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Nor-Quest Arizona Inc.

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #13

August 13 - October 9, 1986

MILL

As mentioned in Report #12, the mill continues to operate within the on-going testing mode.

After the concentrate shipment of August 22, 1986, the mill underwent one of the recommended changes for a test run. This particular test run was for five days. Because of the experimental status of this particular mill operation, we milled the crushed development ore which had been stockpiled since February 1986. The rate of gold recovery for this test run was 80.5%, the silver recovery was 77%. The mill again underwent some changes and, beginning September 8, another test run of a different mill mode was begun.

This test has proven most encouraging; the new configuration has yielded longer mill runs, increased tonnage rates, quicker water reclamation and indicated recovery rates of well over 85%.

This process is slow and painstaking, as all the various pieces of equipment; i.e., pumps, cells, filters, etc., have to be cleaned, serviced and perhaps moved for the next mode.

Because of these intensive testing programs, we have now determined the best configuration for the Gladiator/War Eagle. An experienced metallurgist/mill superintendent has joined us, as a consultant, to aid with the first flow design and system implementation.

Few changes are required, only one additional piece of equipment is needed. Minor modifications to the building are required and the contractor has been engaged to do so. The contractor will begin Saturday, October 11. The new configuration will be completed before November 1, 1986.

A time schedule/work arrangement has been agreed upon so that the mill does not have to shut down during the minor building modifications.

The decision to use the stockpiled development ore during these various different mode runs was made for a variety of reasons:

1. the storage area around the mill was very congested with the stockpiled ore.
2. during these runs, we could further improve our crusher unit.
3. a lower grade ore will indicate the same rate of recovery, etc., as will the high-grade production ore.

On September 2, our new assayer arrived, bringing not only experience in assaying, but experience in the entire mineral extraction industry. We are actively pursuing all aspects of mineral extraction, while at the same time concentrating on cost reduction and expenditure (both time and money) efficiency.

UNDERGROUND

5144 Stope Stopping continues on a daily basis, the assay values are particularly good on the North Extension of the stope. Production is at approximately 24-30 tons per day. As the stope is being expanded, both to the north and south, production should (within 60 days) approach 35 TPD.

5138-5139 Stopes Work has been slowed in these two adjoining areas; the values are good to very good, but we are currently involved in a few short-term development projects in the area and congestion is a very real problem. The congestion should be eliminated within the next two weeks, and production/work in the 5138 and 5139 stopes will resume.

Winze The work on the 3144 winze level stope was temporarily halted. The hoisting motor was undergoing some manufacturers modifications and improvements. Because of its location in Ore Block D, the projected production of 3144 is 18 TPD (work was restarted October 1).

Just south of the hangingwall development mentioned in Progress Report #11, a cross-cut into the footwall has been completed. We have driven a small drift perpendicular to the vein. The cross-cut is approximately 106' in length with a 12'x12'x12' room (station) at the far end. From this location, we plan a

series of diamond drill holes to further establish and, hopefully, expand Ore Block B. The strong possibility exists that from this station, we will drill the adjoining Fairview structure, lying parallel to the Gladiator vein approximately 450' away.

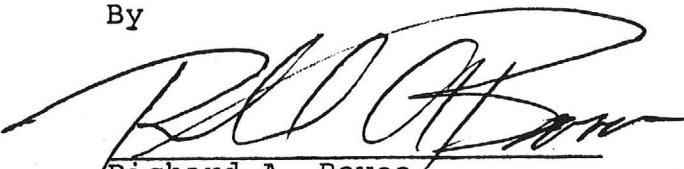
GENERAL

I am fully aware that these frustrating delays at times seem overwhelming. It was felt that a long, hard look was necessary. Perhaps it's a look that should have been taken several months ago; regardless of the timing, it had to be done.

We are dealing with a complex ore in a remote location. High materials handling costs, expensive mill water and a limited labor market have dictated long, careful investigations, calculations and thought.

The mine is doing well, ore values are as high as anticipated. Morale is good; the production levels are well within reach; problems exist in any business and/or operation, but the solutions are attainable and viable.

Prepared for
NOR-QUEST ARIZONA, INC.
By Resident Staff
October 10, 1986
By


Richard A. Bovee
Manager, Mining Operations

RAB:ek

MEMO FOR MINE FILE

FROM: John H. Jett, Director

Date: July 14, 1986

In a telephone conversation with Diane Prang from Chicago, a representative of Nor-Quest. She stated the company wants to give the old stamp mill at the Gladiator Mine (file) to the town of Crown King to be erected for a tourist attraction.

She wanted to know if there were any state agencies that had any financial resources to assist the town in the erection of the mill since the town of Crown King had none.

I suggested she contact the Department of Commerce (Main Street Program), State Parks and Rural Development Advisory Council of the Governors Office. The amount needed is \$5,000.

She stated Nor-Quest is milling 150 TPD with 25-30 people working. Production costs of \$175 per oz (Au ?), producing a concentrate of .58 oz Au and 3.7 oz Ag concentrate which is being shipped to Canada.

They are planning a big celebration (grand opening) in September. They are working on the Lincoln Mine and hope to bring it into production using the Gladiator Mill.

*Gladiator Mine Co
R MB*



Nor-Quest Arizona Inc.

October 16, 1986

Mr. and Mrs. Anthony Bennett
P.O. Box 1207
Goodyear, AZ 85338

Dear Mr. and Mrs. Bennett:

Enclosed please find the smelter settlement sheets on the first two loads of concentrates that were shipped from the Gladiator this year. These shipments were made through J. Aron and Co., brokers.

We have since made three additional shipments through a different broker, Balfour Maclaine, Ltd., and we have not yet received settlement sheets on these shipments. The concentrates on these three shipments were sent to Japan, and we assume that is the reason for the delay, although we expect to get the final settlements within the next two weeks.

We'll forward copies to you as soon as we get them,

Sincerely,

Elaine Kiefer
Secretary



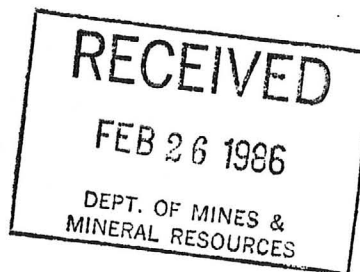
Nor-Quest Resources Ltd.

GLA ATOR (P)

K. M. S. 9

PUT NOTE ON PAGES IN LINKED (P)

January 20, 1986



NEWS RELEASE

Nor-Quest Resources Ltd. announces the start-up of commercial production on its underground gold-silver mine located near Phoenix, Arizona. The 100 ton per day capacity operation is expected to produce 50 ounces of gold and 350 ounces of silver per day.

Six years of ore reserves have been established with many more years of reserves indicated from the main zone and other parallel veins.

Nor-Quest retains 62.5% interest through its wholly-owned subsidiary, Nor-Quest Arizona Inc., 22.5% is held by a private limited partnership and 15% by Galt Resources Inc., a wholly-owned subsidiary of James U. Blanchard & Co. of Louisiana.

This News Release was prepared by Raynerd Carson, President of the Company who accepts sole responsibility for the contents hereof.

NOR-QUEST RESOURCES LTD.

Per:

PREAMBLE

Nor-Quest Resources Ltd. has created a convertible debenture to raise \$1.5 million US. The bulk of proceeds are to be used to finance the production of a 100 ton per day gold mine and mill located in Arizona.

Nor-Quest Arizona, Inc has arranged a guarantee bond with a Montreal-based assurance company. This bond will provide a full payment of the principal to the investor should Nor-Quest not perform under the terms of the debenture.

Terms of the Debenture

Principal amount	- \$1.5 million US
	- 120 units
	- \$12,500 per unit
	- minimum 2 units per investor
Term	- 3 years
Interest	- 13.5% payable semi-annually
Conversion	- into Nor-Quest Shares
	up to 1 year + 7 days @ \$1.50 CDN
	up to 2 years + 7 days @ \$2.50 CDN
	up to 3 years + 7 days @ \$3.50 CDN

A trust company or bank will be appointed to administer a sinking fund. 50% of War Eagle-Gladiator profits are to be deposited to pay interest and principal. Trustee is to monitor the debenture agreement and report to investors.

THE COMPANY

Nor-Quest Resources Ltd. is a British Columbia corporation and has two wholly-owned US subsidiaries (Nor-Quest Arizona, Inc. and Nor-Quest Minerals, Inc.). In addition Nor-Quest controls two public companies: Abitibi Asbestos Mining Company Limited and Beau Val Mines Ltd.. Through Nor-Quest Minerals, Inc. it also has interests in several producing oil and gas properties in the US.

Nor-Quest shares are listed on the VSE and are traded over the counter on NASDAQ in New York. As of March, 1984 3,980,534 shares were issued and outstanding.

THE PROJECT

Nor-Quest Arizona, Inc. and its partners have expended \$1.5 million US on exploration and development work over the past two years on the Gladiator War Eagle property, which is located 30 miles south of Prescott, Arizona. The mine is on budget and will be in production three months from completion of the debenture financing.

RESERVES

Feasibility studies carried out in 1983/84 confirm proven reserves of 81,138 tons of 0.58 oz. gold per ton and 3.72 oz. silver per ton over a width of 4.6 feet on the Gladiator-War Eagle vein. The Gladiator vein, dipping at 68 degrees and striking north-south, has been explored along 4,000 feet of length and is still open to the north and to depth. The proven reserves are sufficient to support a 100 ton per day operation for three years. Diamond drilling and assaying carried out to date on the Fairview vein has indicated 88,000 tons of ore grading 0.50 oz gold per ton and 2.0 oz silver per ton over a width of three feet. An additional three year's reserves could be available from this area. Several other parallel veins are known to exist on the property. These reserves of similar high grade gold and silver ore would allow for future expansion.

PRODUCTION PLANNING

Underground development work and mobilization of a 100 ton per day mill are underway. Most of the machinery has been made available by Nor-Quest from a previous project. The initial year's production, due to begin in 1985, will come from ore block "D" which is higher grade, averaging 0.96 oz. gold and 5.49 oz. silver per ton.

OPERATING PROFIT

Feasibility studies project the cost to produce an ounce of gold at \$170 US. At a price of \$300 US per oz. gold the project will generate an operating profit of \$200,000 per month (at \$400 gold - \$400,000 per month).



Nor-Quest Arizona Inc.

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #8

February 26 - April 8, 1986

GENERAL

The progress of the Gladiator/War Eagle for the past six weeks has been steady and predictable, and encouraging.

The assay lab is now operational. This will, and already has, greatly benefited the progress of both the mine and the mill. With a very short "turn-around time" from sample collection to assay results, the lab has enabled the mine supervision and mill superintendent to assess their needs and react in a much more quick and efficient manner.

Because of further difficulties with the Crown King water system, we drilled a well to a depth of 122' to intersect with old workings. We now have a constant source of water from the Crown King Mine.

On April 1 an exploration well near the Gladiator portal was begun. It is hoped to gain useful insight, knowledge and material to solve other problems we may encounter.

The lower reservoir is being up-graded to improve the water reclamation and an additional reservoir, approximately 800' downstream, is currently being designed.

UNDERGROUND

The 5144 Winze hoist and station have been completed and all the shaft rail is in place. The muck hoisting bucket construction is complete and will be installed within the next few days.

The preparation of Stope 5144 (lower winze level) has begun. This stope will be 100' long, having 2 manways and 5 chutes. The actual mining should commence approx. April 20. The 5144 Stope is being mined and is currently producing the majority of our mill feed.

A new raise, the 5137 Raise, has been started 121' to the south of the geological fault. As the raise progresses, constant evaluation and assays will be studied to determine how to most efficiently develop the 5137 ore block in the 143 south heading.

Extensive geological work has been done in the entire underground workings, with literally hundred of samples being taken and assayed. This intensive study has resulted in definitive action being taken in our mining methods. I have implemented a "selective breakage" technique, which does not appreciably raise mining costs but produces higher-grade mill feed and saves milling costs.

MILL

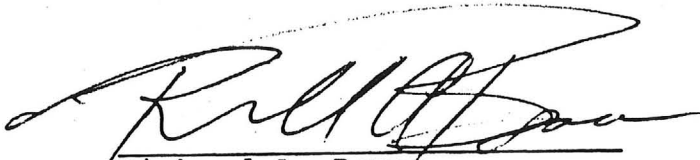
During the month of March, numerous changes were made in the mill. The filter was relocated over the concentrate storage bin, providing better accessibility for maintenance and operation of the filter and also providing a drier filter cake. The cleaner cells were rearranged to provide a true 4-stage cleaning of concentrates. The cyclone classifier was equipped with an air adjustable apex to eliminate sanding off of the cyclone underflow, eliminating the sands from reporting to flotation. The primary jaw crusher was disassembled, inspected for wear and re-assembled to provide adequate lubrication.

Test work has also begun at the assay lab in order to determine precisely where the gold is occurring, and what stages of beneficiation are necessary for optimum metallurgical results. One favorable conclusion from these tests was taking a sample of jig concentrates, passing a magnet over the concentrates to remove all pyrrhotite, magnetite, grinding particles and other magnetics. After panning of non-magnetics, a 4 to 1 ratio of concentrate was achieved. Other tests will determine the amount of value in the carbon,

and in the base metals and what reagents are necessary to achieve a high-grade flotation concentrate.

The mill production has been increased to 15-16 hours per day, or approximately 55-60 tons per day. The mill should attain 90-100% production within the next report period, possibly within the next few weeks.

Prepared for
NOR-QUEST ARIZONA INC.
By Resident Staff
April 9, 1986
By

A handwritten signature in black ink, appearing to read 'Richard A. Bovee', written over a horizontal line.

Richard A. Bovee
Manager, Mining Operations

RAB:ek



Nor-Quest Arizona Inc.

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

(F)
GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #7

January 1 - February 25, 1986

SURFACE

The central sewage system and potable water system, pursuant to MSHA requirements, have been completed.

The assay laboratory is completed, with power, water and sewer connected. We are presently interviewing assayers and should have one on-site by the end of the month.

The "direct diesel" fuel system has been completed and will result in substantial savings and efficiency.

The Crown King Mine water has been successfully negotiated for and the pumping system and pipeline are operable. Pumping has begun on a 24 hour per day basis and is currently supplying approximately 65% of the mill water. The repairs on the Crown King Mine's storage tank of 265,000 gallons has begin.

The annual electrical ground tests, as required by MSHA and the State of Arizona, have been completed and approved.

We have replaced two of MCO's generators with one of our own, which will result in savings of fuel as well as rental costs.

UNDERGROUND

The 5146 Stope has been extended an additional 67' to the north, making the stope 180 feet long with three manways and eight chutes. The potential tonnage in the stope is now approximately 15,000 tons.

The 143 South heading has broken through the known fault and is now on the projected vein structure for a total distance of 86'. This area is hopefully going to be developed as 5139 Stope within the next 40 days.

The 5144 Stope is progressing nicely, the mid-manway is currently 60' above track level, and the grade of ore is improving.

The 5144 Winze Station hoist has been installed and is currently being upgraded to conform to the safety requirements of the Arizona State Mine Inspector and MSHA.

On February 3, a new underground geologist, George Ambariantz, joined us, bringing with him several years of experience in exploration geology. George is also handling the duties of Safety Director for liason with the various mine inspectors, and will occassionally supplement the engineering/underground surveying duties.

Nor-Quest Arizona currently has an estimated 1200 tons of development ore crushed and stockpiled. We also have an estimated 800 tons of development ore and 1000 tons of production ore on the ore pad.

The mine has been consistently producing 70-85 tons per day for the last several days (50-60 tons of production and 20-25 tons of development). Emphasis is now shifting to fulfilling required secondary access and mine ventilation requirements, as well as continuing the 143 South heading to block out more ore bodies and potential stopes.


MILL

The mill has been experiencing frustrating circumstances; i.e., the weather during late November and early December was the coldest period since 1939, and now there is a virtual drought. However, with the in-

stallation of the Crown King Mine water line, extreme water conservation at the mill, and water recovery techniques, we are now running the mill for approximately 9 hours per day (40 TPD) and will increase gradually to 24 hours per day during the month of March.

The first semi-trailer of flotation and jog concentrates was shipped out the afternoon of February 25th - destination is the Cominco Smelter in Trail, British Columbia.

Prepared for
NOR-QUEST ARIZONA INC.
By Resident Staff
February 27, 1986
By



Richard A. Bovee ^{ek}
Manager, Mining Operations

RAB:ek
encl.



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DEPT. OF MINES
MINERAL DEVELOPMENT**PRESIDENT'S REPORT**

The success of our intensive evaluation program on the San Martin gold project in Costa Rica confirms a new and exciting opportunity for your Company to develop a large tonnage open-pit gold deposit. In recommending a further 5,400 metre drilling program, consulting geologists Tim Coates & Asociados, S.A. consider "a four (4) million tonne reserve at a grade of 2.6 grams as a 'most likely' outcome of the recommended program. . ."

As has been previously reported, your Directors have been discussing with the Group's financial advisors appropriate means of funding this significant project. An agreement has now been negotiated, and is to be submitted to the Shareholders for approval, which will provide funds for the further development of the Costa Rica project and for other corporate purposes. The recommended drilling program is scheduled to commence in September/October 1988.

