



CONTACT INFORMATION

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Arizona Department of Mines and Mineral Resources Mining Collection

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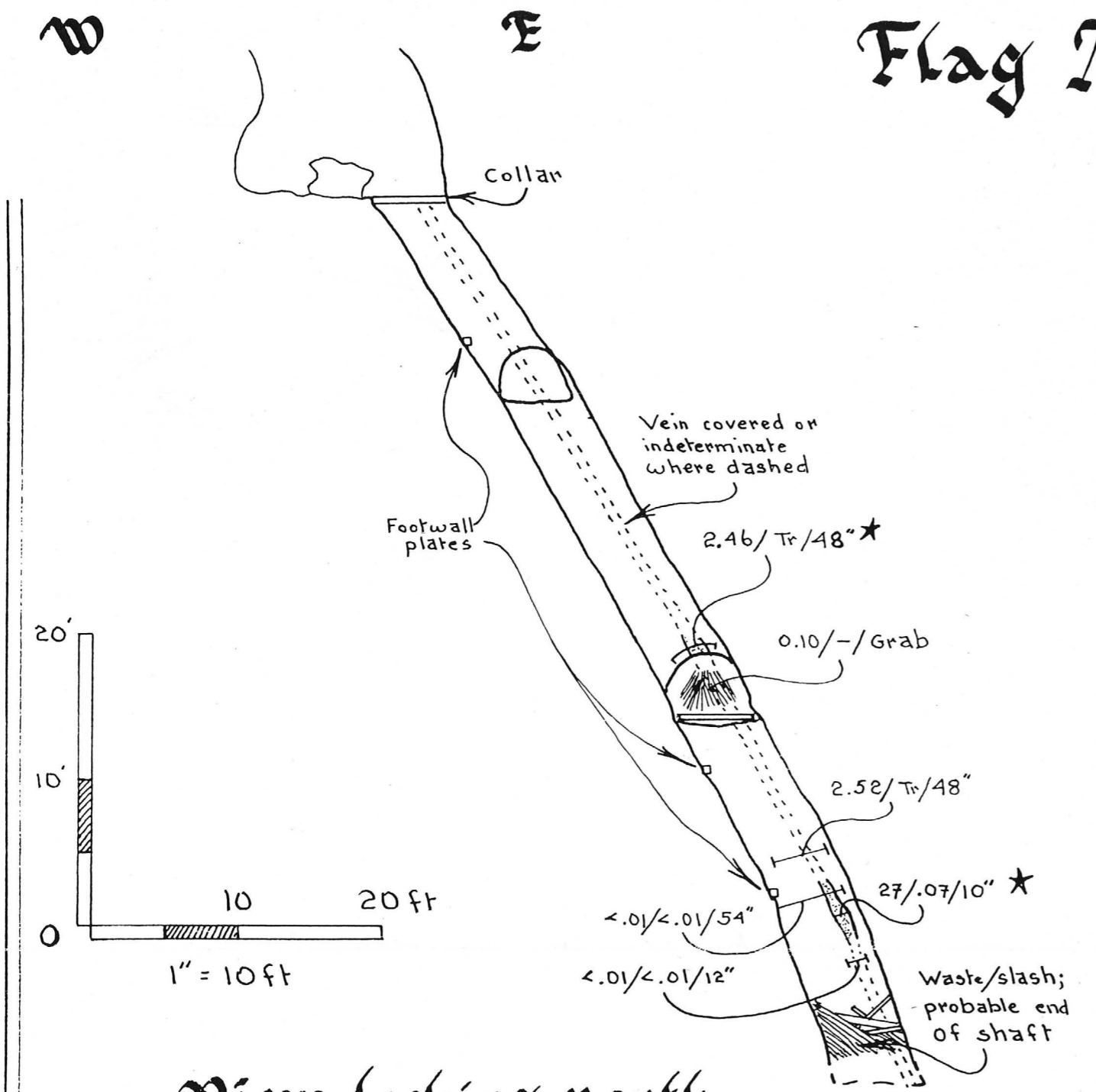
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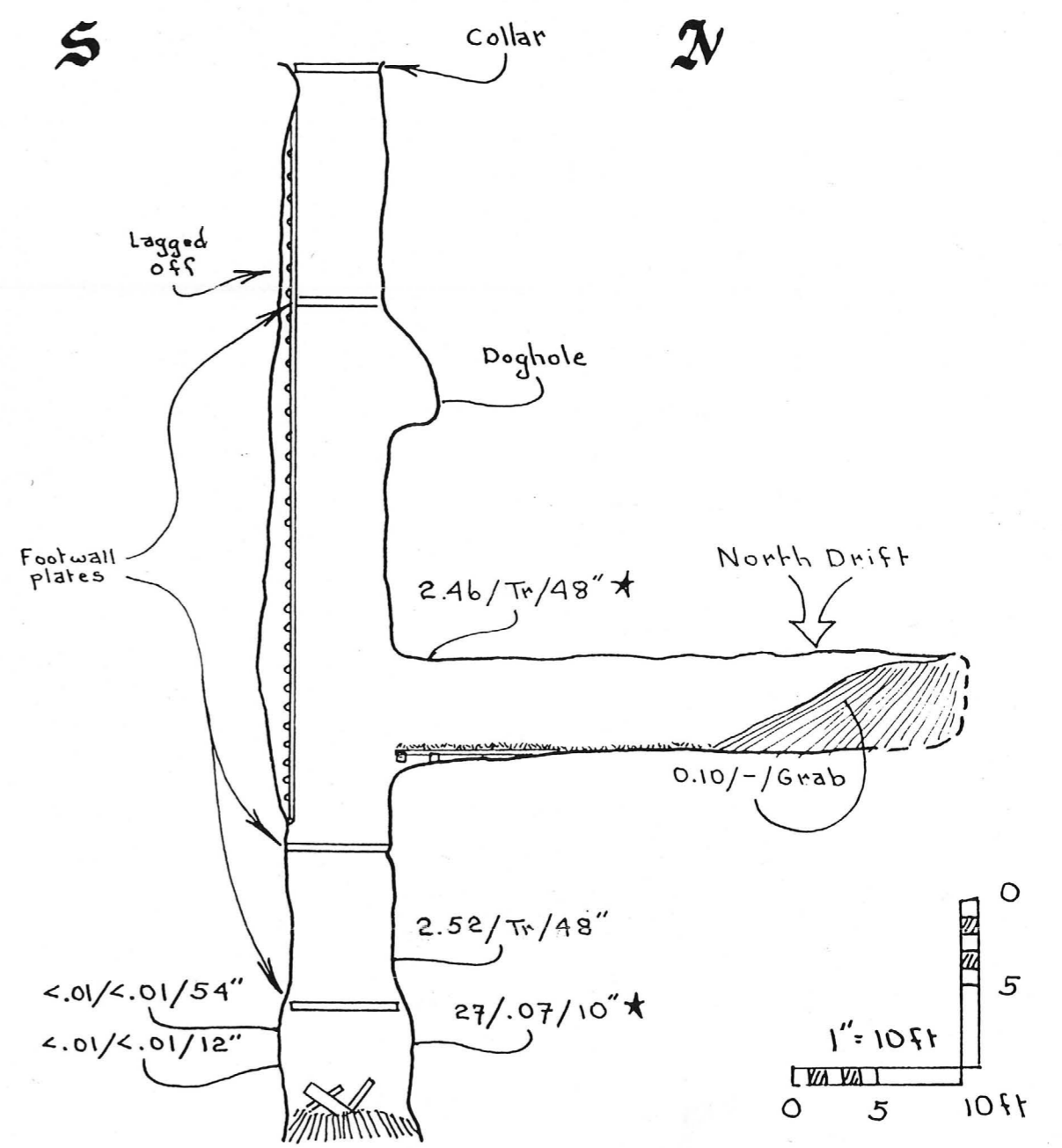
The Arizona Geological Survey is not responsible for the accuracy of the records, information, or opinions that may be contained in the files. The Survey collects, catalogs, and archives data on mineral properties regardless of its views of the veracity or accuracy of those data.

Flag Mine Winze



View looking north

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



**Longitudinal Section
 View Looking west**

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 oz/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 Emperrror Reources was made through Ken Brook, the Reno based consultant Mr. Russell hired to wirte 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. Russel requested a copy of the Directory of Exploration Companies with companies noted to which he might send copies of the consultants reprot 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.

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-Crook 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 ration of concentration of almost 18 into 1, providing a 100 % extraction were made, but actually it takes almost 25 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 seam 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 ores; 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

R.C. Jacobs, 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-conical 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. Ebck.

Very truly yours,

Mining Engineer.

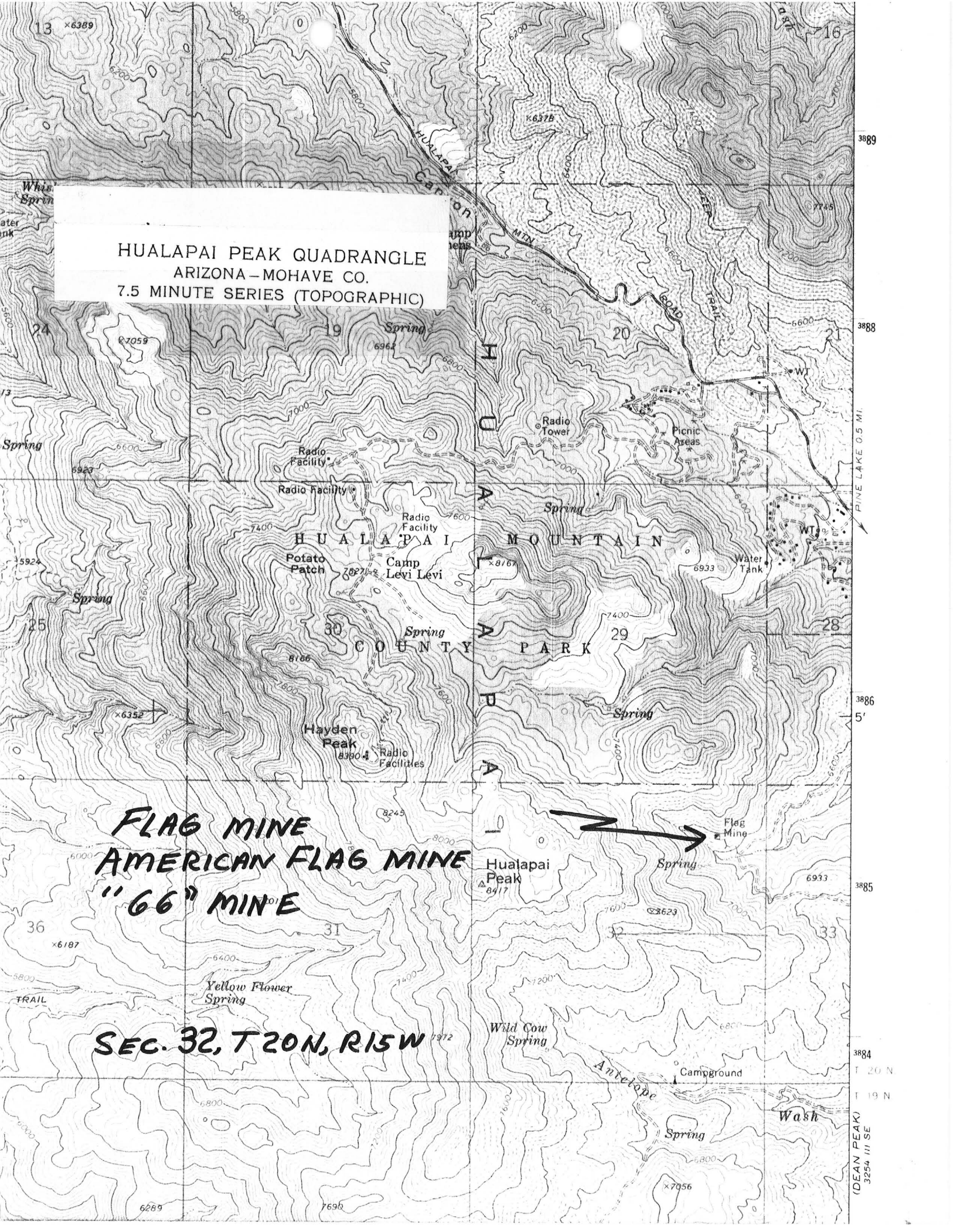
RCJ/S

cc to Mr. Block

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

FLAG MINE
AMERICAN FLAG MINE
"66" MINE

SEC. 32, T20N, R15W



O. L. ...

10:00 A.M. **Affidavit of Labor Performed and Improvements Made**
PHOENIX, ARIZONA
STATE OF ARIZONA, } ss.
County of Mohave

OCT 22 1979
10:00 A.M.
PHOENIX, ARIZONA

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

| | | |
|-----------------|-----------------|-----------------|
| <u>OLD FLAG</u> | Book <u>4-E</u> | Page <u>266</u> |
| <u>"66"</u> | Book <u>4-Y</u> | Page <u>385</u> |
| | Book _____ | Page _____ |
| | Book _____ | Page _____ |
| | Book _____ | Page _____ |
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PHOENIX 87292

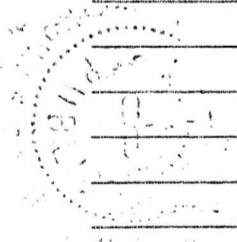
mining claim^s, situate in MANARD Mining District, County of Mohave, State of Arizona; that between the 1st day of September A. D. 1978, and the 1st day of September A. D. 1979, at least \$200.00

Two hundred and no/100 - - - - - dollars worth of work and improvements 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 pertaining to assessment of annual work and CHARLES TALMADGE, Raymond L. EVANS

were the men employed by said owner^s 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 15 day of October, A. D. 1979.
by commission expires May 6, 1981.
Charles Talmadge
Notary Public

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

By _____ Deputy Recorder
County Recorder
Page 910 **79 34153**

300

BOOK **578** PAGE **910**

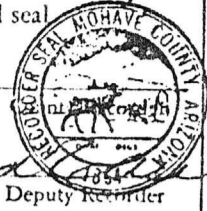
*Yvonne Talmadge
501 E. Oak St.
Kingman, AZ.
86701*

STATE OF ARIZONA, } ss. I hereby certify that the within instrument was filed and recorded
County of MOHAVE } AUG 29 '80 7 05 PM, 19__ at __ M.
IN BOOK 654 of OFFICIAL RECORDS Page 740, at the request of Yvonne Talmadge

Fee No.: PROOFED
80-28643
INDEX P. of

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

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

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

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
2-9-80
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, 1983
My Commission expires [Signature] Notary Public

A MC 87292

Notice of Mining Location

1872

TO ALL WHOM IT MAY CONCERN:

The Mining Claim, the name of which is the Old City Mining Claim, situated in the County of Washoe and in the State of Nevada, was located by Carl B. Brown, Boise, Idaho and Charles Palmer, Boise, Idaho, on the 10th day of March, 1872, and was first located in the County of Washoe and in the State of Nevada, and was first located in the County of Washoe and in the State of Nevada, and was first located in the County of Washoe and in the State of Nevada.

The monument on the 10th day of March 1872 is located at the point of intersection of the 750 ft north-south line and the 750 ft east-west line, the distance between the center of the chimney stack at which the monument is placed, and the center of the surface ground on each side of the monument is as follows:

North 310 feet
South 310 feet
The claim is bounded and located in the Washoe County, in the State of Nevada, and is bounded by one mile on the east side, one mile on the west side, one mile on the north side, and one mile on the south side.

The surface boundaries of the claim are marked upon the ground as follows: Beginning at a Survey monument, with a line about 100 ft north-south off of 750 ft monument, the distance from the center of the chimney stack to the center of the 100 ft monument is 300 feet, the distance from the center of the chimney stack to the center of the 1500 monument is 1500 feet, the distance from the center of the chimney stack to the center of the 300 monument is 300 feet, the distance from the center of the chimney stack to the center of the 300 monument is 300 feet, the distance from the center of the chimney stack to the center of the 1500 monument is 1500 feet, the distance from the center of the chimney stack to the center of the 300 monument is 300 feet, the distance from the center of the chimney stack to the center of the 300 monument is 300 feet.

OCT 22 1879
1979
BUREAU OF LANDS
DEPARTMENT OF THE INTERIOR
WASHINGTON, D. C.

STATE OF ARIZONA, } ss. I hereby certify that the within instrument was filed and recorded
County of MOHAVE } AUG 29 '80 - 1 02 PM, 19__ at _____ M.
Page 739, at the request of
IN BOOK 654 of OFFICIAL RECORDS

Fee No.: 80-26642
INDEX P of L
PROOFED

When recorded mail to:

Yvonne Talmadge
501 E OAK ST
KINGMAN AZ

Witness my hand and official seal.

JOAN McCALL

By *Joan McCall*



Fee: \$ 3.10

AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

ARIZONA STATE OFFICE
BU. LAND MANAGEMENT

State of Arizona }
County of MOHAVE } ss

OCT 8 1980

7:45 A.M.
PHOENIX, ARIZONA

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

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 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.

