



CONTACT INFORMATION

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The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

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ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: FLAG

ALTERNATE NAMES:

AMERICAN FLAG

MOHAVE COUNTY MILS NUMBER: 559A

LOCATION: TOWNSHIP 20 N RANGE 15 W SECTION 32 QTR. NE
LATITUDE:N 35DEG 04MIN 37SEC LONGITUDE:W 113DEG 52MIN 51SEC
TOPO MAP NAME: HUALAPAI PEAK - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

SILVER-PRIMARY
GOLD-(M)LODE-COPRODUCT
ZINC-BYPRODUCT

BIBLIOGRAPHY:

USGS HUALAPAI PEAK QUAD
ADMR MOHAVE CARD FILE
ADMR MOHAVE CUSTOM MILL PROJ. CARD FILE
EVAL. OF MIN. RES. OF HUALAPAI INDIANS, 1964,
VOL. I, P. 115-119
SCHRADER, F.C., USGS BULL 340, P. 71
SCHRADER, F.C., USGS BULL 397, P. 140
HINTON, HANDBOOK TO ARIZONA P. 93
MALACH, R., HUALAPAI MOUNTAINS
MOORE, R.T., AZBM BULL 180, P. 260
WEED, W.H., MINES HANDBOOK, 1920, P. 244
ELSING, J., & HEINEMAN, AZBM BULL 140, P. 96
ADMR FLAG MINE FILE

from: W.H. Crutchfield Jr. Mohave County Prospect Assessment Compilation (post 1982)

Name of Mine or Pros. t:	Townsh	Range	Section	Priority
American Flag Mine (Flag Mine, Topo.)	20N	15W	32 aa	C
Principal Minerals: Cerargyrite, Gold	1:250,000 Quad Williams		7.5' - 15' Quad Hualapai Peak	
Associated Minerals: Galena, Sphalerite, Quartz	District Maynard (Hualpai)		Principal Product Silver, Gold	
Type of Operation: Underground: Adits, shaft, and drifts	County Mohave	State Ar.	Type of Deposit Vein	

Ownership or Controlling Interest:
Consult current USBLM mining claim records.

Access: Proceed 16 miles SE from Kingman, Ar. on Hualapai Mountain Road; from Pine Lake travel south on unimproved road 1.5 miles. Located as Flag Mine on topographic quadrangle.

Structural Control or Geological Association:
 "Fissure veins in Precambrian granite; strike northwesterly and steeply dipping; ore zone varies from 1 inch to 20 feet thick."¹
 "The country rock is granite; the main vein is from 1 inch to four feet in width; and the ore shoot is said to be relatively large. The ore contains principally antimonial silver, some gold, and a little zinc."²
 "The veins occur along fault zones that strike north-northwest and dip 55 to 80° northeast. The host rock does not appear to be pervasively altered and mineralized except along the relatively narrow vein systems.

Age of Mineralization:

Production History	Geochemical Analyses
<p>Silver production 1895-1917 district, greater than 1 million oz.¹</p> <p>Reported \$400,000 production averaging \$100/ton (1909).²</p>	

References

- 1) ABM (1969) Bull. 180, p. 251-269.
- 2) Schrader (1909), p. 140.
- 3) Exploration Research Associates Inc., field reconnaissance, 23 July 1981
- 4) Malach (1975), p. 15-17.

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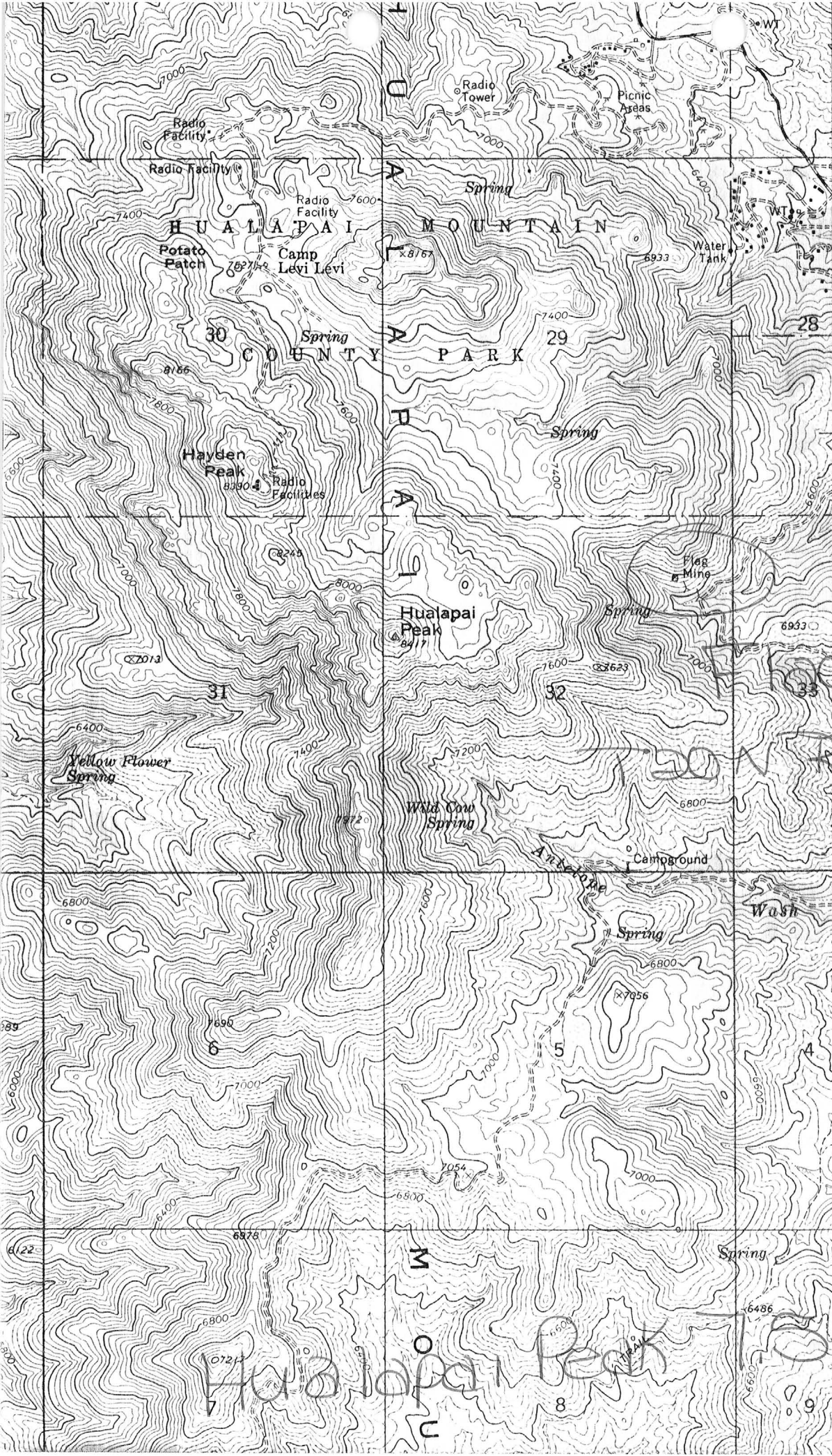
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ELSING, J., & HEINEMAN, AZBM BULL 140, P. 96
ADMR FLAG MINE FILE



PINE LAKE 0.5 MI.

3886
5'

3885

3884
T. 20 N.

T. 19 N.

(DEAN PEAK)
3254 III SE

3883

3882

Hualapai Peak

100 N 715 W Sec. 3 NE

30 N 715 W Sec. 3 NE

from: W.H. Crutchfield Jr. Mohave County Prospect Assessment Compilation (post 1982)

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- 2) Schrader (1909), p. 140.
- 3) Exploration Research Associates Inc., field reconnaissance, 23 July 1981
- 4) Malach (1975), p. 15-17.

HECTOR RESOURCES INC.

Suite 1140 - 625 Howe Street,
Vancouver, B.C. V6C 2T6
Telephone: (604) 689-5588

June 3, 1985

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

During the past year the Management of HECTOR RESOURCES INC. has initiated a corporate policy directed towards the acquisition of Gold and Silver Properties of merit located near Kingman in the State of Arizona, U.S.A. To date three (3) separate Property acquisitions have been concluded and exploration programs have been initiated on all three Properties. In addition to these new acquisitions Management intends to initiate the PHASE 1 Work Program recommended by I. BOROVIĆ, P.Eng., on the Company's Gold Property located near Princeton, B.C.

With the intent of generating some immediate cash flow, Management has also initiated investment in the gas/oil industry by acquiring a 10% working interest (7% net revenue interest) in an oil lease in Howard County, Texas. The Operator has recently reported that four successful wells have been drilled and Division Orders are currently being prepared which will result in the commencement of distribution of production income.

ARIZONA, U.S.A. GOLD / SILVER PROPERTIES

... AMERICAN FLAG MINE ... This Property which consists of seven unpatented lode mineral claims and another 640 acres contiguous thereto is located 15 miles southeast of Kingman, Arizona and at one time the Mine was reportedly the most productive gold/silver producer in the District. A mapping and sampling program is currently being conducted and to date has confirmed previously reported gold/silver values as follows:

<u>Sample Description</u>	<u>Oz/Gold/Ton</u>	<u>Oz/Silver/Ton</u>
#1046 (first level north off 6765' level shaft)	0.013	54.28
#1047 (Stope above 6630' level)	0.104	78.75
#1048 (6520' level - 200' from entrance)	0.023	4.69

HECTOR RESOURCES INC.

1140 - 625 HOWE STREET,
VANCOUVER, B.C. V6C 2T6


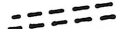

AMERICAN FLAG MINE

LONGITUDINAL SECTION IN THE
PLANE OF THE VEIN.

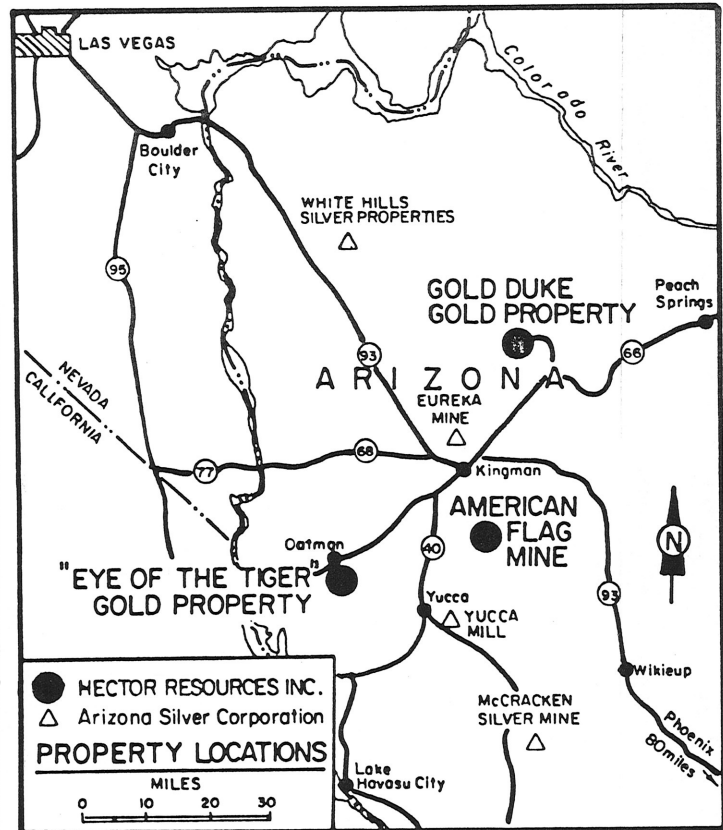
(Looking S 45° W)

ARIZONA , U.S.A.

LEGEND

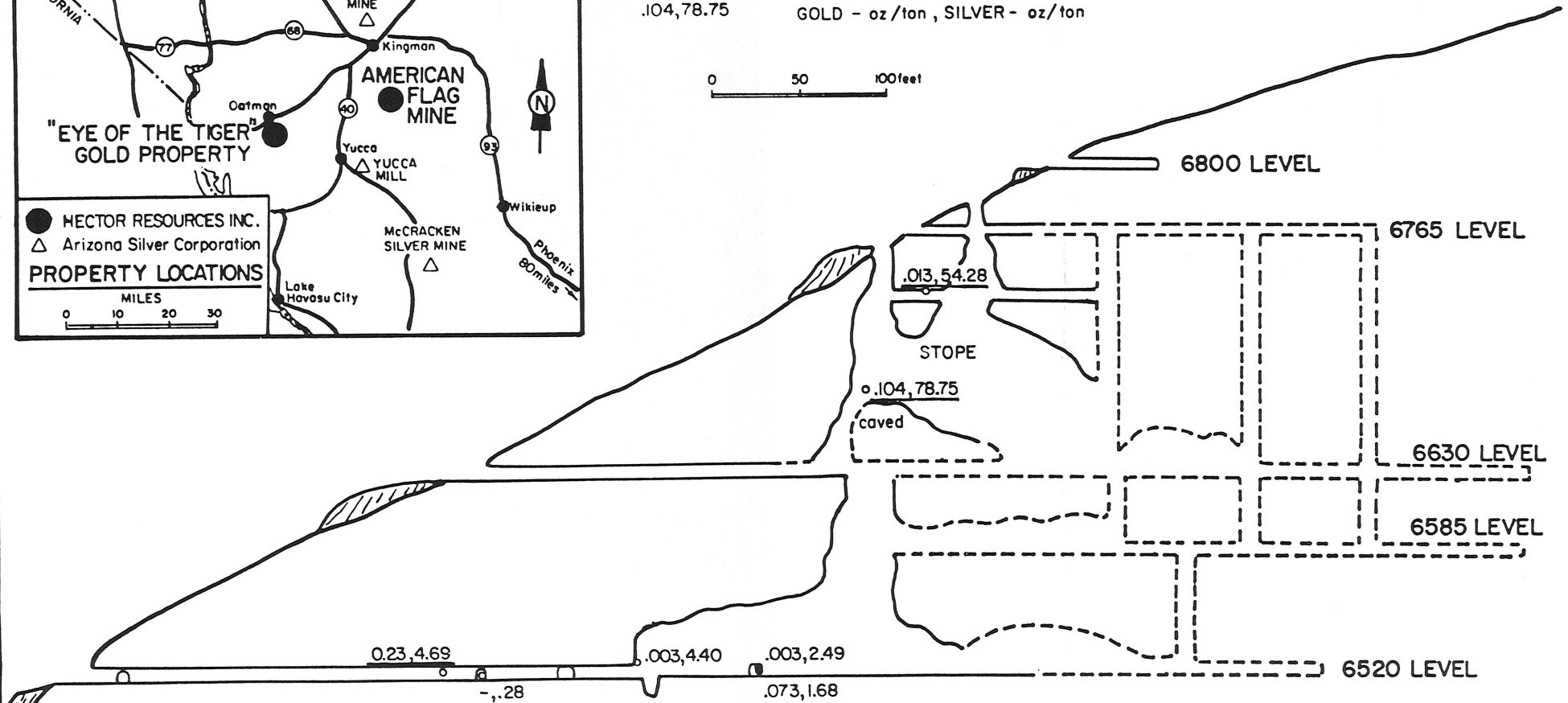
-  KNOWN LIMITS OF WORKINGS
-  REPORTED LIMITS OF WORKINGS
-  SAMPLE LOCATION WITH
GOLD - oz/ton , SILVER - oz/ton

0 50 100 feet



● HECTOR RESOURCES INC.
△ Arizona Silver Corporation
PROPERTY LOCATIONS

MILES
0 10 20 30



MINING LEASE OPTION AGREEMENT

THIS MINING LEASE OPTION AGREEMENT, made and entered into in triplicate this 7th day of July, 1983, by and between RAYMOND and MARLENE EVANS, husband and wife; KAREN J. DAVIS, dealing with her sole and separate property; YVONNE TALMADGE, dealing with her sole and separate property; CARLOS HALL ELMER, dealing with his sole and separate property; JACQUELINE ELMER GLASS, dealing with her sole and separate property; PERMILLA JANE COVINGTON GUCCIARDO, dealing with her sole and separate property; and EDWARD BRYSON COVINGTON, dealing with his sole and separate property, hereinafter referred to as "LESSOR" and F. RUSSELL ENTERPRISES, INC., a California corporation, hereinafter referred to as "LESSEE".