Sale of the 1,200 ton per day H.B. Mill at Salmo, B.C. to Nu-Dawn Resources Inc. has received the approval of the shareholders of that company which, pursuant to this sale, becomes a 66% controlled subsidiary of Nor-Quest Resources Ltd. The Nu-Dawn management team under the leadership of its President, Mr. Richard Drozd, is now evaluating the regional potential for custom milling of various ore types. Nu-Dawn is also reviewing the data obtained from Nor-Quest's 1988 exploration program on the 100%-owned Ymir property where Nor-Quest engineering staff estimate reserves could range from 200,000 to 400,000 tons grading .25 to .35 ounces per ton gold.

Negotiations are continuing on possible disposition of the Gladiator/Fairview gold properties in Arizona where the 100 ton per day mill and mine remain on a care and maintenance basis. As previously reported, the Gladiator is now 100% owned, the interests of all other parties having been recently acquired. Having reviewed the Company's investment in the Gladiator Mine your Directors have decided since the mine is no longer in production, to write off at March 31, 1988 the \$8.5 million in expenditures which were incurred in the four years of development work to bring the mine to production.

The previous President of the Company, who voluntarily resigned in 1987, has subsequently filed suit against the Company and its subsidiary Nor-Quest Arizona Inc., in the Supreme Court of British Columbia and also in the Superior Court for the State of Arizona in which he claims damages against the Companies. Counsel for the Company, and your Directors, consider all of the claims against the Companies to lack merit and have so responded to the Courts.

Gladiator
(H)

4. RESOURCE PROPERTIES HELD FOR EXPLORATION AND DEVELOPMENT

	1988	1987
	Net Book Value	Net Book Value
(a) OIL AND GAS LEASES		
Texas	\$ —	\$292,783
Oklahoma	—	57,060
(b) MINERAL CLAIMS		
Costa Rica — San Martin and San Rafael	368,828	—
British Columbia — 7 crown granted mineral claims and 34 units in the Nelson Mining District	20,000	—
Arizona		
— Gladiator War Eagle	—	413,152
— Gladiator Fairview (Note 4(c))	—	174,923
	<u>\$388,828</u>	<u>\$937,918</u>

(c) Under the terms of a lease agreement Nor-Quest Arizona, Inc. has paid U.S. \$212,500 and is required to pay the greater of 5% of net smelter returns or U.S. \$12,500 quarterly for the two years commencing September 1, 1986. On September 1, 1988 the agreement reverts back to its original terms being U.S. \$25,000 quarterly. All lease payments are to be credited against the future 5% royalty payment. The Company has the right to terminate the lease agreement in its entirety at any time. The Company has, for accounting purposes, written off all payments to date for these mineral properties.

5. DEFERRED EXPLORATION AND DEVELOPMENT

(a) The following is a summary of exploration and development expenditures by property:

	Balance March 31, 1987	Additions	Written- off	Balance March 31, 1988
i) Gladiator Gold Mine, located in Yavapai County, Arizona U.S.A. (Note 4(b))	\$4,042,577	\$2,164,419	\$6,206,996	\$ —
ii) San Martin and San Rafael properties, located in the Las Juntas region, Costa Rica	—	391,000	—	391,000
iii) Ymir Property located in the Nelson Mining District of British Columbia, Canada (Note 14 (i))	—	315,108	—	315,108
iv) Various other properties, located in the Nelson Mining District of British Columbia, Canada	—	78,822	78,822	—
	<u>\$4,042,577</u>	<u>\$2,949,349</u>	<u>\$6,285,818</u>	<u>\$ 706,108</u>

(b) The Company has acquired an option to purchase certain mining claims in Costa Rica referred to in (ii) above. The initial payment of U.S. \$280,478 (CDN \$368,828) has been paid. A further U.S. \$662,550 is due to be paid on May 13, 1988 (Paid).

(c) Pursuant to an agreement dated July 23, 1987, the Company paid \$20,000 for an option to acquire up to 75% interest in the YMIR property referred to in (iii) above. In order to acquire 50% interest the Company shall expend a minimum of \$350,000 on exploration within 12 months from the effective date, July 23, 1987.

In order to acquire a further 25% interest the Company shall:

- i) Expend a further \$200,000 on exploration within 24 months from the effective date.
 - ii) Complete a feasibility study on the property within 12 months after expending the \$550,000 described above.
- (See also Note 14 (i))

6. NOR-QUEST ARIZONA, INC., JOINT VENTURE

GLADIATOR

The Company is participating in a joint venture to develop mineral claims located in Yavapai County, Arizona. (See Note 14 (ii))

The mine was considered to be in the pre-production stage of development, therefore all costs relating to the mine less any recoveries from the sale of concentrates (1988 — U.S. \$276,917; 1987 — U.S. \$148,393) were capitalized as deferred exploration and development. Due to continuing substantial operating losses, the joint venture ceased operations on March 4, 1988. The costs of fixed assets and deferred expenses have been written off. (Note 2)



Nor-Quest Resources Ltd.

2231-G McGarrigle Road, Nanaimo, B.C., Canada, V9S 4M5
Telephone (604) 758-8161 • Telecopier (604) 758-8900

N E W S R E L E A S E

Nor-Quest Resources Ltd. (the "Company") wishes to announce that it has entered into a private placement to sell 3,043,701 units at a price of \$0.685 per unit. Each unit shall consist of one share and one non-transferable share purchase warrant granting the holder the right to purchase an additional share at \$0.785 per share within one year.

In addition, the Company proposes to issue 199,630 shares as a finder's fee.

The funds from the private placement will be used to discharge current indebtedness and to provide current working capital.

The closing bid price on the Company's shares on Tuesday, February 23, 1988, was \$0.80 per share.

DATED at Vancouver, British Columbia, this 24th day of February, 1988.

NOR-QUEST RESOURCES LTD.

RECEIVED

MAR 07 1988



Nor-Quest Resources Ltd.

2231-G McGarrigle Road, Nanaimo, B.C., Canada, V9S 4M5
Telephone (604) 758-8161 • Telecopier (604) 758-8900

CONSOLIDATED STATEMENT OF EARNINGS Nine months ended December 31, 1987

(expressed in Canadian dollars)

(UNAUDITED)

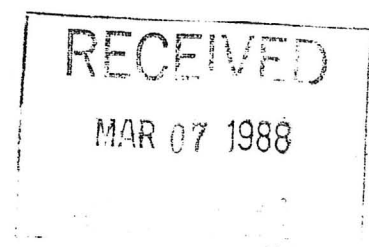
	<u>1987</u>	<u>1986</u>
	\$	\$
REVENUE		
* Gold & silver concentrate sales	274,351	-
Oil and gas production	3,261	13,012
Interest	34,658	35,934
Management fees	<u>37,250</u>	<u>38,250</u>
	<u>349,520</u>	<u>87,196</u>
EXPENSES		
* Cost of concentrate production	579,102	-
Administration	596,297	276,596
Interest and finance charges	35,305	61,681
Loss on sale of marketable securities	98,260	-
Provision for depreciation	6,000	3,796
* Provision for depletion	<u>347,880</u>	<u>10,000</u>
	<u>1,662,844</u>	<u>352,073</u>
NET LOSS for the period	\$ <u>1,313,324</u>	\$ <u>264,877</u>
Loss per share	\$ (.12)	\$ (.03)

* Production from the Gladiator mine in Arizona effectively commenced on October 1, 1987. From October 1 to December 31, 1987, 460 oz. of gold and 1137 oz. of silver were produced from the Gladiator mine.

APPROVED BY:

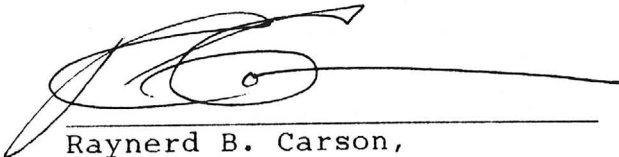
A. Ferguson, Director

E. Grayson, Director

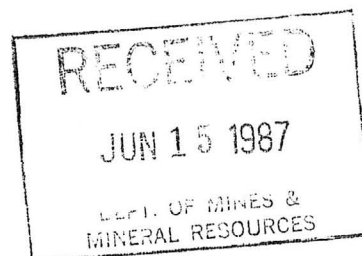


The Company's Gladiator Mine (P) located in Arizona has suffered months of delays due to numerous start-up problems. The mining difficulties have now been overcome and modifications to the mill are presently underway. The forecast tonnage throughput of 100 tons per day of 0.5 oz gold and 3 oz silver are programmed for July.

We thank you for your confidence and continued support. The Nor-Quest directors are now moving the Company into the rank of a senior gold producer.



Raynerd B. Carson,
President



from: Nor-Quest Resources Ltd.
Information Letter June 8, 1987



Nor-Quest Arizona Inc.

K. de la Torre mine file
R. M. S.

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #16

January 10- February 15, 1987

GENERAL

On February 9, 1987, your former manager, Mr. R.A. Bovee, resigned from his position. The vacancy has been temporarily filled by the author and Mr. Don Lambert, a consultant with years of managerial experience. We will work as a team until such time as a permanent mine manager is found.

Present management wishes to change the format of reporting and is currently working on a new system, with the assistance of Mr. Donn Burchill, Nor-Quest Resources, Ltd. accountant from Nanaimo, B.C. This necessitates changing coding and accounting procedures and methods of reporting from all departments and so there will be a slight delay.

However, we hope to have a report of the above nature out by the middle of March, 1987, to cover the first two months of the year.

Meanwhile, in order to keep you informed of activities during the last five weeks, the following is in keeping with the general method of reporting used previously.

MINE

Progress continued in the main service raise, although problems were encountered in trying to find good raise miners for the job.

The 5138-5139 and the 5144 stope were active during the period on a single shift basis.

MILL

The mill, after getting under way again in early January, encountered problems due to inclement weather and in trying to keep the old screen running until the new addition to the crushing system could be put on line.

A good week was lost at the end of January and into early February when the main bearing on the feed end of the ball mill failed.

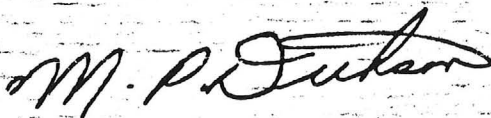
While this was being repaired, a revamp of the newly installed crushing system was undertaken to further improve productivity in the crushing area.

Mr. Wally Johnson, a consultant from Henderson, Nevada, was brought to the property in late January to assist the mill team in correcting problems in design, maintenance and operations and to act as Mill Superintendent until a permanent one can be found.

SURFACE

Inclement weather in the way of three or four snowstorms made surface work and travel more difficult. The colder weather encountered for brief periods still created some freeze-ups, but in general conditions to prevent same are much improved.

Prepared for
NOR-QUEST ARIZONA, INC.
By Resident Staff
February 15, 1987
By



M.P. Dickson, P. Eng.
Vice President of Operations
Nor-Quest Resources, Ltd.

MPD:ek



Nor-Quest Arizona Inc.

NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

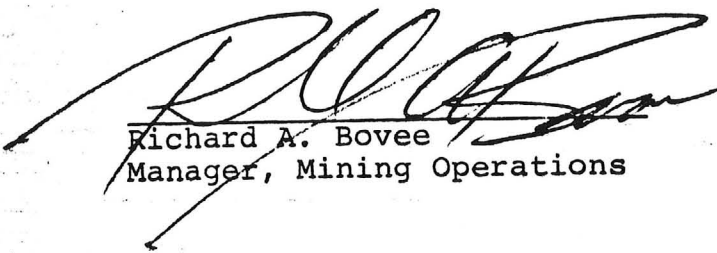
GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #15
SUPPLEMENT

January 1 - January 9, 1987

The Mill start-up was January 3. After one brief shut-down, everything seems very positive for long, consistent mill runs. The cone crusher final tie-in to the existing system was completed January 8, some minor adjustments were made, and the cone crusher is on-line as of swing shift January 9. The furloughed employees are back, and a few new ones are on location, and mill production has commenced on a 24 hour per day, 7 day per week schedule.

Perhaps the last eighteen months of hard work, dedication and frustration for the staff of Nor-Quest Arizona, Inc. and the limited partners is over.

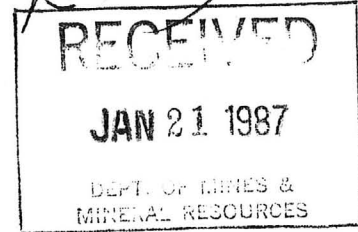


Richard A. Bovee
Manager, Mining Operations

RAB:ek



Nor-Quest Arizona Inc.



ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE (2)

PROGRESS REPORT #15

November 20 - December 31, 1986

MILL

A late November snow storm aided our milling operations by supplying some much needed moisture. We were able to mill on a relatively consistent basis until December 8. Using the combined water sources of the Lincoln Mine and the snow-melt, we were able to have concentrate shipments on December 15th and 16th.

We had previously engaged a contractor to establish an additional water source. However, because of the Thanksgiving holiday, he did not arrive until early December. The operation is an apparent success. The pumping station and related water transmission lines were completed December 23 and testing of the system began December 24. The system is functioning as designed, and all indications of a consistent water source are very encouraging.

With the intermittent and secondary water source from the Lincoln Mine, and the apparent success of the new water source, we are now using the Gladiator Winze as underground, inclement weather storage.


The Symons cone-crusher installation has been completed as has the new shaker screen; some difficulty with the heated lubrication/oil reservoir system arose, but the necessary equipment should be on-site by January 5, 1987 and the cone crusher should be operational by January 11, 1987.

Due to the shortage of water and the delay of the contractor, part of the mill crew was furloughed until the new water source could be completed and tested. All indications are that the mill will re-start in early January (4th-7th) and the employees will be called back.

UNDERGROUND

On December 4, in a agreement with the Arizona State Mine Inspector, our production stopes were temporarily closed so that all mine crews could become involved with the 5136 Raise. Because of the water situation at the mill, the temporary lack of production did not cause any problems. The mine crews worked longer weeks before the holiday season in order to have some time with their families, and the progress was good. On January 3, 1987, the shifts underground will change so that crews are working two shifts per day, seven days a week. On January 8, two additional experienced miners will arrive. We will then be in production again, as well as double-shifting the 5136 Raise. The first stope to be brought back on line will be the 5138-5139 Stope followed by the 5144 Stope.

Prepared for
NOR-QUEST ARIZONA, INC.
By Resident Staff
January 5, 1987
By



Richard A. Bovee
Manager, Mining Operations

RAB:ek

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

INFORMATION FROM MINE CARDS IN MUSEUM

Yavapai Co
Gladiator mine
Pine grove district
Crown Crown landmark

H. Mason Coggin
317 E. Griswold
Phoenix, az. 85020

799C

MM M 314

1-AKA

Gladiator mine (file)

ARIZONA

MM-K149 Gold Ore

Yavapai Co.
5 mi. N of Crown King
Pine Grove Dist.
Gladiator-WarEagle Group

MILS 799C

COMPLETE AND MAIL TO
STATE MINE INSPECTOR
1624 WEST ADAMS, ROOM 208
PHOENIX, ARIZONA 85007-2606

GLADIATOR (F)

STATE MINE INSPECTOR

MAR 5 1987

FOR OFFICE USE ONLY
ART-UF NUMBER 74308031
STATE NUMBER _____
MSHA NUMBER _____

NOTICE TO ARIZONA STATE MINE INSPECTOR

In compliance with the Arizona Revised Statute Section 27-303, we are submitting this written notice to the Arizona State Mine Inspector of our intent to start stop _____ move _____ (Please check one) a mining operation.

If this is a move, please show last location: _____
If you have not operated a mine previously in Arizona, please check here: _____ If you want the Education and Training Division to assist with your mine safety training, please check here: _____
If this operation will use Cyanide for leaching, please check here: _____

COMPANY NAME: American Mine Services, Inc.

DIVISION: Mining

MINE OR PLANT NAME: Worquest of AZ - Gladiador - Oracle TELEPHONE: Mayer office 632-9604

CHIEF OFFICER: John Folinsbee, President

COMPANY ADDRESS: 5810 E. 77th Ave.

CITY: Commerce City STATE: CO ZIP CODE: 80022

MINE OR PLANT LOCATION: (Include county and nearest town, as well as directions for locating property by vehicle: _____

Gladiador - Oracle mine near Crown King, AZ

Howard Last, our supt. can be reached in the evenings @ Prescott Valley 772-9666

TYPE OF OPERATION: 2+100' raises PRINCIPAL PRODUCT: Au-Ag


STARTING DATE: 3-2-87 CLOSING DATE: Unknown DURATION: +30 day

PERSON COMPLETING NOTICE: Morris E. Friberg TITLE: Safety Director

DATE NOTICE MAILED TO STATE MINE INSPECTOR: 3-2-87

PETER A. DROBECK

Exploration and Mining Geologist
Arizona Registered Geologist No. 21610
Certified Professional Geological Scientist No. 7245

GLADIATOR file 

114 Tucker, Suite #5
Kingman, Arizona 86401
602 - 753-1100

October 24, 1988

Norquest Arizona
317 E. Griswold Road
Phoenix, Arizona 85020

Dear Sir:

I am presently evaluating advanced stage gold prospects in Arizona for a client. My client is pursuing projects which have near term production potential. I understand that a considerable amount of exploration work was done at the Gladiator and Lincoln Mines near Crown King in the past few years. Hence I am curious if your group has been able to discover any new reserves on your claims in the district. If you have, and if you would be interested in a joint venture on your claims, please contact me at your earliest convenience.

Thank you for your interest.