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 fence and gate across main tunnel entrance.

ack
12-9-80

Dated 8-28-80

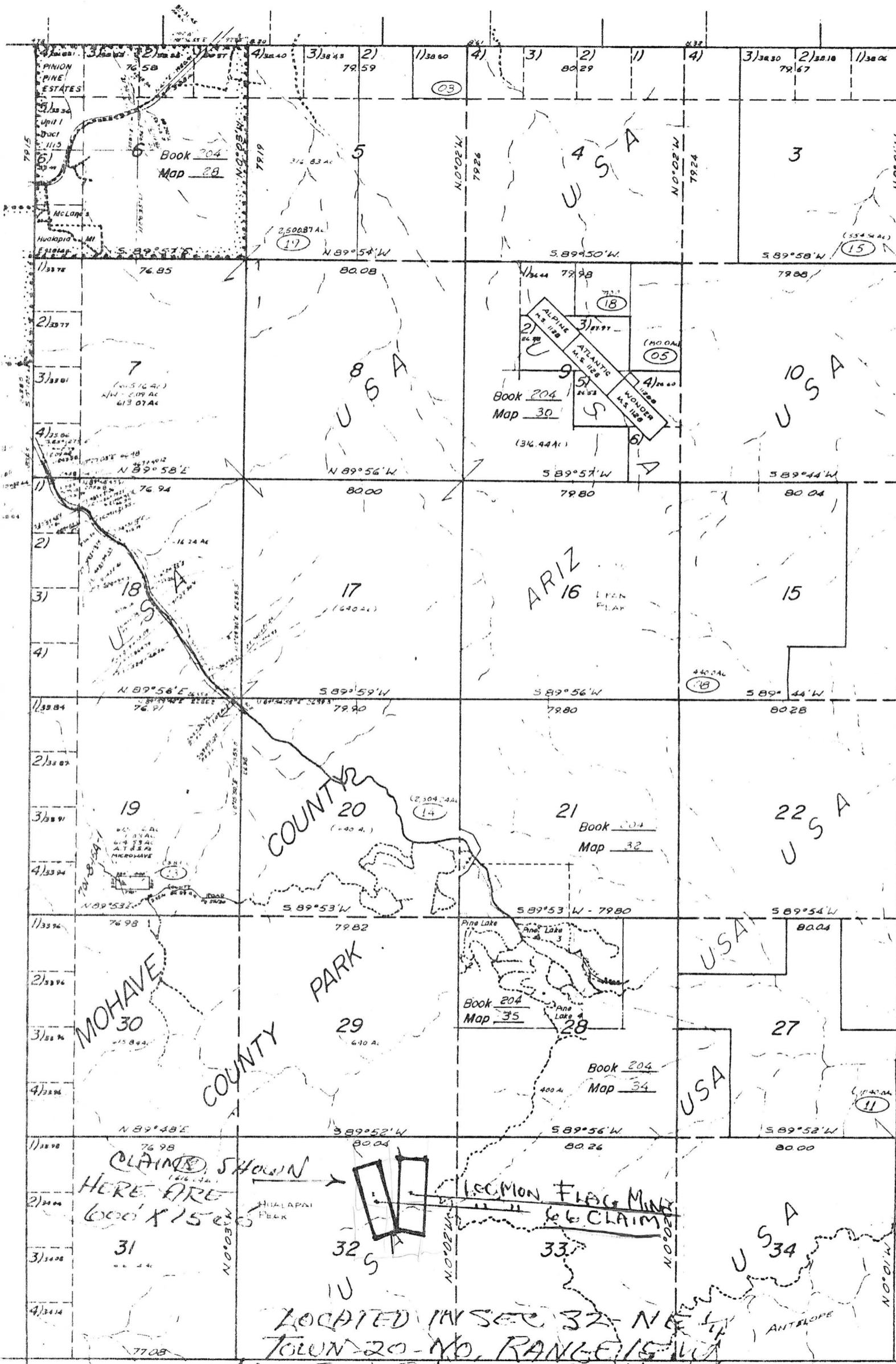
Yvonne L. Talmadge
Signature

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

My Commission Expires May 6, 1983

Joan McCall
Notary Public

T. 20 N., R. 15



20 N., 15 W.

Date July 6, 1979



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 profitability 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

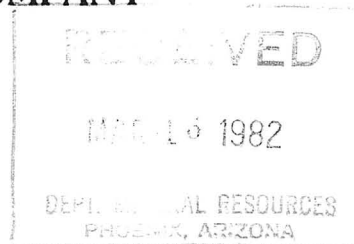
Samples Submitted By: Frank W. Russell

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

| <u>Client I.D.</u> | <u>Lab #</u> | <u>Atomic Absorption or Emission</u> | |
|---------------------|--------------|--------------------------------------|-----------------------|
| | | <u>Au</u> (Oz/ton) | <u>Ag</u> (Oz/ton) |
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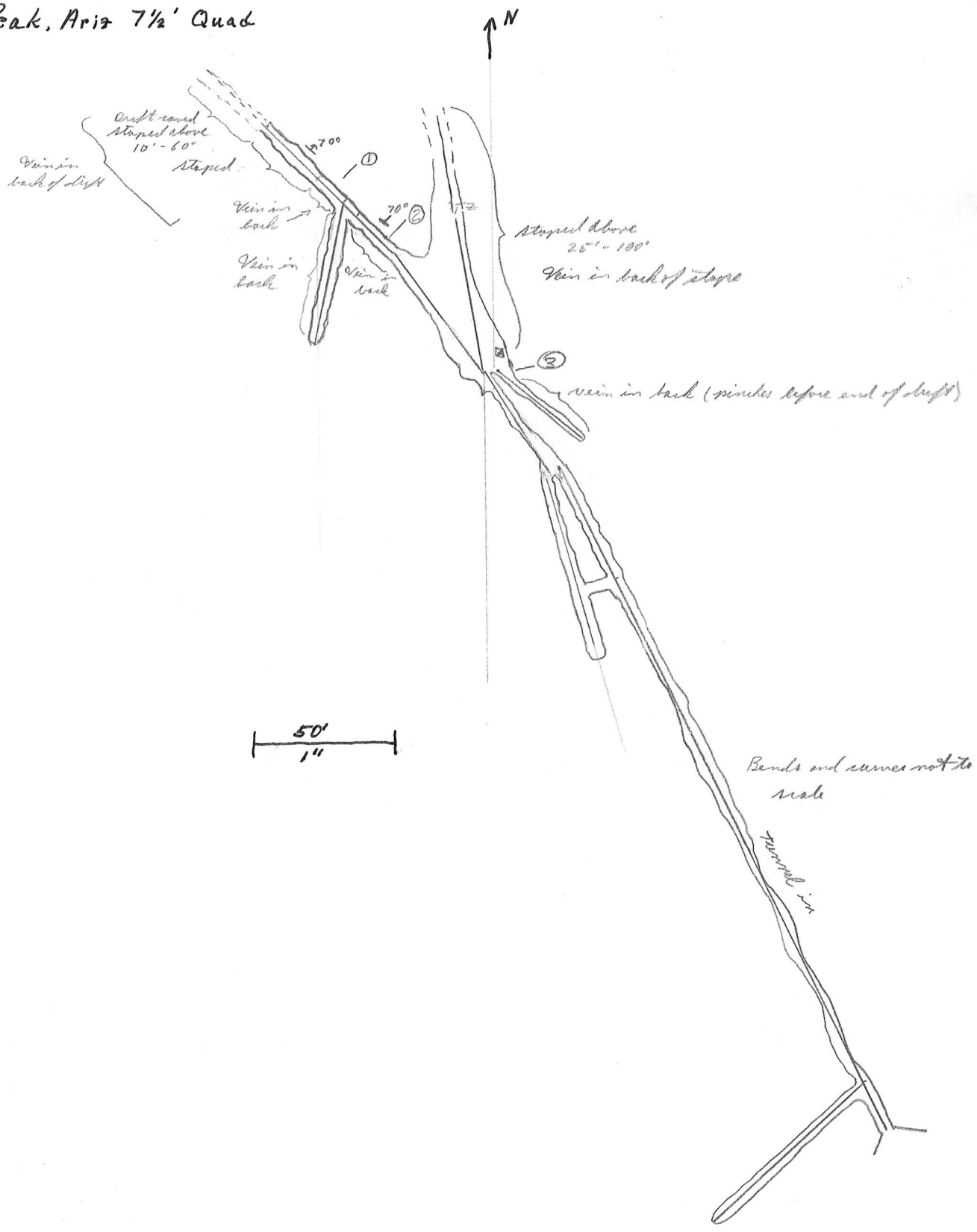
Date Received: March 5, 1982

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

SUBJECT FLAGG MINE
MAYNAR DIST. MOHAVE COUNTY
TUNNEL LEVEL

SHEET NO. _____ OF _____
JOB NO. _____
BRUNTON + TAPE

Hualapai Peak, Ariz 7 1/2' Quad

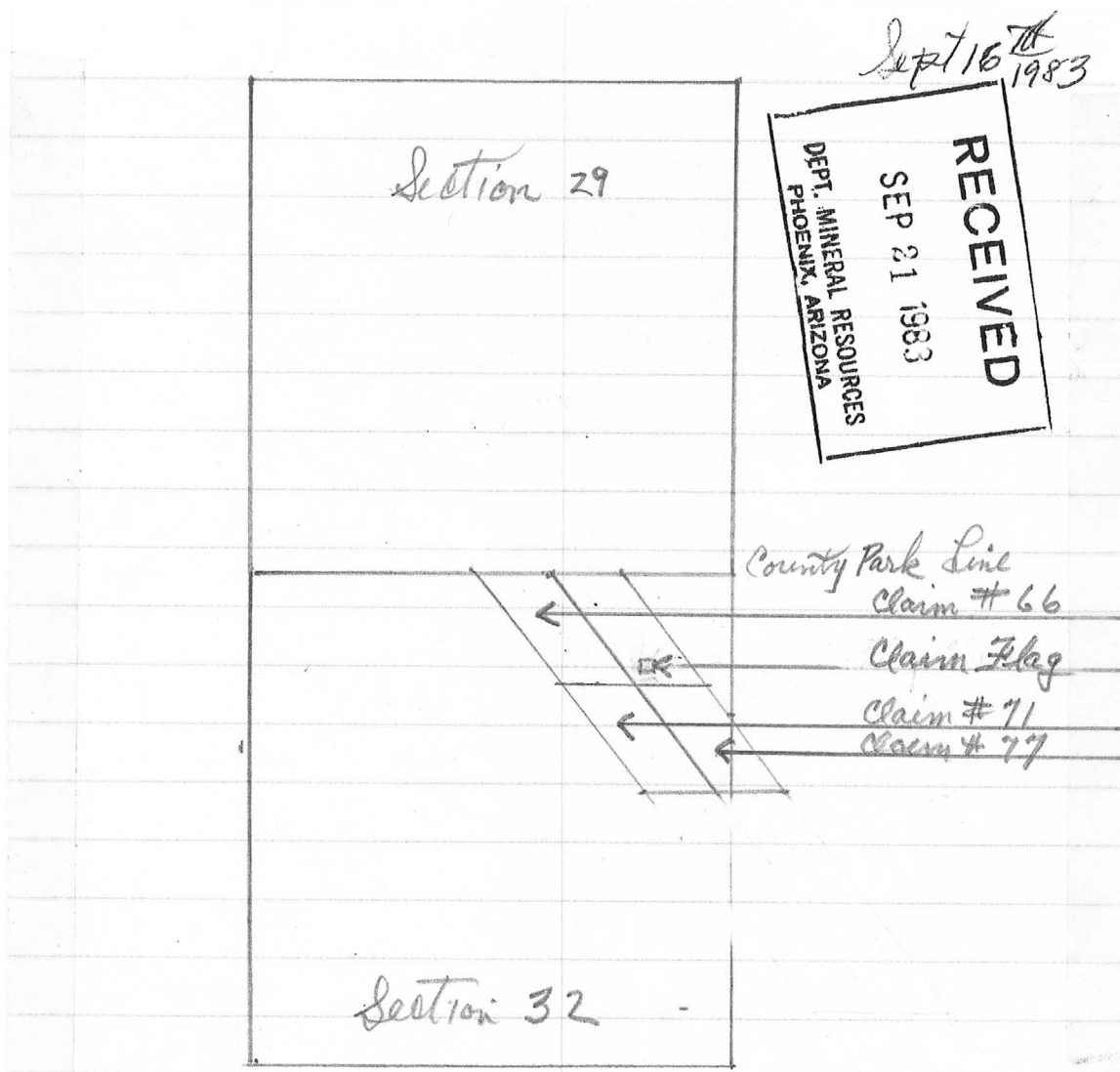


0 = SAMPLE #

at this end in file

FILE: FLAG MINE Mohave County

Map of remonumented and additional claims



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

Frank

DESERT VENTURES INC.
MINERAL EXPLORATION SERVICES
3365 CHELSEA SQ.
RENO, NEVADA 89509
(702) 825-0719

Flag Mine File 12
Mohave County - MM
9

GEOLOGY AND EXPLORATION POTENTIAL
OF THE
AMERICAN FLAG MINE
MOHAVE COUNTY, ARIZONA

Ken Brook
Registered Consulting Geologist
November 29, 1984

TABLE OF CONTENTS

INTRODUCTION 1

SUMMARY 2

PROPERTY DESCRIPTION 3

 Location and Access 3

 Ownership 3

 Physical Features 3

 Environmental Concerns 3

 Other Claim Blocks 3

 Mine Development 3

PROPERTY HISTORY 9

 Previous Production 9

 Previous Exploration 9

GEOLOGY 10

 Regional Geology 10

 Mine Area 10

 Structure 10

 Alteration 10

 Metallization 10

CONCLUSIONS 17

 Deposit Type 17

 Exploration Potential 17

RECOMMENDATIONS 19

REFERENCES CITED 22

CERTIFICATE OF QUALIFICATIONS 23

APPENDICES

LIST OF FIGURES

- Figure 1- Location Map
- Figure 2 - Property Map
- Figure 3 - Photograph of Flag workings
- Figure 4 - Longitudinal section of vein
- Figure 5 - Photograph of bleaching along vein
- Figure 6 - Map of 6520 level
- Figure 7 - Sample location and vein location
- Figure 8 - Vein geochemistry

INTRODUCTION

This report was written at the request of Mr. Frank W. Russel of San Diego, California, who is the president of F. Russel Enterprises and the owner of the American Flag mine near Kingman, Arizona. The purpose of this report is to examine the geologic and mineralogic characteristics of the Flag mine and determine the economic potential, if any, of the property. Three days were spent on the property in the company of Mr. Russel examining the surface and underground exposures of the Flag vein.

SUMMARY

The American Flag mine is located in the northern part of the Hualapai mountains approximately nine miles southeast of Kingman, Arizona. The property is owned by Mr. Frank W. Russell of San Diego, California. The property was discovered in 1874 and was worked intermittently until 1930. The mine is credited with \$2,500,000 worth of silver and gold production at today's prices. All of this production was prior to 1900. There are approximately 2000 feet of underground workings on the Flag vein, and most of them are accessible. The vein outcrops on surface and has been mined to a depth of 250 feet. High grade ore shoots had a value of over \$6,000 per ton at today's prices. The vein shows typical epithermal banding of quartz and sulfides, and contains ruby silver, galena, sphalerite and gold. The country rock is Precambrian granitic gneiss. Silver bearing vein material was found along the projected trend of the Flag vein, and a separate silver bearing vein system is exposed in the county section shaft. The property has had no previous exploration work and appears to have a reasonable potential to host additional, high grade, ore shoots along the various veins. A two phased exploration program is proposed for the property. The first phase will involve geochemical sampling, geophysical surveys, geologic mapping and data compilation. Favorable results from the first phase will be used to select targets for phase two drilling. Total exploration costs are projected at \$60,000. Present operating costs at other small mines suggest that \$150 per ton ore can be treated at a profit.

PROPERTY DESCRIPTION

Location and Access. The property is located approximately nine miles southeast of Kingman, Arizona at the northern end of the Hualapai Mountains, Figure 1. The property includes seven unpatented lode claims in sections 32 and 33 as well as the leased section 29, Figure 2. Access is via paved road from Kingman to the mountain resort settlement of Hualapai Peak and then via two miles of county maintained road to the mine portal.

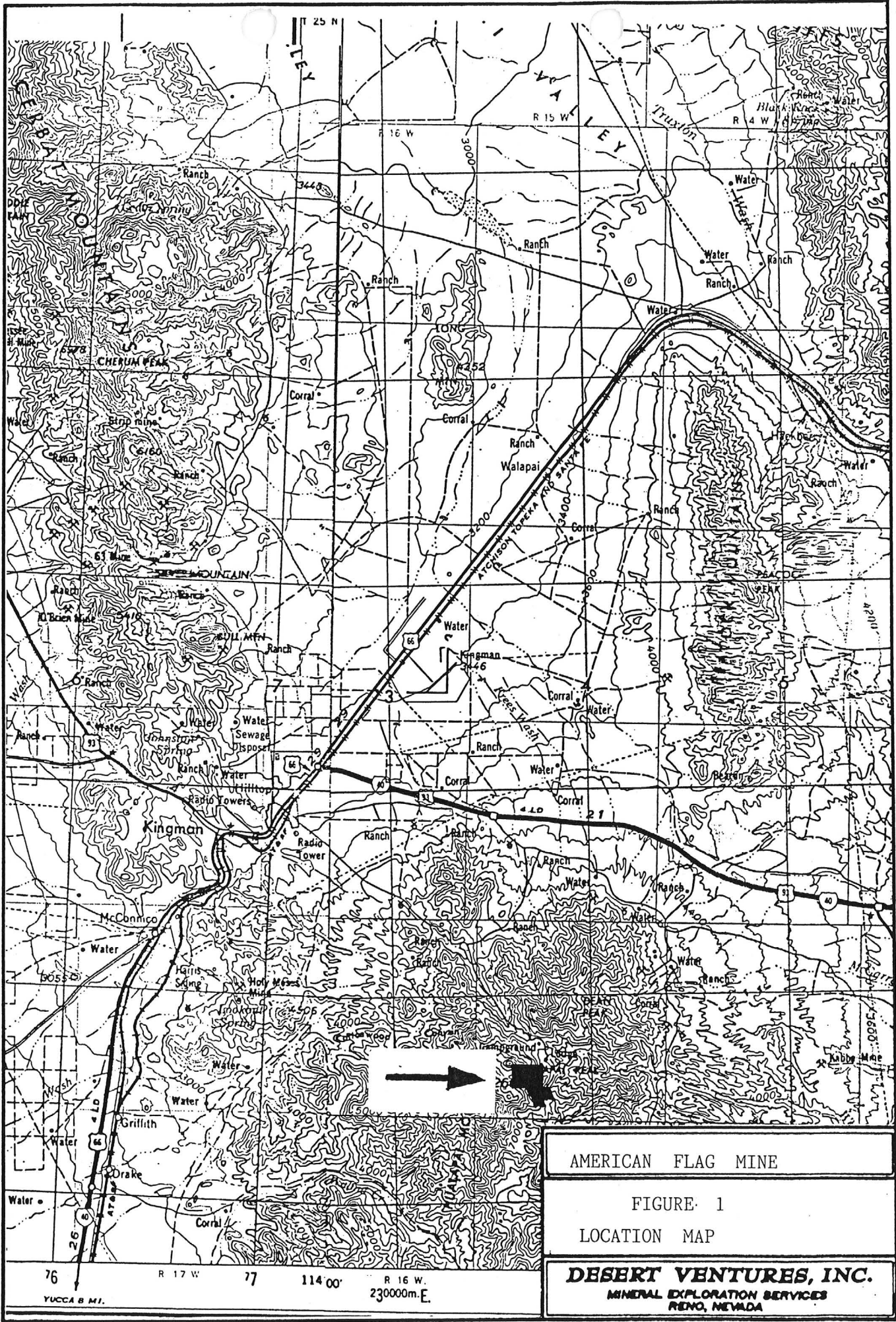
Ownership. The property is owned by Mr. Frank W. Russel of San Diego, California by virtue of location and lease agreement. No examination of the county or Federal records was made to verify the title or that all required assessment work had been filed.

Physical Features. The property is located at an elevation of 7,000 feet in the northern end of the Hualapai Mountains. There is 1,000 feet of vertical relief on the property, and most of the slopes are at 30 degrees, Figure 3. The property is covered with scrub oak and a dense growth of woody shrubs. The north sides of the mountains are generally covered with Ponderosa pines. There is a small flow of water from the mine and a nearby small spring, but no other water source was noted in the area.

Environmental Concerns. The seven unpatented lode claims are located on land administered by the Bureau of Land Management and may be explored and mined under normal governmental regulations. Surface rights to section 29 are controlled by Hualapai Mountain County Park and under present conditions may not be disturbed. The mineral rights to section 29 are leased by Mr. Russel from the county. One mile northeast of the mine is the small, resort community of Hualapai Park with a population of approximately 500.

Other Claim Blocks. To my knowledge there are no other claims in the vicinity of the property.

