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PART 4 OF 4

PRINTED: 03/05/2003

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: GLADSTONE MCCABE

ALTERNATE NAMES:
MCCABE EXTENSION
PATENTED CLAIMS MS 1158-60
MCCABE GLADSTONE MINE

YAVAPAI COUNTY MILS NUMBER: 1001B

LOCATION: TOWNSHIP 13 N RANGE 1 E SECTION 30 QUARTER SE
LATITUDE: N 34DEG 28MIN 38SEC LONGITUDE: W 112DEG 17MIN 30SEC
TOPO MAP NAME: POLAND JUNCTION - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:
GOLD
SILVER
COPPER SULFIDE
LEAD SULFIDE
ARSENIC
SILICON
MANGANESE
SULFUR PYRITE

BIBLIOGRAPHY:
ADMMR GLADSTONE MCCABE FILE
YAVAPAI MAG., MAR 1918 P 4-6 SHARLOT HALL
BLM MINERAL SURVEY MS 1158, 1159, 1160
BLM MINING DISTRICT SHEET 19
ANDERSON, C.A. & S.C. CREASY "GEOL & ORE DPST OF JEROME AREA" USGS PP 308 P 171; 1958
LINDGREN, W. "ORE DPSTS OF JEROME & BRADSHAW MTS QUADS" USGS BULL 782, P 130-132; 1926
KISCHMANN, A.H. ET AL, "PRIN GOLD PROD DIST OF US" USGS PP 610, P 46; 1968
ADMMR CALIFORNIA FILE (ADJACENT PROPERTY)
ADMMR STAN WEST CORP FILE P 16,21 REGIS. STMT
AZBM BULL 137, P 36 (INCLUDED IN FILE)
AZBM BULL 140, P 101 (INCLUDED IN FILE)
USBM IC 6905, P 46 (INCLUDED IN FILE)
ADMMR 12 U/G PLAN MAPS (FLAT FILE DRAWER 18)

CONTINUED ON NEXT PAGE

MARKETING CONCENTRATES

Prepared For

Stan West Mining Corporation
6045 North Scottsdale Road
Scottsdale, Arizona 85253

by

Robert Shantz
P.O. Drawer 769
Socorro, New Mexico 87801

Registered Professional Engineer
CERTIFICATE NO.
SHANTZ
DATE SIGNED Oct. 18, 1987
ARIZONA U. S. A.

BY: ______________________
Robert Shantz, P. Eng.

Robert Shantz
Metallurgist

INTRODUCTION:

The marketing of concentrates and other mine products is a classical example of bargaining. Within the basic constraints of mine and smelter production costs and certain metallurgical limitations, the final smelter contract will depend primarily on the relative bargaining positions of the two. The smelters normally take the position that the fair smelter charge is that which just allows the mine to remain in operation and continue to provide feed to the smelter.

In times past when there was a shortage of smelter capacity, it was difficult if not impossible to market low quality concentrates. At present, fortunately for Stan West, there is in general a surplus of smelting capacity. This fact, taken together with the relatively high value of the concentrates, should allow Stan West to find a home for them on reasonable terms.

The fact that gold recoveries in the mill for the gravity-flotation-tails cyanidation circuit and for direct cyanidation only are reported to be quite similar has special bearing on the marketing of the concentrates. On one hand, the availability of this option gives Stan West an alternative to smelting and hence allows it to bargain from a position of relative strength. On the other hand, if somewhat comparable gold payments cannot be obtained from the smelters relative to the dore refiners, then the loss in gold payment completely offsets the higher silver and base metal payments at any reasonable smelting charge. Thus, unless plant practice shows a considerably higher gold recovery in the mill circuit with the more complex flow sheet, the production of concentrates may not be a viable option for McCabe.

The major factors impacting the sale of concentrates will be considered in the following sections.

SAMPLING AND ASSAYING:

All concentrate sales are made on the basis of samples taken by the smelter at the smelter. Representation is allowed, either directly by the shipper or by his representative. Most shippers hire an independent representative such as Hawley and Hawley, who have personnel available at most western smelters.

The smelter and shipper both receive samples for assay, and the settlement is the average of the two if they are within specified splitting limits. If not, a third sample is sent to a mutually agreed upon umpire for assay, and settlement is based on the middle assay of the three. The assay procedures are generally specified in the contract: uncorrected fire assay is standard for gold and silver. This procedure in general gives a somewhat lower silver value than the true content. Any systematic error in the shipper's assays on the low side will surely be noted by the smelter, and their future exchange assays adjusted accordingly.

Robert Shantz
Metallurgist

The moisture determination is made solely by the smelter, and is a major source of conflict in many cases. Some shippers I have known feel that the smelters tend to be biased toward high moisture assays of up to one to two percent, with a consequent low metal payment. Since settlement weights are taken at the smelter, any shipping losses such as dusting or seepage from trucks or rail cars are at the expense of the shipper.

Overall shipping, moisture, and settlement losses may average as much as 2 percent for normal shipments. Small shipments of high grade concentrates in drums or other tightly sealed containers will have negligible shipping losses. In general, the dryer the concentrate the less likely that there will be significant moisture determination errors.

SMELTING CAPACITY:

While a considerable number of smelters have been closed in the last few years, more milling capacity has closed with the result that some smelters are short on feed. The resulting competition for feed concentrates has the net effect of lowering smelting costs for all custom shippers. The principal smelters in the west are as follows.

1. Phelps Dodge. Phelps Dodge operates copper smelters at Playas, New Mexico (the Hidalgo Smelter) and Hurley, New Mexico (the Chino Smelter). The smelters at Ajo and Morenci, Arizona, have been closed for some time and are expected to remain so. Phelps Dodge produces more concentrates than its smelters can handle, and hence concentrate would be purchased only on terms sufficiently remunerative to justify the displacement of their concentrate to other smelters. For this reason, Phelps Dodge is not an alternative at this time.

2. Inspiration Copper. Inspiration operates a copper smelter at Claypool, Arizona (near Globe). Inspiration's copper concentrator is currently closed, and the smelter operates on custom copper concentrates and some limited production from other Inspiration Resources properties. Inspiration uses considerable quantities of sulfuric acid in their leach operations, and hence would be a good place to market high pyrite copper concentrates. The gold content of their current feed is low, and they are hesitant to accept high gold concentrates on competitive terms. In the past, they have not been receptive to small lots or concentrates having high impurity levels. My initial talk with Brian Disbury, their buyer, indicates that this is still the case.