Sincerely,



Peter Drobeck

PD/taw

W. Watson Minefile

NORQUEST TRIAL SHIPMENT:

NORQUEST SIDE:

LOT NO.	MOISTURE		DRY WEIGHT (LBS)	GOLD	SETT. WGT (DST)	SETT. ASSAY (T/O PER ST)	PAYABLE T/O	(93%)	(MD)
	(LBS)	(%)						GOLD RET. (FTO)	GOLD RET. (FTO)
1	15660	16.7	13045		6.5225	1.069	0.9942	6.484	6.777
2	5720	7.0	5320		2.6600	2.1345	1.9851	5.280	5.598
			-----		9.1825			11.765	
			21380						

				SILVER	SETT. WGT (DST)	SETT. ASSAY (T/O PER ST)	PAYABLE T/O	(%) SILVER RET (T/O)	(MD) SILVER RET (T/O)
					6.5225	7.285	6.61323	43.13	39.859
					2.6600	3.595	3.18153	8.46	6.839
									46.70
				LEAD	SETT. WGT (DST)	FINAL ASSAY (%)		(%) LEAD RET. (LBS)	(MD) LEAD RET. (LBS)
					6.5225	3.3		395	298
					2.6600	2.0		98	53
									352
				ZINC	SETT. WGT (DST)	FINAL ASSAY (%)		(%) ZINC RET (LBS)	(MD) ZINC RET (LBS)
					6.5225	9.1		712	1057
					2.6600	1.2		38	11
									723
				COPPER	SETT. WGT (DST)	FINAL ASSAY (%)		(%) COPPER RET (LBS)	(MD) COPPER RET (LBS)
					6.5225	0.87		45	48
					2.6600	0.12		3	0
									45

PAYMENTS:

GOLD:

9.941 T/O AT \$336.48* EQUALS US DLRS \$3,344.95
1.824 T/O AT \$335.60** EQUALS US DLRS \$612.13

* 98% OF LDN PM FIX OF MAR 7TH (\$ 343.35)
**98% OF LDN PM FIX OF MAY 7TH (\$342.45)

SILVER:

49.355 T/O AT \$5.43* EQUALS US DLRS \$268.00
2.655 T/O AT \$5.215** EQUALS US DLRS (\$13.43)

* 97% OF h&h OF MAR 7TH (\$5.60)
**97% OF h&h OF MAY 7TH (\$5.215)

LEAD:

352 LBS AT \$0.17 PER LB EQUALS US DLRS \$59.84 /

ZINC:

723 LBS AT \$0.313 PER LB EQUALS US DLRS \$226.30 /

COPPER:

45 LBS AT \$0.60843 PER LB EQUALS US DLRS \$27.38 /

LESS INTEREST CHARGES:

GOLD: 9.941 T/O AT \$336.48 @25% = \$836.24
SILVER: 49.355 T/O AT \$5.43 @ 25% = \$ 67.00

\$903.24

\$903.24 @ 9.5% FOR 60 DAYS = (\$14.30)

sub total 4510.87

LESS CHARGES:

TREATMENT CHARGE DLRS 90/SDT (\$826.43)
FREIGHT CHARGE DLRS 90/ST (MINIMUM \$2000 PER TRUCK) (\$2,000.00)

ADJUSTMENTS TO TREATMENT CHARGES:

AS + SB: INCREASE BY \$3.70 PER SDT FOR EACH UNIT
OF COMBINED AS PLUS SB ABOVE 0.5 UNITS (\$23.29)
(LOT 1 -- 1.465%) (\$12.94)
(LOT 2 -- 1.815%)

ALUMINA: INCREASE BY \$0.70 PER SDT FOR EACH UNIT
ABOVE 0.5 UNITS (\$5.48)
(LOT 1 -- 1.7%) (\$7.08)
(LOT 2 -- 4.3%)

MOISTURE: INCREASE BY \$0.40 PER SDT FOR EACH UNIT
GREATER THAN 20 UNITS
(LOT 1 -- 16.7%) \$0.00
(LOT 2 -- 7.0%) \$0.00

REFINING CHARGES:

LEAD: 352 LBS X \$0.0865 (12 CAN CENTS/1.3875) (\$30.45)
ZINC: 723 LBS X \$0.1441 (20 CAN CENTS/1.3875) (\$104.18)
COPPER: 45 LBS X \$0.1802 (25 CAN CENTS/1.3875) (\$8.11)

SGS BILL:

ASSAYING CHARGES (COPY OF BILL ENCLOSED) (\$72.07)

PROVISIONAL PAYMENT OF MARCH 7, 1986

(\$434.61)

TOTAL DUE:

\$986.23

\$ 1,420.84

NORQUEST SHIPMENT #2:

NORQUEST SIDE:

LOT NO.	MOISTURE (LBS)	DRY (%)	WEIGHT (LBS)	GOLD			(93%)	(%)
				SETT. WGT (DST)	SETT. ASSAY (T/O PER ST)	PAYABLE T/O per st	GOLD RET. (FTD)	GOLD RET. (FTD)
3	8940	7.1	8308	4.1526	5.2585	4.8904	20.308	21.712
4	32940	11.8	29053	14.5265	1.3425	1.2485	18.137	19.066
-----				-----			-----	
	41880		37758	18.6792			38.445	

SILVER	SETT. WGT (DST)	SETT. ASSAY (T/O PER ST)	PAYABLE T/O per ST	(%)	(%)
				SILVER RET. (T/O)	SILVER RET. (T/O)
	4.1526	7.065	6.5333	27.13	25.02
	14.5265	14.41	12.8991	187.38	166.76
-----				-----	
				211.89	

LEAD	SETT. WGT (DST)	FINAL ASSAY (%)	(%)	(%)	
			LEAD RET. (LBS)	LEAD RET. (LBS)	
	4.1526	2.5	191	125	
	14.5265	4.2	1079	973	
-----				-----	
				978	

ZINC	SETT. WGT (DST)	FINAL ASSAY (%)	(%)	(%)	
			ZINC RET. (LBS)	ZINC RET. (LBS)	
	4.1526	2.1	105	91	
	14.5265	5.3	1621	241	
-----				-----	
				1713	

COPPER	SETT. WGT (DST)	FINAL ASSAY (%)	(%)	(%)	
			COPPER RET. (LBS)	COPPER RET. (LBS)	
	4.1526	0.2	7	0	
	14.5265	2.7	314	639	
-----				-----	
				314	

LESS CHARGES:

TREATMENT CHARGE DLRS 90/SDT (\$1,581.13)
FREIGHT CHARGE DLRS 90/ST (MINIMUM \$2000 PER TRUCK) (\$2,000.00)

ADJUSTMENTS TO TREATMENT CHARGES:

AS + SB: INCREASE BY \$3.70 PER SDT FOR EACH UNIT
OF COMBINED AS PLUS SB ABOVE 0.5 UNITS
(LOT 1 -- 2.61%) (\$32.42)
(LOT 2 -- 1.41%) (\$48.91)

ALUMINA: INCREASE BY \$0.70 PER SDT FOR EACH UNIT
ABOVE 0.5 UNITS
(LOT 1 -- 3.5%) (\$8.72)
(LOT 2 -- 0.6%) (\$1.02)

MOISTURE: INCREASE BY \$0.40 PER SDT FOR EACH UNIT
GREATER THAN 20 UNITS
(LOT 1 -- 7.1%) \$0.00
(LOT 2 -- 11.6%) \$0.00

REFINING CHARGES:

LEAD: 998 LBS X \$0.0864 (12 CAN CENTS/1.3897) (\$86.23)
ZINC: 1713 LBS X \$0.1439 (20 CAN CENTS/1.3897) (\$246.53)
COPPER: 314 LBS x \$0.1799 (25 CAN CENTS/1.3897) (\$56.49)

SGS BILL:

ASSAYING CHARGES (COPY OF BILL ENCLOSED) (\$71.96)

PROVISIONAL PAYMENT OF MAY 16, 1986

TOTAL DUE:

(49,121.70)

\$1,527.73

10,649.43

G-11

MINERAL

FOR DEPARTMENT OF LIBRARY

CHIVES

0011450

MM K149

8X6X6 cm

f. l. b

(Do not write in this space.)

(Wrap each specimen separately, or place it in a substantial bag, by itself, with a number attached, identical with the number on this card.)

Ore _____

Cabinet _____

No. _____

Specimen No. 9, collected by Carl G. Barth, Jr. Field Engineer

Name of ore Gold Ore

Operator Gladiator Mining Co.

Minerals contained Galena, Sphalerite, Pyrite, Gold, Silver

Mine active or inactive Active

If inactive, when operated _____

Gangue Quartz

Specimen presented by _____

Depth at which taken 100 feet

Date December 1939

Approximate mineral content (in terms of average per ton) _____

Notes (Any general information regarding the history of the property.) _____

\$ 19.00

Early day operation

Name of mine or claim _____

Group Gladiator-War Eagle

District Pine Grove

Location (distance and direction by highway from what town 5 mi. N. Crown King)

Owner of property D.W. Russel and Security Trust Co.

If more space is desired for notes, use other side.

This specimen is now in the ADMR Museum (see K number). K149

GLADIATOR

YAVAPAI COUNTY

MG WR 7/1/88: Mike Canty of Cimetta Engineering reports that the Gladiator Mine (file) Yavapai County has been taken over by an unnamed British company. He was told by one of the mine staff that there are 70,000 tons of ore, averaging 0.385 oz/ton gold, broken in stopes.

GLADIATOR MINE

YAVAPAI COUNTY

NJN WR 12/18/87: John Geyer, mining engineer, reports he is now working for Norquest (file) at the Gladiator Mine (file) Yavapai County. He reports that Ray Carson is no longer with NorQuest and that Gabour (sp?) a British construction company now controls NorQuest. Current production at the mine is coming from two stopes, one averaging .7, the other .2 oz/ton Au, and is being blended for mill feed. The new mill, after a 6-month installation phase started up in October and appears to be performing well. Mr. Geyer invited the Department engineers to come up and visit the operation after the first of the year. He would like to be contacted prior to the visit.

NJN WR 12/18/87: Ray Carson visited and reported that they are producing two primary concentrator at the Gladiator (file) Yavapai County. A jig concentrator which runs 25 oz/ton Au and a flotation concentrator which averages 10 oz/ton Au. He reports that during the period of April - October 1987 when the mill was down, mine development continued. The new mill is now up and running and the concentrates being produced are sold to Metallgesellschaft AG of West Germany and are being smelted there.

KAP WR 12/31/87: H. Mason Coggin reported that Ted Holmes is now the mine manager at the Gladiator Mine (file) Yavapai county and has significantly improved operations. The mill is now enclosed and in continuous operation. Further, he pointed out that the Phoenix office of Nor Quest is no longer manned by a person who's primary job is to deal with investors or potential investors.

NJN WR 3/18/88: Mason Coggin (card) reports that the Gladiator Mine (file) Yavapai County has been shut down by the new management and they reportedly are looking at a joint-venture partner.

MG WR 5/13/88: Mr. John Geyer confirms that Nor-Quest Resources Ltd is interested in a joint-venture partner on the Gladiator Mine (file) Yavapai County. He also mentioned that Nor-Quest might be willing to sell the property.

NJN WR 7/1/88: John Geyer, Mining Engineer for Nor Quest Mining, reported that the Gladiator Mine (file) Yavapai County is for sale. The current reserves are reported as 99, 150 tons grading 0.385 oz/ton Au and 2.14 oz/ton Ag, plus Cu and Zn. Those interested in purchasing the property should talk to Ted Holme, at Norquest's Meyer office, 776-3485.

GLADIATOR

YAVAPAI COUNTY

RRB WR 2/21/86: Ray Carson, Norquest 632-9604, Mayer, Az. reports that they are looking for an assayer and a mill superintendent for the Gladiator operation. He said that any contacts should be referred to Richard Rovee, Manager.

RRB WR 3/14/86: It was reported that Nor-Quest is now operating the mill at the Gladiator (Pine Grove District) at 125 tons per day with a head assay of between .35 and .39 oz/ton gold. They report 400,000 tons at .40 oz/ton blocked out and are continuing to develop more reserves.

RRB WR 8/8/86: It was reported that NorQuest had received additional funding but that they are still short of water at the War Eagle-Gladiator mine, Yavapai County.

KAP WR 7/31/87: Ron Johnson, Austin, Nevada inquired about the status of the Gladiator Mine (file) Yavapai County. I believe he is trying to keep track of his investment in Nor Quest.

NJN WR 10/2/87: It was reported that Nor-Quest Resources Ltd (file) has recently made concentrate shipments to a European smelter/refinery from the Gladiator Mine (file) Yavapai County.

NJN WR 11/13/87: Ann Turney reports that the last of 3 payments has been made by NorQuest (card) to the owners of the Gladiator (file) Yavapai County. With this payment Nor Quest now assumes full title to the property.

NJN WR 11/27/87: George Holmes is the new mine manager of the Gladiator Mine (file) for Norquest. The phone number for the mine is 776-3485. The address remains the same. Employment at the mine is up to 53 and they have just redone the mill again this fall.

DO NOT REPRODUCE

GLADIATOR MINE

YAVAPAI COUNTY

KAP WR 8/24/84: Frank Montonati (c) a mining contractor, reported work has been halted at the Gladiator Mine (file), Yavapai County pending additional funds. Attempts are being made by Nor Quest to raise development money. Mr. Montonati reported his contract crews cleaned out and widened the lowest drift and started an incline to a lower ore zone. Further the mill which is to be moved to the property has been dismantled and loaded on trucks in British Columbia to be moved down when money is available.

KAP WR 9/21/84: A report was received that the Golden Belt Mill is no longer associated with the Gladiator Mine.

KAP WR 2/1/85:
Nor Quest Arizona is still maintaining an office in Humbolt, mailing address P O Box 249, Mayer, Arizona 86333. They still plan further development at the Gladiator Mine (file) Yavapai County.

KAP WR 6/28/85: Perry Durning of Fischer Watt Mining Company reported he has received a solicitation to invest in NorQuest's development of the Gladiator Mine (f). Nor Quest is trying to raise \$1,500,000 to finish developing the mine, move on a mill and provide startup revenue.

NJN WR 9/27/85: Perry Fletcher visited and reported that he has been working at the Gladiator Mine (f) Yavapai County. The flotation mill Norquest (c) purchased is now at Cleator. Track is being laid in the mine as a decision was made to discontinue the use of rubber tired equipment. Two raises will be started next. They currently have 180 tons of ore broken and stockpiled for the mill.

KAP WR 11/8/85: Bill Sproule from the Nor-Quest office in Meyer called for information on new gold producers in Arizona. He said they plan to be producing precious metal concentrates at the Gladiator Mine (file) Yavapai County in 9 days (from the date of his call on November 6, 1985). He hoped to be able to state that they would be the only operating gold mine in the State.

DO NOT REPRODUCE

GLADIATOR MINE

YAVAPAI COUNTY
PINE GROVE DISTRICT

KAP WR 11/18/83: A report was received that a news wire service reported an important rich gold strike has been made at the Gladiator Mine, Yavapai Co. by Nor-Quest Resources Ltd. 2231-G McGarrigle Road, Nanaimo, British Columbia V9S 4M5. Nor-Quest is a Vancouver Stock Exchange Company.

NJN WR 12/16/83: Mason Coggin reported that Norquest has drilled 16 holes at the Gladiator Mine, Yavapai County. Most holes intersected good values.

KAP WR 4/5/84: Frank Montonati reported he is mobilizing his MCO (M Company) crew and equipment for a project at the Gladiator Mine, Pine Grove District, Yavapai County. They are being contracted by the Nor Quest Resources Ltd. subsidiary, Nor Quest Arizona to clean out, establish drill stations and carry out underground drilling. The project is expected to last at least 3 months.

KAP WR 4/5/84: In a related matter we have received the 1983 Statement of Material Facts filed with the Vancouver Stock Exchange by Nor Quest Resources Ltd. The statement contains a lengthy report by H. Mason Coggin on the Gladiator Mine, Pine Grove District, Yavapai County (file). The statement further discusses a joint venture partnership between Nor Quest Arizona Inc. and Gladiator Mining Corporation, 770 Frontage Road #124, Northfield, Illinois to develop the Gladiator Mine with Nor Quest Arizona as the operator. Gladiator Mining Inc. is a private Illinois corporation controlled by William Horsting and Robert Horsting.

KAP WR 6/7/84: Mr. Brain Pewsey, Nor Quest ARizona, reported on activities at the Gladiator Mine (file) Yavapai County. A separate report has been written.

DO NOT REPRODUCE

KAP WR 5/1/81 A report was received that Becky Rowe signed a contract with Noranda to build access roads and drill pads on the Gladiator Mine .

KAP WR 6/12/81: A report was received that exploration is continuing at the Gladiator Mine, Pine Grove District, Yavapai County. A gate has been constructed across the access road. Drill roads and drill pad construction has been continuing.

KAP WR 11/27/81: Anthony Bennett reported that Noranda Mines has dropped their lease on the Gladiator Mine, Pine Grove District, Yavapai County.

KAP WR 10/29/82: Nor-Quest has optioned the Gladiator Mine, Yavapai County and plans both an underground and surface exploration project.