Mine Development. Mine development on the property consists of approximately 2,000 feet of drift on five levels which explore the Flag vein. Four of the levels are interconnected with shafts and stopes and explore a vertical distance of approximately 250 feet, Figure 4. The

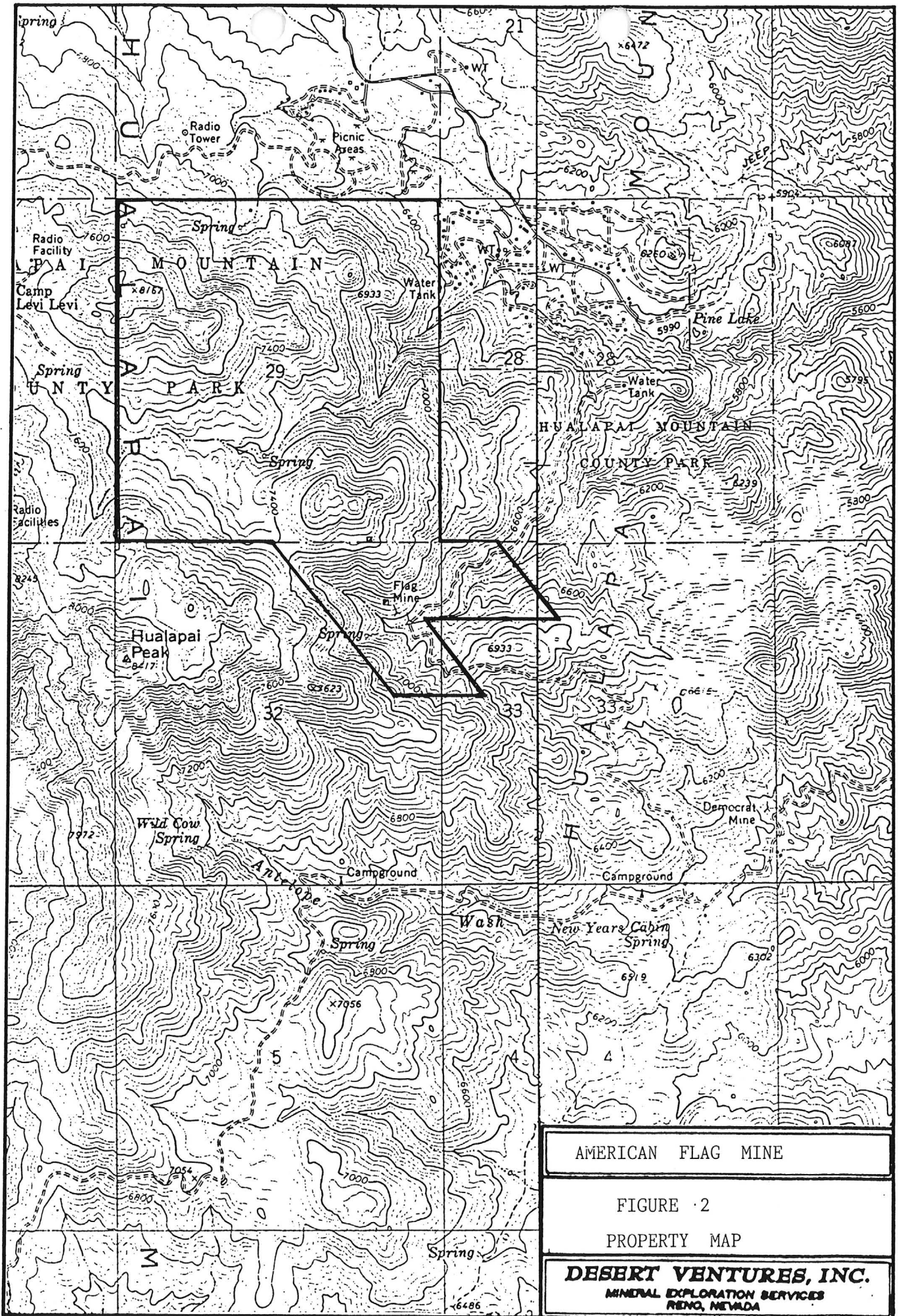


AMERICAN FLAG MINE

FIGURE 1
LOCATION MAP

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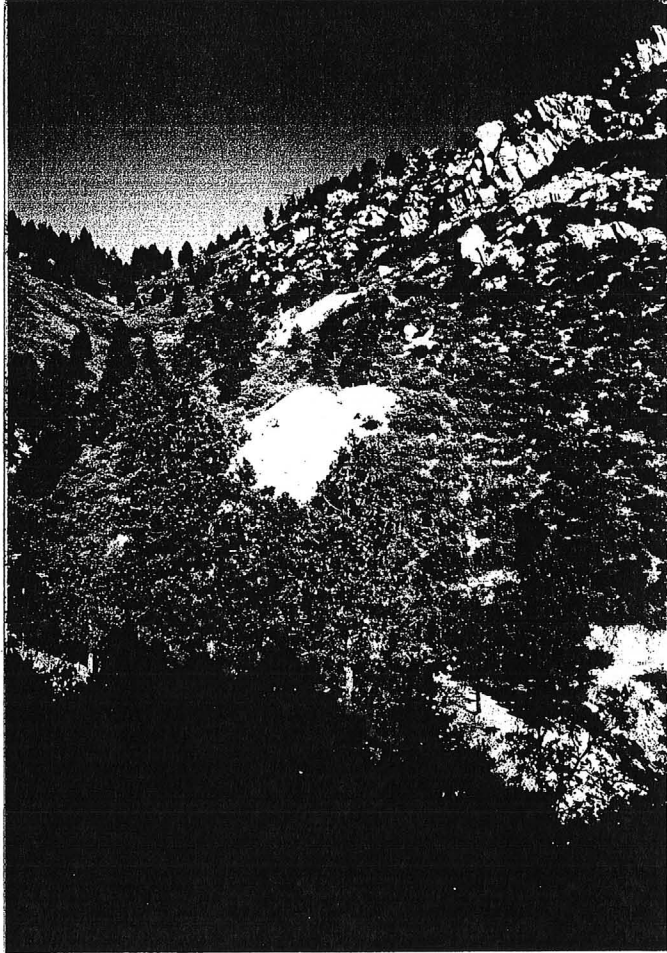
76 R 17 W 77 114 00' R 16 W. 230000m. E.
YUCCA 8 MI.



AMERICAN FLAG MINE

FIGURE 2
PROPERTY MAP

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6765 LEVEL

6630 LEVEL

6520 LEVEL

AMERICAN FLAG MINE

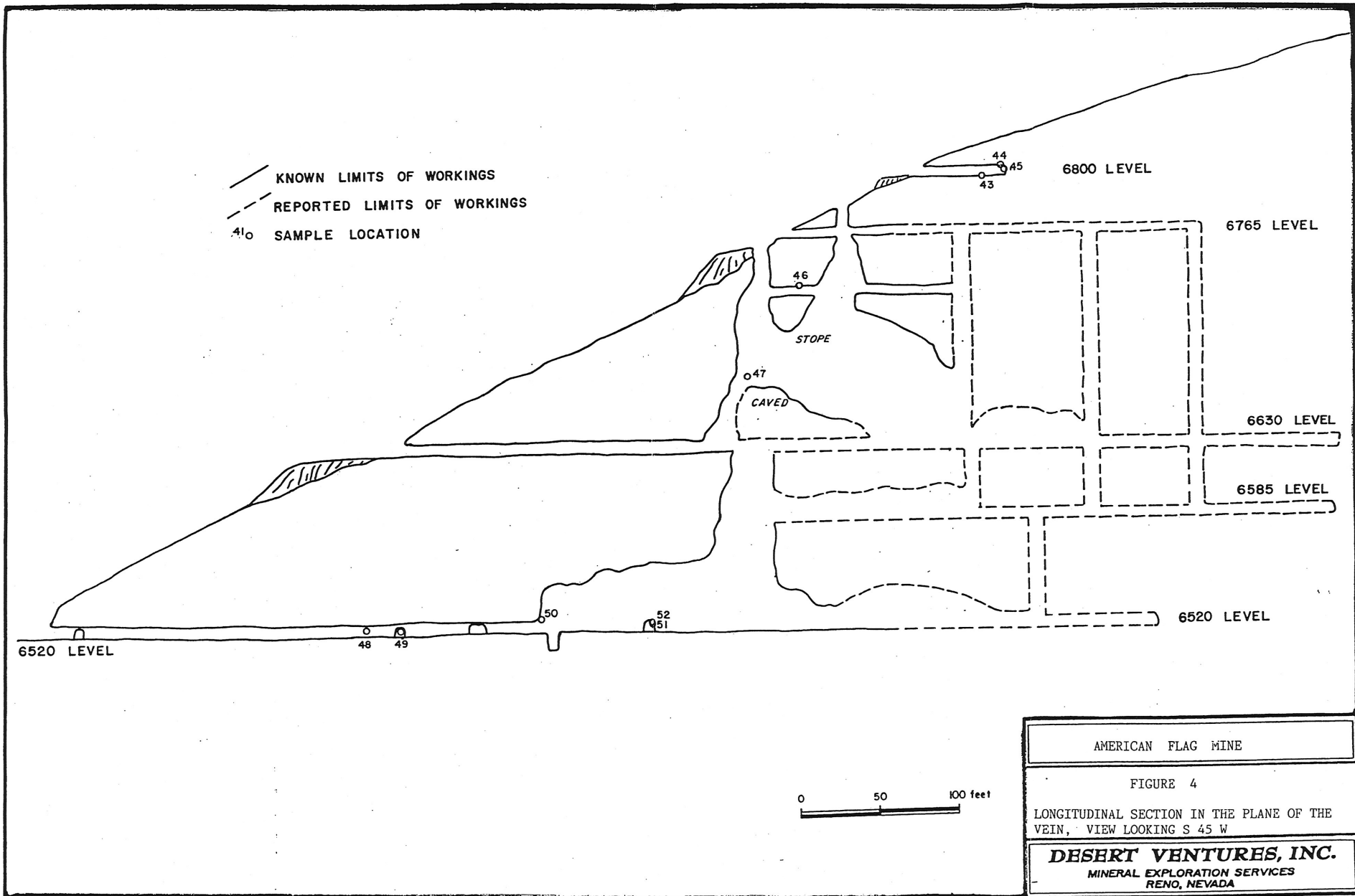
FIGURE 3

VIEW NORTH OF FLAG WORKINGS

DESERT VENTURES, INC.

MINERAL EXPLORATION SERVICES
RENO, NEVADA





lowermost or 6,520 level is in the best condition and provides access to the lower levels of the stopes. The portal to the 6,630 level is presently covered with debris, and this level was not examined. The main shaft is at an elevation of approximately 6,755 and is open for about 100 feet. Other stopes could be seen from the bottom of the shaft but were not examined. The uppermost or 6,800 level is not connected to the lower workings and was apparently an exploration drift on the vein. Just inside the southern boundary of section 29 is an inclined shaft that appears to be 100 to 125 feet deep. This shaft is filled with water approximately 40 feet below the collar.

PROPERTY HISTORY

Previous Production. The American Flag mine was located by W. M. Shoulders in 1874 who soon sold it to a group of miners for the reported sum of \$25,000, (Hayes, 1908). An article written in the Mohave County Miner on November 5, 1882 gave the following summary of the activity at the mine. Initial work by Mr. Shoulders consisted of a 110-foot deep shaft and a 100-foot long drift on the vein from the bottom of the shaft. In 1878 the mine was sold to four men who set about developing the vein for production. They sunk a 210-foot deep shaft on the vein taking out approximately \$2,000 in the process (silver was approximately \$1.20 per ounce at this time). The vein was four to eighteen inches wide and assayed 150 to 200 ounces silver per ton. Excessive water in the shaft caused the men to drive the lower (6,520 level) adit which then connected with the shaft. Zones of very high grade material were encountered with values of \$1,000 per ton being reported. The ore shoot as exposed on the 6,520 level was not as rich as the upper, enriched zones but was reported to be much larger and consisted of pyrite, ruby silver with minor sphalerite and galena. By 1909 the mine was credited with approximately \$400,000 in production (Hayes, 1909). At today's price of \$7.50 per ounce for silver this old production would have an estimated value of \$2,500,000. The mine was inactive until 1929 when Wright Creek Mines Co. of Los Angeles built a small mill on the property and processed an undetermined quantity of ore. There is a small amount of tailings below the mill foundations attesting to this episode in the property's history. No known production occurred after this.

Previous Exploration. Other than the underground drifting on the vein there has been no serious exploration work carried out on the property.

GEOLOGY

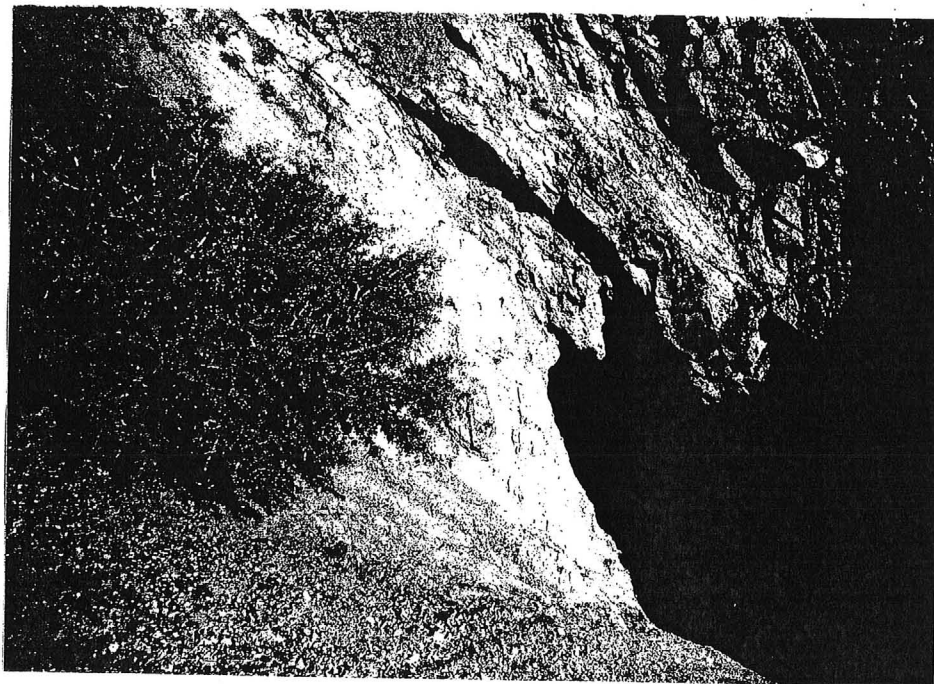
Regional Geology. The Hualapai Mountains are predominantly Precambrian granites and gneisses as shown on the Mohave County map (Wilson, 1959). Younger igneous activity is apparently restricted to a Tertiary rhyolite plug about six miles northwest of the mine.

Mine Area - There are two main rock types at the Flag mine: a biotite gneiss and a granite. The contact between the two rock types is generally east-west at the mine, and the contact is exposed in the 6,520 level about 250 feet in from the portal. The contact is generally sharp and well defined, however, there is considerable mixing and interfingering of the two rock types near the contact. A non-foliated diabase (?) dike occupies the Flag vein fault and outcrops at various places along the projected strike of the vein.

Structure - Foliation in the gneiss and northwest trending faults are the major components of the structural fabric at the Flag mine. Detailed measurements were not made on the foliation trends of the gneiss. Well developed northwest trending faults have localized most of the veins in the mine area and are probably part of a regional tectonic fabric. A complimentary northeast trending set of faults has also localized veins and in places has clearly offset the Flag vein.

Alteration - Significant hydrothermal alteration is absent at the Flag mine. Surface oxidation of sulfide minerals in the veins has created a fifteen to twenty-five foot-wide zone of supergene bleaching and iron oxide staining, Figure 5. Hypogene alteration around the veins is minimal as most of the country rock shows only the effect of Precambrian (?) metamorphic events.

Metallization - Metallization at the Flag mine generally consists of ruby silver, gold, galena, sphalerite and pyrite in a quartz gangue. Occasional evidence of open space filling was noted and adularia crystals were occasionally present in quartz crystal lined vugs. The veins occur in a complimentary set of faults having trends of N 45 W and N 15 E, Figure 6. There was a late stage, low temperature event which deposited pink calcite in the central parts of some of the veins, however, there are no metal values associated with this stage of vein deposition. A