3. ASARCO. ASARCO operates copper smelters at Hayden, Arizona and El Paso, Texas. The Hayden smelter uses an INCO furnace which favors high sulfur feeds while the El Paso smelter uses a reverberatory furnace which favors lower sulfur feeds. In the past, most materials with high impurities have gone to El Paso. At one time, El Paso also had a lead smelter and a zinc fuming furnace, but both have been closed for some years and it is doubtful if they will re-open in the near future. ASARCO buys significant amounts of custom concentrates, and is reported to be have a fair amount of excess capacity. The proposed flotation concentrate is on the high end of the range of impurities which ASARCO has taken in the past. El Paso is said to be receiving a fair amount of high lead and arsenic direct smelting ore from Mexico at present, which may limit the amount of such impurities in the McCabe copper concentrate that they can handle without displacing some of this material.

   ASARCO also operates lead smelters at Glover, Missouri and East Helena, Montana. The smelter at Glover handles exclusively very clean concentrates from the Missouri lead belt, and any materials with high impurity levels are shipped to East Helena. I have no information on the market situation at East Helena. The ASARCO smelter at Tacoma, Washington, which traditionally took the high arsenic and antimony concentrates has been closed and dismantled.

   I spoke with John Likarish of ASARCO's ore buying department in New York City. His initial position is that El Paso cannot handle additional high lead concentrates. My personal opinion is that ASARCO will take anything within reason, but with relatively high smelting charges.

4. BP Minerals. (Kennecott). BP Minerals has re-opened their smelter at Utah Copper in Salt Lake City, Utah, to handle concentrates from from their Bingham Canyon Mine. Bingham Canyon has relatively high gold values in their concentrate, which is a plus from Stan West's standpoint. In the past, however, Kennecott did little purchasing of custom concentrates, especially in small lots. I have not talked with BP Minerals, but will try to do so.

5. Magma Copper. Magma Copper at San Manuel, Arizona, is in the process of modernizing their smelter and expanding its capacity. In the past, Magma bought only limited amounts of outside concentrates as the output from the San Manuel Mine reasonably matched the capacity of the smelter. With the mine running at reduced levels, they are also smelting the concentrates from their Pinto Valley Mine near Globe and some custom concentrates from Cyprus' Sierrita Mine. I have not yet contacted them about possible sales of McCabe copper concentrate.

Robert Shantz
Metallurgist

6. Foreign Smelters. Several foreign smelters purchase custom concentrates. Without some of the environmental constraints of US smelters, and with a greater need for some of the by-products, they may provide attractive possibilities. The major problems with overseas smelters generally is the need to collect a shipping lot on the order of 5000 tons to meet the ocean freight requirements. Disputes on assaying, moistures and weights are said to be common. No one even considers Mexican smelters to be a possibility. Brian Disbury of Inspiration Resources has indicated a willingness to discuss possible joint shipments of concentrate to overseas smelters.

IMPURITIES:

Impurities such as lead in the copper concentrate and arsenic and bismuth in both the lead and copper concentrates pose several problems. First, they tend to report to the final metal product thus lowering the quality of the metal produced by the smelter. If their levels in the refined metal become excessive, the metal value is significantly reduced or additional refining steps are required.

Secondly, these impurities lead to higher operating costs in smelting and refining which are passed along to the shipper. With high precious metal value concentrates such as McCabe will produce, these charges are relatively unimportant: the major problem is the risk of reaching the level at which the smelter will no longer accept shipments.

In general, lead in a copper concentrate should not exceed 1 to 2 percent. Some smelters will accept small quantities of higher lead material when their supplies of clean concentrates are limited, or when the concentrate value is such that considerable additional charges can be made compared to the available low lead concentrates. Note that these charges often take the form of precious metal that is recovered in smelting but not payed for on the base payment schedule. For example, the smelter may well recover over 99 per cent of the gold in a high grade concentrate, but pay for only 95 per cent. It should be clearly noted, however, that there is a lead level in the total smelter feed beyond which each smelter will simply not go. Thus, the ability to market a dirty concentrate is dependent not only upon the assay of the shipper's proposed feed, but also upon the assay of all the other materials being purchased by the smelter.

Normal limits for arsenic and antimony are on the order of of 1 per cent, and for bismuth on the order of 0.4 per cent. Once again, the exact level that can be tolerated is dependent upon the smelter's total feed, and upon how much profit can be made from the particular concentrate compared to other materials carrying this impurity that are currently being accepted at the smelter.

Robert Shantz
Metallurgist

Zinc is a problem in both copper and lead smelters, but more so in the copper circuit. Lakefield's flotation tests indicate that zinc will not be a major problem, on average, with the McCabe concentrates.

It should be noted that the major cost associated with high lead-zinc levels is not the penalty as such, but rather the freight and smelting charges for material that provides no return. For example, a concentrate containing 6 per cent zinc would probably not result in a zinc penalty. However, since 10 per cent by weight would be sphalerite, about $20.00 per ton of concentrate in smelter charges and freight would be directly attributable to the sphalerite content.

PAYMENT TERMS:

Some smelters, notably Phelps Dodge, prefer to take their smelting charge in metal. That is, they may only pay for 70 per cent of the contained copper but not deduct a smelting charge as such. Most others use a schedule somewhat as follows. Note that all items in the schedule are negotiable. All payments and charges are based on the weight and assays of the concentrate on a dry basis.

1. Deductions. Some stated amount of the metal assay is deducted from the settlement assay. This is usually on the order of 1.0 - 1.5 per cent for copper and lead, 1.0 ounce per ton for silver and 0.02 - 0.03 ounce per ton for gold. The base metal deductions are often stated as units: that is, unit of 20 pounds per short ton of concentrate. This method gives the same result as the percentage deduction. Note that this deduction may be very significant on a percentage basis when the assay values are low. In general, the deduction will have minimal influence with McCabe concentrates except for copper in the lead concentrate, and even this is minor in dollar terms.

2. Payable Amount. The smelter normally pays for only a percentage of the remaining metal in the concentrate after the basic deduction. Typical levels are 95 per cent for the precious metals in either a lead or copper concentrate, 95 per cent of the lead in the lead concentrate, 95 - 98 per cent of the copper in a copper concentrate and 50 per cent of the copper in a lead concentrate.