The Narrow-Gage Scout of Casper, Wyoming in issue of June 1983 reported that Nor-Quest-Arizona has obtained \$1.7 million of financing from Gladiator Mining to develop the War Eagle vein and Fairview vein. A diamond drilling program in 1981 showed that the War Eagle vein averages 4 and one-half feet wide and contains 0.9 ounces of gold and 3.37 ounces of silver per ton. The fairview vein has been drifted-on for 250 feet and averages 0.67 ounces of gold and 3.8 ounces of silver per ton over a width of three and one-half feet. The diamond drilling program was slated to begin in July.

NJN WR 7/15/83: Bill Moss reported that drilling by Nor-Quest will soon commence at the Gladiator Mine, Yavapai County.

NJN WR 10/7/83: It was reported that drilling by Nor-Quest, Inc. is underway at the Gladiator Mine, Yavapai County.

DO NOT REPRODUCE

GLADIATOR MINE (File)

YAVAPAI
Pine Grove Dist.

KAP/WR 8/27/79 - The Gladiator Mine, Yav. Co. was discussed with it's principal owner. During the period in which he operated the mine (approximately 1940 through 1946), approximately 25,000 tons of ore were produced and milled. Production during the period totalled about \$1,000,000 in gold, silver, lead, zinc and copper. The major portion of the ore was hauled to the Golden Belt Mill on Turkey Creek. The mill produced a jig concentrate, a lead flotation concentrate and a zinc flotation concentrate.

The Gladiator Mine has been sold to John Warsing, 1059 S. Vineyard, Mesa, 85202, on March 4, 1980.

KAP WR 3/7/80: John Warsing stated he is acquiring the Gladiator Mine on a lease purchase contract from its owner, Anthony Bennett, et al.

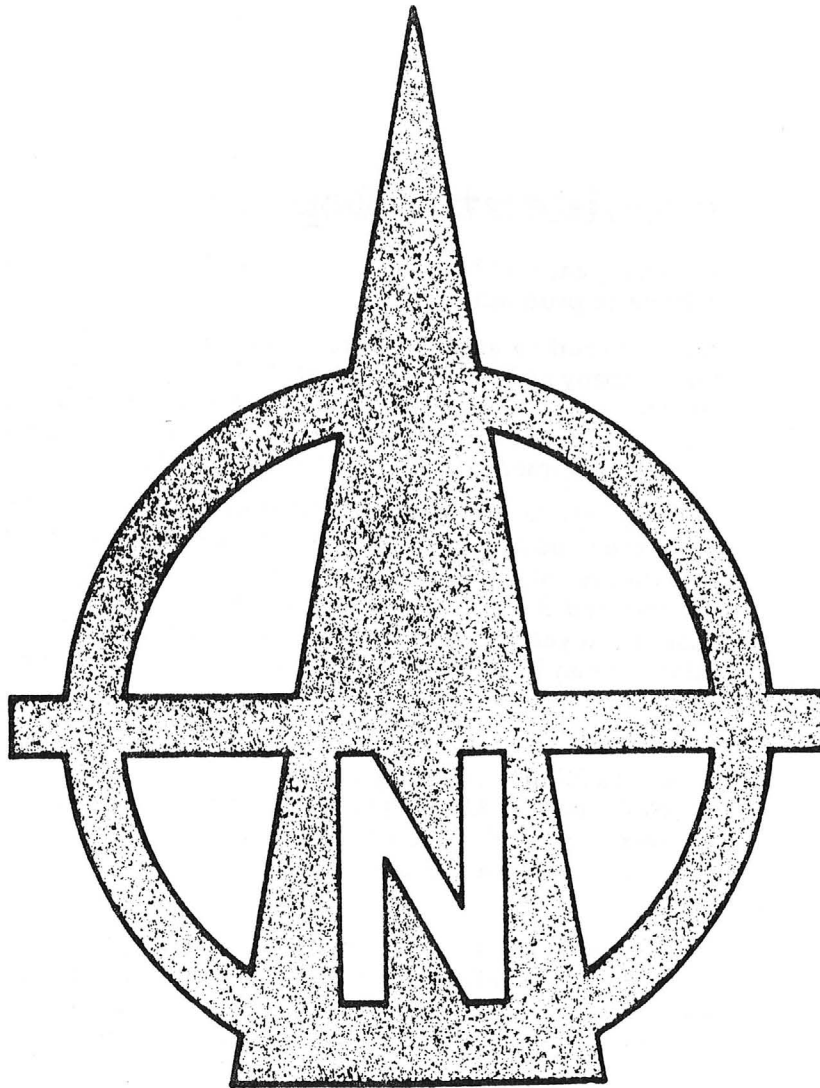
KAP WR 9/12/80: Daryl Hand, Keller Realty, P.O. Box 1807, Camp Verde, Arizona 86332, phone 567-3530, reported he had an option on the Gladiator Mine, Pine Grove District, Yavapai County. He went on to report that he has cleaned out the Charleston Tunnel on the property by digging a trench to release the water backed up behind some slight caving at the portal. He further had to dig out part of a caved raise father in.

KAP WR 9/29/80: Ann Turney, daughter of Anthony B. Bennett, reported that the Gladiator Mine has reverted to the Anthony Bennett et al Group. The property was held under option by John Warsing.

KAP WR 10/3/80: Tony Bennett reported that John Warsing no longer has a lease on the Gladiator Mine, Yavapai County.

KAP WR 10/24/80: Mason Coggin, Consulting Engineer, Coe and Van Loo, reported on work he has done on the Gladiator Mine, Pine Grove District, Yavapai County. He reported that the War Eagle adit is open and about 100 ft above that is another open adit. Both have had some stoping in very hard ground. Approximately one-quarter of the back in both adits has had stoping. Channel sampling in the back will require the use of a stoper. In the area of the Rattlesnake Shaft to the north, the mine has been worked on three levels to a depth of 350 ft. Little work has been done south of the Rattlesnake Shaft area. The vein system appears to pitch to the north and apparently all ore available for 1200 ft to the north of Rattlesnake Shaft has been mined.

DO NOT REPRODUCE



Nor-Quest Resources Ltd.
Annual Report, March 31, 1984

Nor-Quest Resources Ltd.

President's Report

The past year has been devoted to bringing our Gladiator gold property in Arizona to production.

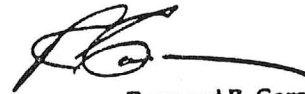
We are proud to announce that Brian Pewsey, mining engineer, has joined the company as Vice-President of Mining Operations. Brian's 20 years of experience ranges from South Africa to North America, where he has managed some of Canada's largest mines. Under Brian's supervision the Gladiator mine development is well underway to production in the autumn.

The high grade ore reserves will allow the mine to be profitable at much lower precious metal prices. Our cost to produce an ounce of gold equivalent is estimated at \$170 U.S. based on 90% recovery from ore averaging 0.58 oz. gold and 3.72 oz. silver per ton. Sufficient reserves are now in place to sustain a 6 year operation at a rate of 100 tons per day. Many more years of mine life can be established with further exploration work.

Nor-Quest now holds a large stake in Beau Val Mines Ltd. (Goldsearch Property) and has recently acquired the control stock position in Abitibi Asbestos Mining Company Limited whose shares are listed on the Montreal Stock Exchange. Abitibi has the largest undeveloped asbestos ore reserve in the western world. Recently a very important gold discovery has been made adjacent to Abitibi. This new gold zone extends into the 15,000 acre Abitibi property.

The company's oil and gas interests produce a modest cash flow. We look forward to the drilling by Monsanto of a deep gas well on the El Pederal project located in southwest Texas. The successful completion of a deep Wilcoa well would have a very dynamic impact on Nor-Quest.

On Behalf of the Board of Directors:



Raynerd B. Carson, President



The Company

Nor-Quest Resources Ltd. was re-organized in 1977 following a series of share conversions. The company has since aggressively pursued the exploration and development of natural resources in Canada and the United States.

Precious metal exploration in Canada has been conducted in Quebec and British Columbia while activities in the United States have been concentrated in Arizona.

The company also has interests in oil and gas exploration acreage and producing wells in Texas and Oklahoma.

Nor-Quest's strategy is to acquire quality resource properties and promote them to limited partnerships or industry partners.

As of March 31, 1984, Nor-Quest's 3,980,534 outstanding common shares were held by 1,459 registered shareholders.

Management Team

Raynerd B. Carson — President and Director

For the past 20 years Ray Carson has been actively engaged as a prospector and "mine finder" in Canada and the U.S.

During 1965 in northern Quebec he discovered and staked Abitibi Asbestos, considered the largest asbestos deposit in the western world. Mr. Carson lived and worked in the heart of Quebec's gold country for many years, acquiring intimate knowledge of the area's mineral properties.

His knowledge and tenacity have been key factors in the development of the company's Goldsearch, Gladiator and Abitibi projects.

Personally and through a private holding company Mr. Carson controls approximately 19% of Nor-Quest stock.

Brian G. Pewsey — Vice-President of Mining Operations

Brian Pewsey is the Project Manager for the Gladiator/War Eagle Mine. Mr. Pewsey, a professional engineer, brings a wealth of expertise acquired from over 20 years' mining experience in North America and South Africa.

As Brinco Mining Limited's Vice-President of Operations, Mr. Pewsey's responsibilities included the Cassiar Asbestos Mine, San Antonio Gold Mine and Government liaison.

F. M. Stewart — Vice-President and Director

Mr. Stewart is a professional engineer and a recognized authority in resource property financing. He has held senior management positions with Amoco Production Company and Morgan Guaranty Trust of New York.

Mr. Stewart was instrumental in introducing Nor-Quest to the oil and gas industry in the U.S. resulting in the company participating in numerous prospects in Texas and Oklahoma.

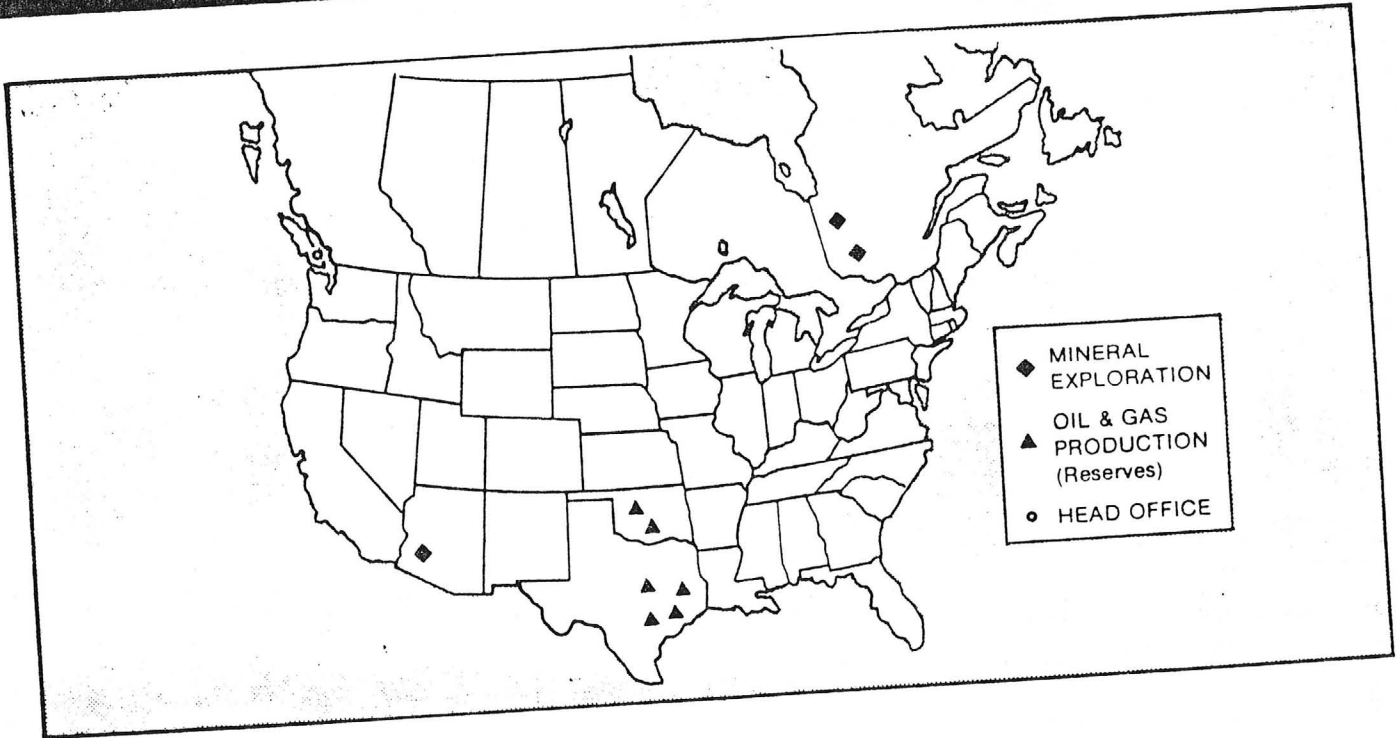
Donn Burchill — Secretary-Treasurer

Mr. Burchill, a Registered Industrial Accountant, is responsible for the administration of the company's corporate and financial affairs. He has been with Nor-Quest since 1982, prior to which he held various positions in the forest industry and public accounting firms as an external auditor.

John C. Black — Director

Mr. Black has been a Director of Nor-Quest since 1977. A Chartered Accountant, Mr. Black has held key management positions with several junior resource companies.

Nor-Quest Resources Ltd.



Programs Currently Underway

Gladiator / Fairview Project

The Gladiator/Fairview project is located 30 miles south of Prescott, Arizona. Property holdings consist of 1100 acres in a single block covering one mile in width and nearly 2½ miles in length. Nor-Quest is the operating partner with a 50% interest.

Reserves

Feasibility studies carried out in 1983/84 confirm reserves of 81,138 tons of 0.58 oz. gold/ton and 3.72 oz. silver/ton over a width of 4.6 feet on the Gladiator/War Eagle vein. Ore block "D" has reserves of 27,250 tons of 0.96 oz. gold/ton and 5.49 oz. silver/ton. The Gladiator vein, dipping at 68° and striking north-south, has been explored along 4,000 feet of length and is still open to the north and to depth. These reserves are sufficient to support a 100 ton/day milling operation for three years. Diamond drilling and assaying carried out to date on the Fairview vein has indicated 88,000 tons of ore grading 0.50 oz. gold/ton and 2.0 oz. silver/ton over a width of three feet. An additional three years' reserves could be available from this area. Several other parallel veins are known to exist on the property. These reserves of similar high grade gold and silver ore would allow for future expansion.

Production Planning

Underground development work and mobilization of a 100 ton/day mill are underway. Most of the machinery required has been made available by Nor-Quest from a previous project. The initial year's production, due to begin this year, will come from ore block "D" which is higher grade, averaging 0.96 oz. gold and 5.49 oz. silver/ton.