W I T N E S S E T H:

WHEREAS, LESSOR is in possession and is the owner of those certain lode mining claims, known as the Old Flag Mine located in the Manard Mining District of Mohave County, Arizona, the names of which and the books and pages where the location notices thereof are of record in the Office of the Mohave County Recorder in the Official Mining Records, and the Bureau of Management Claim numbers being as follows, to-wit:

<u>NAME</u>	<u>BOOK NO.</u>	<u>PAGE NO.</u>	<u>BLM NO.</u>
OLD FLAG	4-E	266	AMC 87292
66	4-Y	285	AMC 87293

WHEREAS, LESSOR, as owners jointly, have the right to deal with as herein provided a ONE HUNDRED PERCENT (100%) interest in said mining claims and do warrant that all of said mining claims, and each of them, are free and clear of all liens and encumbrances;

Fee # 83-35595
Recorded in Official Records
of Mohave County, Arizona
SEP 12 '83 - 12 25 PM
Joan McCall, Recorder

\$

1 of

Book 961 of O.R.'s pages 374-406

R/H

that all location, discovery and assessment work has been done, performed and recorded, both with the State of Arizona and the United States Bureau of Land Management, and any and all annual fees and taxes have been paid as required by applicable law at such time or times and in such manner and in such amounts as is required to keep the mining claims in good standing, subsisting and valid at the date hereof, and that the surface rights covering the area of the mining claims have not been granted, sold, assigned, leased, patented, mortgaged, encumbered, located or dealt with in any manner, but remain in the possession of LESSOR, subject to the paramount title of the government of the United States of America, and

WHEREAS, LESSEE is desirous of acquiring the exclusive right to search, prospect, explore for and mine valuable minerals and ores on the above-described unpatented lode mining claims, and

WHEREAS, LESSOR is desirous of leasing for the period and consideration hereinafter set forth and obtaining an option to purchase those certain unpatented lode mining claims.

NOW, THEREFORE, for and in consideration of the premises, and in consideration of the mutual covenants and agreements hereinafter set forth, and in consideration of the sum of TEN (\$10.00) *JWR* DOLLARS, in hand paid ^{to} ~~by~~ LESSOR by LESSEE, the receipt whereof is hereby acknowledged, said parties do hereby enter into and execute the following agreement:

1. LESSOR agrees to lease and let to LESSEE, and LESSEE agrees to lease and take from LESSOR, the above described properties together with the right of ingress and egress for a period of ten (10) years from and after the date of execution hereof on the following terms and conditions:

(a) LESSEE, as part consideration for this lease and option, agrees to expend up to FORTY THOUSAND (\$40,000.00) DOLLARS in order to open up, drain, clean and explore the existing works on said unpatented mining claims. Said work shall proceed as expeditiously as reasonably possible until such time as LESSEE is satisfied that said unpatented lode mining claims contain ores of sufficient value to warrant development or have proven valueless.

(b) LESSEE shall pay to LESSOR, as production royalties on all sums received by LESSOR for minerals, metals or ores extracted from the described mining property, FIVE PERCENT (5%) of the net value of said minerals, metals or ores, which net value shall be the gross value after processing, if processing is necessary for commercial use, less the actual costs of transportation from the place of production to the place of processing, less costs of processing and taxes, if any, levied and paid upon the production thereof. In the case of minerals not processed for commercial use, the net value shall be the gross proceeds, or gross value at the place of sale or use, less the actual cost of transportation from place of production to the place of sale or use, less taxes, if any, levied and paid upon the production thereof.

(c) So that LESSOR may be properly advised of the removal of ores and mineral substances from the subject unpatented lode mining claims, LESSEE agrees to file with LESSOR within twenty (20) days after the removal of any such ores or mineral substances, an authenticated statement of the gross values found and accounted for by the smelter, mint or other place of custom treatment and sale.

(d) LESSEE agrees to pay all royalties under this lease to LESSOR within twenty (20) days after the close of each month within which the minerals were extracted, such payments will be accompanied by settlement sheets from the smelter, mint or other place of custom treatment and sale and receipts for cost of transportation, if not included in such settlement sheets.

(e) LESSEE covenants and agrees not to stockpile the production of minerals, metals, ores or concentrates for a period in excess of sixty (60) days without the express written consent of LESSOR therefor.

(f) All payments due hereunder shall be payable in lawful money of the United States of America, or in kind, from ores or metals extracted from the subject unpatented lode mining claims, at option of LESSOR.

(g) LESSEE will ship all ores or concentrates extracted under the terms of this Lease to such smelter as LESSEE may choose at LESSEE'S convenience, and LESSEE agrees to furnish such smelter with a true copy of this Lease and to instruct said smelter to furnish LESSOR with a copy of each settlement sheet.

2. LESSEE shall have and enjoy the exclusive possession of such property and the right to mine the same in any manner LESSEE may see fit, provided the mining is done in a good and miner-like fashion and complies with all the laws of the State of Arizona and the United States Government governing such operation. LESSOR hereby gives to LESSEE the right to erect upon said property any mill, mining machinery or equipment that might be necessary for LESSEE'S purposes. Machinery, equipment, tools, materials and supplies placed in or upon said property by LESSEE during the life of this Agreement, whether above or underground, and underground timbering, shall be subject to removal by LESSEE in the event of a termination of this Agreement by default or abandonment by LESSEE or expiration of the term hereof, but such removal must be made within sixty (60) days after such termination or expiration.

3. LESSEE shall not suffer or permit any liens for materials to be attached to or placed against the subject property

or any part thereof and shall at all times keep such property free and clear of all encumbrances and further agrees that LESSEE shall immediately record and post and keep posted notices of non-liability in the manner required by law, which notices shall be prepared and furnished by LESSOR.

4. LESSEE shall at all times and at LESSEE'S own expense carry Arizona Industrial Insurance or its equivalent upon all workmen employed at or upon said property and shall also comply with all requirements and regulations of the Arizona Industrial Commission, the Arizona State Mine Inspector, the Occupational Safety and Health Act of the United States of America, the United States Environmental Protection Agency, the United States Interior Department, and any and all State or Federal regulatory bodies or laws that may be applicable hereto.

5. LESSEE agrees that such annual assessment work as is required by law to be done in order to retain good title to the subject unpatented mining claims and any millsites appurtenant thereto shall be performed by LESSEE at LESSEE'S own expense and proper proof thereof recorded in the Office of the County Recorder of Mohave County, Arizona, and in the Office of the Bureau of Land Management in Phoenix, Arizona, at such times and in such places as is required by law during the life of this Agreement.

6. LESSOR and their representatives shall be permitted at all reasonable times to inspect the records kept by LESSEE as to production and sales of the products of subject property as well as all processing records, and to enter upon and into all parts of the subject mining property and premises for the inspection of same, provided such entries are made at such time and in such manner as to not interfere with or delay work by LESSEE upon

the subject property. LESSEE agrees that he will keep complete and accurate records as to the production and sale of the products of said subject property as well as processing records, and that such records or a copy thereof shall be maintained on said subject property at all times. Royalty payments shall be accompanied by true copies of the settlement sheets from the smelter and a monthly report of mine development and production. If demanded by LESSOR, royalties will be paid directly to LESSOR by the smelter.

7. LESSEE agrees to pay all taxes lawfully levied and assessed against subject property during the life of this contract prior to delinquency. LESSEE further agrees to pay promptly all taxes on any output of subject property during the life of this lease, as well as social security, unemployment, income tax, withholding and other taxes which may be imposed upon its operations so that the same may never become a charge or lien against the property itself or LESSOR.

8. LESSEE may at his option terminate this agreement at any time on thirty (30) days written notice to LESSOR and shall, upon the expiration of said thirty (30) day period, be under no further obligation of any nature to LESSOR under any provision hereof except that assessment work must have been completed for the year in progress prior to the expiration of said thirty (30) day period; and except further that LESSEE must exercise his right to remove such items of personal property as LESSEE is permitted to remove during the sixty (60) day period, as hereinabove provided, and LESSEE'S failure to remove such personal property as he is permitted hereby to remove shall exercise a forfeiture of LESSEE'S right to so do; then in such event such personal property shall, upon the expiration of the thirty (30) day period, be and

become the property of LESSOR as additional rental and liquidated damages. LESSEE agrees that if this agreement should be terminated in any manner to forthwith deliver the possession of the subject mining property to LESSOR, and further to execute and deliver to LESSOR a surrender of his rights hereto, and quit claim deed or such other instrument as may reasonably be required by LESSOR.

9. LESSEE and LESSOR agree that the subject unpatented lode mining claims are at the present time wholly located in the North Half of Section 32, Township 20 North, Range 15 West of the Gila and Salt River Base and Meridian, and have been and are open to mineral location under the laws of the United States of America; said unpatented lode mining claims lie directly to the south of Section 29 in the same township, which is a patented section, the mineral rights of which belong to third parties. LESSOR covenants and agrees that in the event the ore bodies underlying the subject unpatented lode mining claims should extend to and across the boundaries of said Section 29, LESSEE will be free to enter upon a mining agreement with the owners of the mineral rights in said Section 29 and that LESSOR will not be entitled to any royalty from the proceeds of any production of minerals, metals or ores extracted therefrom.

10. LESSOR hereby grants to LESSEE an option to renew this Lease Agreement for an additional period of ten (10) years from the date of expiration hereof. Said option to renew the Lease shall be exercised by the payment of ONE THOUSAND (\$1,000.00) DOLLARS and the giving of written notice of LESSEE'S intention to renew not less than thirty (30) days nor more than ninety (90) days prior to the date of expiration hereof. Said written notice shall

be by certified mail directed to the principal place of business of LESSOR or to the address set forth as the mailing address of LESSOR in this agreement.

11. LESSOR further grants to LESSEE an option to purchase the subject unpatented lode mining claims at any time during the life of this agreement or any extension thereof by payment in full of the purchase price of TWO HUNDRED FIFTY THOUSAND (\$250,000.00) DOLLARS, which payment shall include all sums received by LESSOR as royalties.

12. LESSEE shall have the right to assign or sell any and all interest LESSEE may have in this agreement at any time during the life hereof or any extension hereof. LESSEE shall notify LESSOR of any proposed assignment prior to execution of the assignment and shall keep LESSOR fully apprised of the details of any such transaction.

13. Any notices to be given hereunder, except the notice of intent to exercise the option to renew the lease, shall be given by United States Mail or personal delivery directed to LESSOR:

MARLENE EVANS
1200 11th Avenue
Yuma, AZ 85364

or directed to LESSEE:

F. RUSSELL ENTERPRISES, INC.
c/O Ralph Gano Miller
1230 San Diego Trust & Savings Building
San Diego, CA 92101

14. Time is of the essence of this agreement and the terms and conditions hereunder shall extend to and be binding upon the heirs, personal representatives, and assigns of the respective parties hereto.

15. LESSOR and LESSEE expressly agree that the terms of this agreement shall be construed in accordance with the laws of the State of Arizona, and that in the event any legal action should be brought to enforce the terms hereof, said lawsuit shall be brought within the State of Arizona or District Courts of the United States of America.

IN WITNESS WHEREOF, we have hereunto set our hands the day and year first above written.

LESSOR:

Raymond Evans
RAYMOND EVANS

Marlene Evans
MARLENE EVANS

Karen J. Davis
KAREN J. DAVIS

Yvonne Talmadge
YVONNE TALMADGE

Carlos Hall Elmer
CARLOS HALL ELMER

Jacqueline Elmer Glass
JACQUELINE ELMER GLASS

Permilla Jane Gucciardo
PERMILLA JANE GUCCIARDO

Edward Bryson Covington
EDWARD BRYSON COVINGTON

LESSEE:

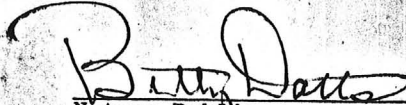
F. RUSSELL ENTERPRISES, INC.

By *F. W. Russell*
F. W. RUSSELL, President

STATE OF ARIZONA)
) ss.
County of Yuma)

On this the 6th day of July, 1983, before me, the undersigned Notary Public, personally appeared RAYMOND EVANS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

My Commission Expires:

My Commission Expires Apr. 19, 1984

STATE OF ARIZONA)
) ss.
County of Yuma)

On this the 6th day of July, 1983, before me, the undersigned Notary Public, personally appeared MARLENE EVANS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Notary Public

My Commission Expires:

3-30
My Commission Expires Apr. 19, 1984

STATE OF N.Y.)
) ss.
County of Kings)

On this the 26 day of July, 1983, before me, the undersigned Notary Public, personally appeared KAREN J. DAVIS, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Joseph W. Walker
Notary Public

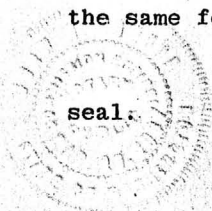
JOSEPH W. WALKER
NOTARY PUBLIC, State of New York
No. 24-4316634 Kings County
Term Expires March 30, 1987

My Commission Expires:

March 10, 1987

STATE OF Washington)
County of Whatcom) ss.

On this the 21st day of July, 1983, before me, the undersigned Notary Public, personally appeared YVONNE TALMADGE, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes therein contained.



IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Jean M. Martin
Notary Public

My Commission Expires:

STATE OF ARIZONA)
County of Maricopa) ss.

On this the 15th day of JULY, 1983, before me, the undersigned Notary Public, personally appeared CARLOS HALL ELMER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Jana Teter Holt
Notary Public

My Commission Expires:
My Commission Expires March 1, 1986

to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Candy Blake
Notary Public

My Commission Expires:
My Commission Expires Aug. 11, 1983

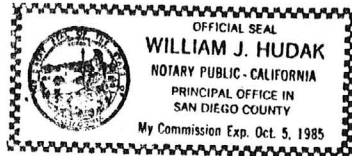
STATE OF CALIFORNIA)
) ss.
County of San Diego)

On this the 30th day of August, 1983, before me, the undersigned Notary Public, personally appeared F. W. RUSSELL, President of F. RUSSELL ENTERPRISES, INC., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

William J. Hudak
Notary Public

My Commission Expires:
October 5, 1985



Fee # 8 - 3559.4

Recorded in Official Records
of Mohave County, Arizona
SEP 12 '83 - 12 25 PM
Joan McCall, Recorder

\$ 1 of

OLD FLAG MINE

MINERAL LICENSE AGREEMENT

THIS MINERAL LICENSE AGREEMENT made and entered into this 26th day of August, 1983, by and between the COUNTY OF MOHAVE, State of Arizona, a body politic, hereinafter referred to as "LICENSOR", and F. RUSSELL ENTERPRISES, INC., hereinafter referred to as "LICENSEE".

W I T N E S S E T H:

WHEREAS, LICENSOR is the owner of all right, title and interest, including mineral rights, in and to the following described real property:

Section 29, Township 20 North,
Range 15 West, of the Gila and
Salt River Base and Meridian,
Mohave County, Arizona, con-
taining 640 acres m/l,

and

WHEREAS, LICENSEE is the lessee and operator of the Old Flag Mine, consisting of the Old Flag and 66 claims located in the Maynard Mining District in Section 32 of the same township and range; and

WHEREAS, it appears that the vein or veins being followed from the Old Flag and 66 claims will cross the section line between Sections 32 and 29; and

WHEREAS, LICENSEE is desirous of following the vein, veins or ore bodies and extracting and utilizing the same.

NOW, THEREFORE, it is mutually covenanted and agreed between the parties as follows:

Book 961 pp 407-414

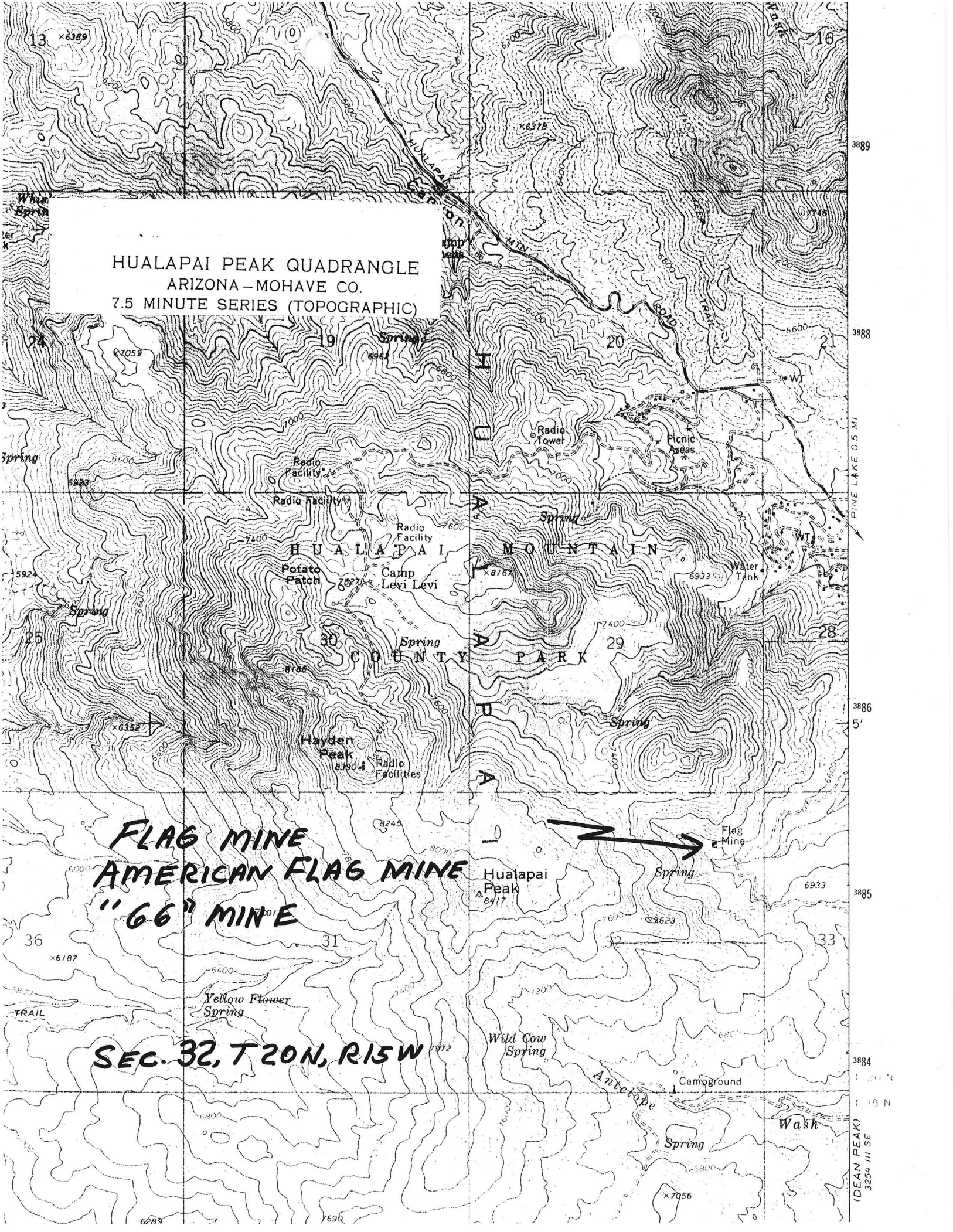
1. Subject to the provisions of this License Agreement, LICENSOR hereby grants a license to LICENSEE to extract minerals in Section 29, as more fully described above, which shall be referred to hereafter as the licensed premises, together with the exclusive right to proceed from the present workings in the Old Flag Mine and to explore for, develop, mine, remove and sell all valuable minerals found in place, located in, upon and under said lands in a prudent manner by means considered to be technically and economically feasible. LICENSEE may remove the licensed substances from the licensed premises through or by means of shafts, tunnels, pits and openings having their point of entry through the Old Flag Mine and shall not disturb the surface of the licensed premises more than absolutely essential for the installation of airways and ventilation shafts. Any such airways and ventilation shafts shall be so constructed as to present no hazard to the public and shall be fenced so as to prevent such hazards, at LICENSEE'S expense and subject to LICENSOR'S approval. LICENSEE'S rights under this Lease shall not extend outside the legal boundaries extended vertically downward of the leased premises, except any rights LICENSEE may have by virtue of his rights as lessee of the Old Flag Mine~~x~~, LICENSEE shall not maintain or construct on the licensed premises, any works, buildings, plants, roadways, waterways or other structures other than those necessary to the maintenance of airways or ventilation shafts, and shall dump no ores, wastes, tailings, slag or other materials upon the surface of the licensed premises.

