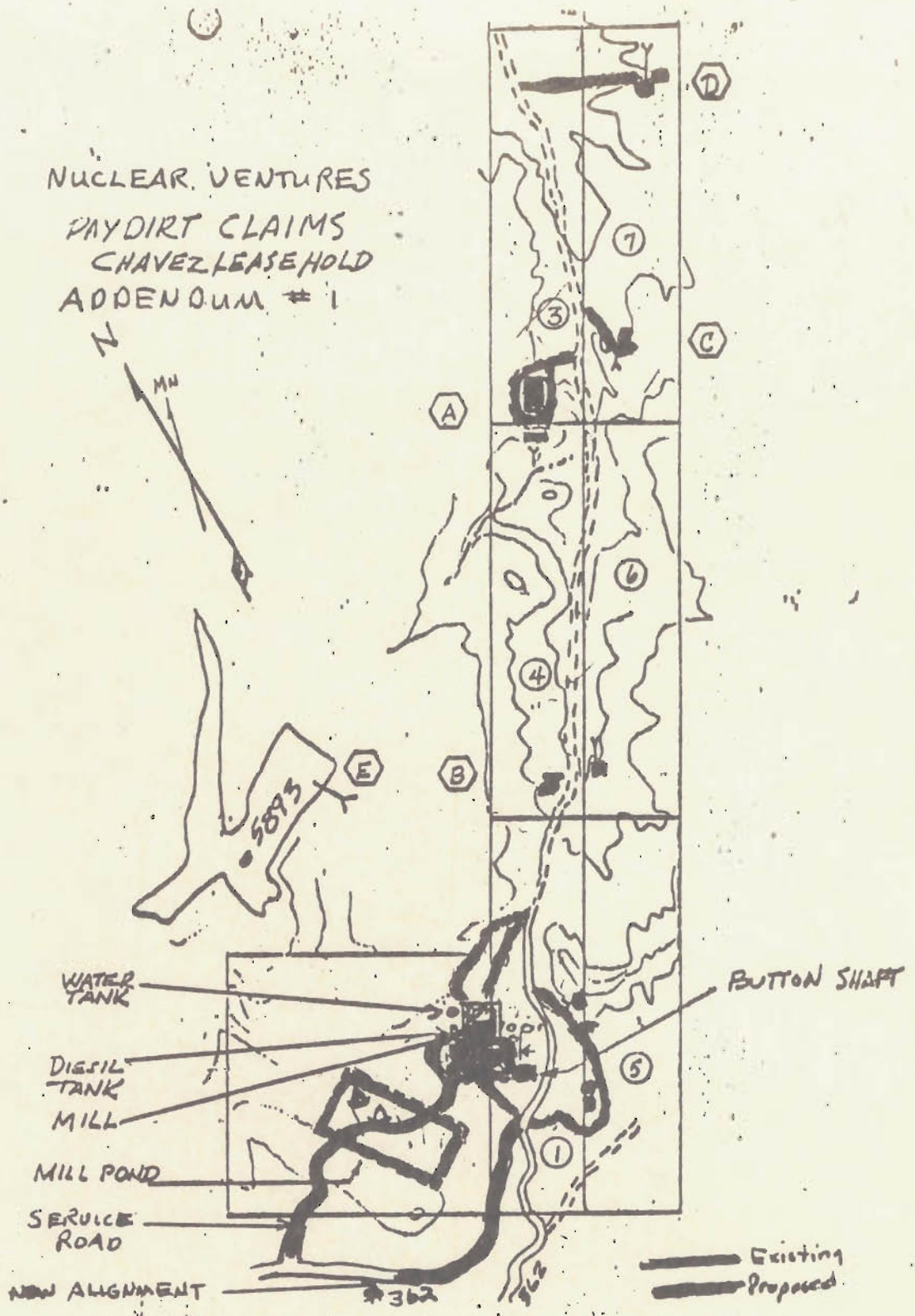


EXHIBIT "B"

BMW 5/2/79

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
Prescott National Forest
Crown King Ranger District
Crown King, Arizona 86343

2810

September 19, 1978

Mr. Rick Adams
Embassy Square Apartments
805 N. 4th Avenue
Phoenix, Arizona 85003

Dear Mr. Adams:

I am sending this Plan of Operations to you since I am not sure where Ernie Thiess is. I suggest that you, Mr. Thiess, and Mr. Hodgson look this over carefully, and if it is agreeable to you, have your authorized representative sign it and return all copies to the Crown King Ranger Station. The Plan is essentially the one you submitted, but includes Forest Service requirements and constraints. The Plan will not be considered approved until I sign it and return a copy to you. The Environmental Analysis Report has been prepared and as soon as it is approved by the Forest Staff I will mail you the signed Plan.

We did agree, however, during our meeting with Mr. Thiess at the mine site, that you could go ahead with your planned assesment work on the claims.

If you have any questions, please feel free to call.

Sincerely,

Thomas R Chacon

THOMAS R. CHACON
District Ranger

6200-11 (1/69)

Final Permit

PLAN OF OPERATION
Paydirt Claims #1,3,4,5,6,7
Pinnacle Mining District

OPERATOR: Nuclear Ventures Inc. J. Stanley Thompson, President
P.O. Box 527, Payson, Arizona 85541 (602-474-2953)

NON-OPERATING INVESTORS: S. E. Theiss, 1122 Parkhaven Dr., Richardson, Tex. 75080, 214 690 0700; Cedric Adams and Dave Adams, 805 N 4th Ave., Phoenix, Ariz. 85003, 602 253 5191; Robert Schleeter, Broadway Equipment Co., 1110 W. Broadway, Mpls. Minn., 55411, 612 529 3345
Russell Haverberg, 10978 Mississippi Dr., Champlin, Minn, 55316, 612 427 2789
Merrell Albury, P.O. Box 376 Princeton, Ill., 61356
Vern Fiscus, RR2 Box 703, Coal Valley, Ill., 61240, 309 799 7590
Robert Kruetz, 1011 W. Baywood Ave., Peoria, Ill., 61614, 309 691 9195
I. B. Cupp, 5114 Meadowcreek Dr., Dallas Tex., 75248, 214 661 9548
Gerald Zeff, 2401 Teakwood La., Plano, Tex., 75075, 214 423 4607

LOCATION: Paydirt LHC's #1,3,4,5,6,& 7, Section 31, T10N, R1W, G&SRBM, Prescott National Forest, Yavapai County Arizona. (See Exhibit "A")

OPERATORS OBJECTIVE: To set up a 100 ton/day flotation mill, and mine selected ore bodies on the Paydirt claims.

OPERATION PLAN:

1. Mining and exploration work will be confined to claims shown in Exhibit "A".

2. Exhibit 'B' attached outlines surface work. The ORANGE coloring of zones, roads, drifts and shafts are existing, and GREEN coloring denotes work for assessment and mining preparation work. The map is 7 1/2 minute with 1000' equal 1/2 inch.

3. The majority of the surface work will occur at A, as noted in Exhibit B, and at the expanded mill site showing extended roads, mill pond space, etc., colored in GREEN. Cleaning up other areas is also noted in green.

4. The work schedule planned for assessment work and enlargement of the mill area, is as follows:

August 20 to Sept. 30 Do Assessment work for the current year, opening up ore contained in the vein in the area of the 'notch' A of exhibit B; ore in the veins north of the Sutton Shaft, B; ore in the

"Swimming Hole' vein, C; ore in the northerly extension of the Swimming Hole vein D; and exploring the vein on the hill west of the Button Shaft E. The notch A assays are shown in sample number 2 attached in Exhibit "C" attached. Notch A shall be deepened and widened to examine more ore for assessment and preparation for further mining by drifting to the south and surface mining to the north as soon as a mining permit is granted. No significant ecological damage, beyond what has already been done, in the course of this work except for the removal of about 10 to 20 trees including up to 12 pine trees, all to be used for timbering.

August 25 to October 15, 1978 Sample ore occurrences that we propose to mine in the decomposed oxidized zone and beneath, where the ore is characteristic of that to be mined later. No significant ecological damage will be done in the course of this work, as this work will be done in existing openings.

October 15 through November 1, 1978 Enlarge the presently existing millsite west of the Button Shaft to permit an efficient mill to be constructed that can economically recover values from ores on the property at a profit under presently existing conditions. This will necessitate a mill capable of concentrating upwards of 100 tons of ore per day for the grades of ore thus far examined. No noxious chemicals will ever be released from the impound areas, and in fact, no poisonous concentrations of chemicals ever will be exposed to humans or animals even in the impound area. No trees, only scrub brush, will be removed from this area and no soil erosion hazards will be created. The total area covered by buildings will be in the order of 2500 square feet.

November 1 forward Mine veins containing proven ore, initially primarily from the vein containing the notch, A of exhibit B, haul the ore to the extended millsite, recover values from the ore there, and impound all tailing created thereby in such a manner that no hazards shall be created.

It is our intention, that within the limitations of conducting operations in an efficient minerlike fashion in accordance with Federal Safety Regulations, ecological disturbance will be held to an absolute minimum. Temporarily all personnel will live on the Chavez millsite and utilize their sanitary facilities. We will move two eight foot wide mobile homes onto their premises, and also two of their buildings for living quarters.

The operator will haul all trash and sewage effluent from the site to an approved sanitary landfill. Chemical or portable toilets will be provided on the site and will be pumped or maintained regularly.

At all times the operator will be careful with fire.

All mechanical equipment will be equipped with an approved muffler and spark arrester. At least a shovel, axe, and fire extinguisher will be kept at the project location for use in case of accidental fire. Operator will inform District Ranger when operations commence so equipment can be inspected. Surface blasting will not be done during periods of high fire danger.

Any trees needed for mine timbering will be marked for removal by a Forest Officer.

Upon completion of operations the disturbed areas will be restored and seeded to return the area to a reasonably natural appearance. This will be subject to approval by the District Ranger.

Public roads adjacent to the operation will be posted with signs marked "Warning Heavy Truck Traffic."