Financing

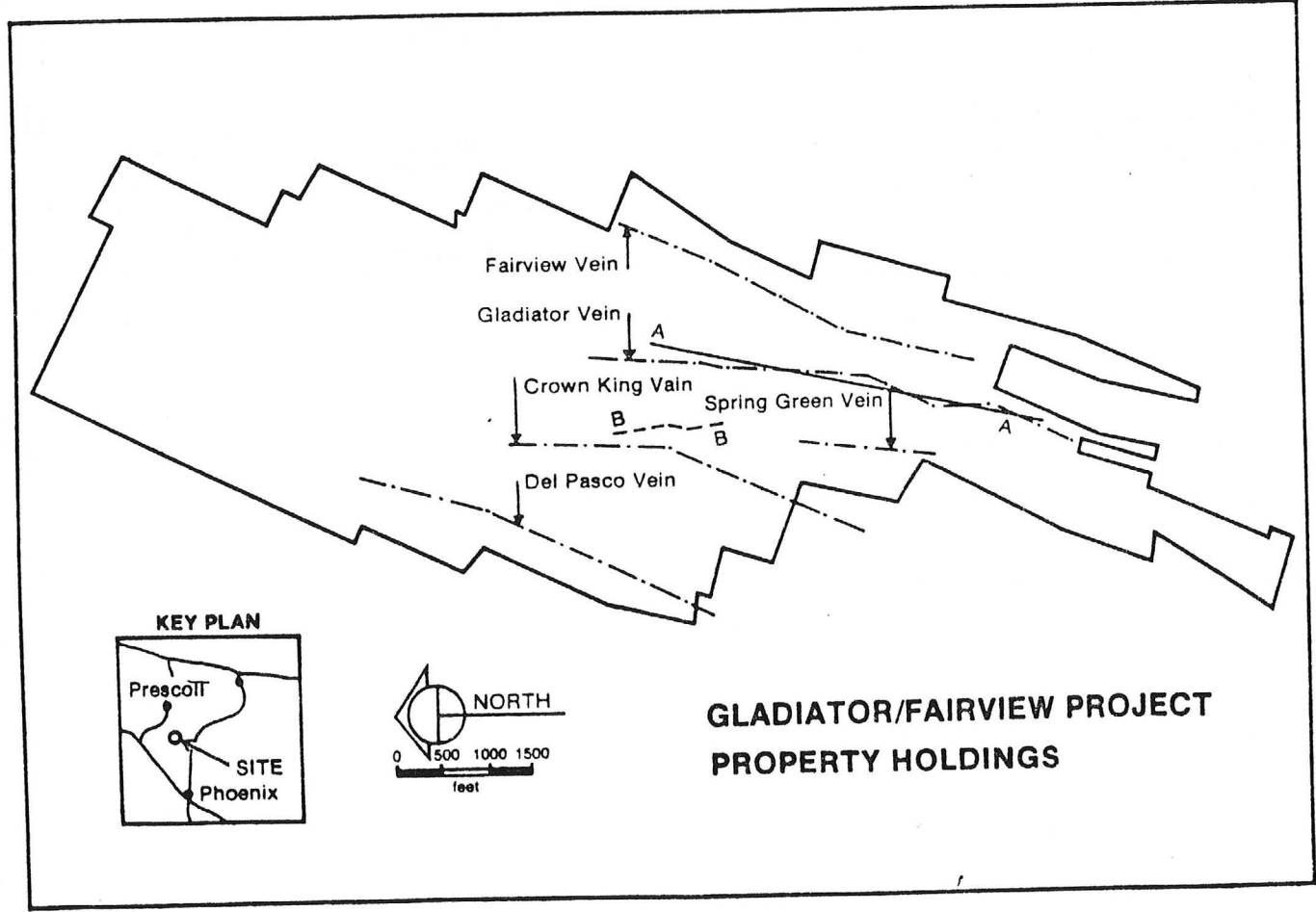
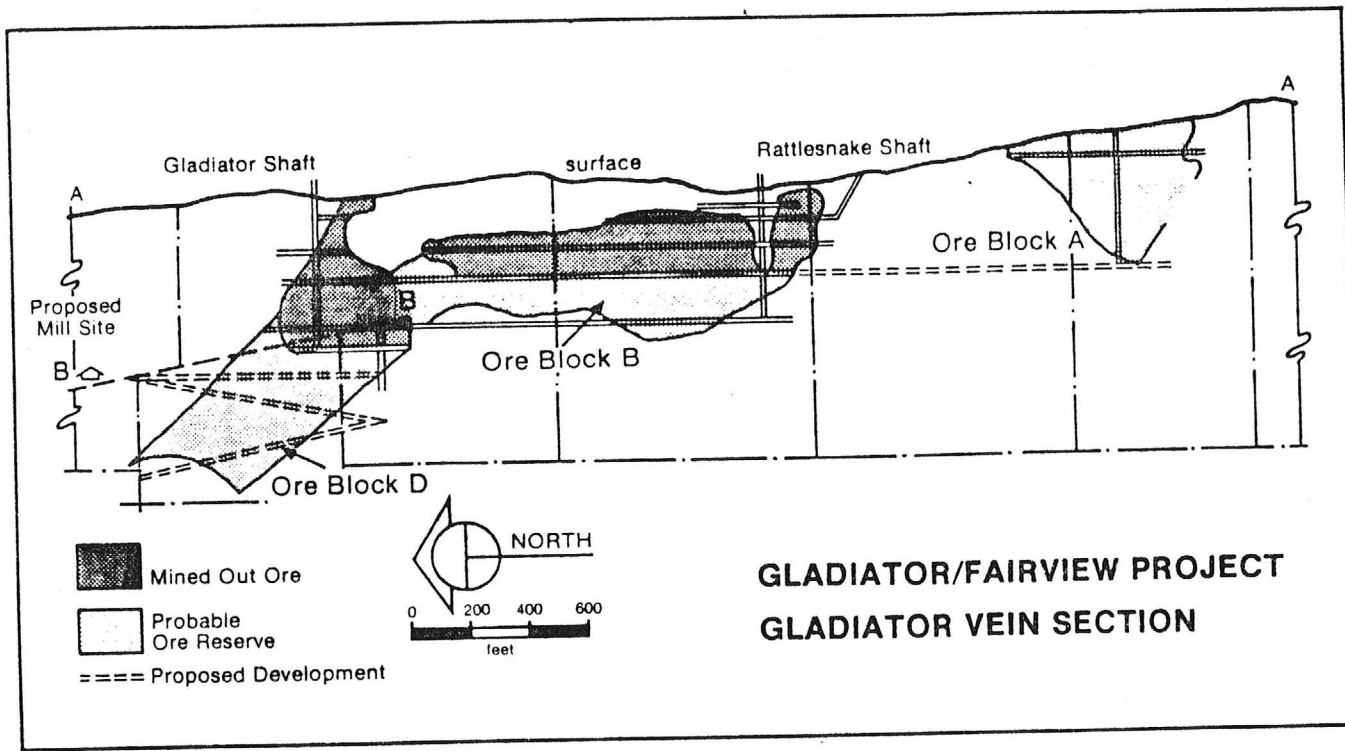
Galt Resources Inc., a wholly owned subsidiary of James U. Blanchard & Co. Inc., of Metairie, Louisiana, have recently acquired 15% interest in the project for \$400,000 U.S. Gladiator Mining Corporation of Chicago can earn a 35% interest in the project for arranging up to \$1,200,000 U.S. for mine development.

Estimated Cash Flow

Based on projected operating costs of \$96.44/ton the property has the potential to generate the following earnings per share to Nor-Quest. (All figures in U.S. dollars, before interest and taxes.)

Gold Price / oz.	\$300	\$350	\$400	\$450	\$500
100 TPD	.38	.51	.63	.76	.89
150 TPD	.57	.76	.95	1.14	1.33

(Earnings per share are fully diluted assuming all outstanding options and convertible debentures are exercised.)



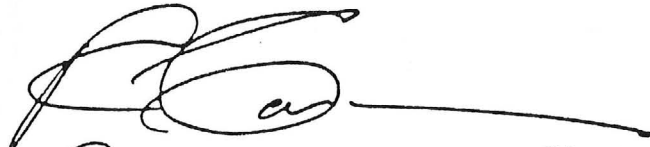
Nor-Ques. Resources Ltd.

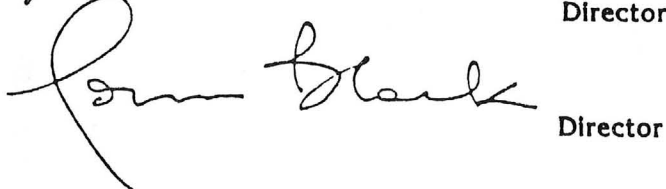
Consolidated Balance Sheet

MARCH 31, 1984

	1984	1983
ASSETS		
Cash	\$ 760,652	\$ 19,195
Accounts receivable	145,140	125,064
Share subscription receivable	86,438	—
Loan receivable	81,637	—
Resource properties (Note 2)	745,504	1,658,276
Option on resource properties (Note 3)	205,191	17,565
Investment in and advances to:		
Affiliated companies (Note 4)	238,420	117,394
Limited partnerships (Note 5)	313,280	755,947
Fixed assets (Note 6)	227,663	414,052
Option payments (Note 7)	196,067	—
Other assets	2,617	8,727
	\$3,002,609	\$3,116,220
LIABILITIES		
Bank indebtedness (Note 8)	\$ 85,253	\$ 13,269
Accounts payable and accrued	676,746	899,830
Long-term debt	—	268,660
Convertible debenture (Note 9)	771,825	771,825
Undisbursed joint venture funds	402,195	—
	1,936,019	1,953,584
Contingencies (Note 16)		
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	8,226,137	6,574,095
Deficit	(7,159,547)	(5,411,459)
	1,066,590	1,162,636
	\$3,002,609	\$3,116,220

Approved by the Directors:


 Director


 Director

The accompanying notes are an integral part of these financial statements.

Nor-Quest Resources Ltd.

Notes to Consolidated Financial Statements

MARCH 31, 1984

1. Significant Accounting Policies

(a) Principles of Consolidation

The financial statements include the accounts of Nor-Quest Resources Ltd. and its wholly-owned subsidiaries Nor-Quest Arizona, Inc. and Nor-Quest Minerals, Inc.

(b) Investments in Affiliated Companies, Limited Partnerships and Joint Ventures

The company follows the equity method of accounting for its investment in limited partnerships, joint ventures and in companies in which the company has significant influence. Under the equity method, investments are recorded at cost plus the company's equity in undistributed earnings since acquisition.

(c) Resource Properties

The costs of acquiring, exploring and developing resource properties are capitalized until such time as the properties are put into commercial production, sold or abandoned. Producing resource properties are recorded at cost less depletion. Costs are depleted using the unit of production method based upon estimated reserves.

(d) Foreign Currency Translation

The accounts of foreign subsidiaries are translated to Canadian dollars on the following basis.

- i) current assets and liabilities at the rate of exchange in effect as at the balance sheet date.
- ii) fixed assets at the rate of exchange in effect at the date on which the respective assets were acquired.
- iii) revenue and expenses (excluding depreciation and depletion which are translated at the same rate as the related assets) at the average rate of exchange for the year.

2. Resource Properties Held for Exploration and Development

	Cost	Amounts Written-off	Accumulated Depletion	Net Book Value	
				1984	1983
(a) Oil and gas leases					
Texas	\$ 501,359	\$ —	\$124,443	\$376,916	\$ 918,913
Oklahoma	414,759	—	46,171	368,588	378,356
	916,118	—	170,614	745,504	1,297,269
(b) Mineral claims					
Arizona	88,249	88,249	—	—	88,249
(c) Exploration and development costs					
	272,758	272,758	—	—	272,758
	\$1,277,125	\$361,007	\$170,614	\$745,504	\$1,658,276

3. Option on Resource Properties

	Cost of Option Payments	Exploration and Development Costs	Net Book Value	
			1984	1983
Mineral claims — Gladiator, Arizona	\$ 79,950	\$125,241	\$205,191	\$ 17,565

By an agreement dated October 20, 1982 Nor-Quest Arizona, Inc. has the option to purchase 12 patented mining claims located in Yavapai County, Arizona. Remaining minimum option payments under the agreement are as follows (in U.S. funds):

October 20, 1984	\$100,000
October 20, 1985	\$100,000
October 20, 1986	\$100,000
October 20, 1987	\$ 90,000

Net smelter returns will be credited towards the total purchase price.

By an agreement dated June 1, 1984, Nor-Quest

Arizona, Inc. has acquired the exclusive right to explore for, develop, mine and remove any minerals under the surface of certain property which is located in Yavapai County, Arizona.

Under the terms of the agreement Nor-Quest Arizona, Inc. has paid \$7,500 U.S. and is required to pay the greater of 5% of net smelter returns or \$25,000 U.S. quarterly beginning one year from the date of execution.

Should any of the required payments not be made Nor-Quest Arizona, Inc.'s right under the agreement terminates.



Consolidated Statement of Earnings

YEAR ENDED MARCH 31, 1984

	1984	1983
Revenue		
Oil and gas lease sales	\$ 375,167	\$ 535,634
Oil and gas production (Note 11)	136,313	179,407
Interest	5,044	2,292
Equipment rental	4,730	7,532
Management fees	118,024	43,300
	639,278	768,165
Expenses		
Cost of oil and gas leases sold	508,643	551,115
Oil and gas well operating costs	13,491	41,357
Exploration and development (recovered)	(375)	184,199
Resource properties abandoned	9,348	1,622,367
Dryhole costs	114	329,583
Administration (Schedule)	778,778	310,686
Interest and finance charges	146,731	154,503
Provision for depreciation	39,139	78,334
Provision for depletion	43,121	57,289
	1,538,990	3,329,433
Loss before other expenses and extraordinary items	(899,712)	(2,561,268)
Net loss from limited partnerships	(50,747)	(7,387)
Net loss of affiliated companies	(11,582)	(8,182)
Loss on disposal of fixed assets	(42,121)	(1,690)
	(104,450)	(17,259)
Loss before extraordinary items	(1,004,162)	(2,578,527)
Extraordinary items		
Gain in sale of interest in limited partnership (Note 4(b))	153,419	—
Affiliated companies' advances written-off (Note 17(a))	(178,386)	—
Partnership advances written-off	—	(1,029,978)
Loss of dissolution of partnership (Note 17(b))	(49,377)	—
	(74,344)	(1,029,978)
Net loss for the year	\$(1,078,506)	\$(3,608,505)

The accompanying notes are an integral part of these financial statements.



Notes to Consolidated Financial Statements

(Cont.)

MARCH 31, 1984

4. Investments In and Advances to Affiliated Companies (see Note 1(b))

(a)	Ownership	1984	1983
Adventure Resources Ltd.	50%	\$ 1	\$ 88,221
Nor-Ray 01 and Gasgewinnungs — GMBH	50%	1	29,173
Beau Val Mines Ltd.	38%	238,418	—
		\$238,420	\$117,394

(b) Pursuant to an agreement dated May 19, 1983 Nor-Quest Resources Ltd. sold 99% of its interest in the Goldsearch Mining Limited Partnership. As consideration, Nor-Quest received 2,000,000 Beau Val Mines Ltd. shares at a deemed value of \$0.25 per share.

On January 23, 1984 the board of directors authorized a dividend in kind of 1,000,000 Beau Val Mines Ltd. shares. Payment of the dividend is subject to regulatory approval.

	Ownership	Shares	Value
Proceeds from sale of interest in limited partnership	76%	2,000,000	\$500,000
Shares reserved for dividend	38%	(1,000,000)	(250,000)
Cost of retained investment in Beau Val Mines Ltd.	38%	1,000,000	\$250,000

5. Investment In and Advances to Limited Partnerships (see Note 1(b))

The company has formed several limited partnerships for the purpose of acquiring, exploring and developing resource properties. Nor-Quest acts as co-general partner in these partnerships.

Partnership	Ownership	1984	1983
Raymac '80 Drilling Program	15%	\$ 16,205	\$ 62,900
— Capital			
Raymac '80 OK Drilling Program	14%	60,569	57,383
— Capital			
Raymac '80 TEX Drilling Program	20%	14,269	24,051
— Capital			
Raymac '81-A Drilling Program (Note 16(b))	—	—	48,307
— Capital			450
— Advance			
Nor-Quest Goldsearch Mining Limited Partnership	1%	3,291	329,085
— Capital (Note 4(b))		11,354	5,432
— Advance			
Goat Ridge Mining Limited Partnership	1%	(13,682)	(13,114)
— Accumulated losses since acquisition		221,274	241,453
— Advance			
		\$313,280	\$755,947

The advances to the Goat Ridge Mining Limited Partnership are secured by an assignment of a chattel mortgage over mining and milling equipment. The project has not operated since June

1981. Repayment of the advance is dependent upon funds being generated from the sale of partnership assets.



Nor-Quest Arizona Inc.

on
KWB

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, INC.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE (A)

PROGRESS REPORT #6

December 1 - December 30, 1985

SURFACE

Because of the holiday season, December was a shortened month as all personnel were off from December 23 until January 3, 1986.

However, a great deal of progress was accomplished. The mill buildings were totally enclosed by a longer structure to create a true all-weather, workable enclosure. We also made an additional tailings pond immediately to the north-east of the mill in order to eliminate pumping and freezing problems.

A 250,000 gallon reservoir was begun on the ridge to the south of the mine for future water storage for the mill.

The assay laboratory is on the mine property; it will be at it's final location within the next few days. The assayer will be on the job by January 15th and the lab should be functional shortly thereafter.

A system of "direct plumbing" for the diesel has begun, the system should be completed within 10 days and will reflect a substantial savings of manpower, time and money.

UNDERGROUND

All timbering has been completed for both 5146 and 5144 Stopes and they are ready to begin production mining.

The winze is currently 135' below the collar of the 5144 winze station; all ladders and landings are in place, as is the skip rail.

The 143 South heading is progressing and is now 36' from the projected intersection with the vein structure. This intersection will eventually become the north end of the planned 5139 stope.

The 145 North heading has resumed after being temporarily shut-down during the 5146 stope-prep phase. It is on a strong structure and is currently 108' from survey control point #145-3.

We are in the process of adding and/or changing fans to improve the mine ventilation and prevent any problems of "bad air" occurring.

GENERAL

The mine and mill should be at 60% production by late January, 75% production by early February and 85-90% production by March 1.

The transition from the contractor/development stage to Nor-Quest Arizona/production stage has been and is progressing quite smoothly. The entire on-site contractor's personnel transferred to Nor-Quest on January 3, 1986.