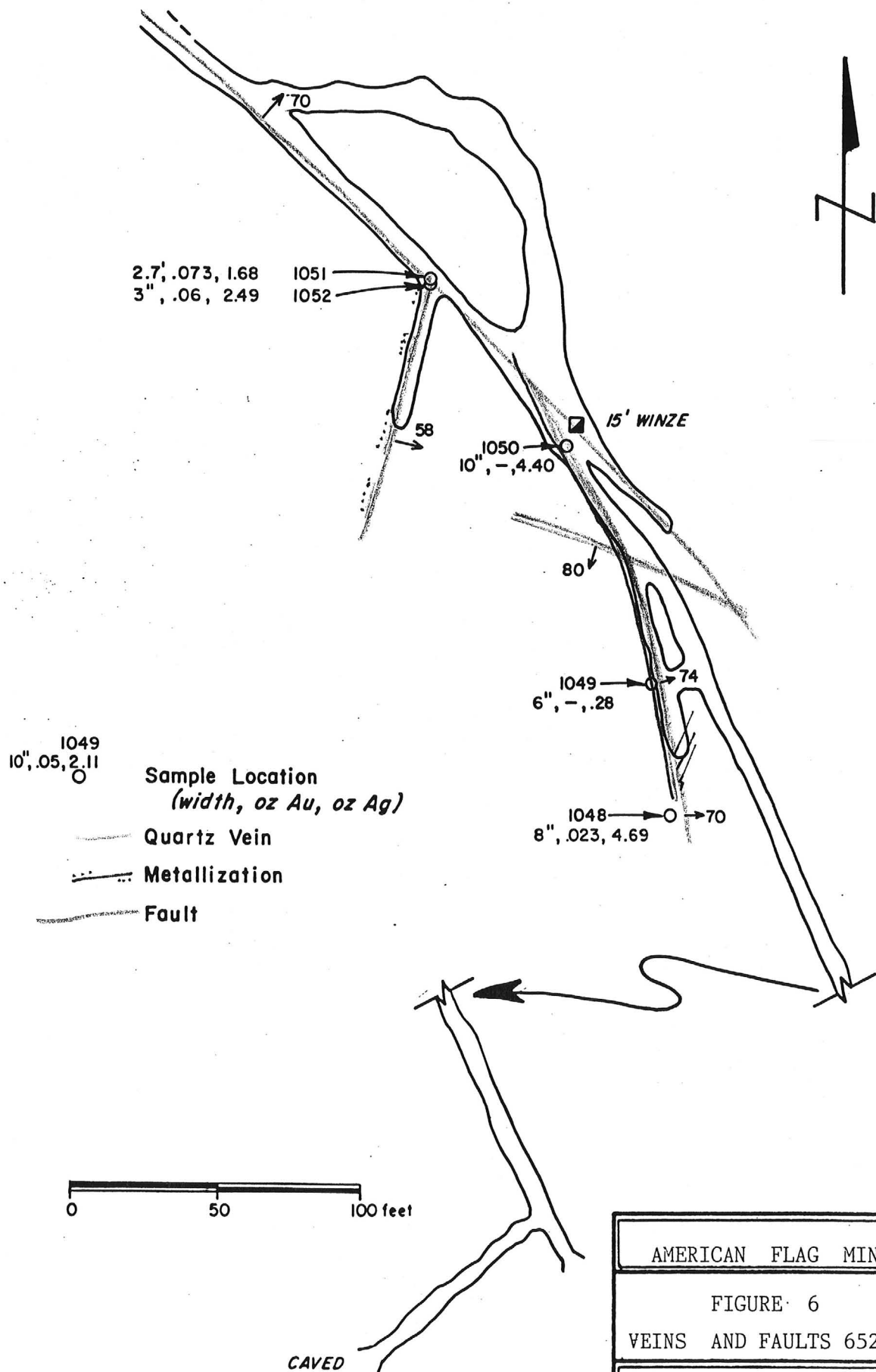
AMERICAN FLAG MINE

FIGURE 5

BLEACHED ZONE AROUND VEIN

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RENO, NEVADA





AMERICAN FLAG MINE

FIGURE 6

VEINS AND FAULTS 6520 LEVEL

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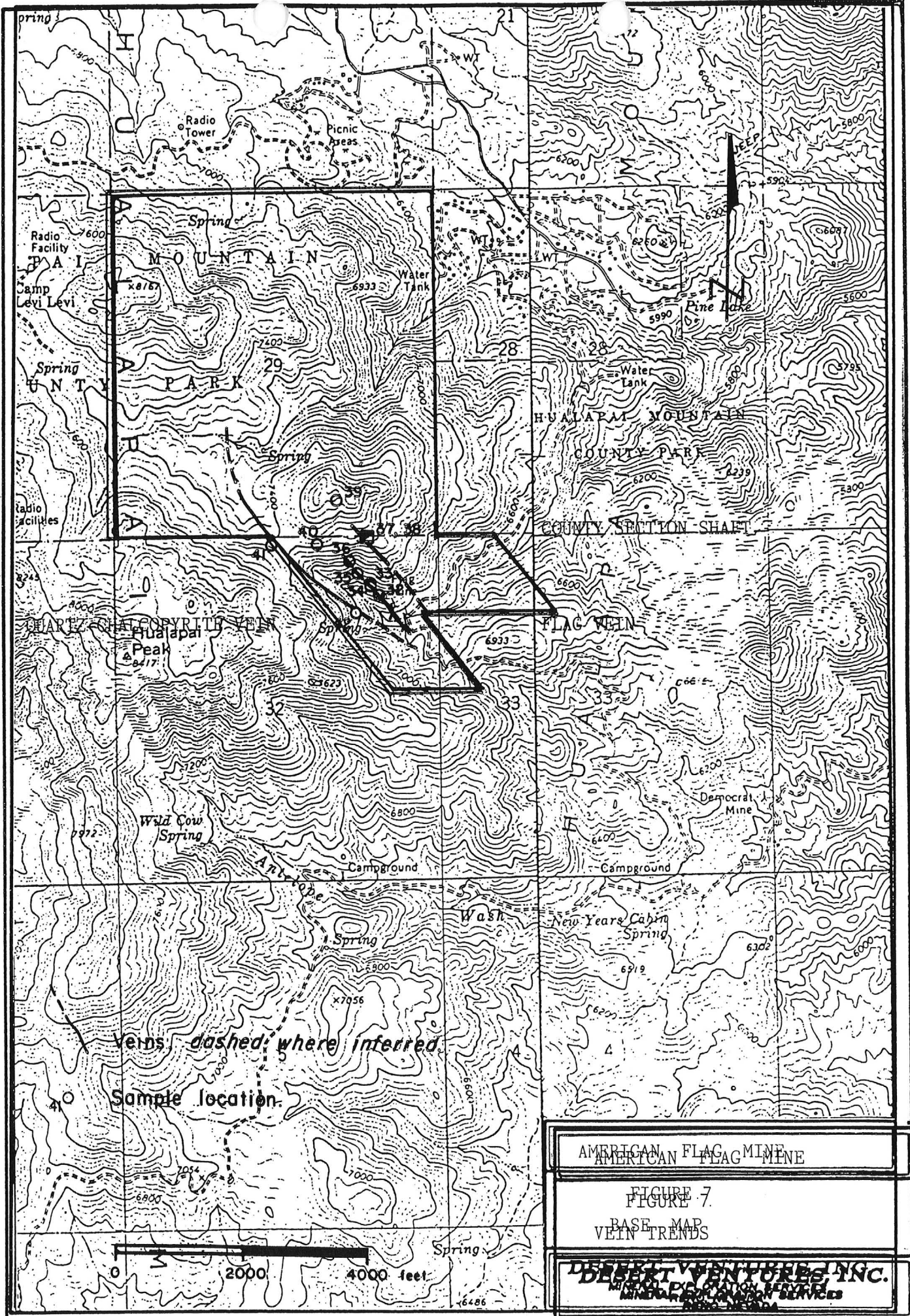
MINERAL EXPLORATION SERVICES
RENO, NEVADA

base map from KAP, Jan. 1983

complete paragenetic sequence of vein deposition has not been determined, but the banded nature of some of the vein material is sufficient evidence to state there were several periods of precious metal deposition. A geochemically different hydrothermal event has deposited drusy quartz crystals, pyrite and chalcopyrite along a strongly chloritized northwest trending fault zone just west of the Flag workings, Figure 7.

Twenty-one rock chip samples were collected from surface outcrops and from the mine workings. Sample locations are shown on the overlays to Figures 7 and on Figures 4 and 6. Sample descriptions and assay values are included in the appendix of this report. The highest assay values came from sample 1047 which was from a silicified portion of the vein exposed in the stope above the 6,630 level and contained 0.104 ounce per ton (opt) Au and 78.75 opt Ag. Surface float samples along the projected trend of the Flag vein gave values up to 2.11 opt Ag and 0.009 opt Au. Samples from the shaft in section 29 gave values of 0.119 opt Au and 2.23 opt Ag. This shaft is on a northwest trending vein about three hundred feet east of the Flag vein. Samples from the 6,520 level were taken from the south end of the stope across a ten-inch-wide quartz vein with visible sulfide minerals. This sample contained 4.69 opt Ag and 0.023 opt Au.

All samples were also assayed for Cu, Pb, Zn, As, Sb, Mo, Mn (see Appendix) in order to determine if any pathfinder elements might be present in significant quantities and would thus be useful in locating covered portions of the vein. The separate geochemical signature of the various veins sampled give clear indication of the metallized versus nonmetallized veins. Samples from the veins which contain gold and silver show a dramatic increase in mercury, antimony, arsenic, lead, molybdenum and zinc content over samples from non-metallized veins. Figure 8 shows a comparison of values for samples taken from metallized and nonmetallized veins.



Veins, dashed, where inferred.

Sample location.



AMERICAN FLAG MINE

FIGURE 7.
BASE MAP
VEIN TRENDS

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MINERAL DEVELOPMENT SERVICES
PHOENIX, ARIZONA

SAMPLES FROM SILVER BEARING VEIN

| Sample # | Au Opt | Ag Opt | As ppm | Sb ppm | Hg ppb | Mo ppm | Zn ppm | Pb ppm | Cu ppm |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1032 | .009 | 2.11 | 4530 | 57 | 280 | 23 | 395 | 515 | 44 |
| 1033 | - | .39 | 35 | 5.8 | 150 | - | 32 | 32 | 11 |
| 1035 | - | 1.26 | 40 | 14.2 | 120 | 1 | 52 | 184 | 24 |
| 1036 | - | 1.74 | .105 | 11.2 | 90 | 30 | 16 | 275 | 8 |
| 1037 | .119 | 2.23 | >10,000 | 270 | 1500 | 50 | 1380 | 2660 | 74 |
| 1038 | .014 | 1.02 | 1610 | 52 | 1200 | 98 | 515 | 1420 | 51 |
| 1044 | .009 | .62 | 4230 | 39 | 200 | 31 | 63 | 188 | 19 |
| 1046 | .013 | 54.28 | 1240 | 300 | 7800 | 193 | 1770 | 4600 | 300 |
| 1047 | .104 | 78.75 | 4040 | 300 | 990 | 65 | 880 | 7900 | 240 |
| 1048 | .023 | 4.69 | >10,000 | 140 | 580 | 146 | 2410 | 465 | 41 |
| 1049 | - | .28 | 1230 | 11.2 | 250 | 2 | 181 | 54 | 26 |
| 1050 | .003 | 4.40 | 1950 | 45 | 550 | 18 | 2560 | 360 | 60 |
| 1051 | .073 | 1.68 | | | | | | | |
| 1052 | .003 | 2.49 | | | | | | | |

SAMPLES FROM BARREN VEINS & COUNTRY ROCK

| | | | | | | | | | |
|------|---|-----|----|-----|-----|---|----|----|-----|
| 1034 | - | .01 | 15 | 2 | 50 | - | 19 | 20 | 13 |
| 1039 | - | - | 20 | 1.2 | 60 | - | 52 | 30 | 10 |
| 1040 | - | - | - | .8 | 50 | - | 5 | - | 5 |
| 1041 | - | - | - | .4 | 30 | - | 36 | 6 | 915 |
| 1042 | - | - | - | .4 | 30 | 7 | 5 | 8 | 34 |
| 1043 | - | - | 40 | .6 | 190 | 2 | 40 | 6 | 12 |
| 1045 | - | .04 | 75 | .6 | 90 | 2 | 23 | 6 | 10 |

AMERICAN FLAG MINE

FIGURE 8

VEIN GEOCHEMISTRY

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MINERAL EXPLORATION SERVICES
RENO, NEVADA

CONCLUSIONS

Deposit Type - The Flag mine is a typical polymetallic, epithermal vein deposit in crystalline rocks. Metallization is entirely structurally controlled by the Flag fault and other structures. The previously mined ore zone extended from surface to the 6,520 level a vertical distance of 250 feet, and vein width varied from four inches to four feet. Silver, gold, galena and sphalerite were deposited in a quartz gangue during episodic boiling of the hydrothermal fluid.

Exploration Potential - There appears to be excellent exploration potential on the property for precious and base metal, vein-type ore bodies. Previous production has demonstrated the presence of one high grade ore shoot, and there is the definite possibility that additional ore shoots can be discovered on the same and other veins. Exploration efforts at the Flag mine will be directed toward discovering vertical and lateral extensions of the previously mined ore shoot as well as new ore zones on other veins.

The exploration target will be a vein-type ore body with the equivalent value of twenty ounces of silver per ton or approximately \$150. Initial target size will be a modest 15,000 ton ore zone extending below the existing workings. This target represents a 300 foot strike length, a two foot width and a 250 foot down-dip extension. Additional ore zones would have to be discovered in order to enhance the economic potential of the operation and guarantee a longer mine life. Additional ore shoots on the Flag vein and other veins will be primary exploration targets, and ore grades substantially above the 20 ounce projected grade could be expected. Research into costs for a vein operation producing 30 to 150 tons per day indicate direct mining and milling costs of \$45 to \$86 per ton. The difference between cost and value should provide sufficient funds for the capitalization of equipment and a satisfactory return on investment.

If the vein is three feet or greater in width, standard vein stoping mining techniques can be used. Mines operating with this method have direct mining costs of \$20 to \$30 per ton according to Alan Bird, former superintendent of the Sunnyside Mine in Silverton, Colorado. Stan West

and Union Carbide are planning an underground operation at the McCabe mine in Arizona, and operating costs, mining and milling, are projected at \$67 per ton (Northern Miner, Oct., 1984). Current operations at the Cash mine near Boulder, Colorado, have a projected mining cost of \$56 per ton at a 30 tpd rate using the resuing mining method. Resuing permits the selective mining of narrow, high grade veins by first removing the waste rock from alongside the vein and then removing the vein material. This selective mining method keeps the grade of the ore from being diluted and greatly reduces the size of the required mill. Underground operations at the McCracken mine 30 miles south of the Flag mine are presently mining a vein which averages 15 opt silver. They are trucking the ore 20 miles to a mill and evidently anticipate a profit on this operation (Forbes, Dec. 3, 1984).

Milling costs are much more sensitive to production volume than mining costs as there are certain fixed costs in a mill which must be distributed over the tons of ore milled. Milling costs for the previously described operations vary from \$30 to \$50 per ton. For the small size of anticipated production at the Flag mine a trailer mounted mill would probably be adequate and could be acquired or leased for a nominal cost.

RECOMMENDATIONS

The Flag mine has excellent exploration potential, and a two phased exploration program is recommended to evaluate the property. The purpose of the first phase of the program is to gather geologic, geochemical and geophysical data which can be used to select drill targets. The second phase of the program will be drilling to test the anticipated targets. Total cost of both phases will be \$60,000, and a proposed budget is included in this report.

The first phase of the program will involve the following items:

1. Line cutting - to facilitate geochemical and geophysical traverses across the property at least four northeast-southwest trending lines should be cleared. Another northwest trending line parallel to the Flag vein should also be cleared.

2. Geochemical survey - soil samples should be collected at 50 foot intervals along the cut lines and analyzed for Au, Ag, As, Sb, Hg, Mo, Pb, Zn. Assay data from these samples should help determine the presence or absence of ore shoots along the Flag vein and indicate the presence of other, covered veins.

3. Geophysical survey - a VLF Electro Magnetic, EM, survey would be useful in delineating the trend of the veins. Survey lines would be run perpendicular to the trend of the veins along the four cut lines.

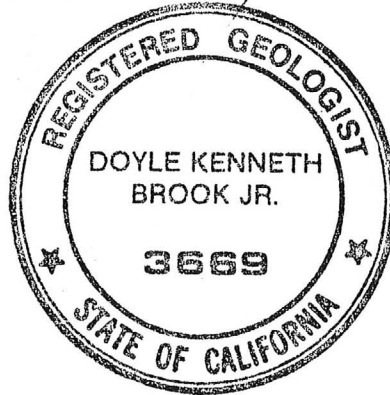
4. Geologic mapping - a geologic map using color aerial photographs as a base should be prepared at a scale of 1"=200'. All underground workings should be mapped at a scale of 1"=20'. Cleaning out the caved portal of the 6,630 level would be necessary to carry out the underground mapping. Sufficient ladders would have to be built and brought to the mine to permit the crossing of open stope areas. Samples of the vein should be taken wherever possible to determine the character and trend of the ore shoot.

5. Evaluation - All of the preceding data should be compiled and analyzed in order to select the most promising drill targets. If the data suggest there is little chance for finding economic metallization the program should be terminated. If the data suggest a definite chance for discovering economic metallization the second phase of the program

would be initiated.

6. Drilling - selected drill targets will be tested with angle or vertical percussion drill holes. This drilling method is quick and relatively inexpensive. The data from the drill holes will show if economic metallization is present. Additional drilling, both percussion and core, will be required to fully delineate any ore zone that may be found.

Ken Brook
11/30/84



BUDGET PROPOSAL

| | |
|---|----------|
| Line cutting, 5000 feet, 10 man days @ \$100/day | \$ 1,000 |
| Geochemical sampling, 100 samples, 2 man days @ \$300/day | 600 |
| Geophysical survey, 5,000 feet | 2,500 |
| Geologic mapping, surface - 5 days @ \$300/day | |
| underground, 10 days @ \$300/day | |
| helper, 10 days @ \$100/day | 5,500 |
| Clearing portal, backhoe, 1 day \$600, | |
| building ladders, \$500 | 1,100 |
| Field expenses, food, lodging, 20 days @ \$50/day | 1,000 |
| Vehicle charges | 500 |
| Evaluation, compilation of data, drafting, etc. | |
| 5 days @ \$300/day, | |
| drafting, \$750 | 2,250 |
| Subtotal Phase I | 14,450 |
| Contingencies | 1,550 |
| Total Phase I | \$16,000 |
| Road building for drill sites, 5 days with D-8 cat | |
| @ \$1000/day | 5,000 |
| Supervision, 5 days @ \$300/day | 1,500 |
| Drilling, six 500 foot deep percussion holes @ \$8/ft | 24,000 |
| Assays, 120 samples @ \$20/sample | 2,400 |
| Supervision, 10 days @ \$300/day | 3,000 |
| Field expenses 20 days @ \$50/day | 1,000 |
| Vehicle charges | 500 |
| Miscellaneous field supplies | 250 |
| Final report, 5 days @ \$300/day, | |
| drafting, \$750 | 2,250 |
| Subtotal Phase II | 33,900 |
| Contingencies | 4,100 |
| Total Phase II | \$44,000 |
| Total Project Cost | \$60,000 |



DESERT VENTURES INC.

Mineral Exploration Services

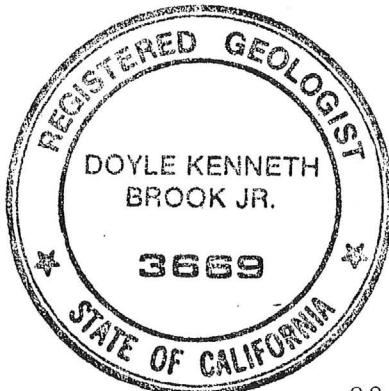
3865 CHELSEA SQ.
RENO, NEVADA 89509
702-826-2068

CERTIFICATE OF QUALIFICATIONS

I, Doyle Kenneth Brook Jr., residing in the City of Reno, Nevada , hereby certify that:

1. I am a consulting Geologist with offices at 550 East Plumb Lane, Suite 104, Reno, Nevada 89502.
2. I have a B.S. degree in geology from the University of Texas at Austin, 1967, and an M.S. degree in geology from the University of Arizona, 1974.
3. I am a registered geologist with the state of California; registration number 3669.
4. I have been engaged in my profession as a geologist since 1969 and have been employed by mining companies and others as a consulting geologist since 1977.
5. I have no interest direct or indirect in the properties or securities of F. W. Russell Enterprises nor do I expect to receive such interest.
6. The attached report on the subject property is based on my personal examination of the property during October, 1984.

I hereby give my consent to use this report for filing with the required regulatory agencies and for inclusion in such documents as F.W. Russel Enterprises may require.



Ken Brook
Doyle Kenneth Brook Jr.
29 November, 1984

REFERENCES CITED

Hayes, C.W., and Lindgren, W., 1907, Contributions to Economic Geology, USGS Bulletin 340. Also see USGS Bulletin 397, p. 140.

Wilson, E.D., 1959, Geologic map of Mohave County, Arizona: Arizona Bureau of Mines, Tucson, Arizona

FLAG MINE SAMPLE DESCRIPTIONS

- 1032 bleached, iron oxide (feox) stained, coarsely crystalline granite , 3 foot chip of vein and footwall, no vein.
- 1033 select quartz-feox veinlets in granite
- 1034 select sample of 1" vein, abundant black mineral probably tourmaline
- 1035 3" wide vuggy quartz vein
- 1036 quartz vein float, visible ruby silver
- 1037 county section shaft, select sample from quartz vein material on dump
- 1038 silicified, feox stained granite from county section dump
- 1039 feox stained granite
- 1040 massive white quartz outcrop, minor feox
- 1041 select vein material, drusy quartz with heavy feox, occasional chalcopyrite
- 1042 feox stained quartz float along altered zone in creek
- 1043 6800 level, quartz veinlet stockwork in argillically altered granite, moderate feox, 4' chip sample
- 1044 6800 level, 4" wide quartz sulfide vein
- 1045 6800 level, 5' chip from fault into hanging wall, occasional quartz-feox veinlet
- 1046 first level north off 6765 level shaft, 1.2' chip of oxidized quartz vein
- 1047 stope above 6630 level, sulfide rich quartz vein exposed on hanging wall
- 1048 6520 level, 0.75' sample of NE trending vein
- 1049 6520 level, banded quartz vein along fault
- 1050 6520 level, 10" chip of quartz sulfide vein
- 1051 6520 level, 2.7' chip of quartz-sulfide vein
- 1052 6520 level, 1.5" wide zone of sulfide rich fault gouge

Legend METALLURGICAL Laboratory, Inc.