Once the flotation mill is in operation, and every six months thereafter, a sample of the effluent from the settling ponds will be taken and sent for testing to a laboratory certified by the State of Arizona. A copy of the results will be sent to the Crown King Ranger Station for monitoring of heavy metal content and PH.

Brush cleared from the sites will be piled so it can be burned by Forest Service personnel when conditions are favorable.

If the operator decides to change the plans and conduct more surface resource disturbance, an amendment to the plan will be submitted to the District Ranger 15 days in advance.

The District Ranger will be notified upon completion of work.

Bond: A $3,000.00 surety bond will be required for reclamation purposes.

"Approval of this operating plan does not constitute recognition or certification of ownership by any person named as owner herein."

"Approval of this operating plan 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."

Agreed to by: J. Stanley Hodgson Date _____
Operator

Approved by: Thomas R. Chacon Date 10-6-78
District Ranger

February 10, 1977

Cruse M. Chaves
Star Rt. Box 77
Kirkland, Arizona

Dear Mr. Chaves:

The ore samples and concentrates received from your property represent a very workable ore and easily handled concentrates.

Very unusual to find ore and concentrates that are so compatable to ordinary milling and treatment methods.

Tails from the amalgamation process could easily be shipped to existing smelters for final extraction of remaining values.

Amalgamation sponge can be shipped direct to refinery.

NEVADA ASSAY OFFICE

WILLIAM L. COMEY

cc: Extractive Systems, Inc.

AZ-59200

STANDARD FORM 25
JUNE 1969 EDITION
GENERAL SERVICES ADMINISTRATION
FPR (FPMR) 101-45.301

PERFORMANCE BOND

(See instructions on reverse)

DATE BOND EXECUTED *(Must be same or later than date of contract)*
December 15, 1978

PRINCIPAL *(Legal name and business address)*

Gold Button, Inc. dba Button Venture &
Nuclear Ventures, Inc.
805 N. 4th. Avenue
Phoenix, Az. 85003

TYPE OF ORGANIZATION ("X" one)

☐ INDIVIDUAL ☐ PARTNERSHIP
☐ JOINT VENTURE ☒ CORPORATION

STATE OF INCORPORATION

SURETY(IES) *(Name(s) and business address(es))*

Merchants Mutual Bonding Company
P.O. Box 33097
Phoenix, Az. 85068

PENAL SUM OF BOND

MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENT(S)
----	----3	000	00

CONTRACT DATE

CONTRACT NO.

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto, are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally: *Provided*, That, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal entered into the contract identified above;

NOW, THEREFORE, if the Principal shall:

(a) Perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety(ies) being hereby waived; and

(b) If the said contract is subject to the Miller Act, as amended (40 U.S.C. 270a–270d), pay to the Government the full amount of the taxes imposed by the Government which are collected, deducted, or withheld from wages paid by the Principal in carrying out the construction contract with respect to which this bond is furnished; then the above obligation shall be void and of no effect.

IN WITNESS WHEREOF, the Principal and Surety(ies) have executed this performance bond and have affixed their seals on the date set forth above.

PRINCIPAL

Signature(s)	1. *(Seal)*	2. *(Seal)*	Corporate Seal
Name(s) & Title(s) *(Typed)*	1. Gold Button, Inc. dba Button	Venture & Nuclear Ventures,	Inc.

INDIVIDUAL SURETY(IES)

Signature(s)	1. *(Seal)*	2. *(Seal)*
Name(s) *(Typed)*	1.	2.

CORPORATE SURETY(IES)

SURETY A	Name & Address	Merchants Mutual Bonding Co. P.O. Box 33097 Phx., Az.	STATE OF INC. IOWA	LIABILITY LIMIT
	Signature(s)	1. Larry Stuckey	2.	Corporate Seal
	Name(s) & Title(s) *(Typed)*	1. Larry Stuckey, Attorney-in-fact	2.	

25-105

5-A-113

MERCHANTS MUTUAL BONDING COMPANY

DES MOINES, IOWA

POWER OF ATTORNEY

Know All Men By These Presents, that the MERCHANTS MUTUAL BONDING COMPANY, a corporation duly organized under the laws of the State of Iowa, and having its principal office in the City of Des Moines, County of Polk, State of Iowa, hath made, constituted and appointed, and does by these presents make, constitute and appoint

LARRY STUCKEY

of PHOENIX and State of ARIZONA its true and lawful Attorney-in-Fact with full power and authority hereby conferred in its name, place and stead, to sign, execute, acknowledge and deliver in its behalf as surety:

Any or all bonds or undertakings, provided that no bond or undertaking executed under this authority shall exceed in amount the sum of TWO HUNDRED THOUSAND ($200,000.00) DOLLARS

and to bind the MERCHANTS MUTUAL BONDING COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of the MERCHANTS MUTUAL BONDING COMPANY, and all the acts of said Attorney, pursuant to the authority herein given, are hereby ratified and confirmed.

This Power-of-Attorney is made and executed pursuant to and by authority of the following By-Law adopted by the Board of Directors of the MERCHANTS MUTUAL BONDING COMPANY.

ARTICLE 2, SECTION 8A.—"The Chairman of the Board or President or any Vice President or Secretary shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof."

In Witness Whereof, MERCHANTS MUTUAL BONDING COMPANY has caused these presents to be signed by its President and Secretary, and its corporate seal to be hereto affixed, this 27th day of July A.D., 19 77.

Attest:

MERCHANTS MUTUAL BONDING COMPANY

Emily Clark
Emily Clark, Secretary

By _____

W. W. Warner
President

MERCHANTS MUTUAL BONDING COMPANY INCORPORATED IOWA

STATE OF IOWA
COUNTY OF POLK } ss.

On this 27th day of July, 19 77, before me appeared W. W. Warner and Emily Clark, to me personally known, who being by me duly sworn did say that they are President and Secretary respectively of the MERCHANTS MUTUAL BONDING COMPANY, the corporation described in the foregoing instrument, and that the Seal affixed to the said instrument is the Corporate Seal of the said Corporation and that the said instrument was signed and sealed in behalf of said Corporation by authority of its Board of Directors.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal, at the City of Des Moines, Iowa the day and year first above written.

W. D. STILES IOWA NOTARIAL SEAL

W. D. Stiles
Notary Public, Polk County, Iowa
My Commission Expires 9/30/78

_____

STATE OF IOWA
COUNTY OF POLK } ss.

I, Emily Clark, secretary of the MERCHANTS MUTUAL BONDING COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a POWER OF ATTORNEY executed by said MERCHANTS MUTUAL BONDING COMPANY, which is still in force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Company, at this day of 19.

MERCHANTS MUTUAL BONDING COMPANY INCORPORATED IOWA

Secretary

This power of attorney expires September 30, 1979

J. STANLEY HODGSON

RESUME' OF EXPERIENCE

Age: 46

Education: B. Sc. in Mining Engineering from Queen's University, 1952.

Experience:

1950 Summer - Geological work in northern Labrador for Frobisher Ltd.

1951 Summer - Underground Mining, Falconbridge Nickel Mines, Falconbridge (Sudbury) Ont.

1952-1954 - Underground Mining, square set, cut and fill stoping and other underground work, Falconbridge Nickel Mines, Falconbridge, Ontario

1954-1957 - Consulting Engineering and Geological work, uranium exploration, development and production; Stratmat Ltd., Rare Earth Mining Corp., Pielsticker Ltd.; etc. Prepared Securities Commission Reports and developed properties controlled personally in Quebec, Ontario and Manitoba.

1957-1960 - Independent Mining and Geological consultant in Eastern Canada and Western United States; Development of Precious and Base Metal ore deposits for Hodgson Explorations Ltd. and Rossport - Ripple Mining Explorations Ltd.

1960-1964 - Property acquisitions and mine production in Northern Ontario and Northern Quebec, Canada.

1964-1970 - Property evaluations and acquisitions, contract mine and mill development, extractive metallurgical research (owned American Research Corp.); Prepared feasibility study for large (1000 tpd.) tungsten deposit under option in Front Range, Colorado.

1970-1976 - Property acquisitions and mine development, custom mill engineering, and private mining and geological consulting. Developed large gold, platinum, and iridium mine under contract at Sunflower Arizona, a successful gold operation at Osciola and conducted geological exploration proving up uranium deposits in Northern Arizona; managed Mining Development Services, Inc.

J. Stanley Hodgson

J. Stanley Hodgson
P. O. Box 527
Payson, Arizona 85541
(602) 474-2953

February 10, 1977

Cruse M. Chaves
Star Rt. Box 77
Kirkland, Arizona

Dear Mr. Chaves:

The ore samples and concentrates received from your property represent a very workable ore and easily handled concentrates.

Very unusual to find ore and concentrates that are so compatable to ordinary milling and treatment methods.

Tails from the amalgamation process could easily be shipped to existing smelters for final extraction of remaining values.

Amalgamation sponge can be shipped direct to refinery.

NEVADA ASSAY OFFICE

WILLIAM L. COFLEY

CC: Extractive Systems, Inc.

ASSAY REPORT # 115833

February 10, 1977

Tests run on raw ore and concentrates from property owned by

Cruze M. Chaves
Kirkland, Arizona

Ore samples taken and submitted by Gene Stowe of Extractive Systems, Inc.
Concentrates from Chaves mill.

Sample no.		Oz. per ton-gold-	silver	
	1	.58	---	
	2	1.02	1.14	
	3	.70	1.58	
	4	.14	0	
4# composite of above samples				
screen test	+ 14 mesh	2.60	1.64	15 oz. water
	-14 + 35 "	.32	0	17½ "
	-35 + 65 "	1.14	2.10	14½ "
	-65 mesh	.74	3.10	17 "

From a milling standpoint a flowsheet would consist of gravity on the + 65 mesh and chemical treatment on the minus 65 mesh.