3. Refining Charges. The smelter normally makes a charge per unit of payable metal (that left after the above items). This is on the order of 8 - 15 cents per pound of copper in a copper concentrate or 40 cents per pound in a lead concentrate, 6 cents per pound of lead in a lead concentrate and 25 cents per ounce of silver and 5 dollars per ounce of gold in either concentrate.

Robert Shantz
Metallurgist

4. Smelting Charges. Base charges for smelting are based on the weight of the dry feed. ASARCO has recently quoted \$125 - \$150 per ton for copper concentrates and \$175 - \$200 for lead concentrates. Large shippers report paying as little as \$60 per ton. Since McCabe will produce a limited quantity of dirty concentrate, the higher end of the range can be expected.

5. Penalties. High levels of impurities which affect the smelter's operations will result in additional charges. In some cases, a specified amount is allowed without charge and only the excess over this amount is paid for at the penalty rate. In other cases, all amounts of the given impurity are paid for. In every case, fractions are paid for on a prorated basis. In McCabe's case, lead in the copper concentrate and arsenic and bismuth in both concentrates will probably be assessed penalties. Zinc in the copper concentrate may result in occasional penalties. The dollar charge of such penalties is of minor consequence to McCabe compared to the possible rejection of shipments and/or cancellation of the contract as a result of excessive impurities.

6. Payment Price. The payment price is based on some widely reported average value for each metal averaged over a specified time period. For example, silver may be paid at the Handy & Harmon value as reported in Metals Week and gold at the London Final Fix averaged over the third month following date of delivery. Lead is paid for at the producer price as reported in Metals Week and copper at either the COMEX close or Metals Week producer price. Note that for copper the difference between the COMEX and producer price may be significant in either direction. At the moment, the producer price is on the order of 2 - 4 cents per pound higher.

   Since the payment price is based on an averaging period well after the delivery of the concentrate, the shipper has little flexibility in adjusting his shipments to reflect price movements. Any change in price between the time concentrates are delivered and the settlement period are to the shipper's account. For example, concentrates delivered next May would be paid at the following August's average price. Obviously, this delay can cut in either direction.

Robert Shantz
Metallurgist

7. Payment Date. In general, payment is made within a few weeks after the end of the price averaging period. The means of payment may also be negotiated. Such payment will not be made unless the final settlement assays have been received: delays in exchanging assays and slow turn around from umpires can result in additional payment delays beyond the already considerable period.

Advance payments are customarily made based on some percentage of the net smelter return as estimated by the smelter. Such advances are charged interest at the rate charged the smelter plus some specified amount, often 1 - 2 per cent. Such advance payments will help with the cash flow initially, but the interest charges may be greater than that which Stan West would like to pay on an on-going basis.

8. Special Charges. Additional charges are made for a variety of special circumstances. An assaying charge may be made for small lots as may an additional handling charge. This charge may be significant for small shipments of very high grade material. A smelter that normally receives concentrate shipments by rail will add a special handling charge for shipments received by truck. Only a few smelters will accept bagged or drummed shipments.

In the past, ASARCO in particular has levied, or at least attempted to levy, an additional charge for concentrates having a high monetary value. This charge, and associated changes in the deductions and metal payments, is purportedly for the purpose of compensating the smelter for extra handling charges and possible losses. In my opinion, its primary purpose to get what the traffic will bear out of what is obviously material that is highly profitable to the mine. This is one item that needs to be negotiated on terms acceptable to Stan West.

Penalties are assessed for high moisture content, and special charges are made for excessively wet concentrate (as for example when there is standing water in the car or truck). Both of these charges may well be a possibility with the copper concentrate from the drying ponds.

The cost of the umpire assays, if any, are born by the party whose exchange assay was farthest from the umpire. Costs of representation are obviously the shipper's.

The average smelter is quite capable of finding a considerable number of additional charges if necessary.

Robert Shantz
Metallurgist

The point that every item in the contract is negotiable cannot be overemphasized. How much a smelter is willing to give on any point is often a function how much profit it sees in the overall deal.

A second major point is that given the complexity of the contract, especially when varying freight rates and mill recoveries are added in, any short cuts taken to evaluate changes in mill processing or sales options may well lead to erroneous results. The only safe approach is to make the full net smelter return calculation.

Changes in metal prices will have a significant impact on the various alternatives among smelter (or refiner) contracts. A contract with a low base charge but also low metal payment may give a higher net smelter return at lower metal prices but become the high priced contract if metal prices rise significantly. For example, as the price of gold rises the higher percentage metal payment for dore compared to concentrate becomes increasingly significant. Higher base metal prices coupled with lower gold prices would favor concentrate production. Low lead prices together with the higher freight and smelting charges might favor shipping as much lead in the copper concentrate as the copper smelter can tolerate.

Again, the only safe approach in evaluating alternatives is to make the complete calculation.

A final point is that all smelter contracts are based on representative samples. Significant variation in the concentrate assays may, but will not necessarily be, grounds for voiding the contract. If possible, the paragraphs defining the concentrate to be delivered to the smelter should be as general as negotiations can obtain.

Robert Shantz
Metallurgist

attn: Riyal

Stan West Mining Corp.

2701 EAST CAMELBACK ROAD, PHOENIX, ARIZONA 85016, 602/957-8707

RECEIVED
AUG 12 1985
DEPT. OF MINES & MINERAL RESOURCES

August 1, 1985

Dear Shareholder:

After signing the joint venture agreement with Santa Fe Mining, Inc. on the McCabe Mine, Stan West Mining Corp. has been actively pursuing additional precious metal properties in Canada and the southwest U.S.

I am pleased to announce that Stan West has signed an exploration agreement with Noranda Exploration Company, Limited on the Mountjoy project in Timmins, Ontario, Canada. The Timmins mining camp has supported several of the largest precious metal mines in North America. The Mountjoy property lies on strike with other gold properties such as the Dome, Ankerite, Aunor and Delnite mines.

Stan West will fund its initial $1,000,000 (Cdn) commitment by issuing approximately 240,000 shares of common stock in Canada at $4.20 (U.S.) per share to the CMP 1985 Mineral Partnership and Company, Limited. As a part of this financing, Stan West has made an application to list its common stock on the Toronto Stock Exchange. After Stan West has expended a total of $1,500,000 (Cdn), the Company will be a 50/50 joint venture partner with Noranda Exploration Company on the property.

We believe the size and favorable geological environment of this project make it unusually attractive. This type of exploration target complements the pre-production work at the McCabe Mine and dramatically expands the upside potential of your company.