125 Manuel St.
 Reno, Nevada 89502
 Phone: (702) 786-3003

Certificate of Analysis

Laboratory Number: 3853

Date: 2 Nov 84

Your order number:

Date Samples received: 26 Oct 84

Submitted by:

Page 1 of 1

Desert Ventures
 3865 Chelsea Square
 Reno, Nv 89509
 Attn: Ken Brook

Report on: 21 rock samples

| Sample Mark: | GOLD oz/t | SILVER oz/t | | | | |
|--------------|--------------|----------------|--|--|--|--|
| | (Fire Assay) | | | | | |
| Number 1032 | 0.009 | 2.11 | | | | |
| 33 | -0.003 | 0.39 | | | | |
| 34 | -0.003 | 0.01 | | | | |
| 35 | -0.003 | 1.26 | | | | |
| 36 | -0.003 | 1.74 | | | | |
| 37 | 0.119 | 2.23 | | | | |
| 38 | 0.014 | 1.02 | | | | |
| 39 | -0.003 | -0.01 | | | | |
| 40 | -0.003 | -0.01 | | | | |
| 41 | -0.003 | -0.01 | | | | |
| 42 | -0.003 | -0.01 | | | | |
| 43 | -0.003 | -0.01 | | | | |
| 44 | 0.009 | 0.62 | | | | |
| 45 | -0.003 | 0.04 | | | | |
| 46 | 0.013 | 54.28 | | | | |
| 47 | 0.104 | 78.75 | | | | |
| 48 | 0.023 | 4.69 | | | | |
| 49 | -0.003 | 0.28 | | | | |
| 50 | 0.003 | 4.40 | | | | |
| 51 | 0.073 | 1.68 | | | | |
| 52 | 0.063 | 2.49 | | | | |

LEGEND METALLURGICAL LABORATORY, INC

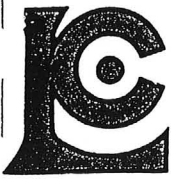
Mark F. Lewis
 Mark F. Lewis
 Manager/Metallurgist

A minus sign (-) is to be read "less than."

1 ppm = 0.0001%

1 Troy oz./ton = 34.286 ppm

1 ppm = 0.029167 Troy oz./ton



Chemex Labs Ltd.

Analytical Chemists • Geochemists • Registered Assayers

155 Glendale Ave. No. 7
Sparks, Nevada
U.S.A. 89431

Telephone: (702) 356-5395

CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.
3865 CHELSEA SQUARE
RENO, NEVADA
89509

** CERT. # : A8417909-001-A
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 1 ³² | Sample # 2 ³³ | Sample # 3 ³⁴ | Sample # 4 ³⁵ | Sample # 5 ³⁶ |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | 4530 | 35 | 15 | 40 | 105 |
| Mn ppm (ICP) | 23 | <1 | <1 | 1 | 30 |
| Zn ppm (ICP) | 395 | 32 | 19 | 52 | 16 |
| P ppm (ICP) | 250 | 194 | 135 | 245 | 75 |
| H ppm (ICP) | 515 | 32 | 20 | 184 | 275 |
| K ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | <0.5 | <0.5 | <0.5 | <0.5 |
| Co ppm (ICP) | 10 | <1 | <1 | <1 | <1 |
| N ppm (ICP) | 9 | <1 | <1 | <1 | <1 |
| Fe % (ICP) | 3.13 | 1.62 | 0.87 | 1.76 | 0.52 |
| Mn ppm (ICP) | >10000 | 290 | 126 | 230 | 161 |
| C ppm (ICP) | 44 | 11 | 13 | 24 | 8 |
| As ppm AAS | 13.4 | 9.2 | 1.6 | 8.2 | 8.8 |

Sample description information

Sample # 1 1032
 Sample # 2 1033
 Sample # 3 1034
 Sample # 4 1035
 Sample # 5 1036

Preparation code description

214 Bag pulp





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INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 6 ³⁷ | Sample # 7 ³⁸ | Sample # 8 ³⁹ | Sample # 9 ⁴⁰ | Sample # 10 ⁴¹ |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | >10000 | 1610 | 20 | <10 | <10 |
| Co ppm (ICP) | 50 | 98 | <1 | <1 | <1 |
| Cr ppm (ICP) | 1380 | 515 | 52 | 5 | 36 |
| Pb ppm (ICP) | 80 | 120 | 385 | 45 | 365 |
| Bi ppm (ICP) | 2660 | 1420 | 30 | <1 | 6 |
| Li ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | 1.5 | <0.5 | <0.5 | <0.5 | <0.5 |
| Co ppm (ICP) | <1 | <1 | <1 | <1 | 3 |
| Li ppm (ICP) | <1 | <1 | <1 | <1 | 2 |
| Ca % (ICP) | 2.07 | 1.82 | 1.62 | 0.34 | 2.74 |
| Mn ppm (ICP) | 455 | 505 | 355 | 35 | 380 |
| Al ppm (ICP) | 74 | 51 | 10 | 5 | 915 |
| Ag ppm AAS | 20.0 | 4.4 | 0.8 | 0.6 | 1.0 |

| Sample description information | Preparation code description |
|--------------------------------|------------------------------|
| Sample # 6 1037 | 214 Bag pulp |
| Sample # 7 1038 | |
| Sample # 8 1039 | |
| Sample # 9 1040 | |
| Sample # 10 1041 | |





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RENO, NEVADA
89509

** CERT. # : A8417909-002-A
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 11 ^{f2} | Sample # 12 ^{f3} | Sample # 13 ^{f4} | Sample # 14 ^{f5} | Sample # 15 ^{f6} |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | <10 | 40 | 4230 | 75 | 1240 |
| Co ppm (ICP) | 7 | 2 | 31 | 2 | 193 |
| Cu ppm (ICP) | 5 | 48 | 63 | 23 | 1770 |
| P ppm (ICP) | 40 | 250 | 105 | 230 | 135 |
| Sr ppm (ICP) | 8 | 6 | 188 | 6 | 4600 |
| Si ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | <0.5 | <0.5 | <0.5 | 1.5 |
| Cr ppm (ICP) | 46 | <1 | <1 | <1 | <1 |
| Pb ppm (ICP) | 2 | <1 | <1 | <1 | <1 |
| Fe % (ICP) | 0.90 | 1.38 | 1.02 | 1.38 | 2.41 |
| Mn ppm (ICP) | 225 | 515 | 193 | 735 | 1890 |
| Ni ppm (ICP) | 34 | 12 | 19 | 10 | 300 |
| Hg ppm AAS | 0.6 | 1.0 | 21.4 | 0.8 | >200.0 |

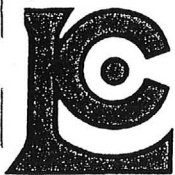
Sample description information

Sample # 11 1042
 Sample # 12 1043
 Sample # 13 1044
 Sample # 14 1045
 Sample # 15 1046

Preparation code description

214 Bag pulp





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CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.

** CERT. # : A8417909-002-B
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

3865 CHELSEA SQUARE
RENO, NEVADA
89509

ATTN: KEN BROOK

| Parameter Description | Sample # 16 ⁴⁷ | Sample # 17 ⁴⁸ | Sample # 18 ⁴⁹ | Sample # 19 ⁵⁰ |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 |
| As ppm (ICP) | 4040 | >10000 | 1230 | 1950 |
| Mn ppm (ICP) | 65 | 146 | 2 | 18 |
| Zn ppm (ICP) | 880 | 2410 | 181 | 2560 |
| Pb ppm (ICP) | 125 | 185 | 100 | 120 |
| Y ppm (ICP) | 7900 | 465 | 54 | 360 |
| Li ppm (ICP) | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | 3.0 | <0.5 | 3.5 |
| Co ppm (ICP) | <1 | 7 | 6 | 8 |
| Cr ppm (ICP) | 2 | 5 | 2 | 4 |
| Fe % (ICP) | 6.23 | 3.87 | 4.10 | 1.15 |
| Mn ppm (ICP) | 192 | 1590 | 5940 | 855 |
| Cl ppm (ICP) | 240 | 41 | 26 | 60 |
| Au ppm AAS | >200.0 | 72.0 | 7.8 | 34.2 |

Sample description information

Preparation code description

Sample # 16 1047
Sample # 17 1048
Sample # 18 1049
Sample # 19 1050

214 Bag pulp



Flag Mine (file) 12
MOHAVE COUNTY ~~MM~~
9

GEOLOGY AND EXPLORATION POTENTIAL
OF THE
AMERICAN FLAG MINE
MOHAVE COUNTY, ARIZONA

Ken Brook
Registered Consulting Geologist
November 29, 1984

TABLE OF CONTENTS

| | |
|---|----|
| INTRODUCTION | 1 |
| SUMMARY | 2 |
| PROPERTY DESCRIPTION | 3 |
| Location and Access | 3 |
| Ownership | 3 |
| Physical Features | 3 |
| Environmental Concerns | 3 |
| Other Claim Blocks | 3 |
| Mine Development | 3 |
| PROPERTY HISTORY | 9 |
| Previous Production | 9 |
| Previous Exploration | 9 |
| GEOLOGY | 10 |
| Regional Geology | 10 |
| Mine Area | 10 |
| Structure | 10 |
| Alteration | 10 |
| Metallization | 10 |
| CONCLUSIONS | 17 |
| Deposit Type | 17 |
| Exploration Potential | 17 |
| RECOMMENDATIONS | 19 |
| REFERENCES CITED | 22 |
| CERTIFICATE OF QUALIFICATIONS | 23 |
| APPENDICES | |

LIST OF FIGURES

- Figure 1- Location Map
- Figure 2 - Property Map
- Figure 3 - Photograph of Flag workings
- Figure 4 - Longitudinal section of vein
- Figure 5 - Photograph of bleaching along vein
- Figure 6 - Map of 6520 level
- Figure 7 - Sample location and vein location
- Figure 8 - Vein geochemistry

INTRODUCTION

This report was written at the request of Mr. Frank W. Russel of San Diego, California, who is the president of F. Russel Enterprises and the owner of the American Flag mine near Kingman, Arizona. The purpose of this report is to examine the geologic and mineralogic characteristics of the Flag mine and determine the economic potential, if any, of the property. Three days were spent on the property in the company of Mr. Russel examining the surface and underground exposures of the Flag vein.

SUMMARY

The American Flag mine is located in the northern part of the Hualapai mountains approximately nine miles southeast of Kingman, Arizona. The property is owned by Mr. Frank W. Russell of San Diego, California. The property was discovered in 1874 and was worked intermittently until 1930. The mine is credited with \$2,500,000 worth of silver and gold production at today's prices. All of this production was prior to 1900. There are approximately 2000 feet of underground workings on the Flag vein, and most of them are accessible. The vein outcrops on surface and has been mined to a depth of 250 feet. High grade ore shoots had a value of over \$6,000 per ton at today's prices. The vein shows typical epithermal banding of quartz and sulfides, and contains ruby silver, galena, sphalerite and gold. The country rock is Precambrian granitic gneiss. Silver bearing vein material was found along the projected trend of the Flag vein, and a separate silver bearing vein system is exposed in the county section shaft. The property has had no previous exploration work and appears to have a reasonable potential to host additional, high grade, ore shoots along the various veins. A two phased exploration program is proposed for the property. The first phase will involve geochemical sampling, geophysical surveys, geologic mapping and data compilation. Favorable results from the first phase will be used to select targets for phase two drilling. Total exploration costs are projected at \$60,000. Present operating costs at other small mines suggest that \$150 per ton ore can be treated at a profit.

PROPERTY DESCRIPTION

Location and Access. The property is located approximately nine miles southeast of Kingman, Arizona at the northern end of the Hualapai Mountains, Figure 1. The property includes seven unpatented lode claims in sections 32 and 33 as well as the leased section 29, Figure 2. Access is via paved road from Kingman to the mountain resort settlement of Hualapai Peak and then via two miles of county maintained road to the mine portal.

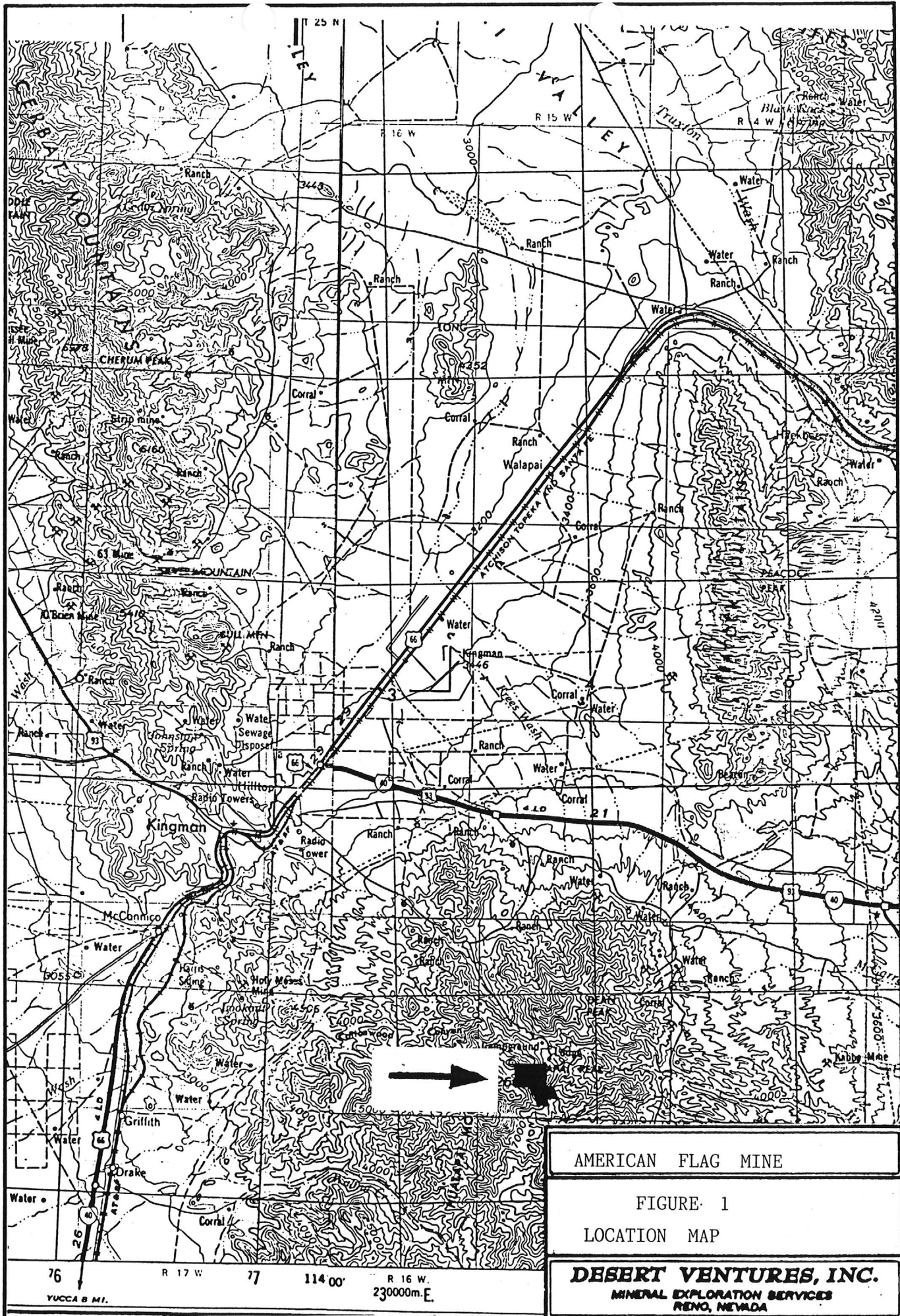
Ownership. The property is owned by Mr. Frank W. Russel of San Diego, California by virtue of location and lease agreement. No examination of the county or Federal records was made to verify the title or that all required assessment work had been filed.

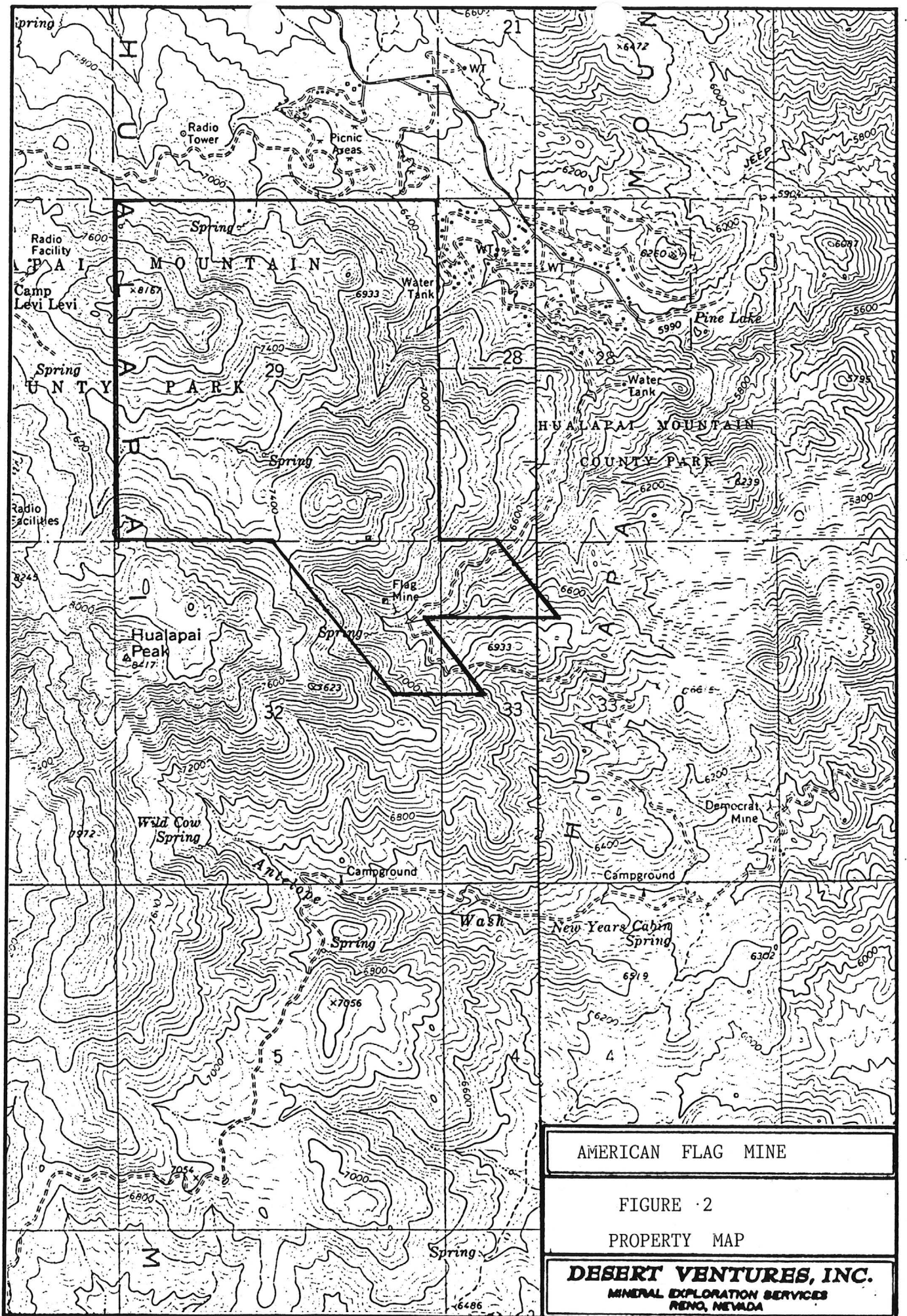
Physical Features. The property is located at an elevation of 7,000 feet in the northern end of the Hualapai Mountains. There is 1,000 feet of vertical relief on the property, and most of the slopes are at 30 degrees, Figure 3. The property is covered with scrub oak and a dense growth of woody shrubs. The north sides of the mountains are generally covered with Ponderosa pines. There is a small flow of water from the mine and a nearby small spring, but no other water source was noted in the area.