Concentrates:			
fire assay	90.50	23.67	
amalgamation test # 1--recovery	65.46	21.29	2 hr. test
2	74.51	13.87	12 "
3	74.69	13.43	12 " with cyanide adde
cyanide test on # 3 amal. tails	1.03	.08	
Tails from cyanide test	14.04	----	

Con. values based on $132.00 gold.

cons: 90.50 oz.	$11,946.00 per ton.	
rec. 81.37 by amalgamation	10,740.65 "	89.91 % of contains
Tails after "	1,205.35 "	

NEVADA ASSAY OFFICE

WILLIAM T. COPLEY, Pres.

ASSAY REPORT # 115833

February 10, 1977

Tests run on raw ore and concentrates from property owned by

Cruzo M. Chavez
Kirkland, Arizona

Ore samples taken and submitted by Gene Stowe of Extractive Systems, Inc.
Concentrates from Chavez mill.

		Oz. per ton-gold-	silver	
Sample no. 1		.56	---	
" 2		1.02	1.14	
3		.70	1.58	
"		.14	0	
Sm composite of above samples				
screen test	+ 14 mesh	2.60	1.6-	15 ozs. value.
	-14 + 35 "	.32	0	17½ "
	-35 + 65 "	1.14	2.10	24½ "
	-65 mesh	.74	3.10	27 "

From a milling standpoint a flowsheet would consist of gravity on the + 65 mesh and chemical treatment on the minus 65 mesh.

Concentrates:			
fire assay	90.50	23.67	
amalgamation test # 1--recovery	65.46	21.29	2 ozs. value
2	74.51	13.87	12 "
3	74.69	13.43	12 " using cyanide solu
cyanide test on # 3 amal. tails	1.03	.08	
Tails from cyanide test	14.04	----	

Con. values based on $132.00 gold.

conc; 90.50 oz.	$11,946.00 per ton.		
rec. 81.37 by amalgamation	10,740.65 "	89.91 % of contain	
Tails after "	1.205.35 "		

NEVADA ASSAY OFFICE

WILLIAM T. COPLEY, Prop.

EXHIBIT "C"

June 6, 1975

Stan Hodgson
Box 527
Payson, Arizona

Dear Stan:

Sorry the the reports on the Chance property were lost. I don't have them with me but will send them again soon as I return to Fallon.

In the meantime John O'Toody had a few figures with him. These were from samples them took. John doesn't haven't them labled as to names except one - I will lable & send them to you from Fallon

#2 West Vein	1.02 oz gold	1.14 oz Silver	OPEN CUT ORE
unlabled	.96 "	1.40 " "	CAMP (SHAFT) ORE
unlabled	.38 "	.19 " "	S. VEINS (TELLURID
unlabled	.79 "	.29 " "	N. ADIT ORE DUM
unlabled	17.26 "	9.10 " "	SWIMMING HOLE A

Also a average of mixed samples of .508 oz. gold/Ton (TELL

Then on the concentrates Stowe sent me. They ran rig at 160 oz gold/Ton and I recovered 92% of the assay contained gold via amalgamation, the gold has a light Iron coating and you will only pan a few colors that are recognisable as native gold. they will amalgamate them with using lacks & re-Rain to clean same.

Best Regards,
William F. Bagby
Nevada Assay Office

Total wt ... Gross Grade ... 18
Leached H..., Au = 66.43
500 ... Au = 61.66 Ag = ...
Shaking Conc - Au = 55.60 Ag = 3...

Heads - Fire assay

1st amalg. - 2.4gms Total recovered
2" " 2.7" " "

2.03735 Au - 754 fine
.66265 Ag

3rd Test - Thio = 46.45 oz Au - 17.82 oz Ag -

Au = 1.018675 gms per lb of conc: 65.46 oz/Ton conc. Au
Ag = .331-325 " " = 21.29 " " " Ag
Tails = 25.04 " " " Au
" = 2.38 " " " Ag
Heads: 55.60 Au
33.50 Ag

amalg. recovers =

amal. Au + Tails Au = 90.50 oz / Ton
Ag = 23.67
almag recovers = Au = 72.33 %
Ag = 89.94 %

I visited with Colby in his lab in June '88. He gave me his original engineering notes. [illegible] Dated [illegible]

4th amal. Test - 12 hr - Au = 74.51 Ag = 13.87

Au
Conc - Roasted - wt loss in Roast - 13% - 25.04 (Tails from Cyanide)
" HNO_3 " HNO_3 52% - 22.00 "
" Sty assay 28.84 "
" HCl leach " HCL 32% - 46.14

3rd Test - Thio Leach — rec. 46.45 oz / Ton Au
— " 17.82 oz / Ton Ag

4th test - 12 hr. Amal. — 74.51 13.87
Tails from " — Au - 4.88 Ag - 8.06

Cyn on 12 hr amal. Tails - rec. — 1.03 .08
Tails — 13.54 8.18

Twin - Blue Ledge - 1 H. Grade Stringer Shoff area .02
2 Mill Rock Shoff area .03
3 Mill Rock H. Vein .01
4 Tunnel Ore Hi Iron sulfides 0
5 - muck .04

Ex Traction Systems

	Au	Hg
...way # 2 West Vein –		
Original assay –	1.02	1.14
#1 – ½ AT	.96	1.40
#2 – ½ AT	17.26	9.10
1 – 1# panned	.38	.19
1 – 1# panned	.79	.29
...ark Stoll (Black sands)	.04	.20

PRODUCT DEVEL[illegible] CHEMICAL ANALYSIS APPLIED RESEARCH

ARC LABORATORIES

Division of Arizona Research Consultants, Inc.
9236 NORTH 10TH AVE. P.O. BOX [illegible] 602 943-3573
PHOENIX, ARIZONA 85068

Ernie Theiss & Ric Adams
805 N. 4th Avenue
Phoenix, Arizona 85003

DATE 25 August 1978

LAB No. 16930-1

RESULTS

Lab. No.	Description	Gold, oz/T	Silver, oz/T
16930	Jay's ore-bucket	0.01	0.19
BUTTON NOTCH → 16931	Sample #2	1.52	1.23

Note
During my visit to W.P. Cooling's lab at Eaton Nev. he gave me this sample and I had Dr. J.P. Sickafoose run a spectrographic test on sample #2 as shown in the report.
E.E. [illegible]

Respectfully submitted,
ARC LABORATORIES

John Sickafoose

John P. Sickafoose, Ph.D.
Technical Director

Extractive Systems

	Au	Ag
Hovez — #1 — Std Fire assay	.58	
1# — penned (Hammer mill)	.19	
1# — " (pulverized)	.08	
1# — " q/tz Thio (Hammer)	.115	.125
1# — course cyn — rec.	.174	1.37
course Tails —	.40	1.08
Fine Tails — pulv.	.41	.98
1# pulv. cyn — Char.	.120	0

Hugh S. Thomas

Fred L. Copeland

MONEY METALS ASSAY OFFICE

306 South Montezuma Street
Prescott, Arizona 86301
Telephone (602) 445 8206

Custom Ore Assaying

11-15-80

Ariz. Reg. No. 8245

Mr. S. T. Theiss
3345 W. Evans Drive
Phoenix, Ariz. 85073

Samples submitted 11-10-80:
Results of Determinations:

	Gold	Silver	Lead
Heads	.005 oz/T	6.27 oz/T	1.05 %
Tails	nil	0.58 oz/T	0.12 %
Concentrate	.049 oz/T	81.68 oz/T	3.90 %

REGISTERED ASSAYER
CERTIFICATE NO.
8245
FRED LANE
COPELAND
STATE OF ARIZONA U. S. A.

Fred L. Copeland

11-15-80

3 Gold & Silver 24.00
3 Lead 21.00

Total 45.00

September 22, 1979

Thomas R. Chacon, District Ranger
U.S. Dept. of Agriculture
Crown King Ranger District
Crown King, Arizona 86343

Reference: (1) Your letter 2810, July 4, 1979
(2) Request to construct dam and road at mill site

Dear Mr. Chacon:

Complying with reference (1), please find enclosed a map of claims staked and filed with the Yavapai County Recorder and Bureau of Land Management. As soon as new maps are available resulting from the recent government surveys, we will re-map our claims and do additional surveying for better documentation, and submit them to you.

With respect to reference (2), we request to construct a dam and road just to the North of the mill site, similar to the mill pond dam to the south of the mill. The dam shall be designed to capture water shed and store reclaim water for milling purposes. The road formed over the dam shall follow an old road to earlier mining areas. The road would come southwesterly off the public road over the dam up to the mill unloading area north of the coarse ore bin. We shall flag the area for your observation. Bruce Wilson has looked over the area.

Material for the dam shall be dozed down to the north from the turn-around area excavation. Meanwhile, we propose to sort that which is ore from these excavations for milling, as we have discovered a sizable vein of ore in the turn-around area space during preliminary excavations. Please see the enclosed map outlining the dam and road proposed.