Prepared for
NOR-QUEST ARIZONA INC.
By Resident Staff
January 10, 1986
By

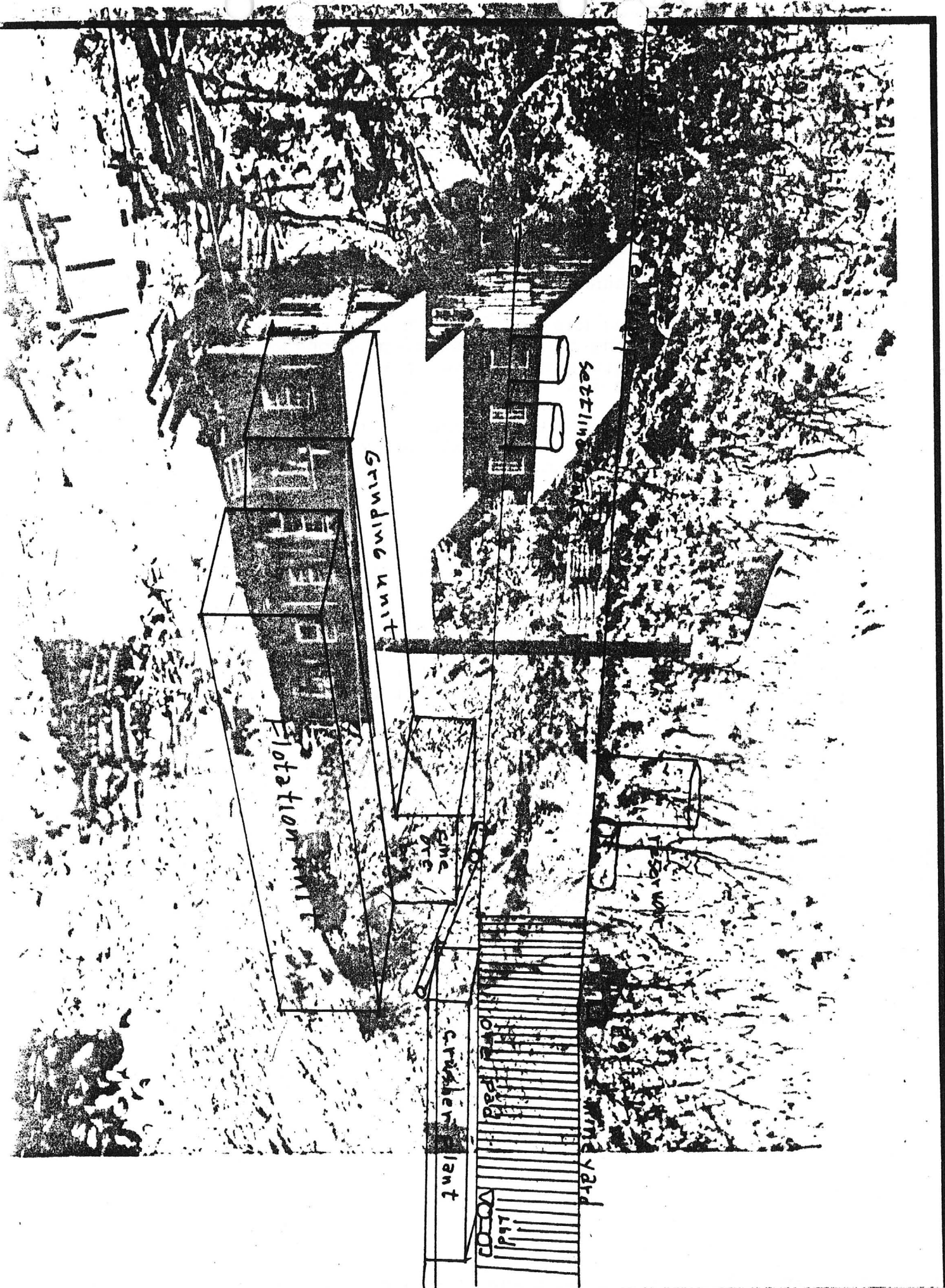


Richard A. Bovee *ek*
Manager, Mining Operations

RAB:ek
encl.

1910 Gladiator Mine and Mill

1985 Summer Hill





Nor-Quest Arizona Inc.

ATTENTION: NOR-QUEST ARIZONA GOLD FUND, LTD.

LIMITED PARTNERS

GLADIATOR/WAR EAGLE MINE

PROGRESS REPORT #4

October 1 - October 31, 1985

GEOLOGY AND SAMPLING

In the past month K.B. Larsen, Chief Geologist, has been carefully monitoring development and production preparation underground to insure grade control and continuity. This is very important to maintain consistent mill heads when 50 ton per day milling of development ore commences November 15th. On a time available basis, he has been exploring the north extensions of both the Gladiator and Fairview vein systems, with a view to extending our possible reserves to the north.

EQUIPMENT

The mill is in place, assembled and is undergoing systems checks. The generating plant and all wiring is complete. The mill water storage and recirculating system has been plumbed and tested under schedule for Phase I. A contract has been let for a truss roof to connect the mill units. The tailings access road is 75% complete. All mine and mill equipment has been successfully transported from the staging area at Cleator to the mine site. Both Nor-Quest 850 Joy Compressors are on line, freeing the rental compressor. A shop facility, complete with tools, has been set up for mill maintenance.

MILL

All personnel necessary for mill operations have been hired and trained. The Lincoln water pipeline and pumping system are complete with storage facilities for Phase I. Ground has been cleared and leveled for two 30,000 gallon storage tanks for Phase II. As mentioned under Equipment, the mill is assembled, wired and plumbed and routine systems checking is being carried out prior to testing with ore. The ore dump is complete and functioning with 600+ tons of ore stockpiled, and the Nor-Quest Hy-Matic LHD (scoop-tram) positioned to start feeding the crushing plant. The mine and mill water return and settling system has been installed and checked. The superintendent is awaiting delivery of reagents and anticipates no difficulties in meeting the schedule.

ENGINEERING - MINE AND PLANT

Surface

The ore pass is complete and the grizzly/safety system has been approved by MSHA (Mine Safety and Health Administration). The waste dump is complete except for the grizzly/safety system, the safety fence has been installed.

The heliport is complete except for landing lights, and is totally functional for daytime use.

"Time and Materials" contracts with Rosendahl Assoc. to close the ends of the shop, construction of warehouse, vehicle shop, crusher shed, mill roof, mill shop and generator shed have been negotiated and construction is proceeding apace.

All tracking is complete, 400' on surface and 1000' underground.

Underground

145 N. Drift This area has a total of 290' of workings, referenced as survey point 145-3 plus 74'.

5146 Stope The stope is being prepped by two raises, chute pockets and scam drift to start production.

5144 Winze The station is complete, ready to hook up the hoist and begin dewatering and hanging prefabricated track in the winze. The muck skip design has been finalized and fabrication will start immediately. The winze ore bin and chute are complete and operable.

5144 Stope This stope is also being prepped by two raises, chute pockets and scam drift. The first raise is up 30' with manway and chute complete and 15' of advance in the scam.

143 S. Drift Slabbing has proceeded 100' south toward ore block #5139, with approximately 140' of slabbing remaining before turning toward the ore.

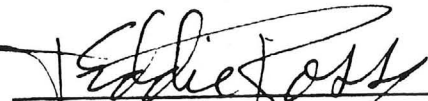
ELECTRICAL

All primary underground wiring and panels have been completed to code, tested and approved by MSHA. The main ventilation system is installed and checked. Mill wiring is complete and checked. The ground grid has been extended to include the mill site.

SUMMARY

All departments are co-operating to meet the mining and milling schedule of 50 tons per day on November 15th. No department foresees difficulty in meeting this schedule. There will be twelve to fourteen days of ore stockpiled by this time. Development work is well ahead of production preparation and we should see a saleable concentrate from this development ore on the 15th.

Prepared for
NOR-QUEST ARIZONA, INC.
By Resident Staff
November 4, 1985
By



J. Eddie Ross
Manager, Mining Operations

JER:ek

Gladiator mine
Yavapai Co. *MM*

01/22 06:17 BIZNES SILVER.GOLD VER-01 BY-FBF DEPTH- 3.5' PAGE- 10

TOP OF STORY<

{NOTE}F:P:0416:ARIZO:R:F:DC31:BC:BC-NOR-QUEST-GOLD-MINE{FL}

{S}1.{FL}

bc-nor-quest-gold-mine{EOP}

NOR-QUEST ANNOUNCES START-UP OF PRODUCTION ON ARIZONA MINE{EOP}

{EOP}

NANAIMO, British Columbia, Jan. 21 /PRNewswire/ -- Nor-Quest Resources Ltd. today announced the start-up of commercial production on its underground gold-silver mine, located near Phoenix, Ariz.{EOP}

The 100 ton-per-day capacity operation is expected to produce 50 ounces of gold and 350 ounces of silver per day.{EOP}

Six years of ore reserves have been established with many more years of reserves indicated from the main zone and other parallel veins.{EOP}

Nor-Quest retains a 62.5 percent interest through its wholly owned subsidiary, Nor-Quest Arizona Inc.; 22.5 percent is held by a private limited partnership and 15 percent by Galt Resources Inc., a wholly owned subsidiary of James U. Blanchard & Co. of Louisiana.{EOP}

-0- 1/21/86{EOP}

/CONTACT: R.B. Carson, president of Nor-Quest, 604-758-8161/{EOP}

....OR PR NEWswire IN LA 213-626-5501...{EOP}

\$ 350

RECEIVED
JAN 30 1986
DEPT. OF MINES &
MINERAL RESOURCES

ARIZONA DEPT. OF MINES & MINERAL RESOURCES
STATE OFFICE BUILDING
416 W. CONGRESS, ROOM 161
TUCSON, ARIZONA 85701.



Corporate Information

Officers and Directors

Raynerd B. Carson, *President & Director*
F. M. Stewart, *Vice-President & Director*
Donn Burchill, *Secretary-Treasurer*
John C. L. Black, *Director*

Head Office

2231-G McGarrigle Road
Nanaimo, B.C.
Canada V9S 4M5
(604) 758-8161

Registered and Records Office

7th Floor, 609 Granville Street
Vancouver, B.C.
Canada V7Y 1C3

Auditors

McAfee, Lilly & Co.
Chartered Accountants
1052 Richards Street
Vancouver, B.C.
Canada V6B 4Y6

Registrar and Transfer Agent

National Trust Company Limited
510 Burrard Street
Vancouver, B.C.
Canada V6C 2J7

Bankers

Toronto-Dominion Bank
560 West Hastings and Seymour Streets
Vancouver, B.C.
Canada V6B 2J7

Solicitors

Sobolewski Anfield
7th Floor, 609 Granville Street
Vancouver, B.C.
Canada V7Y 1C3

Capitalization

Authorized: 10,000,000 shares
Issued: 3,980,534 shares

Exchange Listing

Shares of the company are listed on the
Vancouver Stock Exchange, Symbol NQT
NASDAQ, Symbol NQRLF

Subsidiary Companies

Nor-Quest Minerals, Inc.
Nor-Quest Arizona, Inc.

NOR-QUEST ARIZONA, INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
six months ended September 30, 1984

	<u>Sep.30</u>	<u>Mar.31</u>
<u>CASH PROVIDED:</u>		
Advanced by Galt Resources Inc.	\$ -	\$323,881
Advanced by Nor-Quest Resources Ltd.	62,295	205,289
Increase in accounts payable	-	15,485
Decrease in accounts receivable	47,323	-
	-----	-----
	109,618	544,655
	-----	-----
 <u>CASH APPLIED:</u>		
Net loss for the period	16,164	293,131
Less: items not affecting cash		
- properties abandoned (Note 2)	-	(293,131)
	-----	-----
	16,164	-
Repayment of advances from		
Galt Resources Inc.	313,927	-
Increase in accounts receivable	-	64,444
Decrease in accounts payable	70,774	-
Investment in joint venture (Note 1)	35,255	152,917
	-----	-----
	436,120	217,361
	-----	-----
 <u>NET INCREASE (DECREASE) IN CASH:</u>	 (326,502)	 327,294
 <u>CASH, BEGINNING OF PERIOD:</u>	 327,394	 100
	-----	-----
<u>CASH, END OF PERIOD:</u>	<u>\$ 892</u>	<u>\$327,394</u>
	-----	-----

prepared by management

NOR-QUEST ARIZONA, INC.
BALANCE SHEET
as at September 30, 1984

	<u>SEP. 30</u>	<u>MAR. 31</u>
<u>ASSETS</u>		
Cash	\$ 892	\$327,394
Accounts receivable	17,121	64,444
Investment in joint venture	201,017	165,762
	-----	-----
	<u>\$219,030</u>	<u>\$557,600</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 3,502	\$ 74,276
Due to Galt Resources Inc.	9,954	323,881
Shareholder's loan	514,769	452,474
	-----	-----
	<u>528,225</u>	<u>850,631</u>
<u>SHAREHOLDER'S EQUITY</u>		
Share capital		
Authorized: 1,000 common shares without par value		
Issued and fully paid:	100	100
Deficit	(309,295)	(293,131)
	-----	-----
	<u>(309,195)</u>	<u>(293,031)</u>
	-----	-----
	<u>\$219,030</u>	<u>\$557,600</u>

prepared by management

NOR-QUEST ARIZONA, INC.
NOTES TO THE FINANCIAL STATEMENTS
period ended September 30, 1984

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The investment in the joint venture represents advances made to the joint venture by the company as well as their proportionate share of joint venture profits.

NOTE 2: PROPERTIES ABANDONED

During the year ended March 31, 1984 the Alvarado and Antelope properties were abandoned. Exploration and development costs associated with these properties were charged to income in that year.

Alvarado	\$284,309
Antelope	8,822

	\$293,131
	=====

NOR-QUEST ARIZONA, INC.
STATEMENT OF LOSS AND DEFICIT
six months ended September 30, 1984

<u>REVENUE:</u>	\$ -
<u>EXPENSES:</u>	
Administration	8,664
Management fees	7,500

<u>NET LOSS:</u>	16,164
<u>DEFICIT, BEGINNING OF YEAR:</u>	293,131

<u>DEFICIT, END OF YEAR:</u>	<u>\$309,295</u>

prepared by management

GLADIATOR / NOR-QUEST / GALT JOINT VENTURE
BALANCE SHEET
as at September 30, 1984

	<u>Sept30/84</u>	<u>Mar31/84</u>
<u>ASSETS</u>		
CURRENT:		
Cash	\$ 24,853	346,800
	-----	-----
FIXED, AT COST:		
Deferred exploration and development	741,397	304,136
Mining and milling equipment	350,000	-
Land	127,534	115,000
	-----	-----
	1,218,931	419,136
	-----	-----
	<u>\$1,243,784</u>	<u>\$ 765,936</u>

<u>LIABILITIES</u>		
CURRENT:		
Due to Nor-Quest Resources Ltd.	\$ 94,600	\$ 10,000
	-----	-----

<u>JOINT VENTURERS' EQUITY</u>		
GALT RESOURCES INC	353,750	350,000
GLADIATOR MINING CORPORATION	219,404	202,968
NOR-QUEST ARIZONA, INC	576,030	202,968
	-----	-----
	1,149,184	1,115,936
	-----	-----
	<u>\$1,243,784</u>	<u>\$ 765,936</u>

prepared by Management

CASH FLOW PROJECTIONS

The projections that follow were prepared based on a number of assumptions:

- A) Management has assumed that the debenture will be retired using 50% of operating profits. If necessary however a further 35% of such profits is available for debt retirement.
- B) The price used for silver is \$7.00 per oz..
- C) The estimated return on short term money (interest income in the model) is 10 percent.
- D) Projections are based on total proven, probable and possible reserves of 240,000 tons at average grades of 0.58 oz./ton and 3.35 oz./ton for gold and silver respectively.
- E) Production costs are \$170 per oz. at a rate of 100 tons per day (2,917 tons per month) and with a recovery of 95% (per Mason Coggin's report).

The model is not particularly sensitive to changes in silver prices or the rate of return on money, however it is sensitive to fluctuations in gold prices. As a result we have presented three scenarios based on three different prices of gold: \$300, \$350 and \$400 US per ounce. At each of these prices the model shows a positive cash flow, even when probable (80,000 tons) and possible (80,000 tons) reserves are removed.

Using 50% of operating profits the debenture will be retired in xxx months at \$300/oz.; xxx months at \$350/oz.; xxx months at \$400/oz.

NOTE: The model uses January 1, 1985 as the commencement date. Start up begins upon receipt of funds.

Costa Rica

Nor-Quest's subsidiary in Costa Rica is continuing to obtain positive results from its exploration program. The targets are stockworks alteration zones where gold bearing sulphide and quartz minerals make up minable volumes of ore. Efforts to date have been concentrated on San Martin, where our consulting geologist advises that potential open pit reserves of 650,000 tons at 3.8 g/t have been identified. On the adjacent San Rafael zone, although it is not yet possible to identify ore tonnages and average grades, trenching has already produced positive results. This phase of exploration is costing U.S. \$350,000. Present drilling results will be announced shortly.

Imco Resources Ltd. (associate company, approx. 40% owned)

In addition to its programs in the Salmo area, Imco has also recently expended \$495,000 of flow-through funds on its Maizerets property in Quebec. Results of the drilling program are still being assessed. The Imco property is within one mile of Perron's Sleeping Giant Mine, and the Board, therefore, is optimistic regarding the future potential of this extensively leased area.

The Future

Further new finance is being sought to maximize the effort being expended on the principal activities referred to above. As stated, the recently announced private placement raised \$2,100,000 and is accompanied by warrants, which may raise a further \$2,390,000. Your Directors are also considering possible joint venture arrangements and the potential use of further flow-through funds, and look forward to the future with confidence.

Dated at Vancouver, British Columbia, this 4th day of March, 1988.

NOR-QUEST RESOURCES LTD.
per:

Allan Ferguson, President

MAR 14 1988



Nor-Quest
Resources
Ltd.

NEWS RELEASE

2231-G McGarrigle Road, Nanaimo, British Columbia, Canada, V9S 4M5
Telephone (604) 758-8161 • Fax (604) 758-8900

Under its newly re-organized Board of Directors and with funding of \$2.1 million of new equity capital announced on February 24, 1988, your Directors have now completed their preliminary review of the principal interests of the Company as follows:

Arizona, Gladiator^N Gold Mine

The Gladiator mine in Arizona now has some six months operating experience. From October 1 to December 31, 1987, 460 ozs. of gold and 1,137 ozs. of silver were produced. It has become evident that further additions will be necessary to the mill, including carbon-in-pulp processing to enable acceptable gold recoveries to be achieved. At the same time, it has been decided that further exploratory work is necessary to increase the proven ore reserve, and an exploration strategy has been developed which will require underground diamond drilling and sampling with a target reserve of 61,700 ozs. to be followed by mill extensions. In view of this, the mine has been placed on a care and maintenance basis for the time being.