Environmental Concerns. The seven unpatented lode claims are located on land administered by the Bureau of Land Management and may be explored and mined under normal governmental regulations. Surface rights to section 29 are controlled by Hualapai Mountain County Park and under present conditions may not be disturbed. The mineral rights to section 29 are leased by Mr. Russel from the county. One mile northeast of the mine is the small, resort community of Hualapai Park with a population of approximately 500.

Other Claim Blocks. To my knowledge there are no other claims in the vicinity of the property.

Mine Development. Mine development on the property consists of approximately 2,000 feet of drift on five levels which explore the Flag vein. Four of the levels are interconnected with shafts and stopes and explore a vertical distance of approximately 250 feet, Figure 4. The



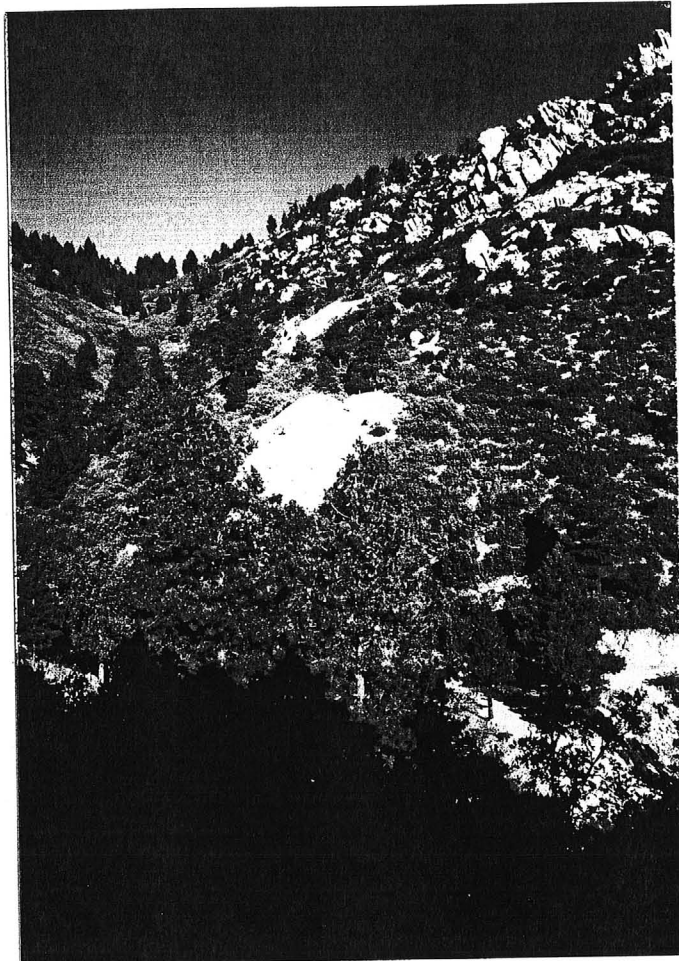


AMERICAN FLAG MINE

FIGURE 2

PROPERTY MAP

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 RENO, NEVADA



6765 LEVEL

6630 LEVEL

6520 LEVEL

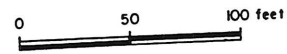
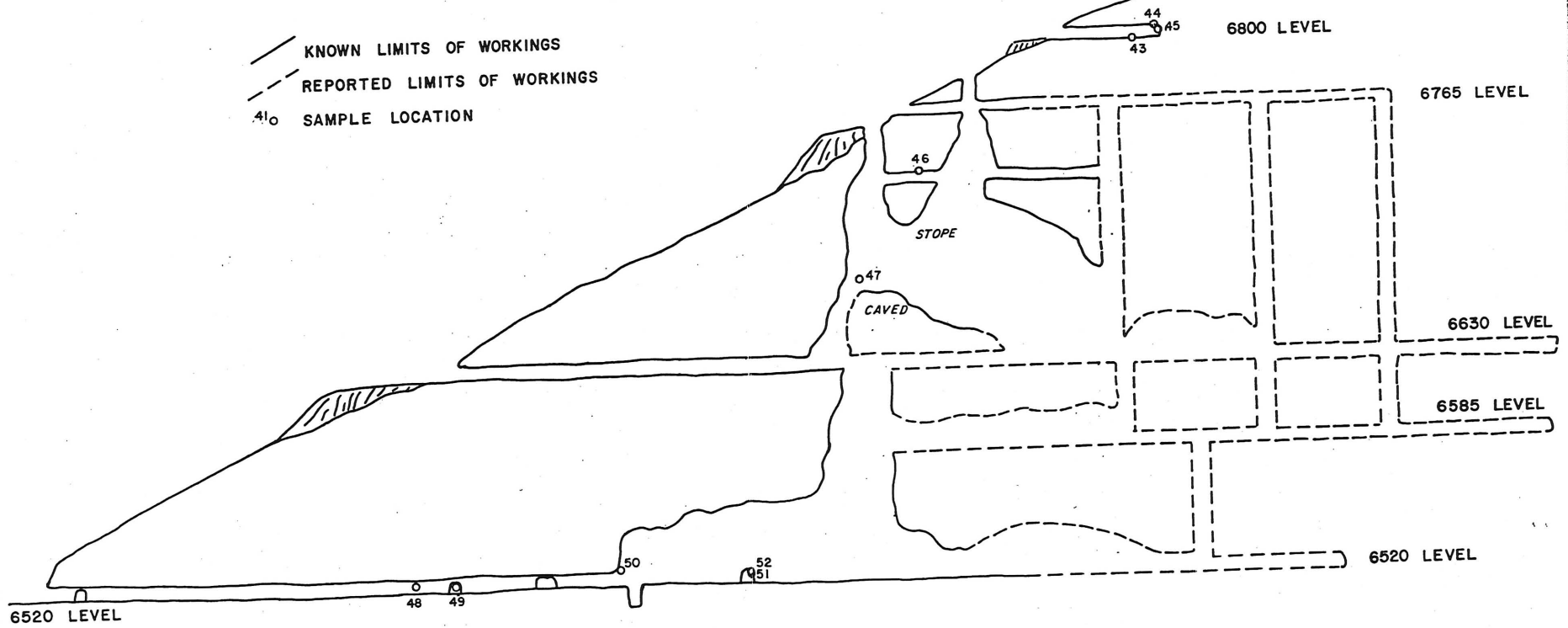
AMERICAN FLAG MINE

FIGURE 3

VIEW NORTH OF FLAG WORKINGS

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MINERAL EXPLORATION SERVICES
RENO, NEVADA

/ / / KNOWN LIMITS OF WORKINGS
 - - - REPORTED LIMITS OF WORKINGS
 ○ SAMPLE LOCATION



AMERICAN FLAG MINE

FIGURE 4

LONGITUDINAL SECTION IN THE PLANE OF THE VEIN, VIEW LOOKING S 45 W

DESERT VENTURES, INC.
 MINERAL EXPLORATION SERVICES
 RENO, NEVADA

lowermost or 6,520 level is in the best condition and provides access to the lower levels of the stopes. The portal to the 6,630 level is presently covered with debris, and this level was not examined. The main shaft is at an elevation of approximately 6,755 and is open for about 100 feet. Other stopes could be seen from the bottom of the shaft but were not examined. The uppermost or 6,800 level is not connected to the lower workings and was apparently an exploration drift on the vein. Just inside the southern boundary of section 29 is an inclined shaft that appears to be 100 to 125 feet deep. This shaft is filled with water approximately 40 feet below the collar.

PROPERTY HISTORY

Previous Production. The American Flag mine was located by W. M. Shoulders in 1874 who soon sold it to a group of miners for the reported sum of \$25,000, (Hayes, 1908). An article written in the Mohave County Miner on November 5, 1882 gave the following summary of the activity at the mine. Initial work by Mr. Shoulders consisted of a 110-foot deep shaft and a 100-foot long drift on the vein from the bottom of the shaft. In 1878 the mine was sold to four men who set about developing the vein for production. They sunk a 210-foot deep shaft on the vein taking out approximately \$2,000 in the process (silver was approximately \$1.20 per ounce at this time). The vein was four to eighteen inches wide and assayed 150 to 200 ounces silver per ton. Excessive water in the shaft caused the men to drive the lower (6,520 level) adit which then connected with the shaft. Zones of very high grade material were encountered with values of \$1,000 per ton being reported. The ore shoot as exposed on the 6,520 level was not as rich as the upper, enriched zones but was reported to be much larger and consisted of pyrite, ruby silver with minor sphalerite and galena. By 1909 the mine was credited with approximately \$400,000 in production (Hayes, 1909). At today's price of \$7.50 per ounce for silver this old production would have an estimated value of \$2,500,000. The mine was inactive until 1929 when Wright Creek Mines Co. of Los Angeles built a small mill on the property and processed an undetermined quantity of ore. There is a small amount of tailings below the mill foundations attesting to this episode in the property's history. No known production occurred after this.

Previous Exploration. Other than the underground drifting on the vein there has been no serious exploration work carried out on the property.

GEOLOGY

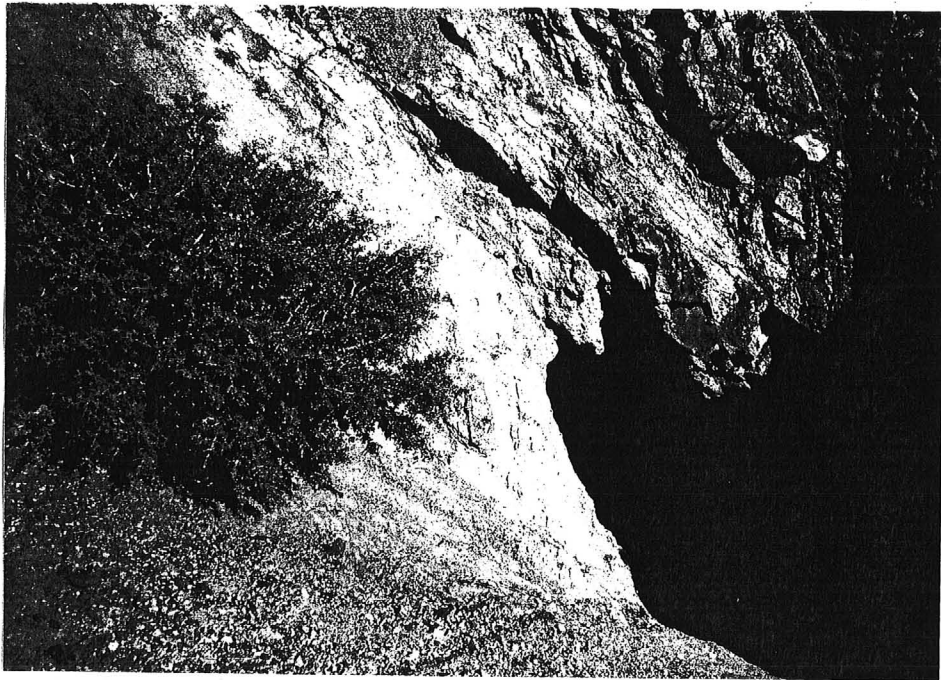
Regional Geology. The Hualapai Mountains are predominantly Precambrian granites and gneisses as shown on the Mohave County map (Wilson, 1959). Younger igneous activity is apparently restricted to a Tertiary rhyolite plug about six miles northwest of the mine.

Mine Area - There are two main rock types at the Flag mine: a biotite gneiss and a granite. The contact between the two rock types is generally east-west at the mine, and the contact is exposed in the 6,520 level about 250 feet in from the portal. The contact is generally sharp and well defined, however, there is considerable mixing and interfingering of the two rock types near the contact. A non-foliated diabase (?) dike occupies the Flag vein fault and outcrops at various places along the projected strike of the vein.

Structure - Foliation in the gneiss and northwest trending faults are the major components of the structural fabric at the Flag mine. Detailed measurements were not made on the foliation trends of the gneiss. Well developed northwest trending faults have localized most of the veins in the mine area and are probably part of a regional tectonic fabric. A complimentary northeast trending set of faults has also localized veins and in places has clearly offset the Flag vein.

Alteration - Significant hydrothermal alteration is absent at the Flag mine. Surface oxidation of sulfide minerals in the veins has created a fifteen to twenty-five foot-wide zone of supergene bleaching and iron oxide staining, Figure 5. Hypogene alteration around the veins is minimal as most of the country rock shows only the effect of Precambrian (?) metamorphic events.

Metallization - Metallization at the Flag mine generally consists of ruby silver, gold, galena, sphalerite and pyrite in a quartz gangue. Occasional evidence of open space filling was noted and adularia crystals were occasionally present in quartz crystal lined vugs. The veins occur in a complimentary set of faults having trends of N 45 W and N 15 E, Figure 6. There was a late stage, low temperature event which deposited pink calcite in the central parts of some of the veins, however, there are no metal values associated with this stage of vein deposition. A

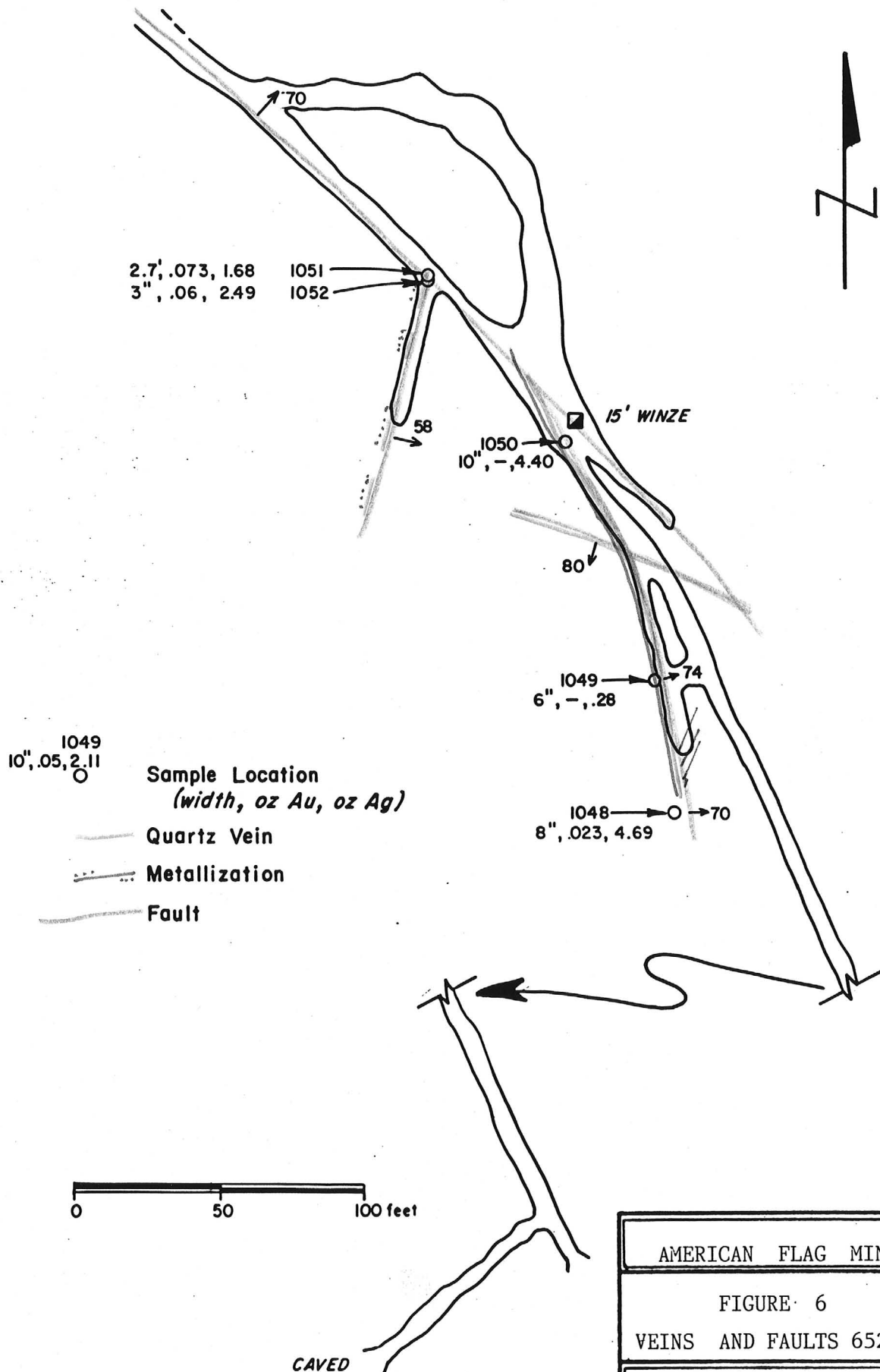


AMERICAN FLAG MINE

FIGURE 5

BLEACHED ZONE AROUND VEIN

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MINERAL EXPLORATION SERVICES
RENO, NEVADA



base map from KAP, Jan. 1983

AMERICAN FLAG MINE

FIGURE 6

VEINS AND FAULTS 6520 LEVEL

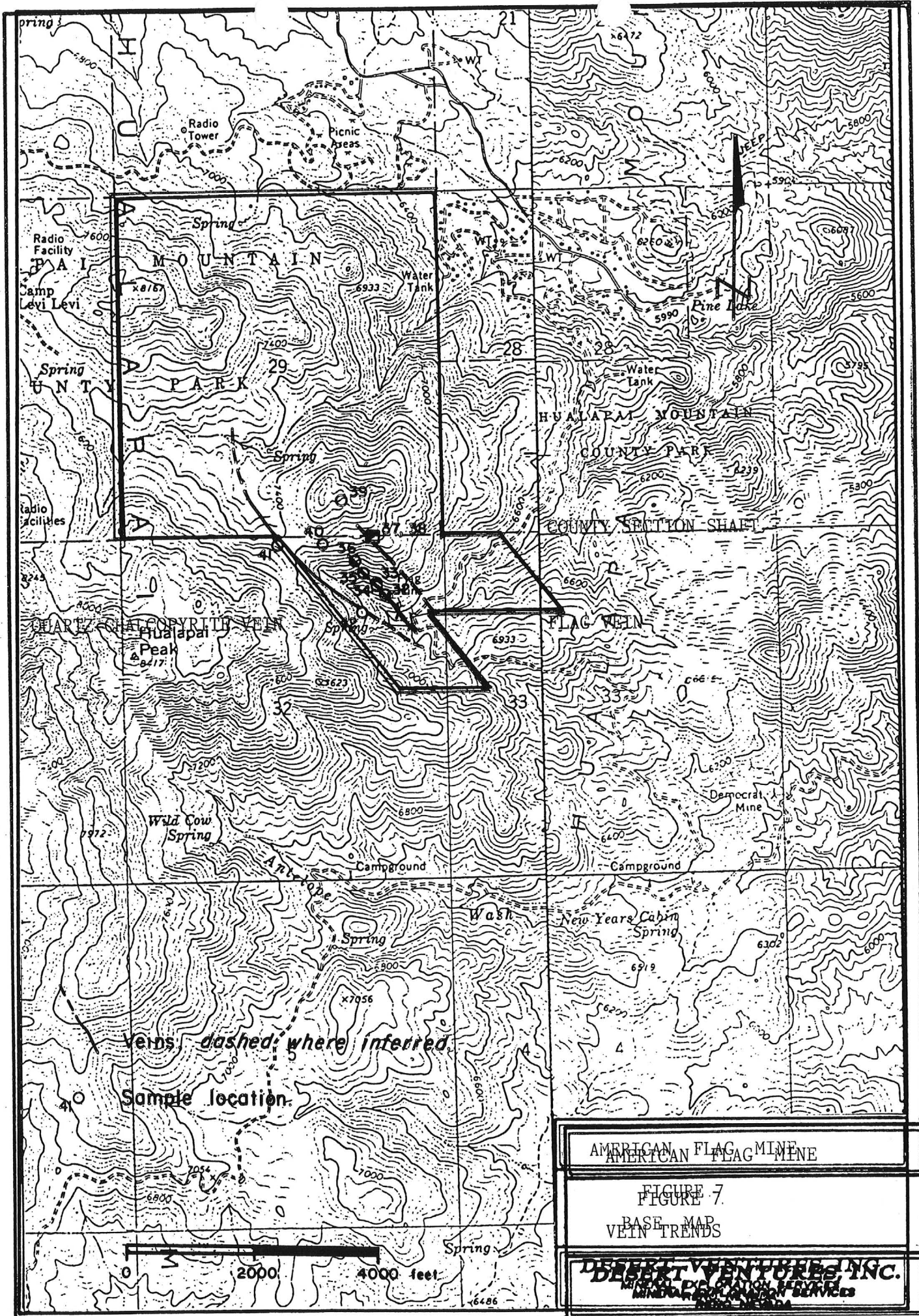
DESERT VENTURES, INC.