2. The mineral rights licensed hereby to LICENSEE by LICENSOR under this License Agreement shall be subject to the paramount right of LICENSOR and the people thereof to the use of the surface of Section 29 for the purpose of a county recreation park, as more fully set forth in that certain deed to Mohave County, Arizona, from Kingman Country Club dated October 19th, 1929, and recorded in the records of Mohave County in Book 39 of Deeds, Pages 251-252, and shall be further subject to all rights reserved by the Santa Fe Pacific Railroad Company in that certain indenture dated the 15th day of May, 1928, and recorded in the records of Mohave County in Book 39 of Deeds, Pages 248-250.

3. This License Agreement shall be effective and in full force for a term of ten years commencing with the date of execution of this License Agreement and continuing for as long thereafter as, A) licensed substances from the licensed premises are being produced in commercial quantities, and B) LICENSEE is diligently proceeding with actual construction of production facilities for removal of licensed substances in commercial quantities.

4. LICENSOR hereby grants to LICENSEE an option to renew this License Agreement for an additional period of ten years from the date of expiration hereof. Said option to renew the License Agreement shall be exercised by the payment of ONE HUNDRED DOLLARS (\$100.00) and the giving of written notice of LICENSEE'S intention to renew not less than thirty (30) days nor more than ninety (90) days prior to the date of expiration hereof. Said written notice shall be by certified mail directed to the principal place of business of LICENSOR or to the address set forth as the mailing address of LICENSOR in this License Agreement.

HUALAPAI PEAK QUADRANGLE
ARIZONA - MOHAVE CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)



FLAG MINE
AMERICAN FLAG MINE
"66" MINE

SEC. 32, T20N, R15W

3889
3888
3886
3885
3884
3884
3884
3254 III SE
(DEAN PEAK)

8. The LICENSEE hereby agrees to be or cause to be paid to LICENSOR annually in advance, a license fee of \$100.00 per annum, for all rights demised hereunder.

9. The LICENSEE further agrees to pay as royalty 5% of the net value of the minerals produced from the licensed premises, which net value shall be the gross value after processing, if processing is necessary for commercial use, less the actual costs of transportation from the place of production to the place of processing, less costs of processing and taxes, if any, levied and paid upon the production thereof. Such costs of transportation shall not exceed those reasonably required for the actual movement of ores and concentrates from the licensed premises to concentrator and from concentrator to smelter.

10. So that LICENSOR may be properly advised of the removal of ores and mineral substances from the licensed premises, the LICENSEE agrees to file with the Office of the Clerk of the Board of Supervisors of Mohave County, within twenty (20) days after the removal and shipment of any ores or mineral substances, an authenticated statement of the gross values found and accounted for by the smelter, mint, or other place of customs treatment and sale.

11. The LICENSEE agrees to pay all monies under this License Agreement to the LICENSOR within twenty (20) days after the close of each month within which the minerals were extracted and shipped for process; such payments will be accompanied by copies of smelter returns, as required above.

12. The LICENSEE shall, at the expiration of this License Agreement, return the licensed premises to LICENSOR in as good condition as received, reasonable modification for ventilation and air shafts excepted. LICENSEE shall, prior to delivery

of the licensed premises, seal the entrance to any ventilation or air shaft on the licensed premises to the satisfaction of LICENSOR for the protection of LICENSOR, LICENSEE and the public at large.

13. The LICENSEE agrees that, should he sell, mortgage or assign this License Agreement, it will be without prejudice to the LICENSOR, and that such transaction shall not become effective until a copy thereof is filed with the Office of the Clerk of the Board of Supervisors and the written consent thereto secured. Such consent shall not be unreasonably withheld.

14. The LICENSEE may, however, surrender the License Agreement for cancellation with the consent of the LICENSOR, and all royalties and other obligations due and accrued to date of completion of application for cancellation, in addition to a fee of \$1.00 as consideration of the License Agreement, must be paid and discharged before such an application for cancellation shall be considered before the Board of Supervisors, provided that, if the License Agreement has been recorded, the LICENSEE or assignee shall execute a release, record the same in the proper recording office and file the release with the Office of the Clerk of the Board of Supervisors. An application for cancellation will be considered as completed on the date such application is filed in the Office of the Clerk of the Board of Supervisors provided the foregoing requirements have been fully observed.

15. In the event of failure or neglect of the LICENSEE to perform any obligation under this License Agreement, the LICENSOR shall have the right at any time to cancel this License Agreement unless, within thirty (30) days after notice specifying the terms and conditions violated, the LICENSEE shall correct such failure and make good any loss caused thereby.

16. This License Agreement is made and accepted subject to existing law and any laws hereafter enacted, also to the regulations relative to such License Agreement heretofore or hereafter prescribed by the LICENSOR; and in no event shall the County and LICENSOR be liable in damages or otherwise under the provisions hereof.

17. It is understood and agreed that this License Agreement is made subject to all legally established rights of way heretofore granted or that may hereafter be granted over and across such licensed premises; and the LICENSEE agrees to respect the property rights of all persons lawfully upon the licensed premises.

18. It is expressly understood and agreed that there is reserved to the County the right to lease or otherwise deal with, under existing law or laws hereafter enacted, so much of the surface of the lands covered by this License Agreement as is not actually used or necessary for mining purposes.

19. The obligations and agreements hereinbefore expressed shall extend to and be binding upon the successors in interest of the parties hereto.

20. The LICENSEE agrees to indemnify, hold and save LICENSOR harmless against all loss, damage, liability, expense, costs and charges incident to or resulting in any way from any injuries to person or damage to property caused by or resulting from the use, condition or occupation of the licensed premises.

IN WITNESS WHEREOF, the LICENSOR has caused these presents to be signed by the legal representative of the COUNTY OF MOHAVE, a body politic, at Kingman, Arizona, and the LICENSEE

has hereunto affixed his signature at the place and on the day and year first above written.

F. RUSSELL ENTERPRISES, INC.

COUNTY OF MOHAVE,
State of Arizona

BY F. W. Russell
F. W. RUSSELL
President

BY W. J. Roper
W. J. ROPER, Chairman
Board of Supervisors

Approved as to form:

ATTEST:

WILLIAM J. EKSTROM
Mohave County Attorney

David M. Bishop
DAVID M. BISHOP, Clerk

BY Richard F. Albrecht
RICHARD F. ALBRECHT
Deputy County Attorney

STATE OF ARIZONA)
) ss.
County of Mohave)

The foregoing Mineral License Agreement was acknowledged before me this 26 day of August, 1983, by W. J. ROPER, Chairman of the Board of Supervisors, Mohave County, Arizona, LICENSOR.

Paul A. Christman
Notary Public

My Commission Expires:

My Commission Expires Feb. 5, 1985

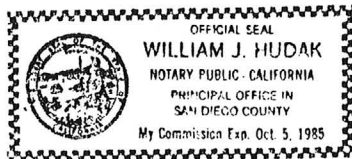
STATE OF CALIFORNIA)
) ss.
County of San Diego)

The foregoing Mineral License Agreement was acknowledged before me this 30th day of August, 1983, by F. W. RUSSELL, President of F. RUSSELL ENTERPRISES, INC., LICENSEE.

William J. Hudak
Notary Public

My Commission Expires:

October 5, 1985



66 Claim (Lode), Amendment Book 47 Page 385
 Section 32 Township 20N Range 15 West Maynard
 Corner and location monuments are Mining District
 2" P.V.C. Pipe 4 1/2 ft Long

AMC #87293

Claim size is 1500 ft Long 600 ft Wide

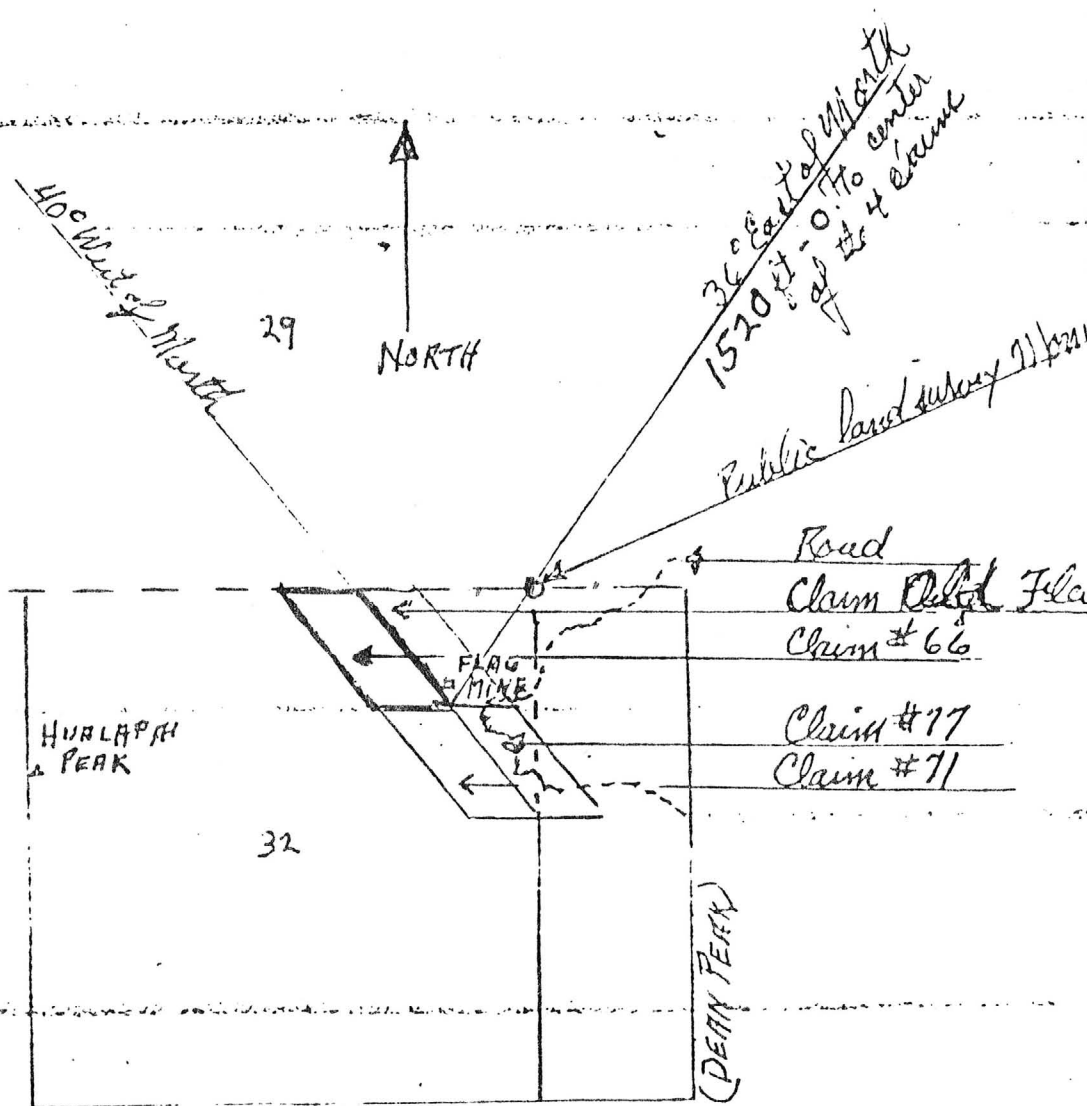
FLAG MINE (file)
 MOHAVE COUNTY

Hualapai Peak Quadra.
 7.5 Minute (Topograp)
 1" = 2000 ft.

RECEIVED
 B.L.M. AZ STATE OFFICE

OCT 03 1983

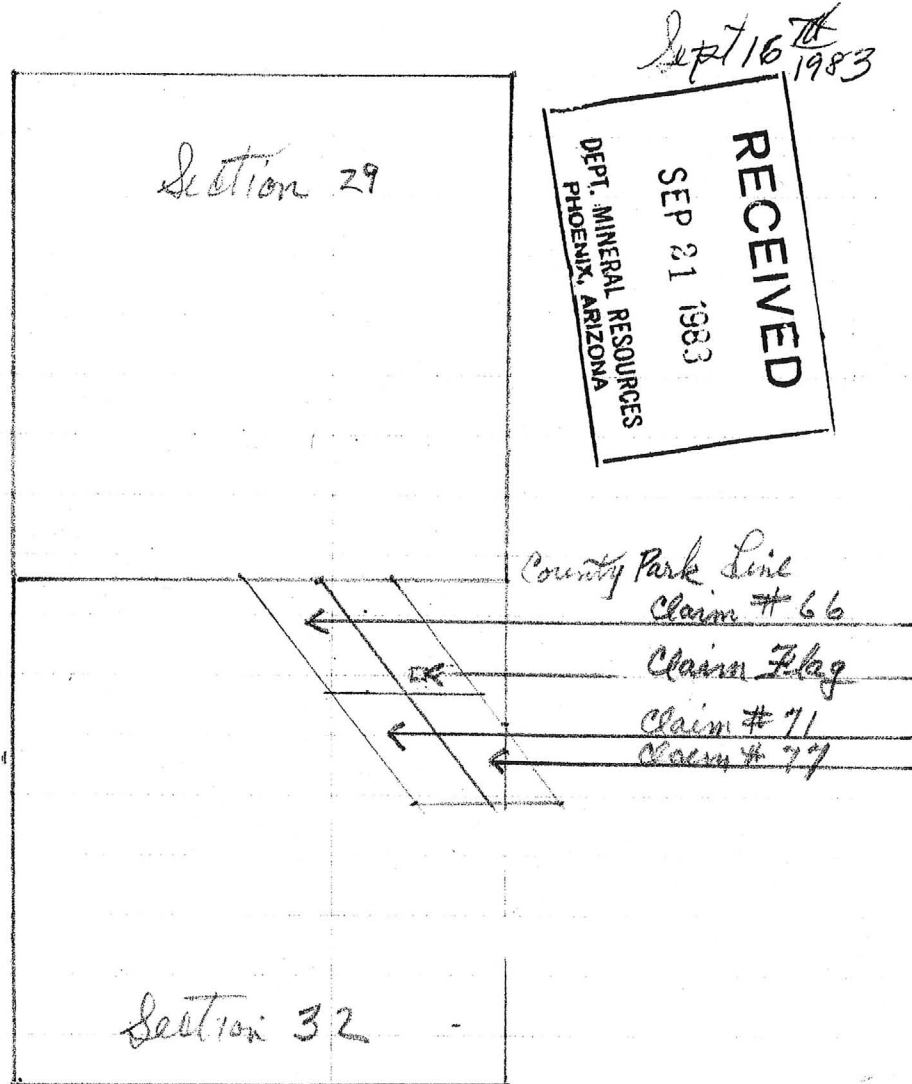
7:45 A.M.
 PHOENIX, ARIZONA



BOOK 964 Page 509

FILE: FLAG MINE Mohave County

Map of remonumented and additional claims



Ken - Almost to scale - I will discuss this with you by phone

Frank



Flag File

STATE OF ARIZONA
DEPARTMENT OF MINERAL RESOURCES
MINERAL BUILDING, FAIRGROUNDS
PHOENIX, ARIZONA 85007
602/255-3791

July 15, 1983

Mr. William Ekstrom
Mohave County Attorney
Mohave County Courthouse
Kingman, Arizona 86401

Dear Mr. Ekstrom:

This letter has been prepared at the request of Mr. Frank W. Russell and Mr. Bill Roper. We understand Mr. Russell desires to obtain a lease to prospect and mine (if economically justifiable) minerals underlying a portion of Section 29, T20N, R15W to the north of his Old Flag and "66" lode mining claims (generally known as the American Flag mine.)