Sincerely,

Frank H. Crerie
Chairman of the Board

8 KING STREET EAST, SUITE 1905A, TORONTO, CANADA M5C 1B5, 416/364-0424

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 1983 — Commission file no. 2-70096

STAN WEST MINING CORP.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

06-1013718
(I.R.S. Employer Identification No.)

2701 E. Camelback Road, Phoenix, Arizona
(Address of principal executive offices)

85016
(Zip Code)

Registrant's telephone number, including area code: (602) 957-8707

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	NASDAQ

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

State the aggregate market value of the voting stock held by nonaffiliates of the Registrant. The computation is based on the average bid and ask price on the NASDAQ exchange on May 31, 1983. For purposes of this computation voting stock held by officers and directors of the Registrant has been excluded. Such exclusion is not intended, nor shall it be deemed, an admission that such officers and directors are affiliates of the Registrant.

$27,946,000

The number of shares outstanding of each of the Registrant's classes of common stock at June 7, 1983.

Class	Outstanding at June 7, 1983
Common Stock, $.01 par value	7,786,250

Page 2 contains Documents Incorporated by Reference.

DOCUMENTS INCORPORATED BY REFERENCE

Selected portions of the Annual Report to Shareholders for fiscal year ended March 31, 1983, are incorporated by reference into Parts II and IV of this Form 10-K, and selected portions of the Proxy Statement for the Annual Meeting of Shareholders to be held on July 28, 1983 are incorporated by reference into Parts I and III of this report.

PART I

Item 1. Business

General

Stan West Mining Corp. (the "Registrant") was organized on April 17, 1979 under the laws of the State of Delaware. Its principal address is 2701 East Camelback Road, Phoenix, Arizona 85016 and its telephone number is (602)957-8707.

The Registrant is in the development stage and has been engaged in the business of acquiring mining properties, many of which have been commercially mined in the past, and conducting exploration and development by modern methods with the ultimate purpose of resuming underground mining operations on or near the site of former mines. The Registrant has assembled and is in the process of completing the assemblage of properties at different sites in the Prescott-Jerome area of Arizona. Management intends to acquire other properties and may in the future make passive investments in mining companies with operating properties.

Management intends, to the extent feasible, to finance the acquisition and exploration of mining properties acquired by it or its wholly-owned subsidiaries by the leasing of such mining properties to exploration ventures in limited partnership, co-tenancy, or joint-venture forms. To date, the Registrant has leased the following properties:

- McCabe/Gladstone Claims:

The McCabe/Gladstone properties are located in the former Big Bug Mining District, accessible by an unpaved road from Highway 60 in the vicinity of Humboldt, Arizona. The McCabe/Gladstone mine was developed on a mineralized zone approximately 3,000 feet long, lying within the Spud Mountain volcanics. The workings are serviced by several shafts and are joined at depth. The McCabe was previously developed by a shaft 900 feet deep, and the Gladstone by a shaft 1,100 feet deep (U.S. Geological Survey Paper 308, p. 171). Average analysis of shipping ore and concentrates from the McCabe/Gladstone mine were as follows: copper 2%, lead 2.1%, zinc 4.7%, 1.6 oz/ton gold, 10.2 oz/ton silver (U.S. Geological Survey Bulletin 782, p. 174). The approximate production of the McCabe/Gladstone mine from 1880-1926 was 62,800 ounces of gold, 779,000 ounces of silver, 1,200,000 pounds of copper, 500,000 pounds of lead (Arizona Bureau of Mines Bulletin 140, "Arizona Metal Production", 1936, M.J. Elsing and R.E.S. Heineman). There has been little activity on the property since 1913. Some activity took place in the 1930's when dump and backfill material were processed for their precious metal content. U.S.G.S. Survey Paper 308 reports there were five different mineralized shoots in the McCabe/Gladstone mineral zone and that all of the various mine workings on the bottom levels were still in mineralized ground.

The Registrant is currently leasing the properties to a general partnership McCabe Production Associates. The four general partners in McCabe Production

Associates have contributed over $9,000,000 toward the exploration and development program that was started in June, 1980. This program has progressed through the following phases:

Phase I - Surface Exploration/Diamond Drilling: Aerial surveys and detailed geological mapping were completed. Subsequently, comprehensive geochemical and geophysical studies were performed. Finally, 35,000 feet of diamond drilling was conducted from surface. The drilling program was designed to test for the extension of mineralized ore shoots below the 1,000 foot level. The drilling discovered 500,000 tons of drill indicated mineralization.

Phase II - Underground Development: Phase II consisted of sinking a new, 14' diameter, concrete-lined shaft to 850 feet, dewatering the old McCabe workings and completing approximately 12,000 feet of diamond drilling from underground stations. The engineering firm of Derry, Michener, Booth & Wahl, Inc. was engaged to review the drilling results (see table below).

Phase III - 1050' Development: The shaft was deepened 200' to a depth of 1050 feet. Over 1,000 feet of cross-cuts and drifting was completed on the 1050' level. The results were better than originally indicated by diamond drilling because the mineralization persisted over most of the drift and carried significantly higher assay values for gold and silver. The summary results of the revised reserve study by Derry, Michener, Booth & Wahl is shown below:

	tons	oz/gold	oz/silver
Initial Reserve Study	381,296	92,580	622,884
Revised Reserve Study	584,258	176,076	1,115,207
1050' Level Impact	202,962	83,496	492,323
Percentage Increase	53%	90%	79%

Pre-production cost estimates indicate that the McCabe will require $9,000,000 to get into production. The mine should be operational within 6-8 months after the final production financing is arranged.

- Rebel/Little Kicker Claims:

The Registrant leased two patented claims, the Rebel and the Little Kicker, to a limited partnership known as Rebel Associates. The claims are contiguous to the McCabe/Gladstone and are reported to be on the same structure (U.S. Geological Survey Paper 308, p. 169).

The limited partners contributed approximately $1,300,000 and completed a 25,000 foot diamond drilling program. The engineering study conducted by Derry, Michener, Booth & Wahl states the drilling indicated 24,000 tons of reserves with an average grade of .40 ounces/ton gold. Further development work will be done from the McCabe's underground workings once it is in production.

- Henrietta Claim Group:

The Henrietta Claim group consists of three patented claims covering approximately 61 acres in the McCabe/Gladstone area. The Gopher, Silverton and Lizabeth claims lie to the north of the Henrietta Mine and along the same trend of the mineralization. The Henrietta vein system intersects the central area of the McCabe/Gladstone vein system.