MINERAL EXPLORATION SERVICES
RENO, NEVADA

complete paragenetic sequence of vein deposition has not been determined, but the banded nature of some of the vein material is sufficient evidence to state there were several periods of precious metal deposition. A geochemically different hydrothermal event has deposited drusy quartz crystals, pyrite and chalcopyrite along a strongly chloritized northwest trending fault zone just west of the Flag workings, Figure 7.

Twenty-one rock chip samples were collected from surface outcrops and from the mine workings. Sample locations are shown on the overlays to Figures 7 and on Figures 4 and 6. Sample descriptions and assay values are included in the appendix of this report. The highest assay values came from sample 1047 which was from a silicified portion of the vein exposed in the stope above the 6,630 level and contained 0.104 ounce per ton (opt) Au and 78.75 opt Ag. Surface float samples along the projected trend of the Flag vein gave values up to 2.11 opt Ag and 0.009 opt Au. Samples from the shaft in section 29 gave values of 0.119 opt Au and 2.23 opt Ag. This shaft is on a northwest trending vein about three hundred feet east of the Flag vein. Samples from the 6,520 level were taken from the south end of the stope across a ten-inch-wide quartz vein with visible sulfide minerals. This sample contained 4.69 opt Ag and 0.023 opt Au.

All samples were also assayed for Cu, Pb, Zn, As, Sb, Mo, Mn (see Appendix) in order to determine if any pathfinder elements might be present in significant quantities and would thus be useful in locating covered portions of the vein. The separate geochemical signature of the various veins sampled give clear indication of the metallized versus nonmetallized veins. Samples from the veins which contain gold and silver show a dramatic increase in mercury, antimony, arsenic, lead, molybdenum and zinc content over samples from non-metallized veins. Figure 8 shows a comparison of values for samples taken from metallized and nonmetallized veins.



AMERICAN FLAG MINE
AMERICAN FLAG MINE

FIGURE 7
BASE MAP
VEIN TRENDS

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DESERT VENTURES INC.
MINERAL RIGHTS SERVICES

SAMPLES FROM SILVER BEARING VEIN

| Sample # | Au Opt | Ag Opt | As ppm | Sb ppm | Hg ppb | Mo ppm | Zn ppm | Pb ppm | Cu ppm |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1032 | .009 | 2.11 | 4530 | 57 | 280 | 23 | 395 | 515 | 44 |
| 1033 | - | .39 | 35 | 5.8 | 150 | - | 32 | 32 | 11 |
| 1035 | - | 1.26 | 40 | 14.2 | 120 | 1 | 52 | 184 | 24 |
| 1036 | - | 1.74 | .105 | 11.2 | 90 | 30 | 16 | 275 | 8 |
| 1037 | .119 | 2.23 | >10,000 | 270 | 1500 | 50 | 1380 | 2660 | 74 |
| 1038 | .014 | 1.02 | 1610 | 52 | 1200 | 98 | 515 | 1420 | 51 |
| 1044 | .009 | .62 | 4230 | 39 | 200 | 31 | 63 | 188 | 19 |
| 1046 | .013 | 54.28 | 1240 | 300 | 7800 | 193 | 1770 | 4600 | 300 |
| 1047 | .104 | 78.75 | 4040 | 300 | 990 | 65 | 880 | 7900 | 240 |
| 1048 | .023 | 4.69 | >10,000 | 140 | 580 | 146 | 2410 | 465 | 41 |
| 1049 | - | .28 | 1230 | 11.2 | 250 | 2 | 181 | 54 | 26 |
| 1050 | .003 | 4.40 | 1950 | 45 | 550 | 18 | 2560 | 360 | 60 |
| 1051 | .073 | 1.68 | | | | | | | |
| 1052 | .003 | 2.49 | | | | | | | |

SAMPLES FROM BARREN VEINS & COUNTRY ROCK

| | | | | | | | | | |
|------|---|-----|----|-----|-----|---|----|----|-----|
| 1034 | - | .01 | 15 | 2 | 50 | - | 19 | 20 | 13 |
| 1039 | - | - | 20 | 1.2 | 60 | - | 52 | 30 | 10 |
| 1040 | - | - | - | .8 | 50 | - | 5 | - | 5 |
| 1041 | - | - | - | .4 | 30 | - | 36 | 6 | 915 |
| 1042 | - | - | - | .4 | 30 | 7 | 5 | 8 | 34 |
| 1043 | - | - | 40 | .6 | 190 | 2 | 40 | 6 | 12 |
| 1045 | - | .04 | 75 | .6 | 90 | 2 | 23 | 6 | 10 |

AMERICAN FLAG MINE

FIGURE 8

VEIN GEOCHEMISTRY

DESERT VENTURES, INC.
MINERAL EXPLORATION SERVICES
RENO, NEVADA

CONCLUSIONS

Deposit Type - The Flag mine is a typical polymetallic, epithermal vein deposit in crystalline rocks. Metallization is entirely structurally controlled by the Flag fault and other structures. The previously mined ore zone extended from surface to the 6,520 level a vertical distance of 250 feet, and vein width varied from four inches to four feet. Silver, gold, galena and sphalerite were deposited in a quartz gangue during episodic boiling of the hydrothermal fluid.

Exploration Potential - There appears to be excellent exploration potential on the property for precious and base metal, vein-type ore bodies. Previous production has demonstrated the presence of one high grade ore shoot, and there is the definite possibility that additional ore shoots can be discovered on the same and other veins. Exploration efforts at the Flag mine will be directed toward discovering vertical and lateral extensions of the previously mined ore shoot as well as new ore zones on other veins.

The exploration target will be a vein-type ore body with the equivalent value of twenty ounces of silver per ton or approximately \$150. Initial target size will be a modest 15,000 ton ore zone extending below the existing workings. This target represents a 300 foot strike length, a two foot width and a 250 foot down-dip extension. Additional ore zones would have to be discovered in order to enhance the economic potential of the operation and guarantee a longer mine life. Additional ore shoots on the Flag vein and other veins will be primary exploration targets, and ore grades substantially above the 20 ounce projected grade could be expected. Research into costs for a vein operation producing 30 to 150 tons per day indicate direct mining and milling costs of \$45 to \$86 per ton. The difference between cost and value should provide sufficient funds for the capitalization of equipment and a satisfactory return on investment.

If the vein is three feet or greater in width, standard vein stoping mining techniques can be used. Mines operating with this method have direct mining costs of \$20 to \$30 per ton according to Alan Bird, former superintendent of the Sunnyside Mine in Silverton, Colorado. Stan West

and Union Carbide are planning an underground operation at the McCabe mine in Arizona, and operating costs, mining and milling, are projected at \$67 per ton (Northern Miner, Oct., 1984). Current operations at the Cash mine near Boulder, Colorado, have a projected mining cost of \$56 per ton at a 30 tpd rate using the resuing mining method. Resuing permits the selective mining of narrow, high grade veins by first removing the waste rock from alongside the vein and then removing the vein material. This selective mining method keeps the grade of the ore from being diluted and greatly reduces the size of the required mill. Underground operations at the McCracken mine 30 miles south of the Flag mine are presently mining a vein which averages 15 opt silver. They are trucking the ore 20 miles to a mill and evidently anticipate a profit on this operation (Forbes, Dec. 3, 1984).

Milling costs are much more sensitive to production volume than mining costs as there are certain fixed costs in a mill which must be distributed over the tons of ore milled. Milling costs for the previously described operations vary from \$30 to \$50 per ton. For the small size of anticipated production at the Flag mine a trailer mounted mill would probably be adequate and could be acquired or leased for a nominal cost.

RECOMMENDATIONS

The Flag mine has excellent exploration potential, and a two phased exploration program is recommended to evaluate the property. The purpose of the first phase of the program is to gather geologic, geochemical and geophysical data which can be used to select drill targets. The second phase of the program will be drilling to test the anticipated targets. Total cost of both phases will be \$60,000, and a proposed budget is included in this report.

The first phase of the program will involve the following items:

1. Line cutting - to facilitate geochemical and geophysical traverses across the property at least four northeast-southwest trending lines should be cleared. Another northwest trending line parallel to the Flag vein should also be cleared.

2. Geochemical survey - soil samples should be collected at 50 foot intervals along the cut lines and analyzed for Au, Ag, As, Sb, Hg, Mo, Pb, Zn. Assay data from these samples should help determine the presence or absence of ore shoots along the Flag vein and indicate the presence of other, covered veins.

3. Geophysical survey - a VLF Electro Magnetic, EM, survey would be useful in delineating the trend of the veins. Survey lines would be run perpendicular to the trend of the veins along the four cut lines.

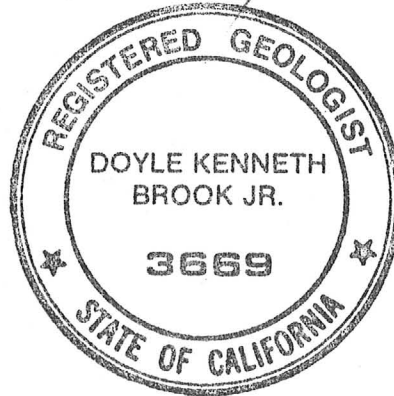
4. Geologic mapping - a geologic map using color aerial photographs as a base should be prepared at a scale of 1"=200'. All underground workings should be mapped at a scale of 1"=20'. Cleaning out the caved portal of the 6,630 level would be necessary to carry out the underground mapping. Sufficient ladders would have to be built and brought to the mine to permit the crossing of open stope areas. Samples of the vein should be taken wherever possible to determine the character and trend of the ore shoot.

5. Evaluation - All of the preceding data should be compiled and analyzed in order to select the most promising drill targets. If the data suggest there is little chance for finding economic metallization the program should be terminated. If the data suggest a definite chance for discovering economic metallization the second phase of the program

would be initiated.

6. Drilling - selected drill targets will be tested with angle or vertical percussion drill holes. This drilling method is quick and relatively inexpensive. The data from the drill holes will show if economic metallization is present. Additional drilling, both percussion and core, will be required to fully delineate any ore zone that may be found.

Ken Brook
11/30/84



BUDGET PROPOSAL

| | |
|---|-----------------------------|
| Line cutting, 5000 feet, 10 man days @ \$100/day | \$ 1,000 |
| Geochemical sampling, 100 samples, 2 man days @ \$300/day | 600 |
| Geophysical survey, 5,000 feet | 2,500 |
| Geologic mapping, surface - 5 days @ \$300/day | |
| underground, 10 days @ \$300/day | |
| helper, 10 days @ \$100/day | 5,500 |
| Clearing portal, backhoe, 1 day \$600, | |
| building ladders, \$500 | 1,100 |
| Field expenses, food, lodging, 20 days @ \$50/day | 1,000 |
| Vehicle charges | 500 |
| Evaluation, compilation of data, drafting, etc. | |
| 5 days @ \$300/day, | |
| drafting, \$750 | 2,250 |
| | Subtotal Phase I 14,450 |
| | Contingencies 1,550 |
| | Total Phase I \$16,000 |
| Road building for drill sites, 5 days with D-8 cat | |
| @ \$1000/day | 5,000 |
| Supervision, 5 days @ \$300/day | 1,500 |
| Drilling, six 500 foot deep percussion holes @ \$8/ft | 24,000 |
| Assays, 120 samples @ \$20/sample | 2,400 |
| Supervision, 10 days @ \$300/day | 3,000 |
| Field expenses 20 days @ \$50/day | 1,000 |
| Vehicle charges | 500 |
| Miscellaneous field supplies | 250 |
| Final report, 5 days @ \$300/day, | |
| drafting, \$750 | 2,250 |
| | Subtotal Phase II 33,900 |
| | Contingencies 4,100 |
| | Total Phase II \$44,000 |
| | Total Project Cost \$60,000 |



DESERT VENTURES INC.

Mineral Exploration Services

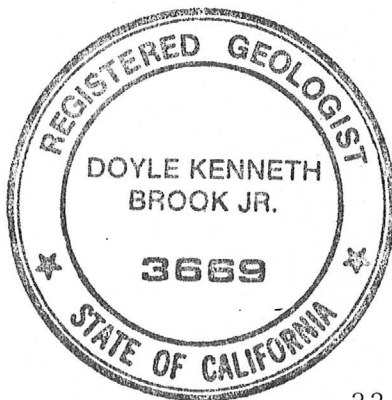
3865 CHELSEA SQ.
RENO, NEVADA 89509
702-826-2068

CERTIFICATE OF QUALIFICATIONS

I, Doyle Kenneth Brook Jr., residing in the City of Reno, Nevada, hereby certify that:

1. I am a consulting Geologist with offices at 550 East Plumb Lane, Suite 104, Reno, Nevada 89502.
2. I have a B.S. degree in geology from the University of Texas at Austin, 1967, and an M.S. degree in geology from the University of Arizona, 1974.
3. I am a registered geologist with the state of California; registration number 3669.
4. I have been engaged in my profession as a geologist since 1969 and have been employed by mining companies and others as a consulting geologist since 1977.
5. I have no interest direct or indirect in the properties or securities of F. W. Russell Enterprises nor do I expect to receive such interest.
6. The attached report on the subject property is based on my personal examination of the property during October, 1984.

I hereby give my consent to use this report for filing with the required regulatory agencies and for inclusion in such documents as F.W. Russel Enterprises may require.



Ken Brook
Doyle Kenneth Brook Jr.
29 November, 1984

REFERENCES CITED

Hayes, C.W., and Lindgren, W., 1907, Contributions to Economic Geology, USGS Bulletin 340. Also see USGS Bulletin 397, p. 140.

Wilson, E.D., 1959, Geologic map of Mohave County, Arizona:
Arizona Bureau of Mines, Tucson, Arizona

FLAG MINE SAMPLE DESCRIPTIONS

- 1032 bleached, iron oxide (feox) stained, coarsely crystalline granite , 3 foot chip of vein and footwall, no vein.
- 1033 select quartz-feox veinlets in granite
- 1034 select sample of 1" vein, abundant black mineral probably tourmaline
- 1035 3" wide vuggy quartz vein
- 1036 quartz vein float, visible ruby silver
- 1037 county section shaft, select sample from quartz vein material on dump
- 1038 silicified, feox stained granite from county section dump
- 1039 feox stained granite
- 1040 massive white quartz outcrop, minor feox
- 1041 select vein material, drusy quartz with heavy feox, occasional chalcopyrite
- 1042 feox stained quartz float along altered zone in creek
- 1043 6800 level, quartz veinlet stockwork in argillically altered granite, moderate feox, 4' chip sample
- 1044 6800 level, 4" wide quartz sulfide vein
- 1045 6800 level, 5' chip from fault into hanging wall, occasional quartz-feox veinlet
- 1046 first level north off 6765 level shaft, 1.2' chip of oxidized quartz vein
- 1047 stope above 6630 level, sulfide rich quartz vein exposed on hanging wall
- 1048 6520 level, 0.75' sample of NE trending vein
- 1049 6520 level, banded quartz vein along fault
- 1050 6520 level, 10" chip of quartz sulfide vein
- 1051 6520 level, 2.7' chip of quartz-sulfide vein
- 1052 6520 level, 1.5" wide zone of sulfide rich fault gouge

Legend METALLURGICAL Laboratory, Inc.

125 Manuel St.
Reno, Nevada 89502
Phone: (702) 786-3003

Certificate of Analysis

Laboratory Number: 3853

Date: 2 Nov 84

Your order number:

Date Samples received: 26 Oct 84

Submitted by:

Page 1 of 1

Desert Ventures
3865 Chelsea Square
Reno, Nv 89509
Attn: Ken Brook

Report on: 21 rock samples

| Sample Mark: | GOLD oz/t | SILVER oz/t | | | |
|--------------|--------------|----------------|--|--|--|
| | (Fire Assay) | | | | |
| Number 1032 | 0.009 | 2.11 | | | |
| 33 | -0.003 | 0.39 | | | |
| 34 | -0.003 | 0.01 | | | |
| 35 | -0.003 | 1.26 | | | |
| 36 | -0.003 | 1.74 | | | |
| 37 | 0.119 | 2.23 | | | |
| 38 | 0.014 | 1.02 | | | |
| 39 | -0.003 | -0.01 | | | |
| 40 | -0.003 | -0.01 | | | |
| 41 | -0.003 | -0.01 | | | |
| 42 | -0.003 | -0.01 | | | |
| 43 | -0.003 | -0.01 | | | |
| 44 | 0.009 | 0.62 | | | |
| 45 | -0.003 | 0.04 | | | |
| 46 | 0.013 | 54.28 | | | |
| 47 | 0.104 | 78.75 | | | |
| 48 | 0.023 | 4.69 | | | |
| 49 | -0.003 | 0.28 | | | |
| 50 | 0.003 | 4.40 | | | |
| 51 | 0.073 | 1.68 | | | |
| 52 | 0.063 | 2.49 | | | |

LEGEND METALLURGICAL LABORATORY, INC

Mark F. Lewis
Mark F. Lewis
Manager/Metallurgist

A minus sign (-) is to be read "less than."