The American Flag Mine is currently idle and is being explored by Mr. Russell. The predictable on strike northward extension of the previous worked portion of the mine is into Section 29, T20N, R15W. It is Mr. Russell's plan to explore the American Flag vein system below and to the north of the previous workings by drilling and/or extending underground workings. No surface disturbance of lands in Section 29, T20N, R15W are expected during exploration. However, development of an orebody discovered might require a ventilation-escape raise to open on County lands.

Currently there is no proven ore reserves on the American Flag vein system. Extensive and expensive exploration work will be required to determine if an ore body exists. Such work would not be prudent prior to acquiring an assurance of the right to extract ore if a sufficient quantity is found north of the established mining claims.

It is my belief that Mr. Russell has the financial and technical capabilities to carry an exploration-mining project in accordance with accepted professional practices and in harmony with the environmental setting of the area.

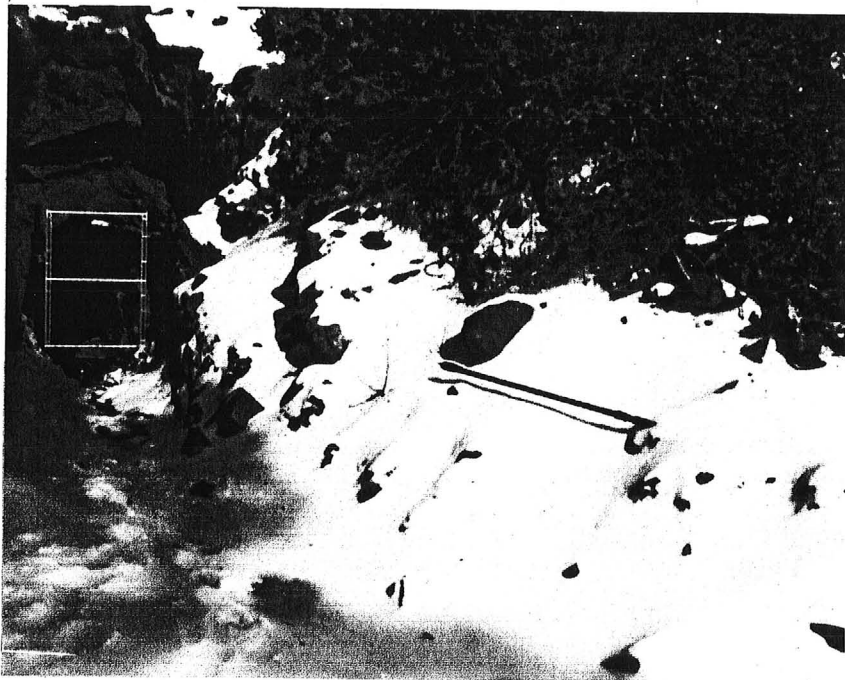
Please feel free to contact us if we may be of assistance.

Sincerely,

A handwritten signature in cursive script that reads "Ken A. Phillips".

Ken A. Phillips
Mineral Resource Engineer

KAP:at



ADIT OF THE FLAG MINE - December 1982



Copy to Ken Phillips

1 76 + 66 file

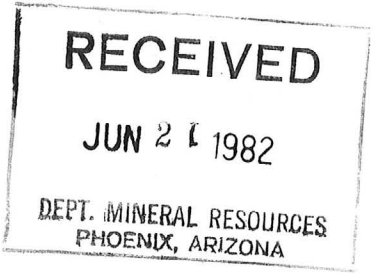
Ken - I sent this by registered mail
to Ray Evans

(American Flag)
Hualapai Dist. Mohave

6515 Glidden Lane
San Diego, Ca. 92111

June 19, 1982

Mr. Ray Evans
1200 South 11th Ave.
Yuma, Arizona



Dear Mr. Evans:

For quite some time I have been unsuccessful in reaching you by telephone.

The purpose of wanting to talk to you was to remind you that unless I receive the signed agreement and clear title for the claims by July 15th, 1982 you will be responsible for doing the assessment work on the Flag and 66 claims for the period of Sept., 1981 to Sept. 1, 1982. This must also be filed with the county recorder's office and the B.L.M.

If you have any questions, you may call me or talk to Ken Phillips at the Dept. of Mineral Resources, as he is getting a copy of this letter.

Best regards.

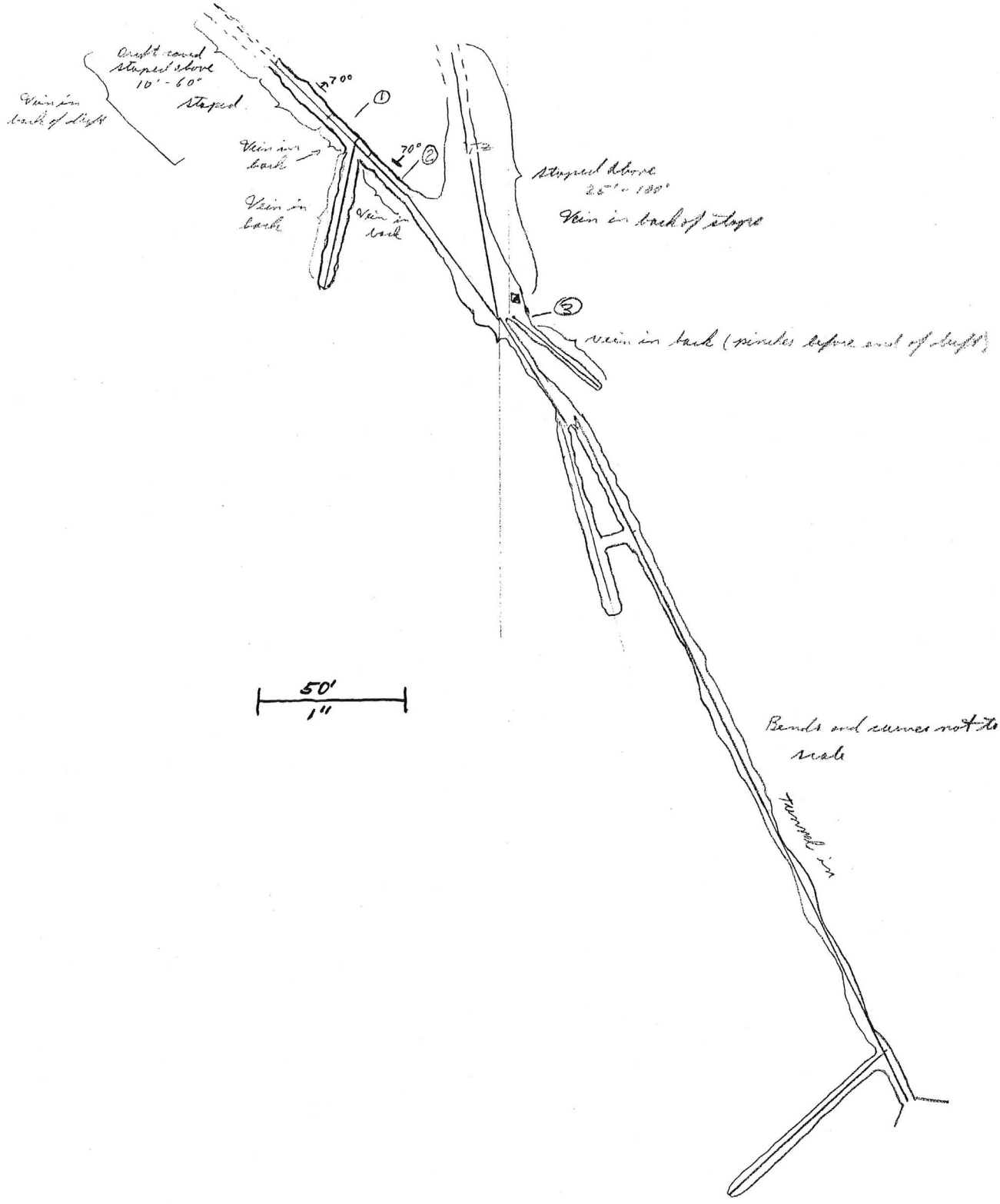
Frank Russell
Frank Russell

KAP
DATE 3-82
SEC. 32, T. 20N., R. 15W

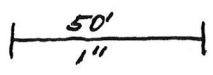
FLAGG MINE
LAYNAR DIST. MOHAVE COUNTY
TUNNEL LEVEL

BRUNTON + TAPE

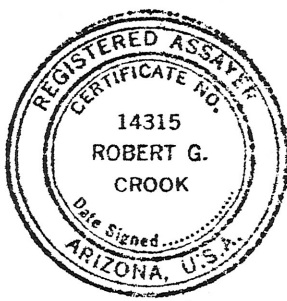
Hualapai Peak, Ariz 7 1/2' Quad



○ = SAMPLE #



at this end in file



NORTH AMERICAN ASSAY COMPANY

1022 West 23rd Street
Tempe, Arizona 85282
(602) 894-0919

Job Number MA-286

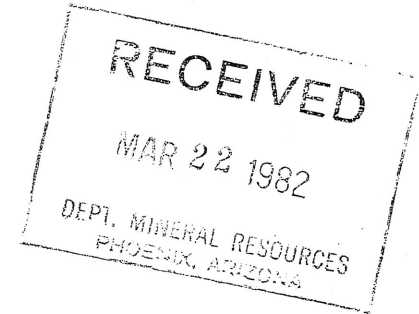
Page 1 Of 1

Date March 11, 1982

Robert G Crook

ANALYTICAL REPORT

<u>Client I.D.</u>	<u>Lab #</u>	<u>Atomic Absorption or Emission</u>	
		<u>Au</u> (Oz/ton)	<u>Ag</u> (Oz/ton)
1 - 2 1/2 Handles	1	.02	2.4
2 - 18" vein - poor	2	<.01	.7
3 - 18" vein	3	<.01	<.1



*Flag Mine
Samples*

These analysis opinions or interpretations are based on observations and materials supplied by the client to whom and for whose exclusive and confidential use this report is made. The interpretations or opinions expressed represent the best judgements of North American Assay Company, all errors or omissions excepted; but North American Assay Company and its officers and employees assume no responsibility and make no warranty or representations as to the productivity, proper operations, or profitableness of any mineral deposit in connection with which such report is used or relied upon.

Client Name: Frank W. Russell

Address: 6515 Glidden Lane, San Diego, California 92111

Telephone: (714) 279-0629

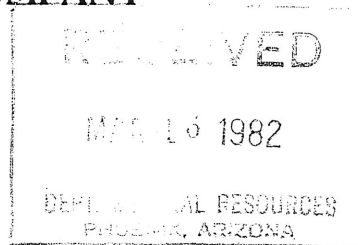
Samples Submitted By: Frank W. Russell

Date Received: March 5, 1982



NORTH AMERICAN ASSAY COMPANY

1022 West 23rd Street
Tempe, Arizona 85282
(602) 894-0919



Job Number MA-286
Page 1 Of 1
Date March 11, 1982

Robert G Crook

ANALYTICAL REPORT

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Client Name: Frank W. Russell

Address: 6515 Glidden Lane, San Diego, California 92111

Telephone: (714) 279-0629

Samples Submitted By: Frank W. Russell

Date Received: March 5, 1982

STATE OF ARIZONA, } I hereby certify that the within instrument was filed and recorded
 County of MOHAVE } ss. AUG 29 1980 1 02 PM 19 at _____ M.
 IN BOOK 654 of OFFICIAL RECORDS Page 739 at the request of Yvonne Talmadge
 Witness my hand and official seal.
 JOAN McCALL
 By Joan McCall Deputy Recorder
 Fee No.: 80-20342
 INDEX P of L
 PROOFED
 Fee: \$ 3.00

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

State of Arizona }
 County of MOHAVE } ss.
 ARIZONA STATE OFFICE
 BU. LAND MANAGEMENT
 OCT 8 1980

1. Yvonne L. Talmadge Name
501 E. Oak St. Address
Kingman, City Arizona State 86401 Zip
 7:45 A.M.
 PHOENIX, ARIZONA

being duly sworn according to law deposes and says that they are a citizen of the United States more than eighteen years of age and that all of the facts set forth in this affidavit are true and correct according to the best of their knowledge, information and belief.

- That they are personally acquainted with the mining claim named OLD FLAG situate in the MANARD Mining District, MOHAVE County, Arizona, the location of which is recorded in the office of the County Recorder of that County in Book 4-E, Page 266. Notice of location is posted in Section 32, Township 204, Range 15 W, G&SRB&M.
- That between the dates of September 1 1979 and September 1 1980 at least One hundred dollars (\$ 100.00) dollars worth of work and improvements were done and performed upon this claim not including location work.
- The work and improvements were made by and at the expense of Yvonne (Lowe) Talmadge, Marlene Evans, Karen Davis, owners of the mine for the purpose of complying with the laws of the United States pertaining to assessments or annual work.
- Raymond L. Evans, Charles Talmadge were the names of the persons employed by the owner who labored to do the work and improvements.
- The work and improvements done were fence and gate across main tunnel entrance.

ack
12-9-80
rlg

Dated 8-28-80 Signature Yvonne L. Talmadge

Subscribed to and sworn before me, a Notary Public, this 29 day of August, 1980, by Yvonne L. Talmadge
 My Commission Expires: May 6, 1983
Joan McCall
 Notary Public
 BOOK 654 p. 739

AAC 87293

MICROFILMED

STATE OF ARIZONA, } ss. I hereby certify that the within document was filed and recorded
 County of MOHAVE } AUG 29 '80 7 05 PM 19__ at __ M.
 Fee No.: **PROOFED**
80-28643
 INDEX P. of #
 Fee: \$ 3.00

In Book 654 of OFFICIAL RECORDS Page 740 at the request of Yvonne Talmadge
 IN BOOK 654 of OFFICIAL RECORDS

When recorded mail to:
YVONNE TALMADGE
501 E OAK ST
KINGMAN AZ

Witness my hand and official seal
 JOAN McCALL
 By [Signature]
 Deputy Recorder

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

State of Arizona }
 County of MOHAVE } ss

1. Yvonne L. Talmadge Name
501 E. Oak St. Address
Kingman, Arizona City 86401 Zip
 State M.

ARIZONA STATE OFFICE
 BU. LAND MANAGEMENT
 DEC 3 1980
 7:45 A.M.
 PHOENIX, ARIZONA

being duly sworn according to law deposes and says that they are a citizen of the United States more than eighteen years of age and that all of the facts set forth in this affidavit are true and correct according to the best of their knowledge, information and belief.

2. That they are personally acquainted with the mining claim named "66" situate in the MANARD Mining District, MOHAVE County, Arizona, the location of which is recorded in the office of the County Recorder of that County in Book 4 Y, Page 385. Notice of location is posted in Section 32, Township 204, Range 15 W, G&SRB&M.

3. That between the dates of September 1 1979 and September 1 1980 at least One hundred dollars (\$ 100.00) dollars worth of work and improvements were done and performed upon this claim not including location work.

4. The work and improvements were made by and at the expense of Yvonne (Lowe) Talmadge, Marlene Evans, Karen Davis, owners of the mine for the purpose of complying with the laws of the United States pertaining to assessments or annual work.

5. Raymond L. Evans, Charles Talmadge were the names of the persons employed by the owner who labored to do the work and improvements.

6. The work and improvements done were Clearing of trail to claim, fresh excavation

ack
 12-9-80
 reg

Dated 8-28-80 Yvonne L Talmadge Signature

Subscribed to and sworn before me, a Notary Public, this 29 day of August, 1980, by Yvonne L Talmadge

My Commission Expires May 6, 1982
[Signature]
 Notary Public

1979

B.L.

OCT 2 1979
10:00 A.M.
PHOENIX, ARIZONA

10:00 A.M. Affidavit of Labor Performed and Improvements Made
PHOENIX, ARIZONA

STATE OF ARIZONA, } ss.
County of Mohave

Return

YVONNE LAWE (TALMADGE) being duly sworn, deposes and

says that he is a citizen of the United States and more than twenty-one years of age, and resides at 501 E. Oak, Kingman, Arizona in Mohave

County, State of Arizona, and is personally acquainted with the mining claim known as

OLD FLAG Book 4-E Page 266

"66" Book 4-Y Page 385

Book Page

Book Page

Book Page

Book Page

Book Page

Book Page

mining claim, situate in MANARD Mining District, County of Mohave, State of

Arizona; that between the 1st day of September A. D. 1978,

and the 1st day of September A. D. 1979, at least \$200.00

Two hundred and no/100 - - - - - dollars worth of work and improve-

ments were done and performed upon said claim, not including the location work of said claim.