Sincerely yours,

S. E. Theiss, President
Gold Button, Inc., Operator
P. O. Box 326
Yarnell, AZ 85362

Nearly Approved
Must provide that accomplished

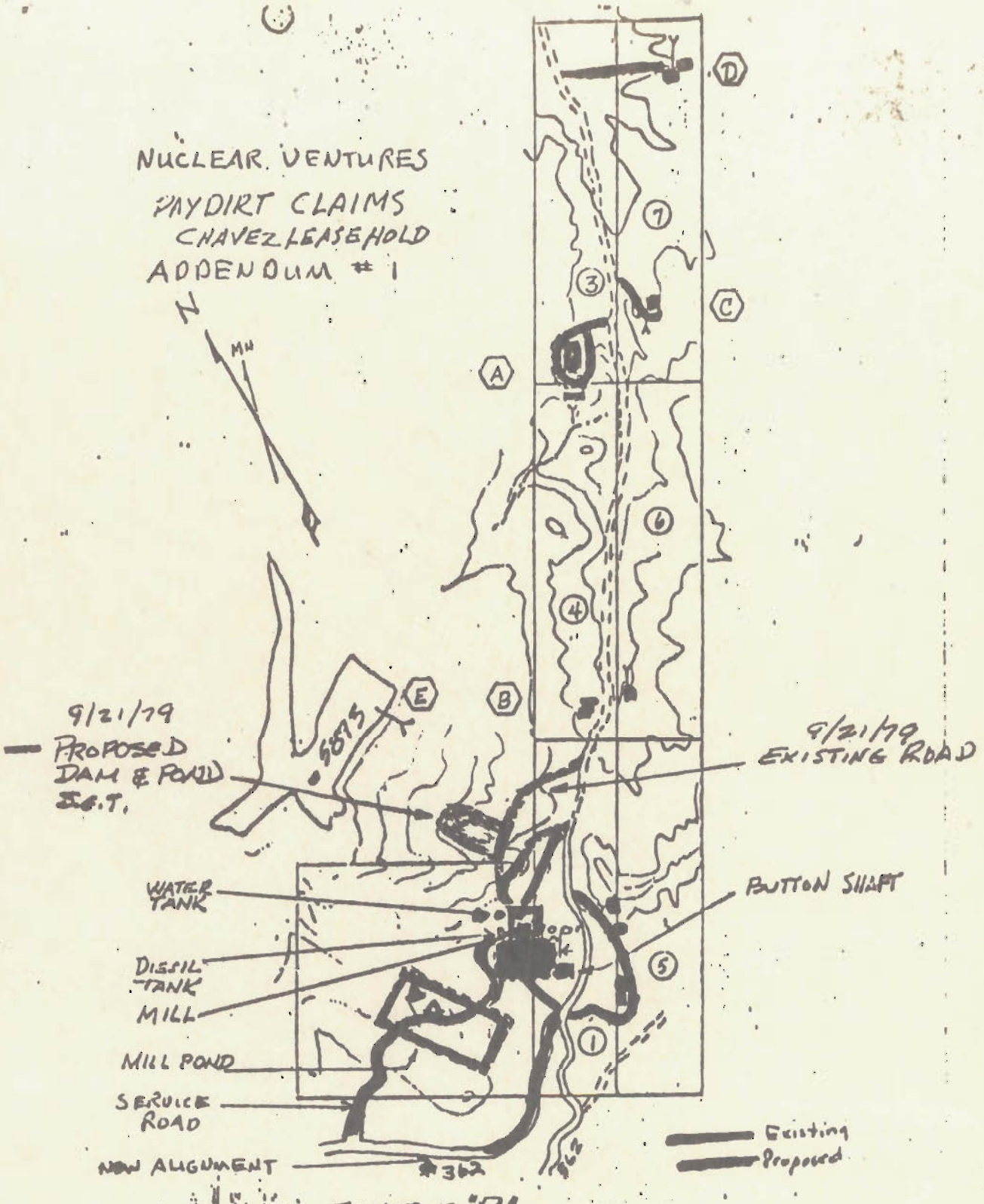


EXHIBIT "B"

BMW 5/2/79

ENCLOSURE 9/21/79
S.E.T.

INITIAL FLOATATION & TABLE RUN
WEST CROWN VEIN, CLAIM #17
2/3/81

Ore was taken from the WEST SIDE of mountain, PAYDIRT #17; collected samples over 2 hr run. These assays were 15 gram 1/2 assay-ton samples fluxed with 40 g. lead monoxide, 40 g. sodium carbonate, 25 g. Borax glass, and 20 g. wheat flour, furnaced at 850° C, finished at 1100° C, then cupeled at 885-900° C

Mill Feed ore averaged:
1/2 AT 63 mg = *1.26 oz/T Ag & Au
Split Button 5146894 - 6862 = 32 mg = 0.64 oz/T Au

*This is a conservative 2 hr. average reading because values are lost by dust fall-off during sampling - in other words, it is difficult for us to catch dust by hand sampling, although this dust does go into the mill and is not lost.

Float Cons., Rougher Cell:
Bottom tank #1 - 1/2 AT 1.15 mg = 2.30 oz/T Au Ag

Table High Cut:
1/2 AT 3.80 mg = 7.6 oz Au Ag
Split Button 3.80 mg. = 6.8 oz Au

***Table Middlings:**
1/2 AT 0.3 mg = 0.6 oz/T Au Ag
*Normally fed back to Ball Mill for regrind

***Table Tails:**
Semiwashed 1/2 AT 0.25 mg = 0.5 oz/T
Washed (Residue in launder box after shut down) 0.48 mg = 0.96 oz/T Au & Ag
Split Button 5146780 - 6760 = 20 mg = 0.4 oz Au

*True tails were not captured, because what we caught had already been de-watered and "washed" in the launder box. A true reading would be less.

Bear in mind this is a very encouraging run, and is only the first step toward concentration. Tandem float and table concentration tests will certainly produce positive results, where we get a 30 to 50 concentration factor. Then by proper cyaniding and amalgumating, say 30 to 1 concentrates, we should be able to produce gold and silver bullion from about 50 tons of raw ore daily.

Using the University's estimated recovery factor of 79%, and the 1.26 Au Ag assay from the heads reported above, and a 95% Au & Ag recovery factor from concentrates by cyaniding and amalgumating, we could recover the following:

Concentration:
1.26 oz Au & Ag
0.62 oz Ag X 79% = 0.49 oz Ag
0.64 oz Au X 79% = 0.50 oz Au

Recovery by Cyanide and Amalgum:
0.49 X 95% = 0.465 oz/T Ag
0.50 X 95% = 0.475 oz/T Au

Per 50 tons per day:
0.465 X 50 = 23.25 oz Silver
0.475 X 50 = 23.75 oz Gold

This would be a realistic goal for us to shoot at in our present set up, but only if additional equipment is added.

Reported 2/23/81

S. E. Theiss

Analyical report

on

The Button Venture

Attention;

E.Theiss

R.Adams

UNIVERSITY OF ARIZONA
FLOATATION TEST

On Nov. 3, 1980, ore from claim Paydirt #17, drift in slope NW of mill, was delivered to professor Tom Young, head metallurgist. Mr. Bob OHara, mineralogist also inspected and tested this ore. Floatation tests were run and the results were as follows:

Heads - 1002.2 g. Assay 5.95 mg i/2 AT = 11.90 oz. Au & Ag

Floatation concentrates (cons) - 100 g.
Assay 45.76 mg 1/2 AT = 91.52 oz Au & Ag
Split button 1.13 mg Au 1/2 AT = 2.26 oz Au

Tails - 902.2 g. Assay 0.89 mg 1/2 AT = 1.78 oz Au & Ag

The above cons. were also assayed by Fred Copeland, Certified Assayer, using AA Spectographic Methods, at 81.68 oz T, Ag, and only .049 oz T Au; this may be due to the presence of electrum, an alloy of Au & Ag, as reported by Mr. O'Hara of the University.

Mr. Young reported the Cons. to contain 8% metals, primarily lead carbonate, silver, electrum, and gold. He felt this ore should bear considerable gold, and that both gold and silver should float equally well. He thought our system of floating first, and then tabling the float undercurrent was acceptable for the present tests, but that tabling first may be advantageous in capturing certain metallic bearing material. His float tests were conducted as follows, simulating with a single cell

(1) Preparation - grind in ball mill with 50% solids, adding 1 lb. 350 Xanthate (Potassium Amyl Xanthate) as a promoter.

(2) Place in conditioner 30% solids Ph Natural (between 6.3 - 8.3 is safe), add .03 lb./Ton Cresylic Acid reagent, condition one minute, then add .014 lb/Ton 242 reagent as a collector, and float one minute.

(3) Add .014 lb/Ton 242 reagent and sulphidize with Ammonium sulphide (more convenient than sodium sulphide for lab). Condition 1 1/2 minutes, float 1 minute.

(4) Add .014 lb/Ton 242 reagent, condition 2 1/2 minutes, float 2 minutes; repeat this step 4 times.

From this simulated float test Mr. Young calculated 79% recovery of silver and gold, and feels that we should do considerably better in practice. He has offered to assist us at the mill, and is still looking forward to this assistance.

Reported 2/22/81

S. E. Theiss

10 - 22-78

Button Property

On or about the 28th of September of this year, the undersinged visited the Button property for the purpose of a cursory inspection of the claims. The claims are located southwest of Crown King and southeast of Wagoner, Arizona. The Button shaft itself is at the head of Minnehaha Creek. The area is composed mainly of Bradshaw granite, with overlays in places of andesites.

The writer of this report has worked in this area for many years and has an extensive knowledge of the geology of the bradshaw Mountains. The idea behind this visit was to check the trends of the ore deposits and cut samples for analytic purposes. It was very apparent from surface inspection that the deposit was very extenive.

Six drill samples and three vein samples were analyzed and the results follow.

Notch #1 hole West Vein

0.00 oz. Au/ton

0,00 oz. Ag/ton

Notch #2 hole West Vein

0.71 oz. Au/ ton

0.85 oz. Ag/ ton

Notch #3 hole West Vein

0.39 oz Au/ ton

0.33 oz Ag/ ton

Notch #4 hole West Vein

0.51 oz Au/ ton

0.42 oz Ag/ ton

Notch #5 hole West Vein

0.00 oz.Au/ ton

0.00 oz.Au/ ton

Notch #6 hole West Vein

0.68 oz. Au/ton

0.69 oz. Au/ton

Button #2 South end East side

0.98 oz Au/ton

1.08 oz Ag/ton

North Extension #1 Waterhole

0.46 oz.Au/ton

0.62 oz.Au/ton

South Wall Notch

Hammer out between 1 & 2

1.02 oz. Au/ton

0.74 oz. Ag/ton

At this point, the need for roasting was suggested. Therefore, four samples were selected, roasted and reran.