1 ppm = 0.0001%

1 Troy oz./ton = 34.286 ppm

1 ppm = 0.029167 Troy oz./ton



Cnemex Labs Ltd.

155 Glendale Ave. No. 7
Sparks, Nevada
U.S.A. 89431

Analytical Chemists • Geochemists • Registered Assayers

Telephone: (702) 356-5395

CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.
3865 CHELSEA SQUARE
RENO, NEVADA
89509

** CERT. # : A8417909-001-A
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 1 ³² | Sample # 2 ³³ | Sample # 3 ³⁴ | Sample # 4 ³⁵ | Sample # 5 ³⁶ |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | 4530 | 35 | 15 | 40 | 105 |
| M ppm (ICP) | 23 | <1 | <1 | 1 | 30 |
| Zn ppm (ICP) | 395 | 32 | 19 | 52 | 16 |
| P ppm (ICP) | 250 | 194 | 135 | 245 | 75 |
| F ppm (ICP) | 515 | 32 | 20 | 184 | 275 |
| E ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | <0.5 | <0.5 | <0.5 | <0.5 |
| C ⁻ ppm (ICP) | 10 | <1 | <1 | <1 | <1 |
| N ppm (ICP) | 9 | <1 | <1 | <1 | <1 |
| Fe % (ICP) | 3.13 | 1.62 | 0.87 | 1.76 | 0.52 |
| Mn ppm (ICP) | >10000 | 290 | 126 | 230 | 161 |
| C ppm (ICP) | 44 | 11 | 13 | 24 | 8 |
| A ₂ ppm AAS | 13.4 | 9.2 | 1.6 | 8.2 | 8.8 |

Sample description information

Sample # 1 1032
 Sample # 2 1033
 Sample # 3 1034
 Sample # 4 1035
 Sample # 5 1036

Preparation code description

214 Bag pulp





Chemex Labs Ltd.

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Sparks, Nevada
U.S.A. 89431

Analytical Chemists • Geochemists • Registered Assayers

Telephone: (702) 356-5395

CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.
3865 CHELSEA SQUARE
RENO, NEVADA
89509

★★ CERT. # : A8417909-001-B
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 6 ³⁷ | Sample # 7 ³⁸ | Sample # 8 ³⁹ | Sample # 9 ⁴⁰ | Sample # 10 ⁴¹ |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | >10000 | 1610 | 20 | <10 | <10 |
| Co ppm (ICP) | 50 | 98 | <1 | <1 | <1 |
| Cr ppm (ICP) | 1380 | 515 | 52 | 5 | 36 |
| Pb ppm (ICP) | 80 | 120 | 385 | 45 | 365 |
| Mo ppm (ICP) | 2660 | 1420 | 30 | <1 | 6 |
| Mn ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | 1.5 | <0.5 | <0.5 | <0.5 | <0.5 |
| Ca ppm (ICP) | <1 | <1 | <1 | <1 | 3 |
| Si ppm (ICP) | <1 | <1 | <1 | <1 | 2 |
| Fe % (ICP) | 2.07 | 1.82 | 1.62 | 0.34 | 2.74 |
| Mg ppm (ICP) | 455 | 505 | 355 | 35 | 380 |
| Al ppm (ICP) | 74 | 51 | 10 | 5 | 915 |
| Zn ppm AAS | 20.0 | 4.4 | 0.8 | 0.6 | 1.0 |

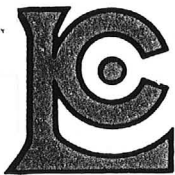
Sample description information

Preparation code description

Sample # 6 1037
Sample # 7 1038
Sample # 8 1039
Sample # 9 1040
Sample # 10 1041

214 Bag pulp





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Sparks, Nevada
U.S.A. 89431

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Telephone: (702) 356-5395

CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.

3865 CHELSEA SQUARE
RENO, NEVADA
89509

★★ CERT. # : A8417909-002-A
INVOICE # : 18417909
DATE : 28-NOV-84
P.O. # :
FLAG :

ATTN: KEN BROOK

| Parameter Description | Sample # 11 ^r | Sample # 12 ^s | Sample # 13 ^t | Sample # 14 ^u | Sample # 15 ^v |
|-------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 | 214 |
| As ppm (ICP) | <10 | 40 | 4230 | 75 | 1240 |
| B ppm (ICP) | 7 | 2 | 31 | 2 | 193 |
| Ca ppm (ICP) | 5 | 48 | 63 | 23 | 1770 |
| P ppm (ICP) | 40 | 250 | 105 | 230 | 135 |
| Co ppm (ICP) | 8 | 6 | 188 | 6 | 4600 |
| Cr ppm (ICP) | <2 | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | <0.5 | <0.5 | <0.5 | 1.5 |
| Cu ppm (ICP) | 46 | <1 | <1 | <1 | <1 |
| Fe ppm (ICP) | 2 | <1 | <1 | <1 | <1 |
| Fe % (ICP) | 0.90 | 1.38 | 1.02 | 1.38 | 2.41 |
| Mn ppm (ICP) | 225 | 515 | 193 | 735 | 1890 |
| N ppm (ICP) | 34 | 12 | 19 | 10 | 300 |
| Hg ppm AAS | 0.6 | 1.0 | 21.4 | 0.8 | >200.0 |

Sample description information

Sample # 11 1042
 Sample # 12 1043
 Sample # 13 1044
 Sample # 14 1045
 Sample # 15 1046

Preparation code description

214 Bag pulp





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CERTIFICATE OF ANALYSIS

TO : DESERT VENTURES INC.

** CERT. # : A8417909-002-B
INVOICE # : I8417909
DATE : 28-NOV-84
P.O. # :
FLAG :

3865 CHELSEA SQUARE
RENO, NEVADA
89509

ATTN: KEN BROOK

| Parameter Description | Sample # 16 ⁴⁷ | Sample # 17 ⁴⁸ | Sample # 18 ⁴⁹ | Sample # 19 ⁵⁰ |
|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Sample preparation code | 214 | 214 | 214 | 214 |
| As ppm (ICP) | 4040 | >10000 | 1230 | 1950 |
| Y ppm (ICP) | 65 | 146 | 2 | 18 |
| Zn ppm (ICP) | 880 | 2410 | 181 | 2560 |
| Rb ppm (ICP) | 125 | 185 | 100 | 120 |
| Pb ppm (ICP) | 7900 | 465 | 54 | 360 |
| Fe ppm (ICP) | <2 | <2 | <2 | <2 |
| Cd ppm (ICP) | <0.5 | 3.0 | <0.5 | 3.5 |
| Co ppm (ICP) | <1 | 7 | 6 | 8 |
| Pt ppm (ICP) | 2 | 5 | 2 | 4 |
| Li % (ICP) | 6.23 | 2.87 | 4.10 | 1.15 |
| Mn ppm (ICP) | 192 | 1590 | 5940 | 855 |
| C ppm (ICP) | 240 | 41 | 26 | 60 |
| Ag ppm AAS | >200.0 | 72.0 | 7.8 | 34.2 |

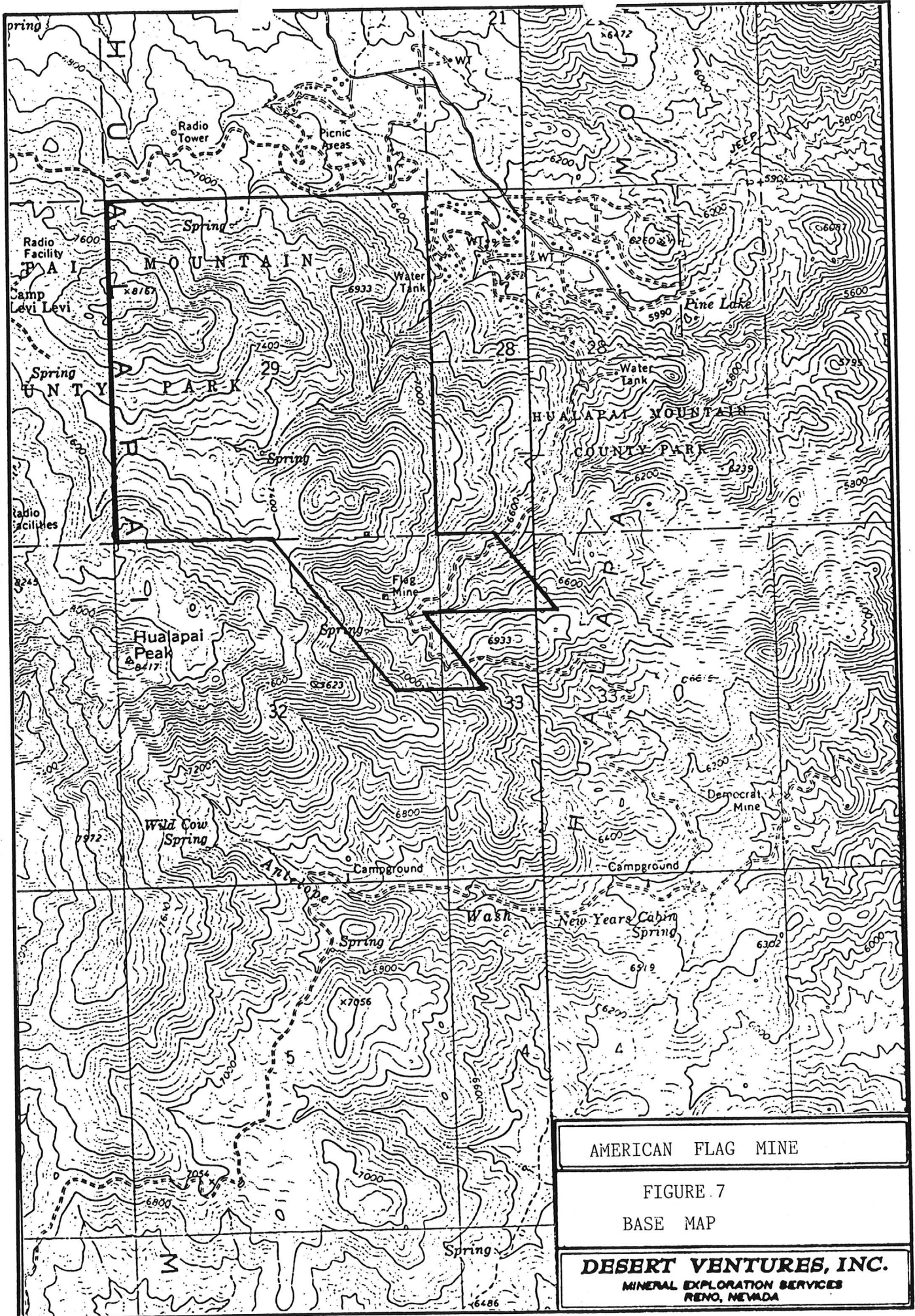
Sample description information

Preparation code description

Sample # 16 1047
Sample # 17 1048
Sample # 18 1049
Sample # 19 1050

214 Bag pulp

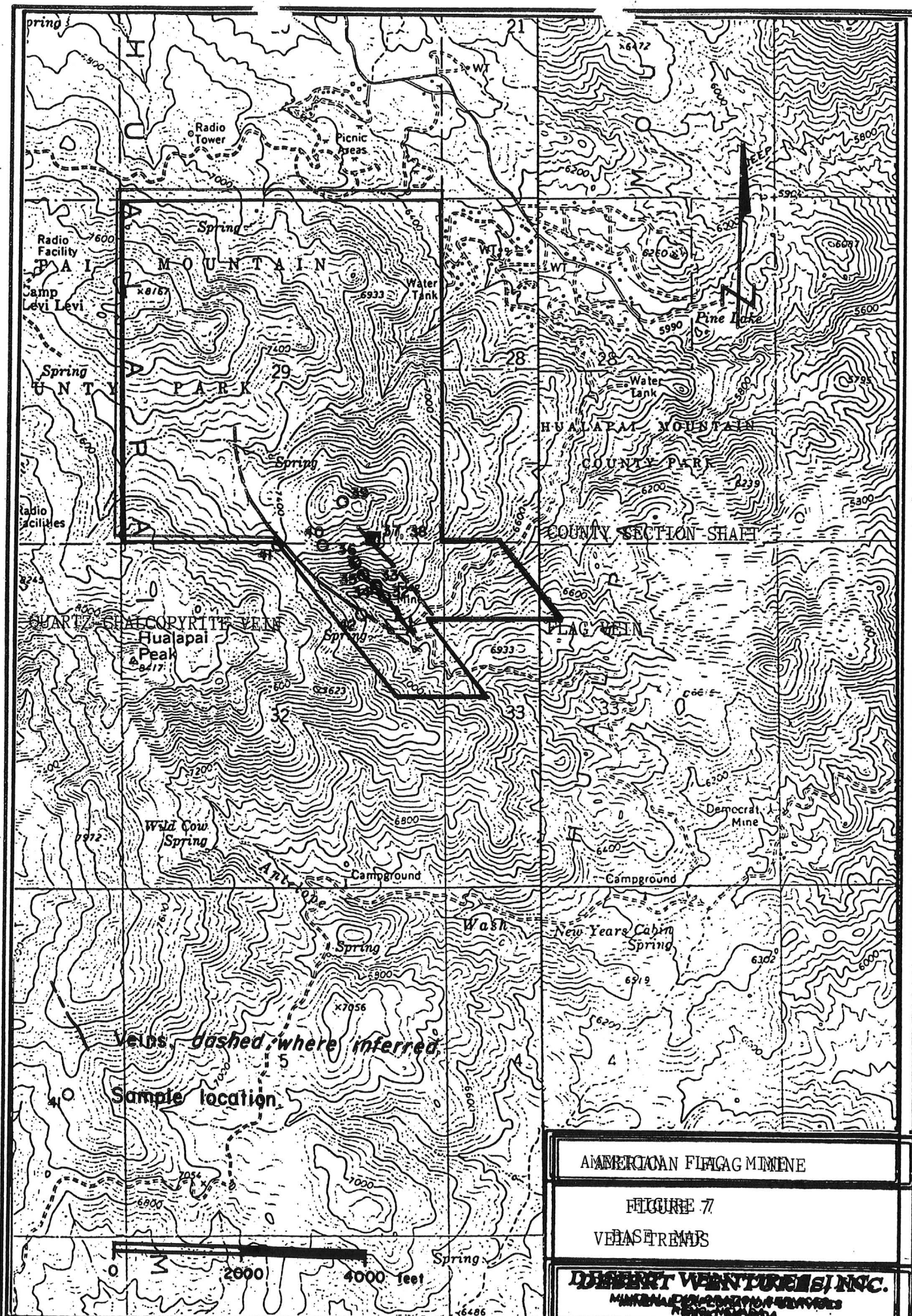




AMERICAN FLAG MINE

FIGURE 7
BASE MAP

DESERT VENTURES, INC.
MINERAL EXPLORATION SERVICES
RENO, NEVADA



AMERICAN FLAG MINE

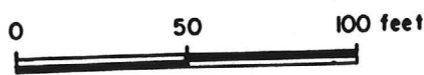
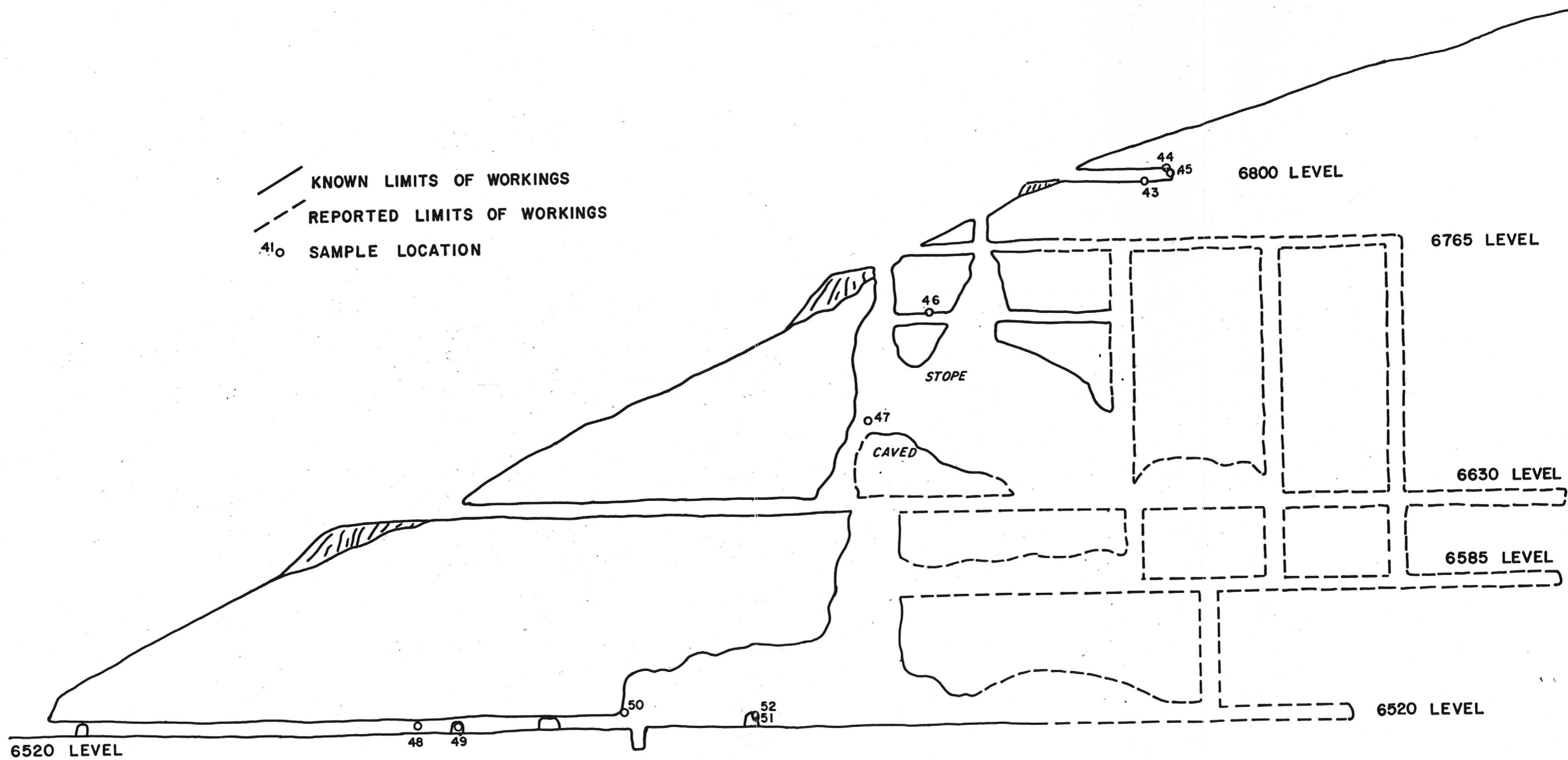
FIGURE 7

VEIN TRENDS

DESERT VENTURES INC.

MINERAL EXPLORATION SERVICES
 HENDON, ARIZONA

/ KNOWN LIMITS OF WORKINGS
 - - - REPORTED LIMITS OF WORKINGS
 41o SAMPLE LOCATION



AMERICAN FLAG MINE
 FIGURE 4
 LONGITUDINAL SECTION IN THE PLANE OF THE
 VEIN, VIEW LOOKING S 45 W
DESERT VENTURES, INC.
 MINERAL EXPLORATION SERVICES
 RENO, NEVADA