Such work and improvements were made by and at the expense of YVONNE LAWE (TALMADGE) Raymond L. EVANS, KAREN J. DAVIS, EDWARD B. COVINGTON, owners

owner, S of said claim for the purpose of complying with the laws of the United States per-

taining to assessment of annual work and CHARLES TALMADGE, Raymond L. EVANS

were the men employed by said owner, and who labored upon said claim, did said work and

improvements, the same being as follows, to-wit: fresh excavation "66", repair fence upper Old Flag shaft

Tel. 783-5701



Subscribed and sworn to before me this Yvonne Lawe Talmadge day of October, A. D. 1979

My Commission Expires May 6, 1982. Charles Talmadge, Notary Public

(My commission expires _____) Filed and recorded at request of Yvonne Lawe Talmadge

OCT 15 79 - 12:40 PM A. D. 1979, at _____ o'clock _____ M., Book 578 of OFFICIAL RECO

Proof of Labor, pages 910, Records of Mohave County, Arizona.

By _____ Deputy Recorder County Recorder

Page 910

79 34153

300

BOOK 578 PAGE 910

Yvonne Talmadge
501 E. Oak St.
Kingman, AZ.
86701



STATE OF ARIZONA
DEPARTMENT OF MINERAL RESOURCES
MINERAL BUILDING, FAIRGROUNDS
PHOENIX, ARIZONA 85007

602/255-3791

October 29, 1981

Mr. Frank Russell
6515 Glidden Lane
San Diego, California 92111

Dear Frank:

Here is a list of things to do regarding the Flag Mine:

1. Obtain title report for Raymond Evans et al.
2. Obtain data on Lone Cedar Claims, some of them may or may not overlap Old Flag and "66".
3. Obtain statement from Raymond Evans that assessment work was done for all years from location to 1978. If not all years, then what years and what was done. If some years skipped it may not be a problem.
4. Obtain copies of available reference data from Arizona Department of Mineral Resources.
5. Research production history to obtain data on quantity of ore produced and grade.
6. Make agreement of some kind with owners before doing any physical work so as to protect yourself if initial work shows the mine to be good.
7. Clean out portal to allow water to drain.
8. Get refurbishment estimate from Frank Montonati to make bottom drift safe for sampling.
9. Sample and evaluate.

Sincerely yours,

Ken A. Phillips
Mineral Resources Engineer

KAP:jc

Maynard District, Mohave County, Arizona

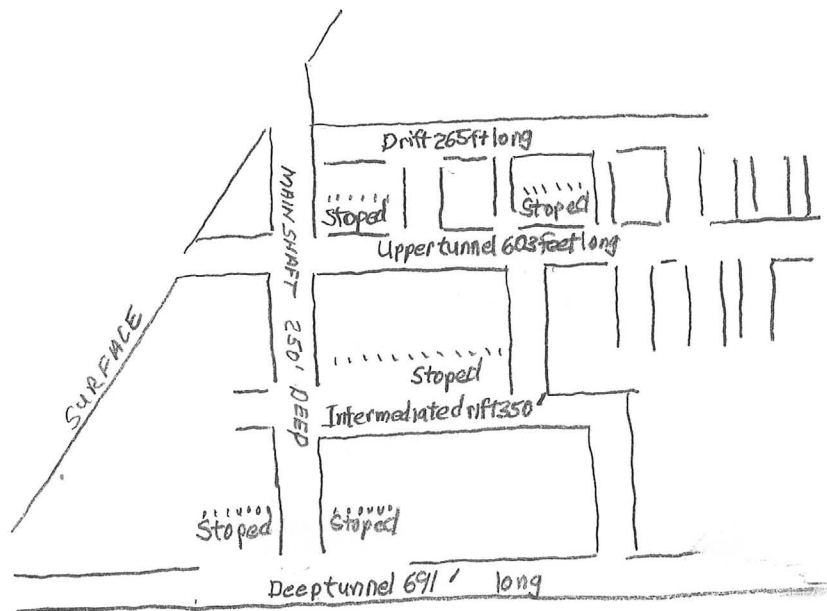
AMERICAN FLAG MINE

also known as Old Flag Claim & 66 Claim

Sketch of underground workings traced from:

Mohave County Miner, Sunday, Nov. 5, 1882, page 6
Published in Mineral Park

NOT TO SCALE



traced Oct. 19, 1981

R. C. JACOBSON
MOHAVE ASSAY & ENGINEERING OFFICE
 MINING CHEMIST AND ENGINEER

UMPIRE AND SMELTER
 CONTROL DETERMINATIONS
 ORE SAMPLING

MINE REPORTS, MILL DESIGNS,
 ORE TESTING LABORATORY

KINGMAN, ARIZONA

April 19th,
 1929

FLAG MINE
AKA. AMERICAN FLAG MINE
MAYNARD DIST
MOHAVE CO

Mr. H. C. Block, Pres.,
Wright Creek Mines Co.,
 Los Angeles,
 California.

Dear Sir:

In checking over the assay returns from the operation of the mill at The Flag Mine we draw the following conclusions:

The ore feed to the mill averages about 14.00 ozs. in silver with some gold; the tailings over the same period show a loss of over 3.00 ozs., and the average concentrate shipped contained about 250.00 ozs., silver and \$2.40 gold; showing an extraction of about 78.57 % of the silver value and a ratio of concentration of almost 18 into 1, providing a 100 % extraction were made, but actually it takes almost 23 tons to make one ton of concentrate as you are now working.

The tailing loss is due to the manner of grinding in the screening rod mill where the pulp is discharged as soon as ground to pass the 50 mesh screen with no scouring or rubbing of the fine particles as would be obtained in an overflow mill.

This action is very necessary on your ore where the sulfides have been mined for so long a period and been partially oxidized and you will find the older dump ores even more difficult of treatment. Also the manner of tailing discharge is not in accord with proper practice where silver glance or ruby silver is treated, for all care must be taken to recover any and all scum or fine particles of this rich mineral that will float on the discharge water in spite of all precautions.

You have sufficient tonnage of the material you are now treating to warrant at least a 50 ton plant and to operate it for several years; most of this material is mined and can be delivered to the mill at nominal cost and as the mill feed has been maintained at about a \$7.00 to \$8.00 value over your past operation you may very well figure on maintaining this value and increasing it as you open new ore; it seems therefore that your problem is to mill this grade of ore at nominal expense and with as great a saving as possible; this can be done at a very good profit by increasing your tonnage to 50 tons and by making a 90% or 95% saving. By doubling the mill capacity you will cut your milling costs about 40% and in making a 95% extraction you will save \$60.00 per day and over.

To so arrange the present mill I would suggest the following to bring the capacity to about 50 tons per day and to bring the extraction down to 90 or 95 percent:

FILE

H.C. Block, Pres., 4/19-'29

Put 20 mesh screens on the Red Mill now in operation; set a Deer single rake classifier to take all of the 20 mesh material and drag the oversize (60 to 80 mesh) to a 4 1/2 x 16 Harding Ball Mill, set where the 30 H.P. Engine is now set, pass the overflow from this mill and the classifier overflow either to the conditioner tank or direct to the flotation cells; and if necessary pump the middling discharge from the concentrating table back to the Ball Mill; pass all the tailings into an 18-foot or 16 foot Deer Thickener returning clear water to your mill storage tank, thus saving in the circuit all float scum etc; Settle all concentrates as you are now doing in the conc tanks and remove the moisture to 10 or 12 percent with either an Oliver or American leaf filter; all this will require more horse power and I would suggest the 75 H.P. semi-diesel oil engine quoted, and set the same with at least a 20 foot or 25 foot belt center to your present line shaft. The present ore bin will have to be enlarged to care for the extra 25 tons; this may be done by moving the present bin and grading back into the hill far enough to build a flat bottom bin of the same top dimension, or by extending the present bin; the present feeder will have to be lengthened to reach the center of the bin and extend out over the Red Mill feeder; install the 75 H.P. Engine preferably just West of the table floor and drive back to the line shaft with not less than a 12" 6 ply belt.

Enclosed are several quotations from the Kingman Engineering Equipment Company that seem reasonable. Do not believe the Harding Super thickener is suitable for your work on only 3 to 5 tons of concentrate and I would recommend a 4 ft. single leaf American Filter for this work. Mr. Conroy will submit a quotation on 16 ft Derr thickener in the near future.

In figuring very closely I believe the changes can be made for about \$8,500.00 but it would be much better to have available about \$10,000 to complete the job in good shape.

Trusting this will cover your requirements for the time being and that if at any time you wish more detailed information that you will not hesitate to command us, I am;

Very truly yours

R.C. Jacobsen

April 19th, 1929.

California State Corporation Dep't.,
Los Angeles, Cal.

Attention of Mr. W.D. Abel.

Gentlemen:

Mr. Block of the Wright Creek Mines Company has requested me to write you giving definite data regarding Ore reserves at their American Flag property.

Last year, I had occasion to sample and map the old workings with a view to ascertain the milling value of the property, and I herewith submit a rough sketch from notes made at that time.

Blocks A - B - and C, I regard as sight Ore, value of which has been proven in recent mill returns. Other ore blocks, without doubt, will be opened as development progresses and may reasonably be represented as per the section sketch attached.

The two upper blocks estimated at 26,000 tons and 90,000 tons respectively, I regard very favorably, and I do not doubt that these will be opened by driving the Lower Tunnel North into the mountain to a point below the 100 foot shaft which shows very good silver values where I was able to sample.

There is absolutely no doubt as to the profitable future of the property, as the Mill run the last 90 days has proven the commercial value of the dump and fill material that has been left in the mine from previous operations.

New ore will soon be opened North of the fault in the Lower Tunnel and the same will likely be entered from one of the upper levels as soon as the removal of the fill material will permit, therefore I believe it to be within reason to estimate the possible tonnage of the property at 300,000 to 400,000 tons.

Needless to say, I regard the American Flag property, and management, very highly.

If there is additional information required, I shall be glad to furnish you with the same upon the request of Mr. Block.

Very truly yours,

Mining Engineer.

RCJ/s

cc to Mr. Block

DATE PRINTED: MAR 18, 1981

MINERALS AVAILABILITY SYSTEM
DEPOSIT LISTING

PAGE 2274

DEPOSIT NAME: FLAG MINE

SEQUENCE NUMBER: 0040150488

>>>> MILS - DATA SET <<<<
(MINERAL INDUSTRY LOCATION)

STATE: ARIZONA	YEAR FIELD CHECKED:	MINE MAP REPOSITORY:	--PUBLIC LAND SURVEY--
COUNTY: MOHAVE	QUADRANGLE: WILLIAMS	TYPE OF EVALUATION: M	
TYPE OF OPERATION: UNDERGROUND	RIVER BASIN NAME:	EVALUATOR: ADMR	PRINCIPAL MERIDIAN:
CURRENT STATUS: PAST PRODUCER	BIG SANDY RIVER	YEAR OF INFORMATION ENTRY: 1979	GILA & SALT R
LATITUDE: N 35DEG 04MIN 37SEC	RIVER BASIN CODE: 59C	MAINTAINING FIELD CENTER:	TOWNSHIP: 020 N
LONGITUDE: W 113DEG 52MIN 51SEC	HYDROLOGIC UNIT CODE:	INTERMOUNTAIN	RANGE: 015 W
UTM - ZONE: 12	DATUM OF ELEVATION: SEA LEVEL	MINERAL PROPERTY FILE:	SECTION: 32
HEMISPHERE: NORTHERN	MAP NAME: HUALAPAI PK	CORE LIBRARY:	SECTION SUBDIVISION:
NORTHING: 3885175	SCALE: 7.5 MIN	MINES IDENTIFICATION:	NE 1/4, NE 1/4,
EASTING: 237325	DOMAIN: BLM ADMIN	GEOLOGICAL SURVEY CIR:	SURVEY STATUS: SURVEY
POINT OF REFERENCE: MAIN ENT	TYPE OF MINERAL HOLDINGS:	LAST MILS MODIFICATION:	
PRECISION: 500 METERS		MAY 08, 1980	
ELEVATION: 2109 METERS		LAST DEPOSIT MODIFICATION:	
PRECISION: 100 METERS		MAY 08, 1980	

>>>> COMMODITY - DATA SET <<<<

RECORD NO.	COMMODITY	MODIFIER	MARKETABILITY	STANDARD INDUSTRIAL CODE	DATE OF LAST MODIFICATION
01	SILVER		PRIMARY		
02	GOLD	LODE	COPRODUCT		MAY 08, 1980
03	ZINC		BYPRODUCT		MAY 08, 1980

>>>> NAMES (ALTERNATE) - DATA SET <<<<

AMERICAN FLAG

>>>> OWNERSHIP - DATA SET <<<<

RECORD NO.	NAME OF OWNER	STATUS	PERCENT OF OWNERSHIP	LOCATION OF HOME OFFICE	YEAR OF INFORM.	DATE OF LAST MODIFICATION
01	AMERICAN FLAG SILVER MINING CO	OWNER	%	USA ARIZONA	1920	MAY 08, 1980

>>>> BIBLIOGRAPHY - DATA SET <<<<

SET REFERENCE	LINE NO.		
	002	ADMR MOHAVE CARD FILE	
	003	MOHAVE CUSTOM MILL PROJ. CARD FILE	????????
	004	EVAL. OF MIN. RES. OF HUALAPAI INDIANS, 1964, VOL. I, P115-119	????????
	005	SCHRADER, F.C., USGS BULL 340, P71	????????
	006	SCHRADER, F.C., USGS BULL 397, P140	????????
	007	HINTON, HANDBOOK TO ARIZONA, P93	????????
	008	MALACH, R., HUALAPAI MOUNTAINS	????????
	009	MOORE, R.T., AZ. B.M. #180, P260	????????
	010	WEED, W.H. THE MINES HANDBOOK 1920 P 244	????????
	011	ELSING, M., & HEINEMAN, AZ. B.M. #140, P96	????????

The first location made by the party was named the Wheeler ledge and there are some nineteen names signed to the notice of location.

The boundaries of the Maynard district are as follows: Beginning at a point distant ten miles due north from the Lyons ledge; thence due east seven miles; thence due south twenty miles; thence due west fourteen miles; thence due north twenty miles; thence to the place of beginning.

The general formation of Maynard district is in granite mostly, in some places feldspathic-granite, the ledges large and well defined varying in width from two to twenty and thirty feet, the ore streaks measuring from six inches to six feet. The ore is generally chloride and carbonate on the surface, changing at a depth of fifty or sixty feet to sulphuret. Considerable galena ore is found in this district, notably in the Antelope mine, which will be described hereafter. The ores of this district are rich in ruby and antimonial silver and vary from 60 ozs. to 1500 ozs. There is a streak of ruby silver ore in the American Flag mine about four inches in width which will average over 1000 ozs. to the ton. Considerable work has been done on some of the mines of this district, at a vast expense, which goes to show that the mines are rich, for this work has been done during the past ten years when nothing less than \$150 ore would pay to mill in this county."

The location of Lyon's ledge, referred to in the boundary description above, could not be ascertained; however, general references to landmarks listed in the location notices filed in the district suggest an outline, as shown on Plaintiff's Exhibit No. F-2.

There were 390 location notices or relocation notices filed within the Maynard district prior to July 1, 1883.^{1/} There were only five properties, however, upon which sufficient development work had been done prior to January 4, 1883, to justify individual evaluations. These were the American Flag, Antelope, Dean, Mariposa and Mississippi mines.

American Flag Mine

The American Flag claim was located on May 18, 1872^{2/} and was soon developed into the most productive mine in the Maynard Mining District.

1/ Alphabetical Claim List, Maynard District (Vol. IV, p. 61)

2/ Ibid, Maynard District (Vol. IV, p. 62)

During the past four years 300 tons of ore have been sold from the mine, the assay value of which reached the enormous sum of \$130,000. Some of this ore was shipped to San Francisco and averaged over \$1000 to the ton, but the most of it was worked at the Mineral Park mill. There is now on the dump about 300 tons of ore of different grades, the first grade assaying about \$1000, the second \$250, the third \$125 to \$150 and the fourth from 60 dollars upwards. The third and fourth grades of ore comprise all the low grade ore taken out in the past four years and which has been worthless until the present day. The general average of the 300 tons of ore now on the dump taken from a number of recent careful assays is \$120, which includes all the low grade ores accumulated in four years. It is expected that Chamberlain & Co. will buy every pound of ore now on the dump and ship it to Denver and Omaha. Between the first drift and the upper tunnel the richest ore has been taken out, and very rich ore has been taken from the three winzes running down from the upper tunnel to the intermediate drift. In the deep tunnel the ore bodies are much larger than in the upper tunnel and drifts, but are not so rich. The ore is a sulphuret, carrying pyrites or iron, some zinc blende and a slight percentage of lead--the silver veins antimonial and ruby (illegible) opened up ready to be stoped. Should the ore body be found in running the intermediate tunnel, which will be known in a few weeks, then the deep tunnel will be run in to cut through it, which will open up an immense amount of stoping ground and treble the value of the mine.