Several short shafts (200-450 feet deep) occur along the Gopher claim, and it is reported that the workings were in the oxidized zone which contained gold. The primary ore has not been worked to any extent (U.S.G.S. Bulletin 782, pages 137-139). Mineralization along the Henrietta trend is confined to a quartz vein 2-6 feet wide. Ore from the stopes on the 450-600 foot level of the Henrietta Mine are reported to average 3.2% copper, 14.0% iron, 0.2 oz/ton gold and 2.7 oz/ton silver.

The Registrant leased the claims to Henrietta Associates, an Arizona limited partnership in which Stan Henrietta Corp., a wholly-owned subsidiary of the Registrant, is the general partner.

The limited partners contributed approximately $600,000 to conduct a surface diamond drilling program. Because of poor core recovery, additional diamond drilling was terminated. The Henrietta claims can be most effectively developed from the McCabe's underground workings once it is in production.

- Pebble Mill Claims:

The Pebble Mill property consists of approximately 1,318 acres containing 64 unpatented lode claims. The area had producing mines from 1907 to 1916. The principal mine was the Phau which produced small quantities of gold and silver. The mill foundations are present on the property. The old workings, however, are inaccessible. During the late 1970's a group attempted to surface mine a zone of tungsten/molybdenum mineralization that occurs in the central part of the claim group. Although the program was not successful, it did reveal the presence of copper, molybdenum and tungsten with associated gold mineralization.

The property is described in U.S.G.S. Professional Paper No. 308 which described the mineralization as occurring in relatively narrow quartz veins. Many of these have been followed by short adits or hillside exploration tunnels. Several shafts occur on the property. However, these are caved in and most of the workings are inaccessible.

The Pebble Mill claims are currently leased to Stan West Associates, an Arizona limited partnership, in which Stan West of Arizona Corp., a wholly-owned subsidiary of the Registrant, is the general partner. Stan West Associates is one of the four general partners in McCabe Production Associates, the lessee of the McCabe/Gladstone properties (see Page 3). Originally, $1,600,000 was committed to fund a surface exploration and drilling program at Pebble Mill. Following 10,800 feet of drilling, the exploration program was discontinued and the balance of the monies transferred to McCabe/Gladstone.

The Registrant's philosophy at the present time is to look for smaller near surface vein type deposits that can be developed and brought into production as quickly as possible. Deposits of the porphyry/copper/molybdenum type require large sums of money for development as well as time. The Pebble Mill property fits into this category. No future work is planned for the property at the present time.

Mining Operations: The Registrant currently operates in only one business segment, mineral exploration and development. It does not currently own nor operate any mining operations. The Registrant's most developed property is the McCabe/Gladstone. The Registrant estimates that a 250 ton/day mining plant could be operational at the McCabe during 1984 if production financing can be obtained.

Employees: As of March 31, 1983, the Registrant and its subsidiaries employed twelve people. Five employees work in the corporate office in Phoenix performing administrative and staff support services. The balance of the work force represents the geological staff and their technical support staff that is employed in Prescott, Arizona, working on or supervising the Registrant's exploration and development programs.

Item 2. Properties

The Registrant has acquired several undeveloped mineral properties in Arizona. Five of these claim groups have been leased to limited partnerships and are being explored (see Part I, Item 1). However, as of March 31, 1983, the following undeveloped mineral properties were not leased and are being held by the Registrant:

• McCabe Claim Group: As discussed in Part I, Item 1, the Registrant has leased the McCabe/Gladstone, Rebel/Little Kicker and Henrietta claim properties. However, the Registrant has acquired and staked additional claim groups contiguous to the McCabe and along its remaining three mile strike length. The following properties are in the same geological trend and environment as the McCabe and constitute part of the McCabe claim group:

(1) Adventure Claims

The Adventure claims - Adventure, Adventure No. 1 and Adventure No. 3 are located approximately 1,000 feet to the south and east of the McCabe/Gladstone zone and cover an area 3,000 feet long which contains 610 acres. The claims are patented. Little information is available on the property as no production was carried out. Several old pits and trenches are present which contain vein outcroppings that show highly oxidized sulphides. As these claims occur within the McCabe area, they were mapped and surveyed during the overall program.

(2) Lookout Claim

The Lookout Mine, comprising 20 acres contained in one unpatented claim and located 5,000 feet northeast of the McCabe/Gladstone Mine was mined to a limited extent for silver, lead and zinc ores. The mine is on the Silver Belt-McCabe trend and little is known about the history, development and production of this property. Anderson and Creasy in their report (Geological Survey Professional Paper No. 308) state that the mine was in operation in 1922 when Waldemar Lindgren visited the area but was presumably closed thereafter. It is reported that the property was reopened for a short period during 1948 and 1949. At that time a few tons of high grade ore consisting chiefly of galena, sphalerite, pyrite was piled in the dump. Professor Lindgren (U.S.G.S. Bulletin 782, p. 130) stated that a shaft 200 feet deep was present during his visit and that similar ore to that in the Arizona Mine was present. At the present time only the upper portion of the shaft is accessible. He also stated that the high grade ores contained silver with minor amounts of gold and that the Lookout vein can be traced 1,500 feet southwest toward the McCabe.

(3) Arizona Claim

The Registrant owns the Arizona patented claim which comprises approximately 20 acres and is located approximately 3,000 feet northeast of the McCabe Mine. At the time of Professor Lindgren's visit in the Jerome area in 1922 the Arizona Mine was reported to be operating and had been since 1915. The mine at present is inaccessible. The deposit was developed by two shafts, approximately 500 feet deep and by seven levels extending off the shaft. The vein is reported to strike north 20° east, dip 70° east and ranges in width from a few inches to several feet. The vein extends over a distance of approximately 1,500 feet.

(4) Iron King Claims

The property consists of 16 patented claims and 51 unpatented claims located one-half mile southwest of the Town of Humboldt, Arizona.

The Iron King Mine was a massive sulfide mine and operated from 1890's until 1968 at a rate up to 1,000 tons per day. Over 5,000,000 tons of ore grading 0.123 oz/ton gold, 3.69 oz/ton silver, 0.19% copper, 2.5% lead and 7.3% zinc were produced.