Notch #3 hole West Vein

0.52 oz. Au/ton

0.44 oz. Ag/ton

Notch #4 hole West Vein

0.81 oz. Au/ton

0.43 oz. Ag/ton

Notch #5 hole West Vein

0.74 oz. Au/ton

0.38 oz. Ag/ton

Notch #6 hole West Vein

0.68 oz Au/ton

0.40 oz Ag/ton

The roasted samples were watched very carefully while being fired. The slag was micorscopecally examined. The undersinged decided to rerun two samples of 10 grams each rather than the standard 30 gram samples. This decision was based upon the appearence of the slag. It was also decided to add a strong reducer to the flux.

Notch #3 West Vein

2.68 oz. Au/ton

1.58 oz. Ag/ton

Notch #6 West Vein

1.89 oz. Au/ton

1.50 oz. Ag/ton

If a careful examination is made of the above results, there is only one conclusion the reader can come to; there is contained in this ore an interfering element or compound that is the cause of these erratic results, not only in this report but in the findings of other people.

The above results have had a varification test run by wet chemistry to assure the accuracy of these results.

Consideration must be given to these interferences in establishing a flow sheet but they should prove no problem.

Sincerely

Jay Wilson

Jay Wilson

Analyst.

Fire assay on 3 grams of drillings of an ingot secured from Mary Bledsoe Received 11-2-78.

81.21 oz. Au/ton

48.79 oz. Ag/ton

ES&R

Earth Science & Resources Inc.

P.O. Box 19099 • Phoenix, Arizona 85005 • Phone: (602) 269-8130

The following samples of ore were delivered to me by S. E. Theiss. Mr. Theiss has represented that these samples are from the Button Mine at the Mill head West of the Button Shaft on paydirt claim no. 18, and from subsequent mill runs.

8-2-79	Surface cut across vein		
	10 g. sample (1.12 X 3)		3.36 Au oz/ton
1-3-80	First Table Run		
	30 g. sample 1 Assay T		0.86 Au oz/ton
	Second Table Run (Black Can)		
	30 g. sample 1 Assay T		0.81 Au oz/ton
	Third Table Run (Green Cans)		
	30 g. sample 1 Assay T	1st Assay	1.54 Au oz/ton
		2nd Assay	1.46 Au oz/ton
	Ball Mill Input (Raw Crushed Ore Sampled every 15 minutes for 4 hours)		
	30 g. sample 1 Assay T		16.24 Au oz/ton
	Two Ore Buckets (Top of fine ore bin)		
	30 g. sample 1 Assay T		7.92 Au oz/ton
	Fine Cut Up Table (Plastic Bottle)		
	15 G. sample (33.48 X 2)		66.96 Au oz/ton
1-7-80	Continued from above run:		
	Tailings from table		
	30 g. sample 1 Assay T		1.31 Au oz/ton
	Jig Concentrates		
	30 g. sample 1 Assay T		5.08 Au oz/ton

Jay Wilson

Jay Wilson

ES&R

Earth Science & Resources Inc.

P.O. Box 19099 • Phoenix, Arizona 85005 • Phone: (602) 269-8130

July 21, 1979

The following assays were taken from samples delivered to me on May 26, 1979 by S. E. Theiss of Button Venture in the Gold Button Mine prospect:

Sample No. 1: 20 gram sample 1.22mg(1.5)	1.83 oz. Au/ton
Sample No. 2: 30 gram sample One assay ton	16.26 oz. Au/ton
Sample No. 3: 20 gram sample 0.92mg(1.5)	1.38 Oz. Au/ton

Jay Wilson

Jay Wilson

APPENDIX A

BUTTON VENTURE EQUIPMENT
1/22/80

OPERATIONAL EQUIPMENT

300 ton coarse ore bin and grizzly.
Coarse ore feeder with vibrating screen.
Kue-Ken 15 T/hr. crusher with 50 HP drive.
30' enclosed bucket elevator with 10 HP drive.
60 ton fine ore bin.
Fine ore belt feeder.
Fine ore auger feeder to ball mill.
Impact mill belt feeder.
*Impact mill.
*36" Ainsley Bowl.
*100 GPM 7 1/2 HP pump.
2 each, 30" Ainsley-type bowls.
No. 4 Marcy Ball mill with drive.
Rake classifier with drive.
Conditioner 4 X 5 Denver with drive.
6 X 15 Wilfley shaker table with drive.
6 X 15 Plat-O Deister shaker table with drive.
Krough sand pump with 15 HP drive.
15 KW 220/115 volt motor generator.
187 KVA Cat/GE motor generator.
Two each, Grainger deep well pumps 3/4 and 1 1/2 HP.
5000 gal. water tank, steel.
1000 gal. water tank, steel.
Two each, 1 1/2 HP Grainger sump pumps.
**2000 gal. fuel tank.
Air hammer with drills.
1953 International 1 1/2 ton flat bed.
1964 International 1000 gal. oil tanker
1948 International dump truck.
TD18 Dozer tractor.
D4 Dozer tractor.
***Hobart Welder, and acetylene torch set, on trailer.
***Hydraulic concentrator 2 ton/hr. - new.
Safeway 1954 8 X 30 mobile home.
Sparton 8 X 27 trailer.
Tandem axil trailer.

PARTIAL EQUIPMENT LIST

NON OPERATIONAL EQUIPMENT

6000 gal. thickner tank with mud pump and rake drive (good).
4 stage Galliger float cell system with drives (rebuilt).
Wisconsin engine drive mud pump (needs repair).
24' Belt conveyor (good).
18' Bucket elevator (good).
Two each chemical feeders (good).
5 yard dump box with cylinder and power take off (good).
10-wheel International truck, about 1955 (needs repair).
24 yard dump trailer (good).
Insley back hoe (junk).
Mac fire truck (junk).
Krough mud pump (good).
Case Terra Trac loader (needs repair).
TD6 Loader (needs ring job).

F.22
Initial 11/13/80

November 8, 1980
Gold Button Inc.
300 S. 12th St.
Phoenix, AZ 85034
Contact: Ric Adams
254-5503

Mr. Ron Thompson
U.S. Dept. of Agriculture
Forest Service
Bradshaw District
RFD 7 P.O. Box 3451
Prescott, Arizona 56301

RE: Addendum #3 - Gold Button Mine

Dear Mr. Thompson:

With reference to my visit with you in your office on November 6, 1980, we hereby request to include in our plan of operation, to mine the drift located north and west of the Mill approximately 800 ft. See map enclosed.

We also will clear old mine road, and add a switchback to bring the road directly to the adit. The old road is located approximately 50 ft. lower, below the adit, which would be impractical for serious mining.

Signed _____
Gold Button, Inc.
Operator

11/8/80
Date

_____
District Ranger

_____
Date

Enclosure

ADDENDUM #2
PLAN OF OPERATION
GOLD BUTTON MINE
PAYDIRT CLAIMS
#1, 3, 4, 5, 6, & 7
SECTION 31, YAVAPAI COUNTY, ARIZONA

GOLD BUTTON INC., dba
Button Venture & Nuclear Venture Inc.
300 S. 12th St.
Phoenix, AZ 85034
602/254-5503

Contacts:
S. E. Theiss, President
Ric Adams, Secretary

We request that the original plan of operation be expanded to include a closed circuit cyanide leaching and carbon absorption system for removing silver and gold precious metals.

Briefly, as an extension of our mill, ore will be agitated in leach tanks, using a maximum of 1/2 of 1 percent sodium cyanide and 1 percent sodium hydroxide regulator. The Ph will be kept basic at all times in all phases of ore treatment, including the wet grinding circuit.

Tails will be dispersed to the mill pond, as formerly approved in the original plan. See map enclosed.

Cyanide liquor will be returned from the tails for reuse, on a continuous basis. All tails will be dispersed in strict accordance with the State Bureau of Mines, and MSHA of the U.S. Bureau of Mines.