The Board remains optimistic regarding the future of this property and has recently exercised final purchase options relating to the property. However, the mine will not re-open until an economically justified plan can be fully determined and appropriate finance obtained.

Kootenay Division, B.C., Canada

The Salmo mill continues to be managed on a care and maintenance basis. Nor-Quest and its associate company Imco Resources Ltd. have utilized flow-through funding in recent months to finance exploration programs in close proximity to the mill. The results from these programs are still being analyzed and assessed; however, the initial information received concerning the Ymir-Protection property is encouraging and the Company intends to undertake further exploration.

Further flow-through funds are being negotiated to concentrate effort on this property on which the company has commercially attractive option arrangements.

/2

DIRECTORS' REPORT TO THE SHAREHOLDERS

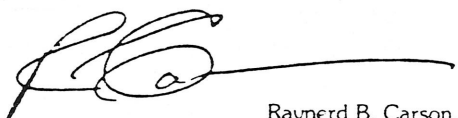
Nor Quest Resources Ltd. has completed the acquisition of the controlling shares of Abitibi Mining Company Limited, and it can now be classified as a Nor-Quest subsidiary. Abitibi recently completed a financing and is now listed on the Vancouver Stock Exchange, the Montreal Stock Exchange and trades over the counter in New York.

We believe that this acquisition represents a major underlying asset to Nor-Quest. For every share of Nor-Quest issued there is approximately one share of Abitibi owned by the company.

Nor-Quest is the operating partner and has a 50% interest in a high grade gold deposit located in Arizona. Development of the Gladiator War Eagle Mine got off to a good start this year. Surface facilities were installed on site. 300 feet of underground development work was completed and the mining and milling equipment was mobilized. The operation stalled in August pending a bank loan which was to be arranged by a partner. In many months of frustrating delays Nor-Quest is arranging the project financing using its own resources. Funding is expected to be completed by December 30, 1984.

Three months of pre-production work is required before start up of a 100 ton per day operation. The project will generate operating profits of \$200,000 US per month with \$300 gold.

On behalf of the Board of Directors



Raynerd B. Carson,
President

CONSOLIDATED STATEMENT OF LOSS For the Six Months ended September 30, 1984

	SEPT. 30 1984	SEPT. 30 1983
REVENUE		
Oil and gas lease sales	\$ -	\$ 375,167
Oil and gas production	82,619	71,011
Management fees	169,969	48,927
Other	5,351	3,516
	<u>257,939</u>	<u>498,621</u>
EXPENSES		
Cost of oil and gas leases sold	-	508,644
Oil and gas well operating costs	20,664	10,769
Cost of properties abandoned	-	9,348
Administration	220,381	179,384
Interest & finance charges	58,920	76,791
Provision for depreciation	18,298	26,850
Provision for depletion	23,874	23,753
	<u>342,137</u>	<u>835,539</u>
Net loss before other income	<u>84,198</u>	<u>336,918</u>
Gain (loss) on sale of assets	(2,920)	76,884
Net income from limited partnerships	-	2,232
	<u>(2,920)</u>	<u>79,116</u>
Net loss for the six month period	<u>\$ 87,118</u>	<u>\$ 257,802</u>
Loss per share	\$.02	\$.08

—prepared by Management—

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION For the Six Months ended September 30, 1984

	SEPT. 30 1984	SEPT. 30 1983
CASH DERIVED FROM		
Operations		
Loss	\$ (87,118)	\$ (257,802)
Non-cash items		
Depreciation & depletion	42,172	50,603
Net income from limited partnerships	-	(2,232)
Loss (gain) on sale of assets	2,920	(76,884)
Cost of oil and gas lease sold	-	508,644
	<u>(42,026)</u>	<u>222,329</u>
Proceeds from issuance of share capital	-	1,094,475
Repayment of investment and advances to limited partnerships	21,653	-
Proceeds from sale of assets	39,835	573,880
Decrease in other assets	-	311
Decrease in accounts receivable	6,803	-
Decrease in cash	<u>750,814</u>	<u>-</u>
	<u>\$ 777,079</u>	<u>\$ 1,890,995</u>
CASH APPLIED TO		
Payment of long term debt	\$ -	\$ 176,197
Investment in and advances to		
Affiliated companies	36,848	520,935
Limited partnerships	-	13,945
Joint venture	559,761	-
Resource properties purchased	12,771	32,620
Additions to fixed assets	17,635	-
Share issue costs	-	58,217
Decrease in accounts payable	107,310	10,018
Increase in accounts receivable	-	1,062,380
Decrease in bank indebtedness	42,754	11,500
Increase in cash	-	5,183
	<u>\$ 777,079</u>	<u>\$ 1,890,995</u>

—prepared by Management—

Officers and Directors

Raynerd B. Carson, *President and Director*
Brian G. Pewsey, *Vice President of Mining Operations
and Director*
Frazier M. Stewart, *Vice-President of Oil and Gas
and Director*
Don Burchill, *Secretary-Treasurer and Director*
John C.L. Black, *Director*

Head Office

2231-G McGarrigle Road
Nanaimo, B.C. Canada V9S 4M5

Registered & Records Office

7th Floor, 609 Granville St.
Vancouver, B.C. Canada
V7Y 1C3

Auditors

McAfee, Lilly & Co.
Chartered Accountants
1052 Richards Street
Vancouver, B.C. Canada V6B 4Y6

Registrar & Transfer Agent

National Trust Company Limited
666 Burrard Street
Vancouver, B.C. Canada V6E 2Z9

Bankers

Toronto Dominion Bank
140 Commercial Street
Nanaimo, B.C. Canada V9R 5G6

Solicitors

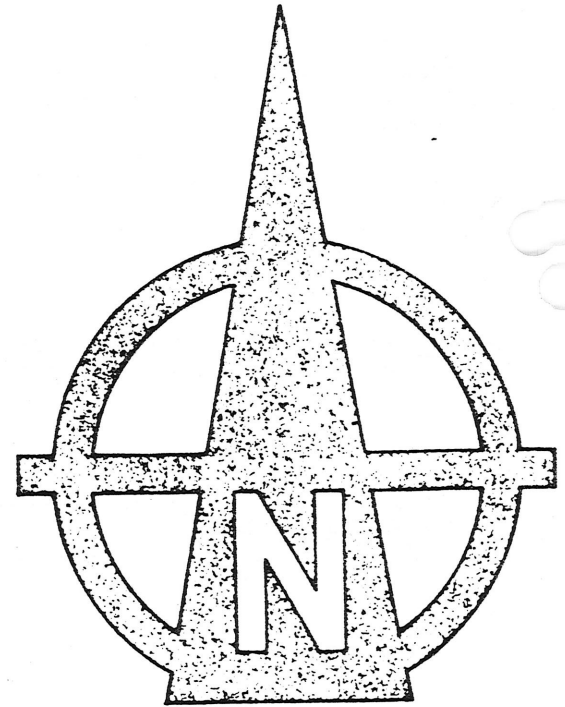
Sobolewski Anfield
7th Floor, 609 Granville St.
Vancouver, B.C. Canada
V7Y 1C3

Exchange Listing

Shares of the company are listed on the
Vancouver Stock Exchange, Symbol NQT
NASDAQ, Symbol NQRLF

Capitalization

Authorized 10,000,000 shares
Issued at September 30, 1984 3,980,534



Nor-Quest Resources Ltd.

INTERIM REPORT

FOR THE SIX MONTHS ENDED
SEPTEMBER 30, 1984

NOR-QUEST RESOURCES LTD.
Projected Statement of Cash Flow
Scenario #3 - Gold \$400/oz. -
(Stated in US Dollars)

	APR	MAY	JUN	JUL-SEP	OCT-DEC	1987				1988	1989	1990	1991	TOTAL
						JAN-FEB	APR-JUN	JUL-SEP	OCT-DEC					
<u>SOURCES OF FUNDS:</u>														
Debenture proceeds														1500000
Gold production	642906	642906	642906	1928720	1928720	1928720	1928720	1928720	1928720	7714881	7714881	7714881	7714881	51753997
Silver production	68362	68362	68362	205086	205086	205086	205086	205086	205086	820344	820344	820344	820344	5503141
Production cost	-273234	-273234	-273234	-819702	-819702	-819702	-819702	-819702	-819702	-3278808	-3278808	-3278808	-3278808	-21995337
Interest income	12500	12500	12500	37500	37500					75000	75000	75000	75000	353625
Total	450534	450534	450534	1351604	1351604	1314104	1389104	1314104	1389104	5256417	5256417	5256417	5256417	37115426
<u>APPLICATIONS OF FUNDS:</u>														
Project														1200000
Debenture interest			101250		101250		101250			101250				607500
Debenture principal										1500000				1500000
Sinking fund										-1500000				0
Commissions														150000
Legal														30000
Joint venture partners	219017	219017	219017	657052	657052	657052	657052	657052	657052	2628208	2628208	2628208	2628208	17630900
Total	219017	219017	320267	657052	758302	657052	758302	657052	758302	2628208	2628208	2628208	2628208	21118400
<u>CASH PROVIDED (BEFORE TAX):</u>	231517	231517	130267	694552	593302	657052	630802	657052	630802	2628208	2628208	2628208	2628208	15997025
<u>SINKING FUND:</u>	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000						

NOR-QUEST RESOURCES LTD.
Projected Statement of Cash Flow
Scenario #2 - Gold \$350/oz. -
(Stated in US Dollars)

	APR	MAY	JUN	JUL-SEP	OCT-DEC	1987			1988	1989	1990	1991	TOTAL	
						JAN-FEB	APR-JUN	JUL-SEP	OCT-DEC					
<u>SOURCES OF FUNDS:</u>														
Debt proceeds													1500000	
Gold production	562543	562543	562543	1687630	1687630	1687630	1687630	1687630	1687630	6750521	6750521	6750521	6750521	45284747
Silver production	68362	68362	68362	205086	205086	205086	205086	205086	205086	820344	820344	820344	820344	5503141
Production cost	-273234	-273234	-273234	-819702	-819702	-819702	-819702	-819702	-819702	-3278808	-3278808	-3278808	-3278808	-21995337
Interest income	12500	12500	12500	37500	37500	37500	37500	37500	37500					342241
Total	370171	370171	370171	1110514	1110514	1073014	1148014	1073014	1148014	4292057	4292057	4292057	4292057	30634793
<u>APPLICATIONS OF FUNDS:</u>														
Project														1200000
Debt interest			101250		101250		101250			101250				607500
Debt principal										1500000				1500000
Sinking fund										-1500000				0
Commissions														150000
Legal														30000
Joint venture partners	178835	178835	178835	536507	536507	536507	536507	536507	536507	2146028	2146028	2146028	2146028	14396275
Total	178835	178835	280085	536507	637757	536507	637757	536507	637757	2146028	2146028	2146028	2146028	17883775
<u>CASH PROVIDED (BEFORE TAX):</u>	191335	191335	90085	574007	472757	536507	510257	536507	510257	2146028	2146028	2146028	2146028	12751017
<u>SINKING FUND:</u>	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000						

NOR-QUEST RESOURCES LTD.
Projected Statement of Cash Flow
Scenario #2 - Gold \$350/oz. -
(Stated in US Dollars)

	1985												1986			
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
<u>SOURCES OF FUNDS:</u>																
Debtenture proceeds	1500000															
Gold production				281271	562543	562543	562543	562543	562543	562543	562543	562543	562543	562543	562543	562543
Silver production				34181	68362	68362	68362	68362	68362	68362	68362	68362	68362	68362	68362	68362
Production cost				-136617	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234
Interest income				0	745	2241	2906	4421	5948	7488	9041	10606	11341	12500	12500	12500
Total	1500000	0	0	178835	358416	359913	360578	362092	363619	365159	366712	368278	369013	370171	370171	370171
<u>APPLICATIONS OF FUNDS:</u>																
Project	222750	336750	357750	282750												
Debtenture interest						101250							101250			
Debtenture principal																
Sinking fund				89417	179580	79827	181742	183257	184784	186324	187876	88192	138996			
Commissions	150000															
Legal	30000															
Joint venture partners				89417	178835	178835	178835	178835	178835	178835	178835	178835	178835	178835	178835	178835
Total	402750	336750	357750	461585	358416	359913	360578	362092	363619	365159	366712	368278	317832	178835	178835	178835
<u>CASH PROVIDED (BEFORE TAX):</u>																
	1097250	-336750	-357750	-282750	0	0	0	0	0	0	0	0	51181	191335	191335	191335
<u>SINKING FUND:</u>																
	0	0	0	89417	268998	348826	530568	713825	898610	1084934	1272811	1361003	1500000	1500000	1500000	1500000

NOR-QUEST RESOURCES LTD.
Projected Statement of Cash Flow
Scenario #1 - Gold \$300/oz. -
(Stated in US Dollars)

	APR	MAY	JUN	JUL-SEP	OCT-DEC	1987 JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	1988	1989	1990	1991	TOTAL
<u>SOURCES OF FUNDS:</u>														
Debt proceeds														1500000
Gold production	482182	482182	482182	1446546	1446546	1446546	1446546	1446546	1446546	5786184	5786184	5786184	5786184	38815651
Silver production	68362	68362	68362	205086	205086	205086	205086	205086	205086	820344	820344	820344	820344	5503141
Production cost	-273234	-273234	-273234	-819702	-819702	-819702	-819702	-819702	-819702	-3278808	-3278808	-3278808	-3278808	-21995337
Interest income	12111	12500	12500	37500	37500	75000	75000	75000	75000					323499
Total	289421	289810	289810	869430	869430	831930	906930	831930	906930	3327720	3327720	3327720	3327720	24146954
<u>APPLICATIONS OF FUNDS:</u>														
Project			101250		101250		101250		101250					120000
Debt interest														607500
Debt principal										1500000				1500000
Sinking fund	46579								-1500000					0
Commissions														150000
Legal														30000
Joint venture partners	138655	138655	138655	415965	415965	415965	415965	415965	415965	1663860	1663860	1663860	1663860	11161727
Total	185234	138655	239905	415965	517215	415965	517215	415965	517215	1663860	1663860	1663860	1663860	14649227
<u>CASH PROVIDED (BEFORE TAX):</u>	104187	151155	49905	453465	352215	415965	389715	415965	389715	1663860	1663860	1663860	1663860	9497727
<u>SINKING FUND:</u>	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000	1500000					

NOR-QUEST RESOURCES LTD.
Projected Statement of Cash Flow
Scenario #1 - Gold \$300/oz. -
(Stated in US Dollars)

	1985												1986		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
<u>SOURCES OF FUNDS:</u>															
Debt proceeds	1500000														
Gold production				241091	482182	482182	482182	482182	482182	482182	482182	482182	482182	482182	482182
Silver production				34181	68362	68362	68362	68362	68362	68362	68362	68362	68362	68362	68362
Production cost				-136617	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234	-273234
Interest income				0	577	1738	2064	3236	4419	5611	6813	8026	8404	9630	10865
Total	1500000	0	0	138655	277887	279048	279374	280546	281729	282921	284123	285336	285714	286940	288175
<u>APPLICATIONS OF FUNDS:</u>															
Project	222750	336750	357750	282750											
Debt interest						101250						101250			
Debt principal				69327	139232	39143	140719	141891	143074	144266	145468	45431	147059	148285	149520
Sinking fund															
Commissions	150000														
Legal	30000														
Joint venture partners				69327	138655	138655	138655	138655	138655	138655	138655	138655	138655	138655	138655
Total	402750	336750	357750	421405	277887	279048	279374	280546	281729	282921	284123	285336	285714	286940	288175
<u>CASH PROVIDED (BEFORE TAX):</u>	1097250	-336750	-357750	-282750	0	0	0	0	0	0	0	0	0	0	0
<u>SINKING FUND:</u>	0	0	0	69327	208560	247703	388422	530314	673388	817655	963123	1008554	1155614	1303899	1453420

GLADIATOR FILE
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CENTRAL ARIZONA GEOLOGIC SOCIETY
field trip

November 9, 1985

NOR-QUEST ARIZONA, INC.
GLADIATOR - WAR EAGLE MINE



Nor-Quest Arizona Inc.

November 9, 1985

Central Arizona Geologic Society Members:

I would like to take this opportunity to welcome you to Nor-Quest Arizona's Gladiator-War Eagle mine. As you will see at the mine site, a great deal of activity is taking place, and we would caution you to watch your step and please refrain from touching equipment, wiring, etc.

Frank Montonati, and his MCO Company, is contracted by Nor-Quest Arizona, Inc., to do the mining on the property. Nor-Quest Arizona provides the property, technical staff and the milling operation. As you will see, one of our most recent accomplishments has been the placement on-site of a modular mill. Gary Bell and his crew, of Bell Enterprises, in Mayer, performed the formidable task of transporting the mill trailers from Cleator to the mine site. Noticable improvements on the mine road, from Crown King to the Gladiator, were made by Bell Enterprises in October, prior to transporting the mill.

The enclosed historical and geological data regarding the Gladiator Mine is provided for your information. This information was extracted from a report produced for Nor-Quest Arizona in 1982 by H. Mason Coggin, P.E. & L.S.; from personal recollections by Charles F. Moores, previous owner and operator of the Gladiator Mine; and from the files of The Express newspaper, formerly published in Cave Creek, Arizona.