Several shafts occur on or in close proximity to the property owned by the

Registrant. Two of these, the No. 6 and the No. 7 shafts, are located on the Bonanza claim immediately to the north of the property. These two shafts are in excellent shape and are sunk to depths of 2,600 feet and 3,400 feet. The Company is in the process of obtaining permission for possible use of the shafts for future underground exploration and development work.

Geological mapping on a scale of 1"=200' was completed over the northern and southern most sections of the Iron King property. The host rock for the lenses of massive sulfide mineralization is a unit of Precambrian Spud Mountain tuffs. This tuffaceous unit extends from the old mine workings to the southwest for a distance of over two miles. The Iron King property group covers this geological unit. Detailed mappings has revealed that extensions of the alteration zones (sericitic, pyritic) associated with the main lenses of mineralization exist to the south of the old mine workings. Alteration zones of a similar type also exist in the southern part of the property where no previous mining activities took place.

A soil sample survey was conducted over the north end of the property. Five lines of 1,800' length spaces 400 feet apart were sampled every 25 feet and the samples analyzed for copper, lead and zinc. Anomalies were detected near old mine workings and to the east of the main zone of mineralization. These anomalies appear to be closely associated with the alteration zone.

A deep penetration Pulse EM survey was conducted over the entire Iron King property in November, 1982. This work was done by Crone Geophysics of Toronto, Canada and the method used was one that has been used in many instances to locate zones of massive sulfide type of mineralization. Several anomalous zones were detected during the survey which covered approximately 24 line miles.

The Registrant plans, either independently or with joint venturers, to conduct an exploration program to complete further exploration on the Iron King property. Negotiations are currently being held with proposed joint venturers. The exploration program will consist of examination of all previous surface and underground work in the north area and additional sampling and analysis or rock samples. This data used in conjunction with the geological mapping, geochemical sampling and geophysical survey will delineate drill targets.

In addition to these claim groups, the Registrant has staked a number of unpatented claims along the McCabe belt in order to protect the Registrant's overall land position.

- Cherry Creek Claims: The Cherry Creek property consists of approximately 3,832 acres containing 208 unpatented lode claims and five unpatented placer claims. The claims are contiguous with the Pebble Mill claims and lie immediately west of the Verde Fault.

The Monarch and Logan Mines were worked between 1883 and 1922, and again in 1907. The production from these mines was small and they were worked to depths of 200 feet. Also appearing within this claim group are the Grey Eagle, Wombacher, Big Chief and Gold Leaf Mines. These mines, according to smelter records which may not be reliable, produced one ounce of gold per ton of ore (U.S.G.S. Survey Paper No. 308). The gold occurs in quartz veins which averaged two feet in width. Minor copper and iron sulphides are associated with the veins. Except for minor sections the underground workings of the mines are inaccessible.

The Registrant has conducted some reconnaissance mapping and sampling of this property. However, a large scale exploration program is not planned for the immediate future.

- Silver Streak Claims: The Silver Streak group consists of seven unpatented claims purchased by the Registrant and 20 staked claims. The property is located in the Bradshaw Mountains, central Arizona, approximately ten miles west of Mayer. Mineralization consists of several parallel lead-silver veins. Host rock for the veins is a thick sequence of Precambrian Yavapai Schist. Production from the property has been minor; the deepest shaft is only 70-80 feet deep.

Geological investigations were carried out between August 1981 and October 1981. The area was mapped on a scale 1"=200'. Approximately 60 rock chip samples were taken and assayed for gold, silver, copper, lead and zinc. Geochemical soil sampling was conducted over the area by taking samples every 25 feet on grid lines spaced 400 feet apart. Four main veins were identified, the largest having a strike length of 2,400 feet and widths ranging from several inches to six feet. Smaller parallel zones were also located. Assay values of up to 12.3 oz/ton silver were obtained from surface exposures of the veins.

A small program of diamond drilling to evaluate the extent of mineralization at depth is proposed at this stage. This program would involve several shallow drill holes for a total footage of approximately 3,000 feet.

Terminated Properties: Because of the Registrant's increasing commitments along the McCabe belt in Arizona, the Registrant decided to drop its lease on the Silver Fox claims in Arizona.

Item 3. Legal Proceedings

The Registrant is currently involved in the following litigations:

(a) On August 4, 1981, there was filed in the United States District Court for the Southern District of New York, a suit against the Registrant, Frank H. Crerie, Stanley W. Holmes and Bernard H. Fishman by Western Hemisphere Group, Inc., Anthony J. Scioli and Jules Baldassari claiming that they are collectively entitled to (a) an option to purchase $100,000 in value of the Common Stock of the Registrant within two years of the closing of the Registrant's public offering at the public offering price; (b) 47,500 shares of Common Stock of the Registrant, as adjusted by the September 1980 and April 1981 stock splits; and (c) punitive damages in the sum of $1,000,000 together with attorney's fees, costs and disbursements. The Complaint filed by the plaintiffs alleges that (a) the defendants represented to the plaintiffs in the late Spring and Summer of 1979 that it was their intention that the Registrant would make a public offering of its shares of capital stock; (b) on or about October 23, 1979, in reliance on these representations, the plaintiff Western Hemisphere Group, Inc. entered into an Option Agreement and a Stock Agreement with the Registrant; (c) pursuant to the Option Agreement, Western Hemisphere Group, Inc. loaned to the Registrant $100,000 which the Registrant agreed to repay from proceeds of a public offering and the Registrant granted to such plaintiffs a transferable option exercisable for two years from the closing of such public offering to purchase $100,000 in value of the Common Stock of the Registrant at the public offering price with the Registrant agreeing to use its best efforts to effect a public offering of its shares; (d) pursuant to the Stock Agreement, plaintiffs Anthony J. Scioli and Jules Baldassari each subscribed to and were issued 23,750 shares of the Registrant's Common Stock; (e) commencing in the Spring of 1980 and continuing through July 17, 1980, the defendants Frank H. Crerie, Stanley W. Holmes and Bernard H. Fishman at various times reported to the plaintiffs that the Registrant had changed its plans and that it did not contemplate a public offering in the foreseeable future; and (f) in reliance upon such representations on or about July 17, 1980 (i) Western Hemisphere Group, Inc. agreed to rescind and accept repayment of the $100,000 loan and the cancellation of the options granted pursuant to the Option Agreement and (ii) plaintiffs Anthony J. Scioli and Jules Baldassari each surrendered to the Registrant 23,750 shares that they had received pursuant to the Option Agreement. Messrs. Scioli and Baldassari are officers and directors of Western Hemisphere Group, Inc.