Signed S E Theiss 5/7/80
Gold Button, Inc. date
Operator

District Ranger date

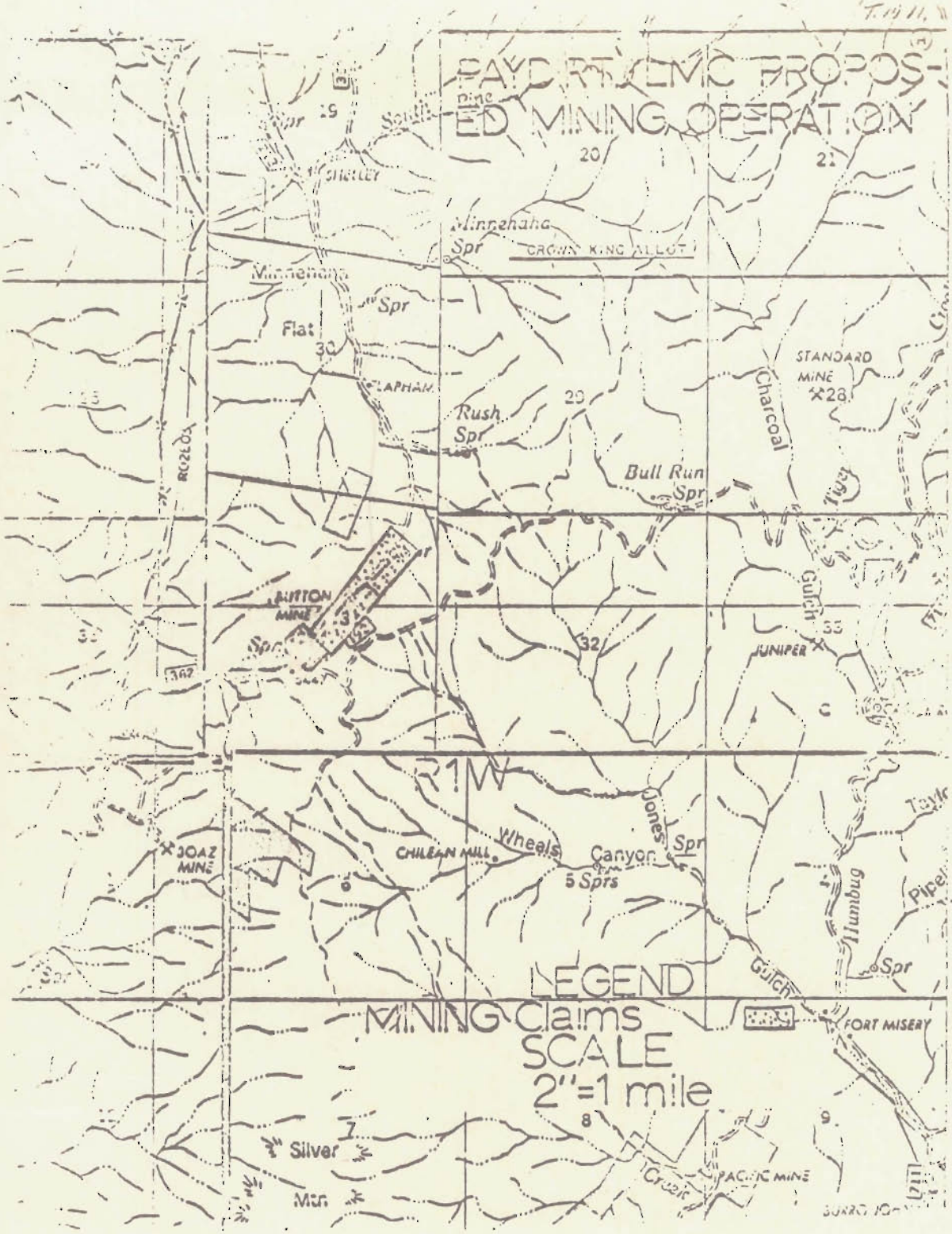
APPENDIX

A. Area Map

B. Claim and Improvement Map

C. Assay Reports

D. Operator's Resume


PAYDIRT/CMC PROPOSED MINING OPERATION
Pine
Shelter
Minnehaha Spr
CROWN KING ALLOT
Minnehaha Spr
Flat
CLAPHAM
ROAD
Rush Spr
STANDARD MINE
Charcoal
Bull Run Spr
Tiger
Gulch
BUTTON MINE
JUNIPER
R1W
Jones Spr
Wheels Canyon
CHILEAN MILL
5 Sprs
JOAZ MINE
Thumbug
Gulch
FORT MISERY
LEGEND
MINING Claims
SCALE
2"=1 mile
Silver
Mtn
PACIFIC MINE


Well
Graves
Prospect
Bull Run Spring
Jones
Chileen Mill
Canyon
Spring
Creek
Springs
Silver

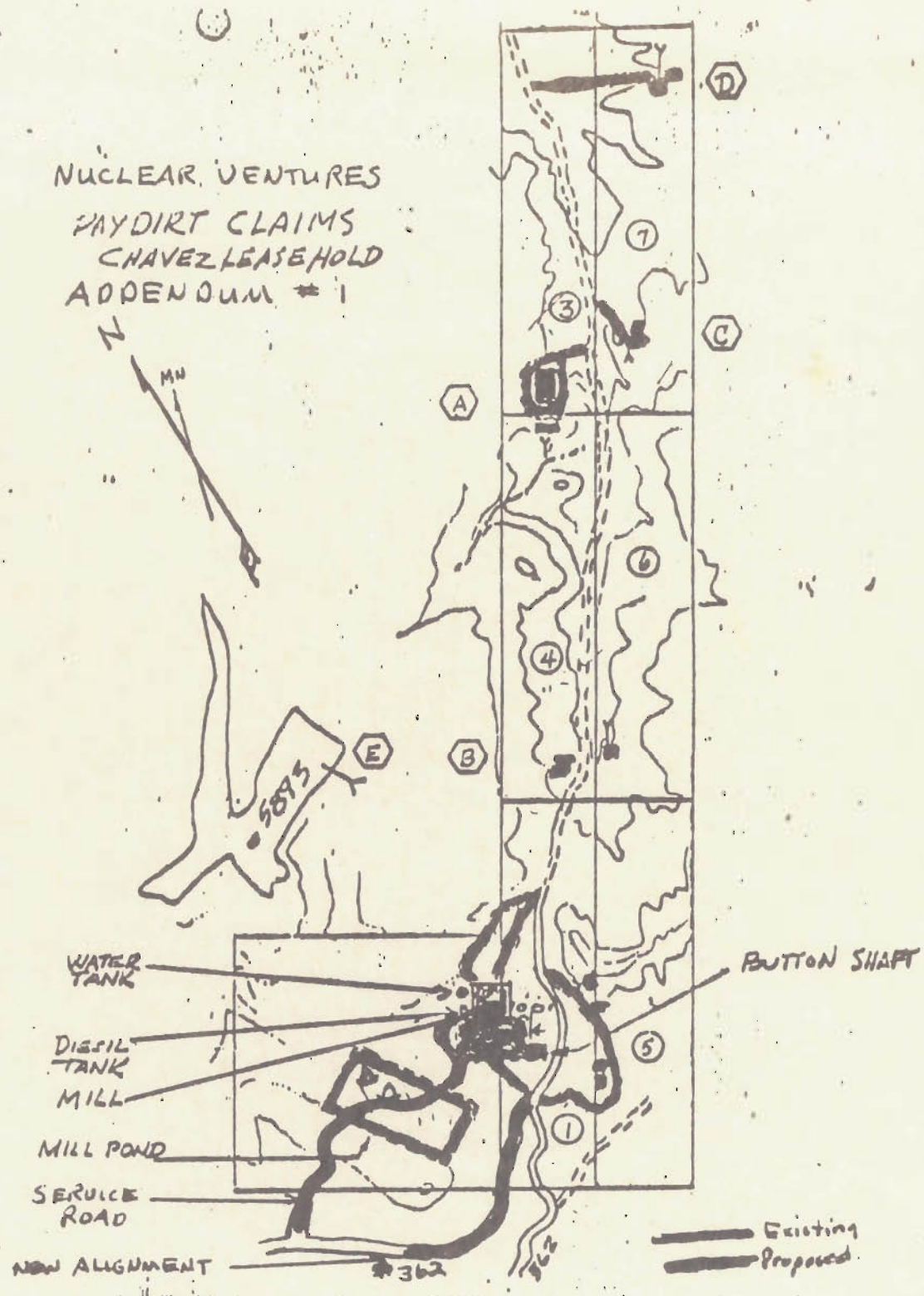


EXHIBIT "B"

BMW 5/2/79

STATE OF ARIZONA, C. 1_914

I do hereby certify that the within instrument was filed and recorded at the request of ______

on MAY 23 '79 -4 00 PM o'clock ___ Book 1218 Official Records Page 292-293

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder

INDEXED

By James E. [illegible]

NOTICE OF LOCATION

LODE

NOTICE is hereby given that PAY DIRT # 8 Lode Mining Claim was located by S. E. Theiss, dba Button Venture 3345 W. Evans, Phoenix, Arizona, on the 20 day of May, 1979.

This claim is 1500 feet in length along the vein or deposit of mineral bearing rock in place and 600 feet in width (300 feet on either side of the center line of the claim) forming a claim in the shape of a rectangle.

The undersigned will distinctly mark said location on the ground, so that its surface boundaries may be readily traced, by six substantial ~~plastic~~ posts, one at each corner and one at each end center, and each so marked or labeled as to set forth the point at which it is posted.

Said claim is situated in the Tiger District, Yavapai County, Arizona, and more particularly described as follows:

Beginning at Corner No. 1 which is the NE corner

Thence SW 1500 feet to corner No. 2 (SE);

Thence NW 300 feet to the end center point;

Thence NW 300 feet to corner No. 3 (SW);

Thence NE 1500 feet to corner No. 4 (NW);

Thence SE 300 feet to the end center point;

Thence 300 feet to corner No. 1, the point of beginning.

This location notice is posted at the NORTH MONUMENT corner and within the boundaries of the claim and is approximately 1840 feet EAST and 1150 feet NORTH from the SW corner of Section 31, Township 10 North, Range 1 West, G. & S. R. B. & M., and platted as shown on the accompanying plat. (unsurveyed)

Dated and Posted on the Ground this 20 day of May, 1979.

S. E. Theiss

S. E. Theiss, dba Button Venture
Locator

Bureau of Land Management, State Office for Arizona
Date and Time filed: ______ BLM Serial No. ______

Sample of claim location notice.
There are 62 recorded claims.

STATE OF ARIZONA } ss 37652
I do hereby certify that the within instrument was filed and recorded at the request of Jack Whitehead
on DEC 22 '78 -8 15 AM o'clock — Book 1188 Official Records Page 230-238 (Incl.)
Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.
INDEXED PATSY C. JENNEY, County Recorder
By Kathleen Gonzales Deputy

RECORDER YAVAPAI COUNTY ARIZ

5-

LICENSE, LEASE AND OPTION AGREEMENT

THIS AGREEMENT, made and entered into as of the 10th day of August, 1978, by and between Mary Bledsoe and Cruz M. Chaves, both of Paydirt Claims, Arizona, herein called "Lessors", and S. E. Theiss, of Richardson, Texas, herein called "Lessee".

WITNESSETH:

FOR AND IN CONSIDERATION of the mutual promises herein contained, the parties hereto agree as follows:

1. By this instrument Lessors grant to Lessee, on the terms set forth herein, (i) a continuing license to carry on exploratory work in a 100-square mile tract, herein called the "Square", and (ii) a continuing right to lease such number of mining claims, herein separately called a "Leased Claim" and jointly called the "Leased Claims", together with such number of mill sites as Lessee may reasonably require, each such Leased Claim to be not in excess of 600' by 1,500' and to be subject to an option running to Lessee to purchase such Leased Claim.

2. The term of this agreement shall run from the date set forth above through January 1, 1981, and for so long thereafter as Lessee is either mining one or more Leased Claims and producing minerals therefrom in commercial quantities or is diligently preparing to mine one or more Leased Claims.