We appreciate the Society's interest in our project, and hope that you have a safe, interesting and enjoyable visit.

Sincerely,

J. Eddie Ross
Manager

GLADIATOR - WAR EAGLE MINE HISTORY

The Gladiator - War Eagle properties were first discovered and worked in the 1870's, when a small but unrecorded amount of high-grade gold ore was produced under extremely adverse conditions. The property was located in a particularly remote portion of the Arizona Territory. Supplies were brought into the district and ore shipped out by burro, over the nearly 50 miles of rough road from Prescott. The mine was found to be too remote and inaccessible to operate profitably and the operations ceased.

The mine reopened in the 1880's, when the first road was built into the area. A small stamp-mill was brought in by wagon train, and the mine and mill were operated with limited water which was pumped from a local creek. A poor recovery was made by amalgamation, and the mine and mill again shut down in about 1900.

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In August of 1926 the property was visited by D.M. Barringer, Jr., a well-known mining engineer of the period. At that time the property was leased by Fike and Starbird from the owners.

At this time the property was opened by a single drift about 1900 feet long. It ran as a crosscut for about 500 feet, where it encountered the vein. A short drift ran north at this point, and the main heading ran south, following the vein for 1400 feet. Close to the intersection of the vein and the drift had been carried out extensive stoping. The stopes were inaccessible, but it was known that they connected with the surface by the large amount of air that was circulating through the openings. At this point there was about 400 feet of backs above the adit. A 25-foot pillar between two stopes at this point showed the vein to be between 18 and 24 inches thick. It carried heavy lead, zinc and iron sulfides.

During the late 1930's the property was leased from the owners by E.M. Moores. The following are recollections of Charles Forbes Moores.

"Prior to the time the Gladiator Property was acquired I was working at the Golden Belt mine on Turkey Creek next to the Golden Turkey mine. Both are east of the old town of Cleator, Ariz. I was working as a miner under adverse conditions, wages of \$4.30 per day less \$1.00 per day for food and lodging. I kept the fifty ton per day mill operating alone as I was the only miner. Several years later, during World War II, the same mill was purchased and operated by A.N. Bennett to process ore from the Gladiator.

"Times were very rough during this period, both jobs and money were hard to come by.

"Owner of the Gladiator-War Eagle claims was Dave Russell of Prescott, Ariz. Although he was considering not paying the taxes any longer, when it came to a deal he was hard-nosed. My father, E.M. Moores, was finally able to work out a deal: sixty day option to sample the property and 15% royalty on any ore shipments during that time. \$5000 down payment at the end of the sixty-day period. At that time we didn't have \$500, to say nothing of \$5000.

"My brother, E.M. Moores Jr., who was engaged in the trucking business and was hauling tailings from the McCabe mine at Humboldt was able to load \$5000 to start the operation. The time of year was mid-summer.

"During the sixty day option period sufficient ore was mined and sent to the Phelps Dodge smelter at Clarkdale to pay the required \$5000 to Mr. Russell. Royalties took care of the required payments thereafter until the property was paid for.

"Two one-room shacks were thrown up: one for E.M. Moores and Mrs. Moores, one for C.F. Moores, wife and small daughter. A tent house served as bunkhouse and an old shack then on the property was used as a cook house with my wife as cook. The crew consisted of E.M. Moores, C.F. Moores, A.W. Robart and Coleman Pettite.

"Equipment consisted of one 110 cu. ft. Rix gasoline portable compressor, jackhammer, wiggle tail stoper and hand tools. Also one small gasoline powered hoist.

"Work was commenced on the War Eagle 3rd North extension at a point approx. 1000' south of the camp. At this point there was an open shaft above the road with a cross cut tunnel below the road. Portal was caved but was re-timbered. A drift extended in each direction from the intersection a distance of about seventy-five feet. A small ore bin was built above the road and the one pulled up above the road from the tunnel on track by a small hoist.

"At this time the Hargraves Shaft, later known as the Rattleshake Shaft, was caved at the top and the head frame was in rather poor condition. There was a fifteen h.p. Fairbanks Single Cylinder gasoline hoist still there but the piston was gone. By doing some work in an old stope east of the shaft I was able to work my way down into the shaft below the cave. The shaft was about 80' deep with a short drift in both directions. Samples taken were very good. Hence it was decided to move to that location.

"The first three sets in the shaft were replaced, and the head frame beefed up. A Buick automobile engine

Precambrian Schists have been highly metamorphosed, their original values remobilized and redeposited. In fact, much of the mineralization now associated with the banded iron formations in these schists is probably of Tertiary age due to the remobilization. Consequently, it is not proven whether or not this mineralization was originally associated with the Precambrian sedimentary volcanics or the Laramide intrusives. Only in such places as Jerome is the mineralization clearly defined as a proximal deposit to Precambrian volcanism.

It was probably partly background with Canadian Shield geology that induced Noranda Exploration, Inc. of Tucson, to acquire and explore the Gladiator - War Eagle properties. During the summer of 1981 they mapped, drilled and sampled the properties. Although they dropped the property from their program in March of 1982, it is believed that this was due to economic factors in the industry at that time and that they still have an interest in the property. The following is an extract from their geological findings:

Volcanic-sedimentary rocks in the area consist of a thick sequence of intermediate flows and pyroclastic rocks interbedded with lesser amounts of felsic pyroclastics, epiclastics and iron formation. These rocks are intruded and bound by Precambrian and Laramide-age granitic bodies.

Rocks throughout the area have been metamorphosed to regional amphibolite grade. Preservation of the volcanic features is excellent. Pillowed andesite flows with interstitial hyaloclastic breccias and chilled selvages are locally preserved. Collapsed pumice fragments in felsic tuffs and clasts up to a block size in felsic tuff-breccias are also recognizable.

Nearly all of the stratigraphic sequence exposed in the area is part of the Iron King Volcanics of the Big Bug Group, Yavapai Series. The Iron King Volcanics include andesites, rhyolites, sediments and iron formation. However, the formation is dominated by andesites and is referred to as the andesite complex. The andesite complex is underlain by a thin ribbon of pelites belonging to the uppermost Spud Mountain Volcanics, also of the Big Bug Group.

Overlying the Iron King Volcanics and Yavapai Series with major unconformity is the Texas Gulch Formation. The Iron King Volcanics and adjacent rocks are west facing in the area.

SPUD MOUNTAIN VOLCANICS

The Spud Mountain Volcanics constitute a pile of pelitic siltites and shales exposed east of the andesite complex. They are the oldest rocks exposed in the immediate area. Lithologically, this unit consists of magnetite-bearing siltites, chloritic mudstone, minor shales, magnetite-bearing chert and rare mafic flows. The Iron King Volcanics unconformably overlie the Spud Mountain Volcanics.

IRON KING VOLCANICS

This unit makes up about 60% of the andesite complex. It is composed of several important and easily distinguished units, namely the Andesite Flows (APL, AFL), a Compositionally Banded Andesite Pyroclastic Unit (APY), a felsic Volcanic Unit (RIF), the Banded Iron Formation (BIF), which in turn is composed of an Oxide facies (OIF), a Carbonate facies (CIF) and a Sulfide facies (SIF), and Calcareous cherts (CCT). The andesitic flows including rare basalt flows are found throughout the entire andesite complex. The typical mineral assembly is hornblende and andesine plagioclase, with quartz being the most common accessory mineral.

The Banded Andesite Pyroclastic Unit (APY) is a major rock type in the area. It is a heterogeneous unit that consists of abundant tremolite, up to 10% calcite, minor epidote and thin white bands of extremely fine-grained plagioclase and quartz. A fine-grained felsic tuff occurring as thin discontinuous lenses within the andesite complex crop out near the north end of Gladiator Ridge. They can be found interbedded with andesite tuffs and iron formations. Quartz is the most abundant mineral with lesser amounts of muscovite, biotite and pyrite.

The Banded Iron Formation is the most important and easily recognized rock outcropping in the area. It consists of four facies. The Oxide facies (OIF) is composed of purple, hematitic banded chert with hematite and thin laminae of carbonates. Sulfides are absent. The Carbonate facies (CIF) is composed of

GEOLOGY AND MINERALOGY

The geology of the Gladiator - War Eagle properties is very similar to the geology of many other precious and base metal deposits of the Central Arizona Precambrian Schist Belt.

In general, these deposits consist of distal and proximal deposits of base and precious metal which have accounted for a substantial portion of Arizona's precious and base metal production. Other and more famous deposits of this nature in Arizona include the United Verde deposit at Jerome, the Iron King deposit at Humboldt and the Gladstone McCabe deposit. There are dozens of smaller deposits of this type scattered from Jerome, which lies at the extreme north end of the Central Arizona Schist Belt, to the Morristown-New River area which lies in the extreme south end of this exposure. Rocks of the same age are also present in other parts of Arizona. In general, they are also well mineralized and have had production of base and precious metals.

The occurrence of this type of deposit in other parts of the world is well documented. Several gold mines in the Canadian Precambrian Schield, the Konar Gold Mines in India, the gold districts of Central Australia and the Homestake Gold Mine in South Dakota all occur in similar formations.

It has only been in the last two decades that the concept of syngenetically emplaced sulfides has been taken seriously in Arizona. The persistent belief that the mineralization is either all Laramide in origin or the preoccupation of the entire mineral exploration with the porphyry copper type of deposit has concentrated efforts away from the precambrian deposits.

Technical efforts to locate and re-examine these deposits in Arizona in the last decade were initiated by a few individuals. The concept is still new and its supporters are treated as wild-eyed speculators in much of the technical community. One of the problems may lie in the fact that many of the areas involved were exposed because of the Laramide intrusives into the adjacent areas. These large upheavals give Arizona geologists an opportunity to see portions of the underlying Precambrian rocks which are rarely exposed elsewhere in the state. In these instances the

was installed to power the old Fairbanks Hoist, a sheave installed, also new skids in the shaft. We had no ore bin, but rather dumped the ore in a pile on a sheet and shoveled it into the truck for shipment."

The Moores family operated the mine between 1937 and 1942. During this period they shipped over 21,000 tons of ore. When operations were suspended after World War II, the operators owed the owner \$30,000 to complete purchase of the mine. According to Mrs. Anthony Bennett, daughter of Moores, they borrowed the \$30,000 on their life insurance policies and completed the purchase.

Between 1947 and 1980 the property lay idle. In March of 1980 it was leased to John Warsing. Warsing opened up the adit and explored the property, apparently attempting to promote the property to a larger company. He failed to make the necessary payments, and the option reverted to the owners.

In 1981, the property was leased to Noranda Exploration Company. During a six month period, they completed a drilling program and thoroughly sampled the surface for geochemical anomalies. Because of the economic recession, Noranda reduced their exploration program and in March, 1982, the property was returned to the owners. Negotiations with the owners by Nor-Quest began as soon as information on the Noranda program became available.

calcite, quartz, biotite, ankerite and siderite. Pyrite/pyrrhotite laminations are infrequent. The Sulfide facies (SIF) form a complex stratigraphic assemblage of chemical and clastic sediments. The major lithologies are thinly bedded to laminated carbonaceous, pyritic mudstone interbedded with garnetiferous, chlorite-rich mudstone, chert and infrequent carbonate laminae. Calcareous cherts (CCT) contain between 5% and 10% carbonates with white calcareous white chert. Magnetite is common and sulfides are rare.

TEXAS GULCH FORMATION (TGP) unconformably overlies the andesite complex. This formation consists of a siliceous siltite at the base of the formation grading into a fine-grained rhyolite tuff, lapilli tuff and arkosic sands further up in the section. The pelitic unit (TGP) is a distinctive silver-gray quartz-muscovite schist while the siltites (TGS) and the arkosic sands (TGV) tend more to red.

The CRAZY BASIN QUARTZ-MONZONITE (CBqm) is Precambrian in age. It is exposed to the east of the area and is coarse grained with conspicuous pink microcline crystals and white quartz. Biotite is the chief accessory mineral.

The CROWN KING GRANODIORITE (CKgd) is a Laramide intrusive stock exposed south of the area.

Numerous LATITE PORPHYRY (LP) dikes of Laramide(?) age intrude the stratified rocks. The dikes are sub-parallel to the regional west dipping foliation and preferentially intrude the carbonaceous mudstone in the Gladiator - War Eagle area.

The structure of the area, and in particular the schist belt, is in dispute. None of the recent authors are in agreement on the fold geometry and stratigraphic sequence. In general, however, it can be seen that the foliation throughout the area is sub-parallel to the bedding. Foliation in the area strikes NNE, and dips steeply westward.

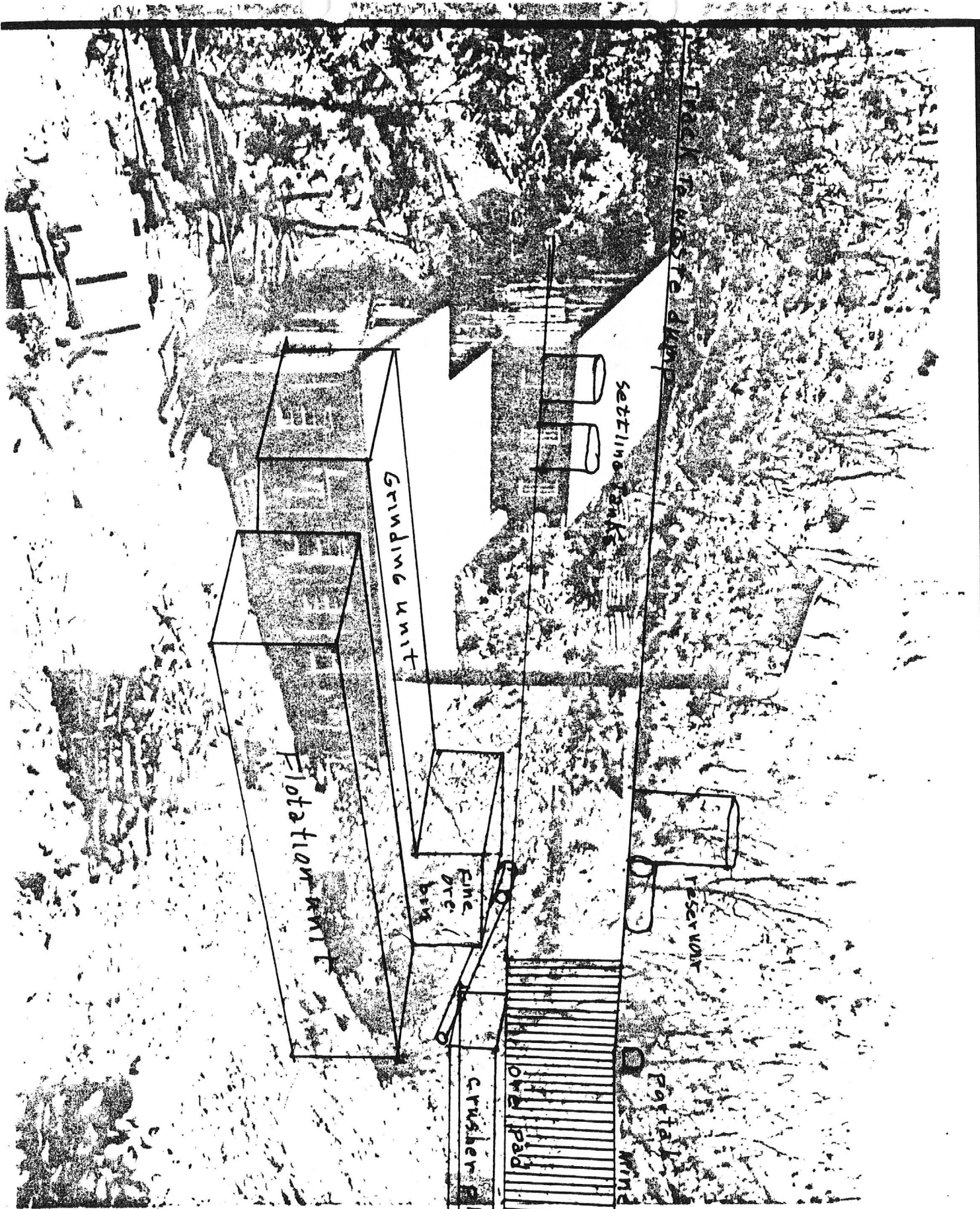
Steeply-plunging isoclinal folds can be observed throughout the area. In most cases the fold axis plunges 60 degrees.

Two types of faults intersect the area. Precambrian strike-slip faults of small displacement are probably the result of flexural slip during formation. Tertiary normal faults in the area strike WNW and off-

set lithologic contacts as much as 200 feet. Most faults of this type can be followed for only a few hundred feet. Drag folding is commonly observed near the fault plane.

Although Noranda personnel describe the mineralization as limited to iron and iron sulfides during the Precambrian age with a Tertiary overlay of lead, zinc and copper, they fail to give any accounting to the age of the precious metals. Furthermore, there is no consideration for the fact that the base metal enrichment may have come from the banded iron formations themselves and represent only a migration of the values from some other place in the strata. Other deposits of the same type located tens of miles from Laramide intrusives display this same type of redeposition.

Similar geology and similar deposits exist on either side of the Gladiator - War Eagle property and along strike to the north and south.



Crusher Plant

Wind Yard

Flotation Mill

Grinding Unit

Settling Tanks

Water Tank

Flotation

Fine Ore Bin

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