The deep tunnel furnishes from half to three-quarters of an inch of water continuously and in addition there are two springs of water on the claim, both of which are above the level of the deep tunnel. The boys also own a timber claim of 40 acres about 1/2 mile above the mine, which is covered with a forest of timber, mainly pine and oak. They also own a mill site of five acres on the southeast corner of the claim, which lies in such a position that all the water from the mine and springs and all the ore from the mine can be run out of the deep tunnel and right down to the mill.

Should the bodies of ore in the mine, which seem to trend to the north, continue down, the first north extension will become a valuable property and perhaps as good or better than the American Flag mine itself. We think that parties desiring to invest in a good mining property can find none better in this county, and we believe that the present owners could be induced to sell at a reasonable figure, knowing as they do that without capital they can not properly handle such a property as the American Flag. This mine needs a mill right on the ground and with water in abundance right at hand we see no reason why there should not be one. One thing is certain and that is that anyone purchasing this property and putting a mill up on it will never want for ore to keep it running, as it will take years to stope out the ground already opened, above the deep tunnel. The way in which this mine is opened up shows how much work can be accomplished in a short time by three or four men who, thoroughly understanding every branch of mining, go to work in a systematic manner, 'lay out' a certain amount of work ahead and go at it and stay at it until it is accomplished, instead of burrowing a few coyote holes here and there on the surface and then running off a few miles further and doing the same thing on another claim as seems to be the fashion among so many of our prospectors here.

The latest recorded reference to production for the American Flag mine was published by the Arizona Bureau of Mines in 1936^{1/} and listed values of \$50,000 in gold and \$100,000 in silver for a total production of \$150,000 for the mine. The period for which this production was recorded is not stated, and in consideration of other reports it appears that the figure may not include some of the production from the early years.

Antelope Mine

The Antelope mine was located January 15, 1874.^{2/} Early accounts on the mine indicated that the property was considered to be of value. In 1879 it was reported:^{3/}

" * * * * The Antelope mine has a shaft down 100 feet and shows ore of a very high grade. The vein is about eighteen inches in width and will yield from \$300 to \$500 per ton."

A sale was recorded on May 5, 1879^{4/} in which a one-third interest in the Antelope mine was sold in a multiple sale, along with a one-fourth interest each in the Mariposa and Mississippi claims, for \$2,500.00.

Early in 1883 a report on the Antelope mine related:^{5/}

"Another prominent mine is the Antelope, owned by B. H. Spear and Wm. Freeborn. This mine is opened up by about 400 feet of tunneling and a shaft 100 feet deep. The ledge is five feet wide of carbonate ore on the surface carrying a good percentage of lead. Below the water level the ore changes to a heavy sulphuret. Ore from this ledge will assay from \$25 upwards. Considerable of the best ore has been hauled to the mill at Mineral Park and all of it went over \$300 to the ton."

Hamilton reported in 1883^{6/} that the mine had produced \$20,000.

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- 1/ Elsing, M.J. & Heineman, R.E.S., op. cit., p. 96 (Vol. III, p. 317)
2/ Alphabetical Claim List, Maynard District (Vol. IV, p. 62)
3/ Engineering & Mining Journal, Mar. 15, 1879 (Vol. III, p. 192-D)
4/ Sales Data, Maynard District (Vol. IV, p. 76)
5/ Mohave County Miner, April 1, 1883 (Vol. II, p. 184)
6/ Hamilton, Patrick, The Resources of Arizona, 1883 (Vol. III, p. 270)

FLAG MINE

MOHAVE COUNTY

KAP WR 1/23/87: Frank Russell called and reported that Hector Resources completed the 8th drill hole on his Flag Mine (file) Mohave County. The hole was drilled to intersect the vein below the lowest old working. He said the silver values (the mine was historically a silver mine) were low, but that they drilled a true width of 3' of 0.25 tr. oz/ton gold bearing vein material.

NJN WR 5/2/87: Frank Russell (c) reports that Corvel Development (Arizona Silver Systems - card) has reconsidered their decision to sell the Yucca Flotation Mill-site (file) Mohave County in light of the current silver prices (approximately \$10). They hope to forward-sell silver and thus be able to put the McCracken (file) and Flag (file) Mohave County into production.

KAP WR 5/1/87: Frank Russell, San Diego, California, reported that Hector Resources has not dropped their interest in his Flag Mine (file) Mohave County. They estimate there is 22,000 tons of ore available if Arizona Silver restarts the Yucca Mill.

RRB WR 11/6/87: Frank Russell reports that Hector Resources now have their own drill rig and that they are drilling the Wild Burro silver property southeast of the McCracken. They will move it to the American Flag when through.

KAP WR 5/6/88: Frank Russell, San Diego, California, reported that Hector Resources still holds the lease on the Flag Mine (file) Mohave County and continue to have some distant plans for further exploration. They continue to pay him a small monthly minimum. He also holds a number of shares in the company.

FLAG MINE

MOHAVE COUNTY

KAP WR 5/16/86: Frank Russell, San Diego, reported on the status of activity at the Flag Mine (file) Mohave County, which he has leased to Hector Resources. Hector is currently without funds but is in the process of issuing 300,000 shares of stock, the proceeds of which are to pay for drilling at the Flag. They have completed an access road up the canyon to the west of the portal and then back east up the face of the mountain to a drill pad between the upper and lower dumps.

KAP WR 6/6/86: Frank Russell, San Diego, California, reported on the status of proposed drilling at the Flag Mine (file) Mohave County. Hector Resources was unable to obtain the private placement they were hoping for and now plan to sell \$300,000 in unissued stock. A portion of the proceeds, \$86,000 are earmarked for drilling at the Flag Mine.

KAP WR 9/5/86: Frank Russell, San Diego, California reported that Hector Resources, Vancouver, B.C. Canada has raised \$92,000 (Canadian) for a first phase drilling project on the Flag Mine (file) Mohave County. He also reported that there is reportedly additional historical information on the mine in the Kingman Museum, but accessibility to the information is difficult.

NJN WR 9/19/86. Ed Huskinson (c) reported that drilling should begin next week at the Flag Mine (f) Mohave County.

NJN WR 11/21/86: Frank Russell (c) reported that Hector Resources (c) has recently completed the 8th diamond drill hole at the Flag Mine (file) Mohave County. Drill results show that deeper holes have more silver value but less gold value. Current drill hole #8 is located between the 1st and 2nd dumps. When the drilling is completed he will send us the resulting maps and logs.

NJN WR 1/9/87: Corwin Coe (c) of Hector Mining (c) called and reported that they had completed 2500 feet of drilling at the Flag Mine (file) Mohave Co. The results for silver were disappointing, but the gold results were unexpected. Values up to .8 pz/ton Au were encountered and a resource of 20,000 tons of .16 oz/ton Au over a 3½ foot width, with lots of dilution was identified. This resource is located 250 feet under the old stope. Problems encountered during drilling were poor core recovery especially in the mineralized zone. If additional drilling is done, deeper holes will be drilled with a larger core size.

FLAG MINE

MOHAVE COUNTY

KAP WR 6/28/85: Frank Russell called to report on some assay results on samples taken by Hector Resources at the Flag Mine (f) Mohave County. The samples were taken by Ed Huskinson, consultant for Hector Resources. The average for the samples from the main dump (dump on the mountain above haulage tunnel) is 26 tr. oz. Ag/ton; from the smaller dump above the main dump the average is 16 tr. oz. Ag/ton and; from the haulage tunnel dump the average is 3 tr. oz/ Ag/ton. Hector Resources has the Flag Mine optioned/leased from Mr. Russell.

KAP WR 7/5/85: Frank Russell determined that those portions of his claims at his Flag Mine (f) Mohave County that lie in the $W\frac{1}{2}$ Sec 33, T20N R15W are not valid. According to information obtained from the BLM, Section 33 was originally patented to the Sante Fe Railroad in 1925. Then in a private exchange in 1951 the surface only of the $W\frac{1}{2}$ and $W\frac{1}{2}$, $SE\frac{1}{4}$ of Section 33 and both the surface and minerals of the remainder of the section were deeded back to the Federal government. Thus the portion of his claims located in the $W\frac{1}{2}$ of 33 were invalid from the beginning.

NJN WR 9/27/85: Ed Huskinson (c) reports that Hector Resources (c) is pumping out the winze at the Flag Mine (f) Mohave County. If successful Mr. Huskinson plans to sample it and whatever deeper workings are accessible.

KAP WR 9/27/85: Frank Russell, San Diego, explained that he is ending his prospecting career and if the Flag Mine (file) Mohave County is a success-great. But regardless, he is going to move on to other endeavors. He plans to donate his field equipment to the Department.

NJN WR 9/6/85: Perry Fletcher reported that Arizona Silver has taken some pumps and a generator from the McCracken Mine to the Flag Mine (f) Mohave County to allow some underground exploration.

NJN WR 1/3/86: Frank Russel (c) of San Diego Ca. called and reported that there has been lots of activity at the Flag (f) Mine Mohave County. Roads have been cut to access the upper dump and to provide sites for the surface drilling program. Bids for the drilling are currently being received and it is hoped the drilling will commence by March. The mysterious winze has finally been cleaned out and it and the newly discovered level sampled. Some of the samples contained over 25 ounces of silver.

FLAG MINE

MOHAVE COUNTY

KAP WR 11/30/84: Frank Russell reported he completed monumenting and added two new claims to cover a site for the portal of a possible crosscut to intersect a possible extension with depth of the vein at the Flag Mine (f) Mohave County. The consultant he hired has not yet completed his report of examination as he is still awaiting some assay results.

KAP WR 12/14/84: Frank W. Russell of San Diego reported he hopes to have the Flag Mine (f) leased or optioned to a Canadian junior exploration firm by the end of 1984. He has provided a copy of a consultants report by Ken Brook of Desert Ventures Inc., 3865 Chelsea Drive, Reno, NV 89509, phone (702) 825-0719. Any option will include small cash rental payments as well of a work commitment.

KAP WR 12/21/84: Frank W. Russell, San Diego reported he is negotiating with Tony Floyd of Emperror Resources of Canada to lease his Flag Mine (file). Mr. Russell explained the company is not yet public, and further, that before they can go public in Canada they must spend \$45,000 of private money on any property they wish to take public. Initial contact with Emperror Resources was made through Ken Brook, the Reno based consultant Mr. Russell hired to write a report on the property.

kap wr 3/29/85: Discussed the Flag Mine (file) Mohave County, with Frank W. Russell. He is leasing it to a new company being formed by Corwin Coe to be known as Hector Resources. Hector Resources is a junior company to be traded on the Vancouver exchange.

KAP WR 2/1/85: Frank W. Russell requested a copy of the Directory of Exploration Companies with companies noted to which he might send copies of the consultants report on his American Flag Mine (file) Mohave County. He wants to submit his property to a number of majors.

FLAG MINE

MOHAVE COUNTY

KAP WR 11/11/83: In the company of Nyal Niemuth a visit was made to the Flag Mine, Mohave County. The mine's owner, Frank W. Russell was assisted by tracing the Flag vein structure northward. Outcrops were flagged and sampled. An additional old working was located just south of the County Park boundary. This work consists of a shaft on a 8" - 14" wide northwest striking quartz vein. Some vein material was piled at the collar from which a grab sample was taken. See sample #11983-4. Results Au-0.042 tr/oz/ton, Ag-1.93 tr oz/ton. The claim "34 $\frac{1}{2}$ " was located by Mr. Russell and added to the claim group to acquire any mineralized ground indicated by the exposure in the shaft.

NJN 12/2/84: Frank Russell called and reported the grab sample from the dump of the shaft discovered on Hualapai County Park property ran .042 oz/ton Au and 1.93 oz/ton Ag. He also reported that Bob Nakaoka, consultant for Santa Fe mining called inquiring about the Flag Mine

KAP WR 6/15/84: Frank W. Russell, San Diego, reported he plans to have a geologic survey performed on his Flag Mine (file) Mohave County. As he has done enough assessment work for the 1983-1984 year, he will have the survey work done after September 1, 1984.

NJN WR 6/22/84: Frank Russell reported he has engaged Ken Brooks, president of Desert Ventures Inc. of Reno, Nevada to examine the Flag Mine (file) Mohave County after September 1, 1984. When he receives a report on the property he will send us a copy.

KAP WR 11/9/84: Frank Russell reported he has received verbal comments from the Reno Nevada Consultant he hired that initial assay data from samples from the Flag Mine (file) were favorable. A completed report is supposed to be ready in less than a month.

FLAG MINE

MOHAVE COUNTY

KAP WR 7/23/82: Frank Russell reported he has completed assessment work on the Flag Mine and have recorded the work with the county and the BLM. He will also provide a copy of the affidavit for our files.

KAP WR 8/27/82: Frank W. Russell reported he has had the portal to the Flag Mine fenced.

NJN WR 6/17/83: Frank Russell of California, called and reported that his attorney has drafted a contract which is now being submitted to the Mohave County Board of Supervisors and park officials. The contract is similar to the one he has on the Flag Mine. The contract is for the mineral rights to T20N R15W Sec. 29. This section is contiguous to and on the north side of the Flag Mine.

KAP WR 7/8/83: Frank W. Russell reported he has completed and recorded his 1983 assessment work on his American Flag Mine, Mohave County. The work consisted of erecting a chain link gate at the portal of the main level.

KAP WR 9/30/83: Frank W. Russell reported he has completed locating the "71" and "77" claims along with amendments to the Old Flag and "66". He has remonumented the Old Flag and the "66" claims.

NJN WR 11/11/83: With Ken Phillips visited the Flag Mine, Mohave County. Additional samples were taken. Their locations and results will be added to the file.

(Note date out of sequence)

KAP WR 9/9/83: Frank Russell reported he is having a surveyor in Kingman amend and remonument hsi Old Flag and 66 Claims and add two new claims, the 71 and 77, to the Flag Mine property. The claim group will join the Mohave County Park section along the south line of Sec. 29 and the north line of Sec 32, T20N R15W.

KAP WR 2/19/82: Frank Russell of San Diego reported he is still trying to complete negotiations on the Flag Mine in Mohave County. He said the major problem seems to be his lawyer in Kingman.

KAP WR 2/26/82: In the company of Nyal Niemuth traveled to the Flag Mine, Maynard District, Mohave County. Frank W. Russell has just mucked out the portal of the lower tunnel. A crude brunton-tape survey was made of the accessible workings from this level and three samples of vein material left in place by previous operators were taken.

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KAP WR 3/5/82: Frank W. Russell reported he has sent the samples taken at the Flag Mine, Maynard District, Mohave County to North American Assay of Tempe.

NJN WR 3/26/82: F. W. Russell called with a new phone number 714-277-7803. He also reported that it will be another four to six weeks before the lease agreement is completed on the Flag Mine, Mohave County.

KAP WR 4/2/82: Marlene Evans reported she finalized the lease to Frank W. Russell of her group's Flag Mine.

KAP WR 5/28/82: Frank Russell reported he prospected north and south of the Flag Mine along the strike of the vein. He reported he found a barren quartz vein to the south.

NJN WR 7/9/82: Frank Russell called and reported he was having a fence put up at the portal of the haulage tunnel at the Flag Mine, Mohave County.

KAP WR 7/16/82: Frank W. Russell reported his corporation, R. W. Russell Enterprises has finally obtained a lease on the Flag and 66 mines in the Hualapai District, Mohave County. The lessors are Raymond and Marlene Evans, Karen J. Davis, Yvone Talmadge, Carlos Hall Elmer and Jacqueline Elmer Glass.

KAP WR 8/14/81: Marlene R. Evans, 1200 Eleventh Ave., Yuma, AZ 85364, phone 583-5701 reported that she, along with Karen J. Davis and Yvonne (Lawe) Talmadge own the Old Flag mine in (Hualpai) Maynard District, Mohave County. The mine is located in the NE $\frac{1}{2}$, Sec. 32, T20N R15W. BLM records show the current Old Flag claim located in March 1954 and the owners as Yvonne Lawe Talmadge, 501 Oak, Kingman, Arizona 85401 along with Raymond L. Evans (husband of Marlene R. Evans) and Edward B. Covington (AMC 87292). Mrs. Evans explained that the owners would like to sell or lease the property. It was suggested she send us copies of assays and reports. It was also suggested she contact Frank Russell of San Diego as he might be interested in the property.

KAP WR 9/4/81: Ray Evans, one of the owners of the Old Flag and add "66" claims on the American Flag mine, Maynard District, Mohave County, NE $\frac{1}{4}$, Sec. 32 T20N R15W Reported the claims are on BLM land. The Mohave County Board of Supervisors filed an application on September 20, 1973 for patent to the quarter section for addition to the County Park systems. However, the BLM has not classified the land for such a purpose and reports that therefore the land is open to mineral entry. Also two claims were over staked in August 1979 on the property, but Affidavit of Labor was not filed for 1980 and the claims will be invalid.

KAP WR 20/23/81: In the company of Frank Russell a visit was made to the American Flag Mine in Section 32, T20N R15W in the Maynard District, Mohave County. The American Flag Mine is held by two unpatented lode claims; the Old Flag and the 66. Mr. Russell is evaluating the property. A separate report on the visit will be written.