(b) On August 31, 1981, there was filed in the United States District Court for the Southern District of New York, a suit against the Registrant, Frank H. Crerie and Stanley W. Holmes by Jack M. Feiner claiming that (a) he is entitled to 674,577 shares of Common Stock of the Registrant, as adjusted by the September 1980 and April 1981 stock splits or alternatively damages equal to value of the shares to which he is entitled; (b) he is entitled to $20,000 for expenses advanced to the Registrant; (c) all stockholder actions taken at meetings of which plaintiff was not given notice and did not participate be declared null and void and that all such actions be enjoined or rescinded; (d) any other costs and disbursements and such further relief the Court deems proper. The Complaint filed by the plaintiff alleges that (a) in or about November 1978, defendants Crerie and Holmes solicited plaintiff's assistance in connection with a project they had undertaken; (b) defendants Crerie and Holmes advised plaintiff that defendant Holmes had located certain mining properties which they wished to purchase or lease and, if feasible, to commercially develop and mine; (c) defendants Crerie and Holmes asked plaintiff if he would participate with them in establishing a company to raise monies to accomplish such objectives; and (d) pursuant to the above discussions from November 1978 through June 1979 plaintiff provided office facilities to defendants Crerie and Holmes and, after it was formed, to defendant Registrant, including clerical and secretarial services, telephone and/or other necessary office service (e) plaintiff introduced defendants Crerie and Holmes to several individuals who were interested in investing and loaning money for use in leasing, testing, developing and mining the above mentioned properties and acquiring additional mini properties; (g) defendants and plaintiff mutually agreed that in consideration of the services that had been performed by defendants Crerie and Holmes and plaintiff and payment of a subscription price defendant Registrant would issue its capital stock to defendants Crerie and Holmes and plaintiff in the respective ratio of 40 percent, 40 percent and 20 percent respectively; (h) defendants Crerie and Holm advised plaintiff that he was, in fact, the record owner of 200,000 shares of defendant Registrant; (i)pursuant to his belief that he was entitled to, and that, in fact, he was the owner of 200,000 shares of defendant Registrant, plaintiff continued to perform services for defendant Registrant by introducing the defendan to prospective investors, permitting defendant Registrant to use plaintiff's offic facilities and interesting James J. Duane & Co. Inc. in underwriting defendant Registrant's public offering; (j) plaintiff has advanced approximately $20,000 to cover expenses of defendant Registrant which defendants promised to reimburse the plaintiff and (k) defendant Registrant has failed to notify plaintiff of its shareholder meetings.

In the opinion of counsel, the possibility that punitive damages will be awarded against the Registrant in claim (a) is remote. However, selected shareholders of the Registrant have agreed to transfer shares for claims (a) and (b) to these individuals if they are successful in establishing their claim to such shares.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

All information required by Item 5 is incorporated by reference to the Registrant's Annual Report on the Annual Report page numbers 17 and 18.

The information required by Items 6, 7 and 8 is incorporated by reference to the Registrant's Annual Report as follows:

	Annual Report Page Number
Selected Financial Data	17
Management's Discussion and Analysis of Financial Condition and Results of Operation	17
Financial Statements and Supplementary Data	
Opinion of Independent Certified Public Accountants	16
Summary of Significant Accounting Policies	13
Consolidated Balance Sheets as of March 31, 1983 and 1982	9
Consolidated Statements of Operations for three years ended March 31, 1983	10
Consolidated Statements of Changes in Financial Position for the three years ended March 31, 1983	11
Consolidated Statements of Stockholders' Equity	12
Notes to Consolidated Financial Statements	13

Item 9. Disagreements on Accounting and Financial Disclosure

None

PART III

Item 10. Directors and Executive Officers of the Registrant

Information for Item 10 is incorporated by reference to the material appearing under the caption "Election of Directors" in the Registrant's Proxy Statement for the annual meeting to be held on July 28, 1983.

Item 11. Management Remuneration

Information for Item 11 is incorporated by reference to the material appearing under the captions "Election of Directors" and "Remuneration" in the Registrant's Proxy Statement for the annual meeting to be held on July 28, 1983.

Item 12. Security Ownership of Certain Beneficial Owners and Management

There is incorporated by reference the information under the caption "Security Ownership of Management" in the Registrant's Proxy Statement for its annual meeting of shareholders to be held on July 28, 1983, regarding beneficial ownership of shares of the Registrant's common stock as of June 7, 1983, by each person known by the Registrant to beneficially own more than 5% of the outstanding shares of such common stock, by all officers and directors of the Registrant as a group, and by each director and nominee for director of the Registrant.

PART IV

Item 13. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) Financial Statements

Financial Statements of the Registrant and its subsidiaries are incorporated by reference to the Registrant's Annual Report. See list on page 12. Financial Statement Schedules are listed in 13(d).

(b) Exhibits

(10.14) Purchase Agreement dated November 15, 1982, between James E. & Dalva J. Peterson, Chester & Maryan Jelonek and I.K.S. Corp.

(10.15) Purchase Agreement dated July 26, 1982, between Bill P. Jennings and Stan West Mining Corp.

(10.16) Summary of Reserves for the McCabe-Gladstone Mine, Yavapai County, Arizona dated September, 1982.

(13) Annual report to security holders

(20.1) Reconciliation of net loss per the attached December 31, 1981 tax-basis financial statements to Note 4 of the March 31, 1982 financial statements. Incorporated by reference to Registrant's Form 10-K filing for 1982.

(20.2) Rebel Associates Financial Statements (12/31/81). Incorporated by reference to Registrant's Form 10-K filing for 1982.

(20.3) Henrietta Associates Financial Statements (12/31/81). Incorporated by reference to Registrant's Form 10-K filing for 1982.

(20.4) Silver Fox Associates Financial Statements (12/31/81). Incorporated by reference to Registrant's Form 10-K filing for 1982.

(20.5) Reconciliation of net loss per the December 31, 1982 and 1981 tax-basis financial statements to Note 3 of the March 31, 1983 consolidated financial statements(4).

(20.6) Rebel Associates Financial Statements (12/31/82).

(20.7) Sooner Associates Financial Statements (12/31/82).

(22) Subsidiaries of the Registrant.

(c) Reports on Form 8-K

None.