3. The Square shall extend five (5) miles true north, east, south and west of the Button Mine shaft, located in Section 31, Range 1 West, Township 10 North, Yavapai County, Arizona.

4. During the term of this agreement Lessee shall have the sole right, privilege and license to enter upon all mining claims located within the Square in which Lessors shall assert any mining rights, and there to conduct such exploratory drilling and other exploratory work as Lessee, in his sole discretion, shall deem adviseable; provided, however, that this right, privilege and license shall not give Lessee any surface rights with respect to the approximately square five (5) acre tract upon which are situated the homesteads of Lessors Mary Bledsoe and Cruz M. Chaves; and further provided, that should Lessee, having elected to lease a Leased Claim, thereafter elect to permit the lease on such claim to go into default and the Leased Claim to revert to Lessors, Lessors, their assigns, heirs, devisees, or legal representatives, or any person in privity with them, shall thereafter be entitled to explore and mine such claim.

5. Lessor Cruz M. Chaves, on behalf of both Lessors, shall furnish to Lessee a written representation, together with any existing documentation, as to the exact nature of any mining claim rights Lessors may assert in any mining claims in the Square. Lessee shall properly locate such claims in the names of Lessors, or either of them, as the case may be, in a manner which complies with the applicable statutes and rules and regulations of the United States and the State of Arizona, and, until such time as Lessee

shall elect to lease any particular mining claim, Lessee shall perform at his expense such assessment work as may be required to maintain such claims as valid and subsisting claims registered in the names of the Lessors, or either of them, under such applicable statutes, rules and regulations. Lessee may, at his own expense, stake in the names of the Lessors such additional mining claims within the Square as Lessee shall deem necessary or desireable in the operation of the Leased Claims, in which event Lessee shallsimilarly perform at his expense the necessary assessment work to maintain such claims as valid and subsisting claims.

6. Lessors hereby lease to Lessee for mining purposes six (6) Leased Claims in Sect-on 31, Range 1 West, Township 10 North, Yavapai County, Arizona, and an adjacent mill site, the boundaries of which shall be determined by Lessee in his sole discretion and marked with monuments, and the metes and bounds description of which shall be set forth in an affidavit executed on behalf of Lessee in recordable form, which shall make reference to this agreement by the instrument number which shall be assigned to it when this agreement is recorded with the County Recorder of Yavapai County, Arizona, and which shall identify each Leased Claim by an identifying number, e. g., "Button Venture Claim #1", "Button Venture Claim #2", etc. Lessee may from time to time during the term of this agreement elect to lease for mining purposes one or more additional Leased Claims, or to select additional mill sites, by marking such claims with monuments and filing an affidavit identifying such Leased Claims with the County Recorder of Yavapai County, Arizona. A copy of each such affidavit so filed will be furnished to Lessor Cruz M. Chaves on behalf of each Lessor.

Should Lessee's operations require that he have rights in non-mineral bearing claims for the purposes of protection, surface rights or access to ore veins, Lessee shall have the right to stake such claims, at his cost, in the name of one or more of the Lessors. Such claims, although identified in affidavits filed with the County Recorder of Yavapai County, Arizona, may be used by Lessee free of any obligation to pay to Lessors the royalties hereinafter required to be paid by Lessee with respect to Leased Claims leased for mining purposes and to be conveyed to Lessee without charge at such time as Lessee may exercise his option to purchase the ore-bearing Leased Claims to which such non-ore-bearing Leased Claims are appurtenant.

7. Lessee shall have a continuing option during the term of this agreement to purchase all or parts of the Leased Claims upon the following terms:

a. Upon his first exercise of its option, Lessee shall purchase Leased Claims having an aggregate value, as hereinafter determined, of not less than Five Hundred Thousand Dollars ($500,000.00).

b. Each Leased Claim leased to Lessee shall have an initial option price of Eighty-three Thousand Three Hundred Thirty-three Dollars ($83,333.00).

c. The initial option price of each Leased Claim shall prevail through and including the second anniversary date of the day upon which Lessee first mills ores from such tract, provided, however, that with respect only to the first six (6) Leased Claims leased to Lessee such price shall be available only through and including December 31,

1980, should that date occur prior to the second anniversary date of the day upon which Lessee first mills ores from any of such six Leased Claims.

d. As to each Leased Claim, upon the day next following the end of the initial option price period, and annually thereafter, the option price of such tract shall increase y fifty per cent (50%) of the initial option price for such Leased Claim.

e. Should the Lessee exercise his option to purchase any Leased Claim he shall be given credit against the purchase price of such claim in an amount equal to all "Royalties", as hereinafter defined, paid by Lessee to Lessors prior to the exercise of the option with respect to such purchased Leased Claim.

f. Upon the exercise by Lessee of his option to purchase any Leased Claim and the payment of the purchase price therefor, Lessors shall deliver a quitclaim deed in recordable form, together with such other documentation as Lessee may reasonably require, conveying in such manner as Lessee may instruct undivided interests as tenants in common in such Leased Claim. S. E. Theiss is hereby authorized, on behalf of all persons who may then have an interest in this License Lease and Option, or in any Leased Claim, to advise Lessors in writing of the names of such persons and the undivided interest to which each is entitled in the quitclaim deed, and Lessors shall be entitled to rely on such advice and shall not be liable to any such person, or to his assigns, heirs, devisees, or legal representatives by reason of any error in such advice.

g. Absent a subsequent, signed mutual agreement as to the method of exercising the option to purchase any Leased Claim, the option shall be exercised by the deposit in account number 062 047517 in The Arizona Bank, Prescott, Arizona, to the credit of the Lessors, their assigns, heirs, devisees, or legal representatives, as their interests may appear, of a cashier's check for the full amount of the option price of one or more identified Leased Claims.

h. Upon the exercise by the Lessee of an option to purchase a Leased Claim, the claim so purchased shall cease to be a Leased Claim and Lessors shall no longer have any interest in such claim or in the production therefrom.

8. As partial consideration for this agreement, Lessee shall pay to Mary Bledsoe on February 10, 1979, the sum of Two Thousand Five Hundred Dollars ($2,500.00).

9. As further consideration for this agreement, Lessee shall pay royalties, herein called "Royalties", as follows:

a. Three Thousand Dollars ($3,000.00), the receipt of which is hereby acknowledged, for the period ending November 9, 1978;

b. Three Thousand Dollars ($3,000.00) due November 10, 1978, for the three (3) months ending February 9, 1979;

c. One Hundred Sixty-six and 67/100ths Dollars ($166.67)

with respect to each Leased Claim, due the tenth day of every month, commencing with the month of February 1979, for each claim comprising a part of the Leased Claims on each such due date, provided that unless and until Lessee shall first exercise his option and purchase Leased Claims for an aggregate purchase price of not less than Five Hundred Thousand Dollars ($500,000.00) the monthly Royalty payment shall not be less than One Thousand Dollars ($1,000.00); and

d. The amount by which seven per cent (7%) of the saleable value of the minerals produced and milled from all Leased Claims exceeds the $1,000.00 monthly minimum Royalty payable by the Lessee to the Lessors under the preceding subparagraphs of this paragraph 9, which Royalty shall be paid by Lessee to Lessors by the 25th day of the calendar month next following the month in which such minerals are produced and milled.

e. Absent subsequent written instructions, signed in the presence of witnesses by each Lessor, directing a different method of division and payment of the Royalty to the Lessors, Lessee shall be deemed to have made proper payment of Royalties by the timely deposit of his check therefor to the credit of the Lessors, their assigns, heirs, devisees, or legal representatives, as their interests shall appear, in account number 062 047517, The Arizona Bank, Prescott, Arizona; should Lessors deliver to Lessee signed, written instructions specifiying a different method of paying the Royalties, Lessee shall be entitled to rely on such instructions and shall not be liable to any Lessor or to such Lessor's assigns, heirs, devisees, or legal representatives by reason of any error in such instructions.

10. As additional consideration to Lessee, (i) Lessee's lease rights shall include all appurtenant surface and water rights Lessors are capable of leasing; (ii) pending the completion of a new mill, which Lessee shall prosecute diligently, Lessee shall have the right to use Lessors' mill at its present site; and (iii) Lessee shall have the right to use parts from Lessors' mill in Lessee's mill, together with any and all other machinery and equipment at the Lessors' old mill site, provided that all such parts shall be restored to the old mill in good repair when no longer needed by Lessee and all other machinery and equipment used by Lessee shall be returned in good repair.

11. Lessee shall provide to Lessor Cruz M. Chaves, on behalf of both Lessors, all results of Lessee's exploration work, including all maps, drill logs and sample assays, and all mineral sales information, as they become available. Lessors shall protect the confidentiality of all such information, and failure to do so shall constitute a breach of this contract.

12. Lessee shall not stake any mining claims within the Square unless he stakes such claims in the name of one or more of the Lessors under the provisions of paragraphs 5 or 6 of this agreement.

13. Lessee shall operate in a safe and minerlike fashion, and shall comply with all applicable laws and regulations.

14. Lessee shall hold Lessor harmless from all claims of liability which may be asserted against Lessors by reason of Lessee's conduct of operations on the Leased Claims unless the basis of such claim is one of a superior title to the mining claim.

15. Lessee shall not permit any lien to attach to the Leased Claims as a consequence of their operations unless the Lessee shall in good faith contest the claim out of which the lien arose, in which event Lessee shall deposit in a court of competent jurisdiction a sum sufficient to satisfy such lien should the lienholder prevail in the action.

16. Lessee shall perform timely all actions which may be necessary to preserve and protect all mineral, water and surface rights comprising a part of the Leased Claims. Lessors shall cooperate with Lessee to this end, and to the end of preserving harmonious relations with the Forest Service and all other governmental regulatory agencies.

17. Lessee agrees to offer to employ Cruz M. Chaves and Louie M. Chaves on customary terms and at the prevailing rate of pay to perform such work within their capabilities as may be available in the operation of the Leased Claims.