NJN WR 11/6/81: Frank Russell called with assay results for samples from the Flag, Mohave County, Empire, Mohave County and San Luis, ~~Gila~~ Gila County mines. The data will be added to the appropriate files. *Pinal*

KAP WR 11/20/81: Frank Russell reported he is continuing to solve legal and acquisition problems preparatory to acquiring the American Flag Mine, Maynard District, Mohave County.

KAP WR 12/11/81: Frank Russell reported he has been doing some surface prospecting on the "66" Claim (Part of the Flag or American Flag Mine, Maynard District, Mohave County).

DEPARTMENT OF MINERAL RESOURCES

**STATE OF ARIZONA
FIELD ENGINEERS REPORT**

Mine Flag

Date 10-2-86

District Maynard

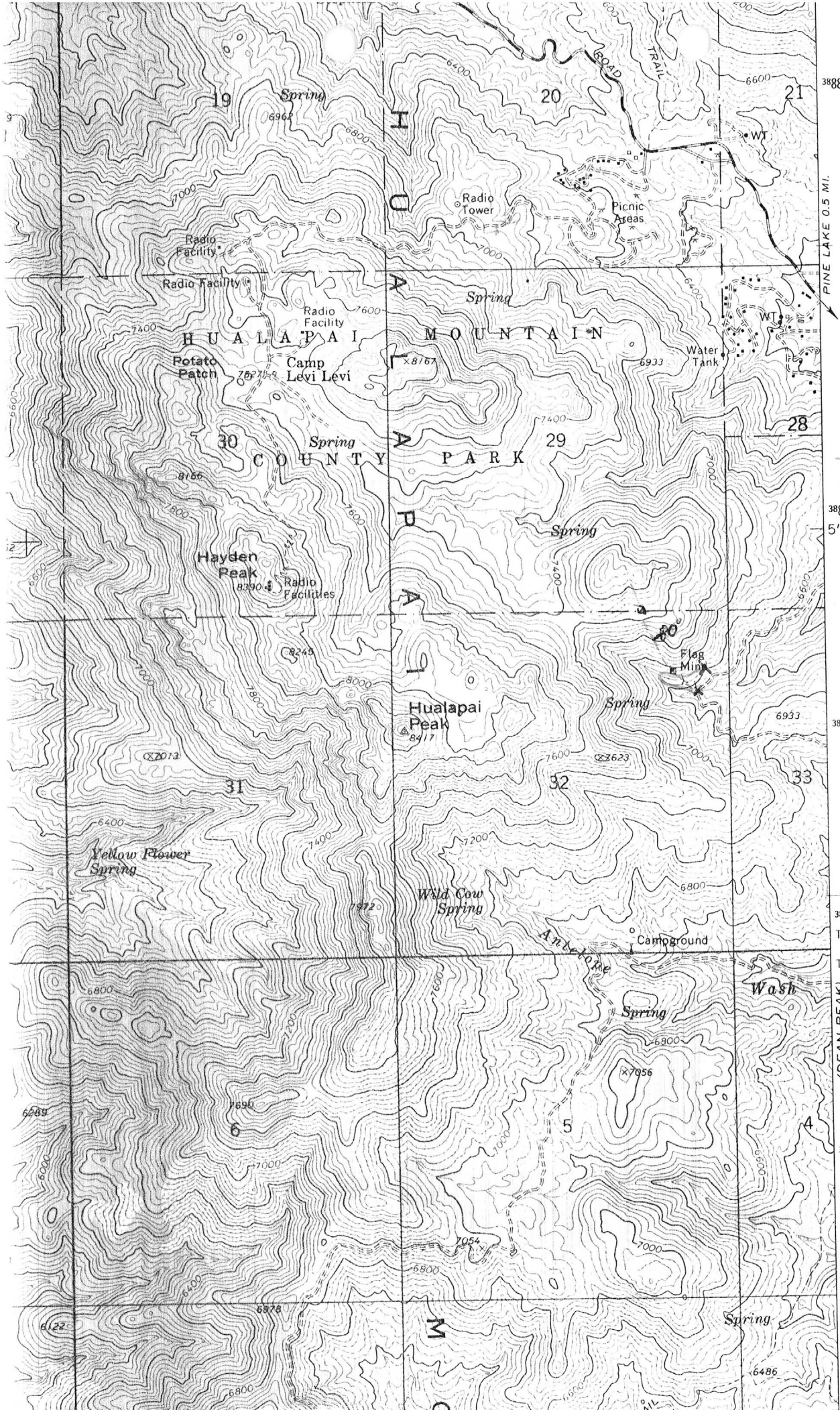
Engineer Nyal J. Niemuth

Subject: Field visit

In the company of Frank Russell a visit was made to the Flag mine where Hector Resources, 1140, 625 Howe St., Vancouver B.C., leaseholder of the property, has a core drilling project underway. Ed Huskinson, company geologist, reported that at least 9 holes are planned from 2 drill sites. Currently a portable diamond core rig, nx size, is occupying the upper site and is completing the second hole. (see the attached map for drill road and pad site locations). The exploration holes are planned to test on strike and down dip extensions beyond the known underground workings.

Geophysical lines are being run to the north to see if vein mineralization can be located for a possible drill target. Additional work will depend on the results of the drilling.

An ironic note is the fact that the mine portal which in previous years has been a foot deep with cold water is now dry and water is being hauled in to supply the drill rig.



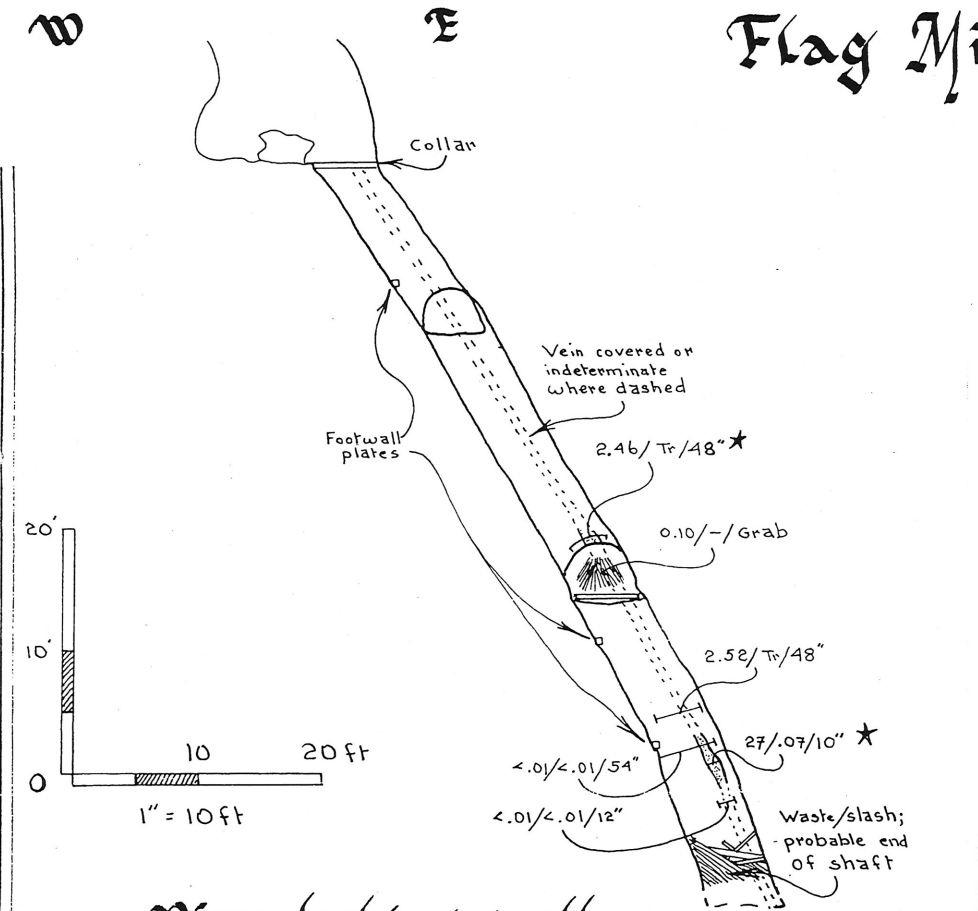
3888
 3886
 5'
 3885
 3884
 T. 20 N
 T. 19 N
 3883
 3882

— trace of vein
 — road
 x - drill site

10-86
 NSN

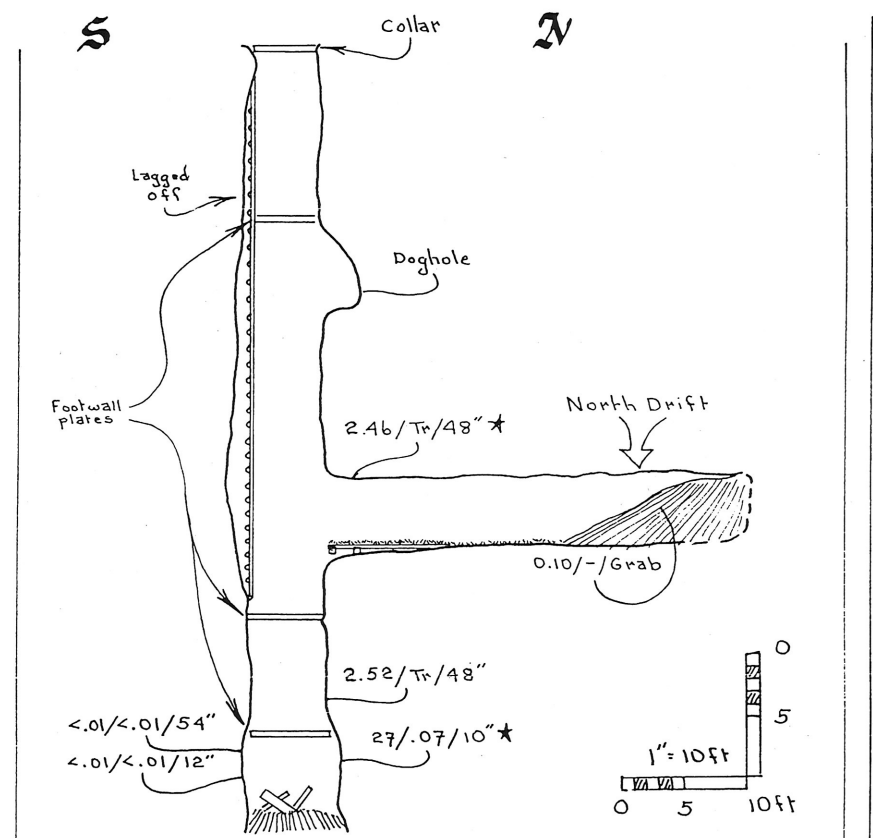
(DEAN PEAK)
 3254 III SE

Flag Mine Winze



View looking north

Mapped & Sampled Oct. 2, 1985
 by Ed Huskinson, Jr.
 Fire assay by Tom Dodge
 Ag/Au/Width
 * = Strong garlic odor; probable Te mineral



**Longitudinal Section
View looking west**

NAME: FLAG MINE

See American Flag ✓

COUNTY: MOHAVE

HUALAPAI PEAK 7 1/2' 3/4 mi E Hualapai Co.

T 20N R 15 W SEC. 32

E 1 6950' DISTRICT: MAYNARD

Mineralization: A₁

Geology:

Type Operation:

Production:

References:

Mohave County Card File

December 18, 1986

NEWS RELEASE

AMERICAN FLAG MINE - MOHAVE COUNTY, ARIZONA U.S.A.

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A summary of the vein intersects which encountered significant values are as follows:

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F8	323-324	*	0.214	0.69
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	*average	3.9	0.192	1.20

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	including 1 Ft.		0.62	2.61

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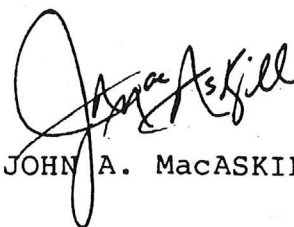
AU PROPERTY - SIMILKAMEEN MINING DIVISION, BRITISH COLUMBIA

Work on the Company's AU PROPERTY is continuing under the supervision of Mr. I. Borovic, P.Eng. 2.8 kilometers of new road has been completed to the gold/silver/copper anomaly area and arrangements are being made to begin trenching this week. It has been concluded by Mr. I. Borovic, P.Eng. that the coincidental gold/silver/copper anomaly and very high magnetic relief anomaly indicates the presence of an elongated mineralized body dipping to the west.

The Company recently concluded the acquisition of a 20 unit mineral claim (approximately 1200 acres) in the Laird Mining Division, British Columbia in the area where Skyline Explorations Ltd. is currently developing its major gold discovery.

Working capital as at November 30, 1986 is \$189,700.

On BEHALF of the BOARD OF DIRECTORS



JOHN A. MacASKILL, Director

CAPITALIZATION

Authorized - 10,000,000 Common Shares
Issued: 1,505,001 Free Trading
750,000 Escrow
2,255,001 Common Shares

LISTED

Vancouver Stock Exchange - Ticker Symbol
HEC
United States - OTC HEC.V

WARRANTS

Ticker Symbol - HEC.WT.A
Issued: 600,000

Warrants are exercisable on the basis of two warrants for one Common Share at \$1.46 per Share until February 9, 1987.

The VANCOUVER STOCK EXCHANGE has neither approved nor disapproved the information contained in this News Release.

COPIES IN

F46 mine file
OLD DUKE file
JOHNNY JO file

RC
MAG

HECTOR RESOURCES INC.

Suite 1140 - 625 Howe Street,
Vancouver, B.C. V6C 2T6
Telephone: (604) 689-5588

June 3, 1985

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

During the past year the Management of HECTOR RESOURCES INC. has initiated a corporate policy directed towards the acquisition of Gold and Silver Properties of merit located near Kingman in the State of Arizona, U.S.A. To date three (3) separate Property acquisitions have been concluded and exploration programs have been initiated on all three Properties. In addition to these new acquisitions Management intends to initiate the PHASE 1 Work Program recommended by I. BOROVIC, P.Eng., on the Company's Gold Property located near Princeton, B.C.

With the intent of generating some immediate cash flow, Management has also initiated investment in the gas/oil industry by acquiring a 10% working interest (7% net revenue interest) in an oil lease in Howard County, Texas. The Operator has recently reported that four successful wells have been drilled and Division Orders are currently being prepared which will result in the commencement of distribution of production income.

ARIZONA, U.S.A. GOLD / SILVER PROPERTIES

... AMERICAN FLAG MINE ... This Property which consists of seven unpatented lode mineral claims and another 640 acres contiguous thereto is located 15 miles southeast of Kingman, Arizona and at one time the Mine was reportedly the most productive gold/silver producer in the District. A mapping and sampling program is currently being conducted and to date has confirmed previously reported gold/silver values as follows:

<u>Sample Description</u>	<u>Oz/Gold/Ton</u>	<u>Oz/Silver/Ton</u>
#1046 (first level north off 6765' level shaft)	0.013	54.28
#1047 (Stope above 6630' level)	0.104	78.75
#1048 (6520' level - 200' from entrance)	0.023	4.69

(over)

... EYE OF THE TIGER GOLD PROPERTY ... comprises 12 mineral claims located 25 miles southwest of Kingman, Arizona. The Property has had previous production and is considered as a potential open-pit gold mining operation. Several recent grab samples taken from existing pits by Company representatives and assayed at Chemex Labs Ltd. in Vancouver were as follows:

<u>Sample Description</u>	<u>Oz/Gold/Ton</u>	<u>Oz/Silver/Ton</u>
E/T #1	0.338	0.22
E/T #2	0.526	0.17
E/T #3	0.552	0.15

... GOLD DUKE PROPERTY ... consists of eight contiguous unpatented mineral claims located 23 miles northwest of Kingman, Arizona. Previous production recorded during the 1930's contained ore with high silica, gold and lead values. In a Report prepared by Clive R.G. Bailey, AIPG, (American Institute of Professional Geology) it is noted that the Property contains substantial indicated ore reserves and several samples were reported as follows:

<u>Sample Description</u>	<u>Oz/Gold/Ton</u>	<u>Oz/Silver/Ton</u>
#1) 3.5' horz. chip (underground)	0.670	0.018
#2) 3.0' horz. chip (underground)	0.856	0.104
#3) Grab sample (Mine Dump)	0.339	-

Management is currently negotiating a drilling contract which will include drilling on all three (3) of the foregoing Properties, the results of which will be released to shareholders when the same are received.

ON BEHALF OF THE BOARD OF DIRECTORS



 CHARLES S. UNDERHILL - President

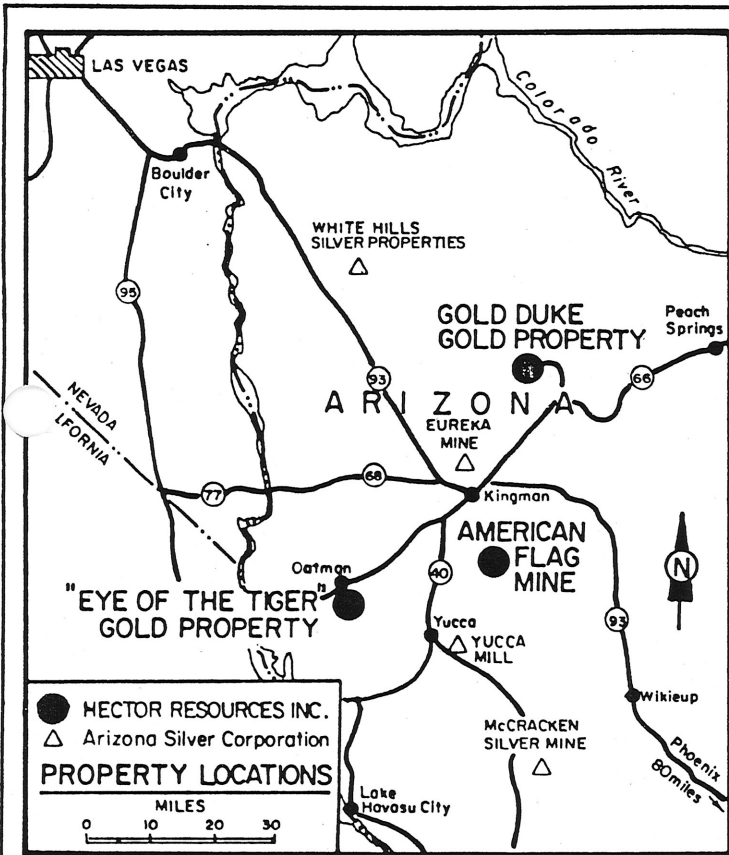
Capitalization:

Authorized - 10,000,000 Common Shares
 Issued - 1,760,001 Common Shares

Listed:

Vancouver Stock Exchange
 Symbol / HEC

FLUG mine file 01
6/85 R



HECTOR RESOURCES INC.

1140 - 625 HOWE STREET,
VANCOUVER, B.C. V6C 2T6

AMERICAN FLAG MINE

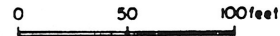
LONGITUDINAL SECTION IN THE
PLANE OF THE VEIN.

(Looking S 45° W)

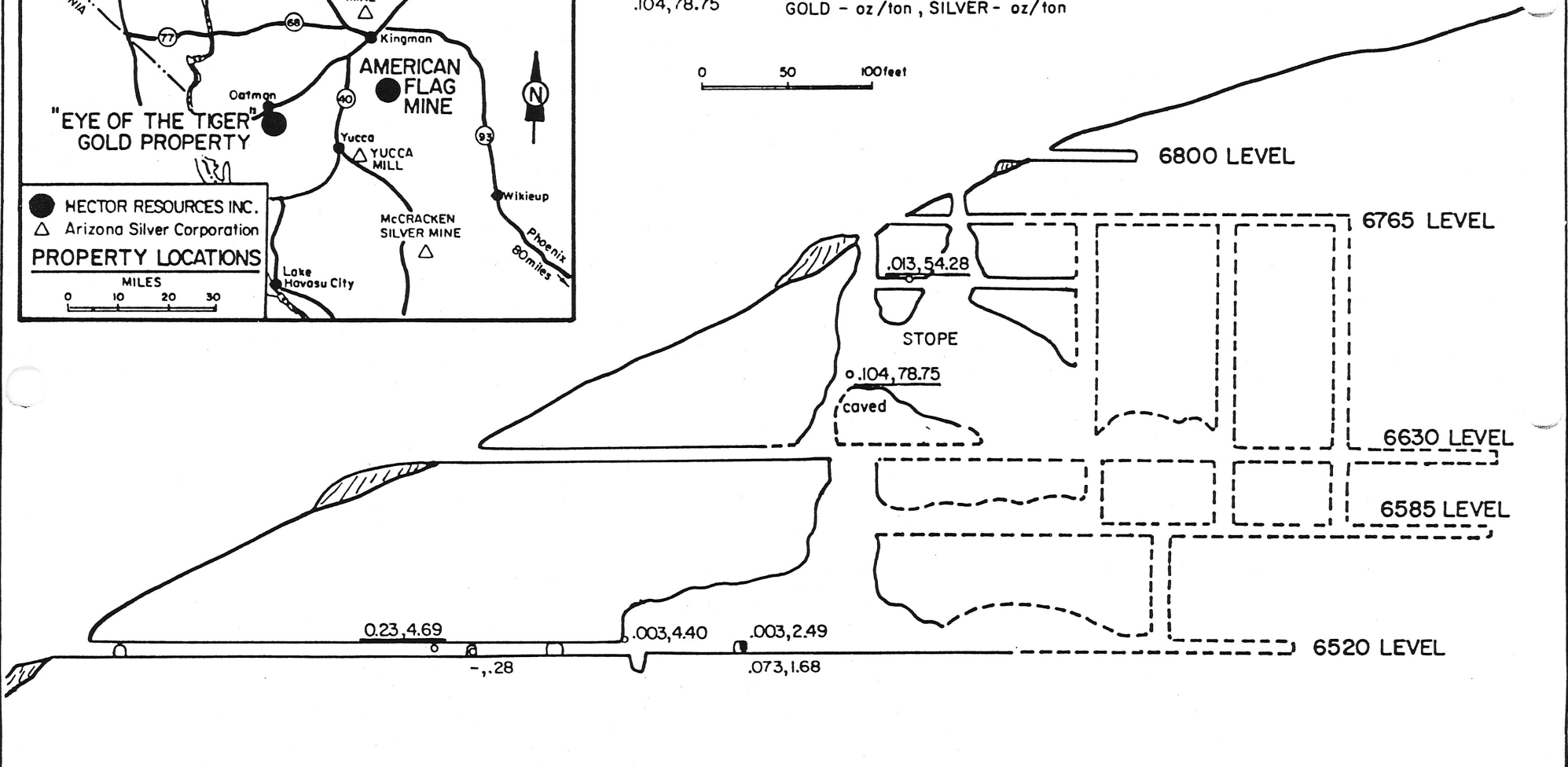
ARIZONA , U.S.A.

LEGEND

- KNOWN LIMITS OF WORKINGS
- REPORTED LIMITS OF WORKINGS
- SAMPLE LOCATION WITH
.104,78.75 GOLD - oz/ton , SILVER - oz/ton



● HECTOR RESOURCES INC.
△ Arizona Silver Corporation
PROPERTY LOCATIONS



IRON KING ASSAY OFFICE
ASSAY CERTIFICATE

BOX 247 — PHONE 532-7410
 HUMBOLDT, ARIZONA 86329

RECEIVED

DEC 5 1983

DEPT. MINERAL RESOURCES
 PHOENIX, ARIZONA



ASSAY
 MADE
 FOR

Frank Russell
6515 Glidden Lane
San Diego, Ca. 92111

Nov 28, 1983

REF. NO.	DESCRIPTION	oz/ton Au	oz/ton Ag	% Fe	% Pb	% Zn	% Cu
<i>11-23-18</i>	<i>11983-4</i>	<i>0.042</i>	<i>1.93</i>				
	This assay certificate is for sample #11983-4 taken as a select grab sample from the dump of a 50 plus foot deep shaft at the north end of the "34½" claim in the Flag Mine (file) group of claims in the Maynard District, Mohave County.						

CHARGES *10.25*

ASSAYER _____

AFFIDAVIT OF PERFORMANCE OF ANNUAL LABOR

STATE OF ARIZONA)
) ss
 COUNTY OF _____)

F.W. Russell, being duly sworn, deposes and says:
 That he is a citizen of the United States, more than eighteen
 (18) years of age and resides at 6515 Glidden Lane, San Diego, Calif.
County, Arizona; 92111

That he is personally acquainted with the following unpatented
 mining claims situated in the Maynard Mining District, Mohave
 County, Arizona, the name(s), book(s) and page(s) of recording of the
 location notice(s) in the office of the recorder of said county and
 the BLM serial numbers of which are as follows:

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>A MC. No</u>
Old Flag	4E	266	8792
66	4Y	385	8793

That the notices of location of said claims are posted within the
 following Section(s), Township(s) and Range(s): Sec. 32 T20N R15W
G&SRM, Arizona;

That F. Russell Enterprises, Inc whose address is 6515 Glidden
Lane, San Diego, Calif. 92111 is the owner of the above-described
 claims;

That between the 2nd day of Sept., 19 82 and the 15th
 day of July, 19 83, at least 200.00 dollars worth of
 work and improvements were done and performed upon or for the benefit of
 each of the said claims, not including the location work of the said
 claims;

That such work and improvements consisted of improving safety and
access by erecting a locked gate at mine entrance; posting "Keep-out"
signs. Hand trenched entrance to drain water from drift.
and were performed by City Fence Co. (Kingman, Ariz.) and F.W. Russell

That all of the above-described work and improvements were
 performed by or at the expense of F.W. Russell Enterprises, Inc, the
owner of said claims, for the purpose of complying with the laws
 of the United States pertaining to assessment or annual work.

Dated this 12 day of Sept., 1983.

F.W. Russell

SUBSCRIBED AND SWORN TO before me this 12 day of Sept.
 19 83 by F.W. Russell.

My Commission Expires:
5/5/87

[Signature]
 Notary Public

IRON KING ASSAY OFFICE
ASSAY CERTIFICATE

BOX 247 — PHONE 632-7410
HUMBOLDT, ARIZONA 86329



ASSAY
MADE
FOR

[F. W. Russell
6515 Gladden Lane
San Diego, Ca. 92111.]

Nov. 9, 1981

REF. NO.	DESCRIPTION	oz/ton Au	oz/ton Ag		% Fe	% Pb	% Zn	% Cu
11-3-3	Sample #1 Flag Mine	Nil	26.84					
4	" #4 Empire Mine	0.156	6.35					
5	" #5 " "	0.058	1.60					
6	" #6 " "	Tr	0.14					
7	" #7 " "	Tr	0.44					
8	Sunkuis #1	Tr	0.72			1.48	1.32	0.05
9	" " #2	0.036	0.97			2.04	0.82	0.02
10	" " #3	0.038	2.74			25.15	12.75	0.03
						150	160	

CHARGES \$110.00 pd

ASSAYER _____

IRON KING ASSAY OFFICE
ASSAY CERTIFICATE

BOX 247 — PHONE 527-10
HUMBOLDT, ARIZONA 86329

RECEIVED

DEC 5 1983

DEPT. MINERAL RESOURCES
PHOENIX, ARIZONA



ASSAY
MADE
FOR

Frank Russell
6515 Glidden Lane
San Diego, Ca. 92111

Nov. 28, 1983

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CHARGES *10.25*

ASSAYER _____

6/85 R

HECTOR RESOURCES INC.

1140 - 625 HOWE STREET,
VANCOUVER, B.C. V6C 2T6


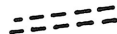

AMERICAN FLAG MINE

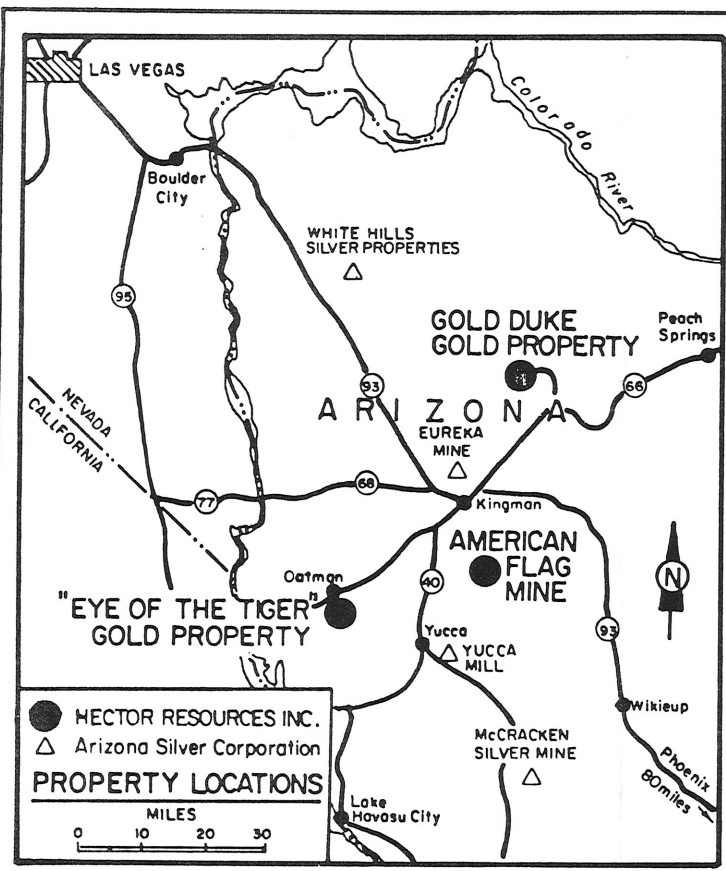
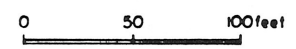
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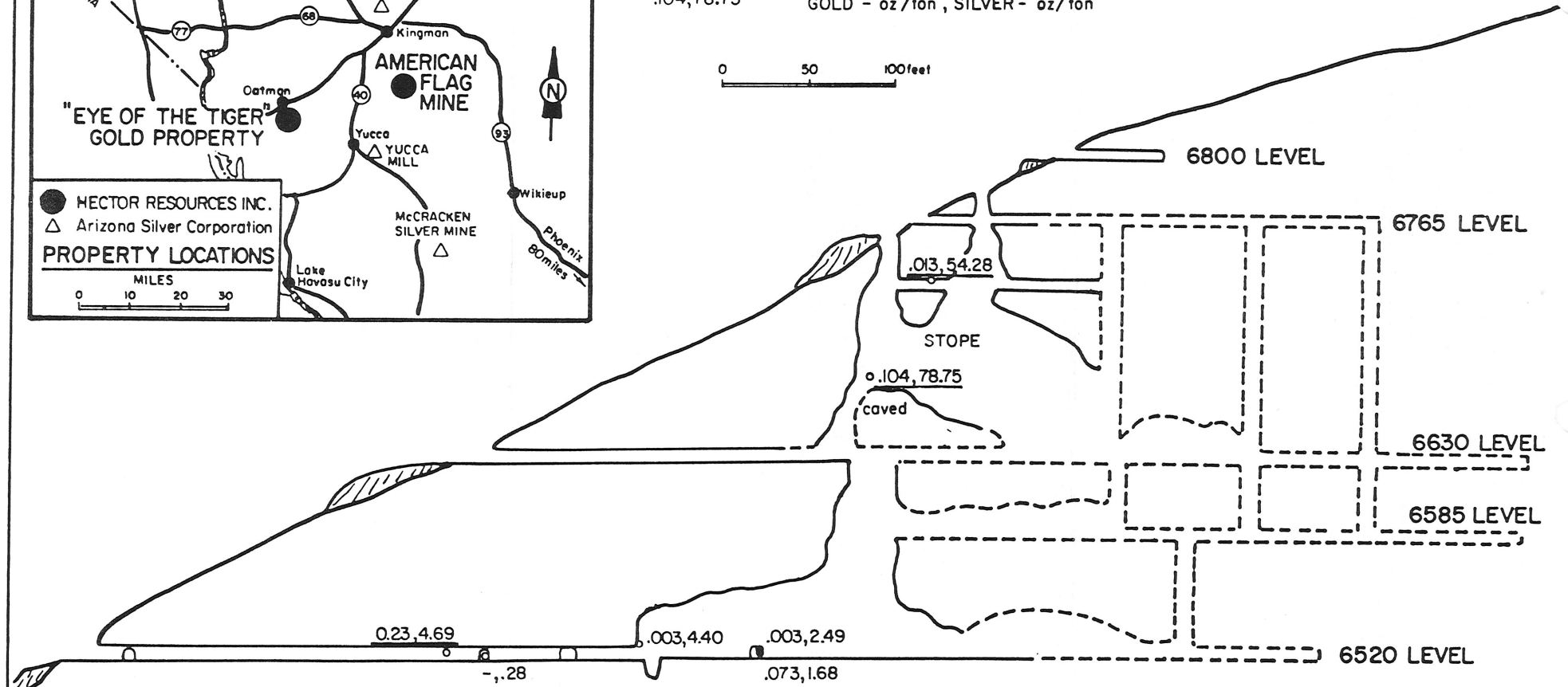
ARIZONA , U.S.A.

LEGEND

-  KNOWN LIMITS OF WORKINGS
-  REPORTED LIMITS OF WORKINGS
-  SAMPLE LOCATION WITH
GOLD - oz/ton , SILVER - oz/ton



 HECTOR RESOURCES INC.
 Arizona Silver Corporation
PROPERTY LOCATIONS
 MILES
 0 10 20 30



December 18, 1986

NEWS RELEASE

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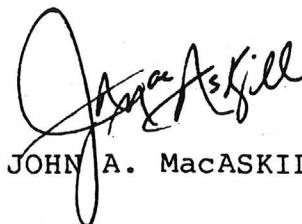
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On BEHALF of the BOARD OF DIRECTORS



JOHN A. MacASKILL, Director

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LISTED

Vancouver Stock Exchange - Ticker Symbol
HEC
United States - OTC HEC.V

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Ticker Symbol - HEC.WT.A
Issued: 600,000

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