18. Default -

a. This agreement shall be subject to a Force Majeure or "Act of God" clause, wherein all legal requirments of either or both parties to this agreement that are made impracticable by unforeseen circumstances neither caused by nor within the control of the affected parties, shall be suspended temporarily insofar as they do not affect the intent of this agreement.

b. In case of default in honoring the terms and conditions of this agreement, written notice of such default shall be given to the defaulting party, who shall cure such default within thirty (30) days after receipt of such notice, or within such further time as may be required in the exercise of reasonable diligence by the defaulting party. In the event the alleged default shall be contested, the parties agree to submit the dispute to arbitration under the then prevailing rule of the American Arbitration Association. The parties shall agree on a single arbiter from a panel provided by the American Arbitration Association, or, failing agreement, shall have such arbiter appointed from such panel by a court of competent jurisdiction sitting in Yavapai County, Arizona. The decision of such arbiter shall be final and may be inforce in a court of law. The arbiter shall have the authority to award costs, including reasonable attorney's fees.

c. Failure by the Lessee either to cure, or commence the curative process, or to contest any alleged default within thirty (30) days after receipt of notice of such default by such party shall result in the termination of such party's rights under this agreement as to those Leased Claims only with respect to which Lessee shall be in default. Lessee shall then have ten (10) days in which to finish milling ores on the surface of such Leased Claim and to sell such minerals and remove his equipment from such Leased Claim. Equipment not removed within sixty (60) days after the termination of Lessee's right in such Leased Claim shall be deemed to have been abandoned by Lessee.

d. Failure by Lessors either to cure, or commence the curative process, or to contest any alleged default within thirty (30) days after receipt of notice of such alleged default by them shall entitle Lessee to recover from Lessors for any damages suffered by Lessee by reason of such default.

e. In the event of the termination of the lease of any Leased Claim by reason of Lessee's default, Lessors' sole recourse shall be to re-enter upon and take possession of the Leased Claim. Lessors shall have no claim for damages by reason of such default and termination, nor shall they be entitled to specific performance by Lessee with respect to such Leased Claim.

19. Lessee may assign not in excess of fifteen-sixteenths (15/16ths) of his interest in this License, Lease and Option Agreement, such assignments to be in increments of not less than an undivided one thirty-second (1/32nd). Thereafter neither the Lessee nor his assigns or their assigns, heirs, devisees or legal representatives shall have the right to assign or sublet all or any part of their interests therein without the prior written consent of Lessor Cruz M. Chaves, on behalf of both Lessors, which consent shall not be unreasonably withheld.

20. Time shall be of the essence in all matters the subject of this agreement.

21. Any notice which may be required to be sent to any party hereto shall be deemed to have been properly given if mailed, postage prepaid, to the address of such party as endorsed on the back of this agreement, or to such later address as may be furnished in writing by any party hereto to the other parties hereto.

22. This agreement shall be binding upon the parties hereto and upon their assigns, heirs, devisees and legal representatives.

IN WITNESS WHEREOF, the parties hereto have set their hands.

In the presence of:

Cruz M. Chaves

Mary Bledsoe

("Lessors")

S. E. Theiss

("Lessee")

ACCEPTANCE AND APPROVAL BY SPOUSE

The undersigned, Carol Chaves, spouse of Cruz M. Chaves, hereby acknowledges that she has read the foregoing License, Lease and Option Agreement; she accepts and approves such agreement and all of the terms and provisions thereof, and regards them as being in her own best interests; she acknowledges and agrees either, as the case may be, (1) that the interest of Cruz. M. Chaves in the mining claims the subject of the said agreement are and will remain separate, not community property, or (2) that, if such interest now or hereafter constitutes or involves community property, Cruz M. Chaves has and will continue to have the right, power and authority to represent and bind the community with respect to said agreement, and she appoints him as her attorney-in-fact for such purpose. All the foregoing is in consideration of, and in consideration for, said agreement.

Dated this 30" day of November, 1978.

Carol Chaves
Carol Chaves

STATE OF ARIZONA)
: ss.
County of Yavapai)

The foregoing instrument was acknowledged be fore me this 30th day of November, 1978, by Carol Chaves.

Elsie Kotas
Notary Public

My Commission Expires:

April 29" 1981

ELSIE KOTAS NOTARY PUBLIC

In consideration of the execution of the foregoing License, Lease and Option Agreement by and between Cruz M. Chaves and Mary Bledsoe, as Lessors, and S. E. Theiss, as Lessee, and the assignment by S. E. Theiss to me, or in accordance with my instructions, both personally and as the president of Nuclear Ventures, Inc., and Mining Development Services, Inc., of an undivided one-fourth (1/4th) share of the Lessee's interest therein, I hereby assign and convey, both individually and on behalf of each of the said corporations, to S. E. Theiss all rights which I or they may have, by virtue of an unrecordable lease in letter form executed by Cruz M. Chaves and Mary Bledsoe, as Parties of the First Part, and by Nuclear Ventures and J. Stanley Hodgson, as Parties of the Second Part, on the 10th day of July, 1978, covering the mining claims which are the subject of the foregoing License, Lease and Option Agreement.

Dated this 24 day of October, 1978.

J. Stanley Hodgson
J. Stanley Hodgson

STATE OF [illegible])
: ss
County of [illegible])

The foregoing instrument was acknowledged before me this 24 day of October, 1978, by J. Stanley Hodgson, both individually and in his capacities as the president of Nuclear Ventures, Inc., and of Mining Development Services, Inc.

[signature]
Notary Public

My Commission Expires:
April 29" 1981

STATE OF ARIZONA)
: ss
County of Yavapai)

The foregoing instrument was acknowledged before me this 24 day of October, 1978, by Cruz M. Chaves and Mary Bledsoe.

Elsie Hotz
Notary Public

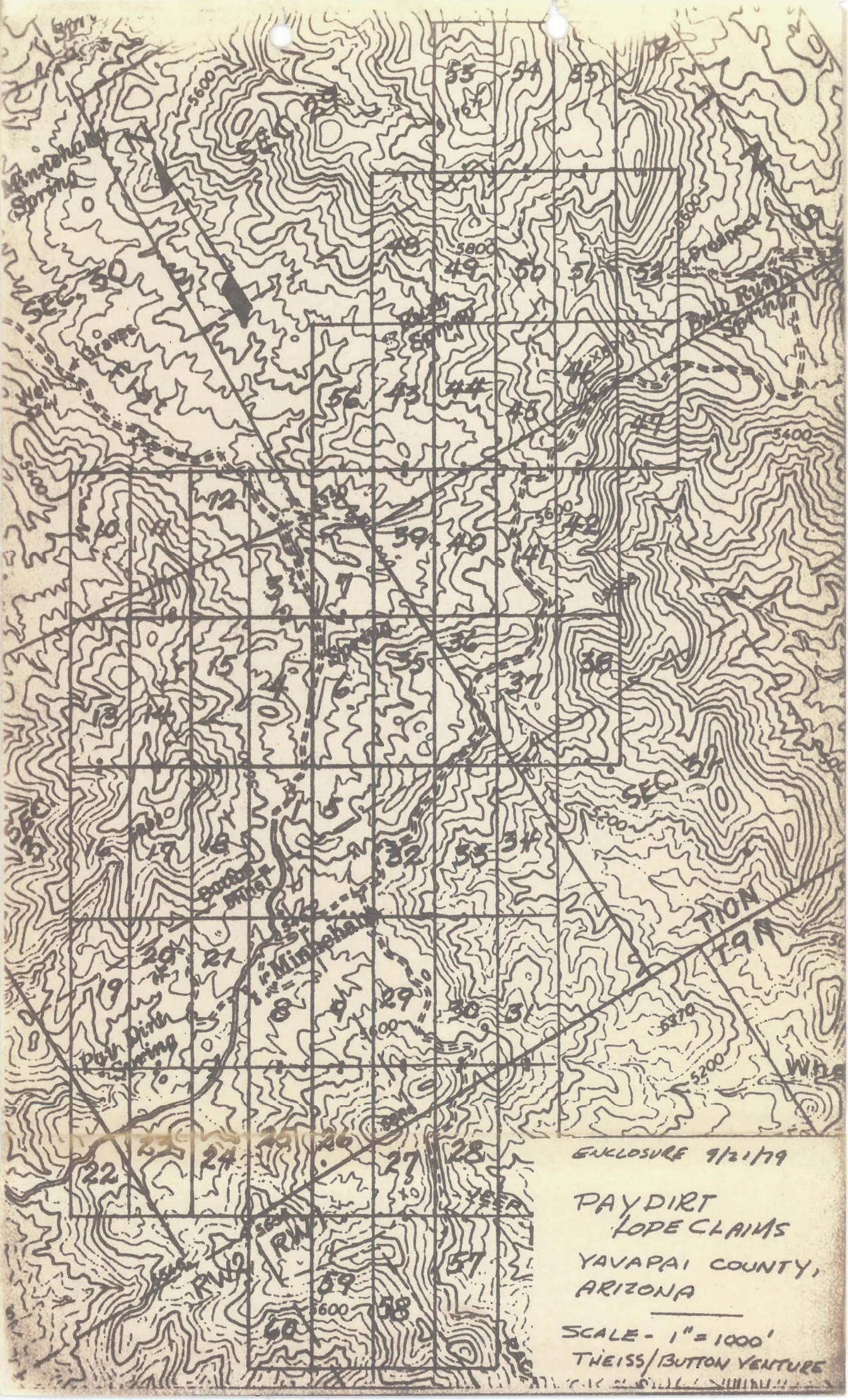
My Commission Expires:
April 29, 1981

STATE OF ARIZONA)
: ss
County of Yavapai)

The foregoing instrument was acknowledged before me this 24 day of October, 1978, by S. E. Theiss.

Elsie Hotz
Notary Public

My Commission Expires:
April 29, 1981



ENCLOSURE 9/21/79

PAYDIRT LODE CLAIMS

YAVAPAI COUNTY, ARIZONA

SCALE - 1" = 1000'

THEISS/BUTTON VENTURE