(d) Financial Statement Schedules

	Page
Report of Independent Certified Public Accountants	16
Report of Independent Certified Public Accountants	17

	Page
Schedules:	
V - Consolidated Property and Equipment	18
VI - Consolidated Accumulated Depreciation and Amortization of Property and Equipment	19
XIII - Other Investments	20

Schedules other than those listed above have been omitted for the reason that they are not applicable or are not required or the information is shown elsewhere.

Coopers
&Lybrand

certified public accountants

To The Board of Directors
and Stockholders of
Stan West Mining Corp.

We have examined the consolidated financial statements and the financial statement schedules of Stan West Mining Corp. and subsidiaries (Companies in the Development Stage) as listed in item 13(a) of this Form 10-K. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The consolidated balance sheets at March 31, 1983 include investments in partnerships of $3,109,030, and at March 31, 1983 and 1982 include Undeveloped Mineral Properties of $1,259,557 and $1,300,451, respectively. Recovery of the Company's investment in these assets is dependent upon either the future development of profitable operations from such assets or a sale of the Company's interest therein.

In our opinion, subject to the effects on the consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainties referred to in the preceding paragraph been known, the financial statements referred to above present fairly the consolidated financial position of Stan West Mining Corp. and subsidiaries as of March 31, 1983 and 1982, and the consolidated results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. In addition, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly the information required to be included therein.

COOPERS & LYBRAND

Phoenix, Arizona
May 31, 1983

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
100 West Clarendon
Phoenix, Arizona 85013

The Board of Directors
Stan West Mining Corp.:

We have examined the consolidated statements of operations, stockholders' equity and changes in financial position of Stan West Mining Corp. and subsidiaries for the year ended March 31, 1981. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. In connection with our examination, we also examined the supporting schedules of consolidated property and equipment and consolidated accumulated depreciation and amortization of property and equipment for the year ended March 31, 1981.

In our opinion, the aforementioned consolidated financial statements present fairly the results of operations and the changes in financial position of Stan West Mining Corp. and subsidiaries for the year ended March 31, 1981, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the aforementioned supporting schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Peat, Marwick, Mitchell & Co.

May 29, 1981

Stan West Mining Corp.

Schedule V - Consolidated Property and Equipment
Years Ended March 31, 1983, 1982 and 1981

Description	Balance at Beginning of Period	Additions at Cost	Retirements or Sales	Other Changes Debit and/or (Credit)	Balance at Close of Period
Year Ended March 31, 1983					
Undeveloped Mineral Properties	$1,300,451	$ 43,813	--	$ (84,707) (1)	$1,259,557
Equipment	83,941		$(20,456)	--	63,485
TOTAL	1,384,392	43,813	(20,456)	(84,707)	1,323,[illegible]
Year Ended March 31, 1982					
Undeveloped Mineral Properties	1,089,559	349,781	--	(138,889) (1)	1,300,451
Equipment	80,680	3,261	--	--	83,941
TOTAL	1,170,239	353,042	--	(138,889)	1,384,392
Year Ended March 31, 1981					
Undeveloped Mineral Properties	379,467	710,092	--	--	1,089,559
Equipment	25,567	55,113	--	--	80,[illegible]
TOTAL	405,034	765,205	--	--	1,170,239

Depreciation is calculated using the straight line method over the estimated useful lives of the assets.

(1) Adjustment of undeveloped mineral properties to net realizable value.

Stan West Mining Corp.

Schedule VI - Consolidated Accumulated Depreciation and Amortization of Property and Equipment
Years Ended March 31, 1983, 1982 and 1981

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
Description	Balance at Beginning of Period	Additions Charged to Profit and Loss or Income	Retirements or Sales	Other Changes Debit and/or (Credit)	Balance at Close of Period
Year Ended March 31, 1983					
Equipment	$35,807	$19,532	$(16,208)	--	$39,131
TOTAL	35,807	19,532	(16,208)	--	39,131
Year Ended March 31, 1982					
Equipment	14,279	2,938	--	$18,590 (1)	35,807
TOTAL	14,279	2,938	--	18,590	35,807
Year Ended March 31, 1981					
Equipment	360	310	--	13,609 (1)	14,279
TOTAL	360	310	--	13,609	14,279

Depreciation is calculated using the straight line method over the estimated useful lives of the assets.

(1) Charges to Partnerships

Stan West Mining Corp.

Schedule XIII - Other Investments
March 31, 1983

COLUMN A	COLUMN C	COLUMN E
Description	Original Cost	Cost and amount carried in the balance sheet
Sooner Associates	$2,357,946	$2,352,642
Henrietta Associates	267,575	55,529
Rebel Associates	545,434	56,433
Silver Fox Associates	64,338	-0-
Stan West Associates	675,615	644,426
	$3,910,908	$3,109,030

Amounts represent investments in limited partnerships.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STAN WEST MINING CORP.

Date: June 28, 1983

By: ______________________
Stanley W. Holmes, President and Chief Operating Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: June 28, 1983

By: ______________________
Frank H. Crerie, Chairman of the Board and Chief Executive Officer

Date: June 28, 1983

By: ______________________
Stanley W. Holmes, President and Chief Operating Officer

Date: June 28, 1983

By: ______________________
R. Scott Norris, Vice President Finance/Treasurer (Principal Financial Officer)

Date: June 28, 1983

By: ______________________
Bernard H. Fishman, Secretary

Date:

By: ______________________
Harold L. Hodges, Director

Date:

By: ______________________
Robert P. Lammerts, Director

Date:

By: ______________________
Joe Dan Trigg, Director

Date: June 28, 1983

By: ______________________
Ira U. Cobleigh, Director

Date:

By: ______________________
Stephen B. Browne, Director

orporate Finances

Stan West enjoys an enviable financial condition. With ver $12 million in uncommitted cash, the McCabe con- ruction project is fully funded. In addition, Stan West has ceived a lending commitment of $7 million to cover work- ıg capital and contingencies during the mine start-up phase. he lending commitment includes a gold loan that carries a ery low interest cost and allows the Company to hedge a ortion of its gold production to protect against any unex- ected drop in bullion prices.

tock Repurchase Program

On October 23, 1987, the Board of Directors authorized ıe Company to repurchase up to 500,000 shares of common ock. The Board felt the current stock price was depressed y general market conditions and did not reflect the Com- any's underlying values. The repurchase program will be ınded by the proceeds from the 500,000 oversubscribed ıares that were sold at $4⅜ in our European private place- ıent in May.

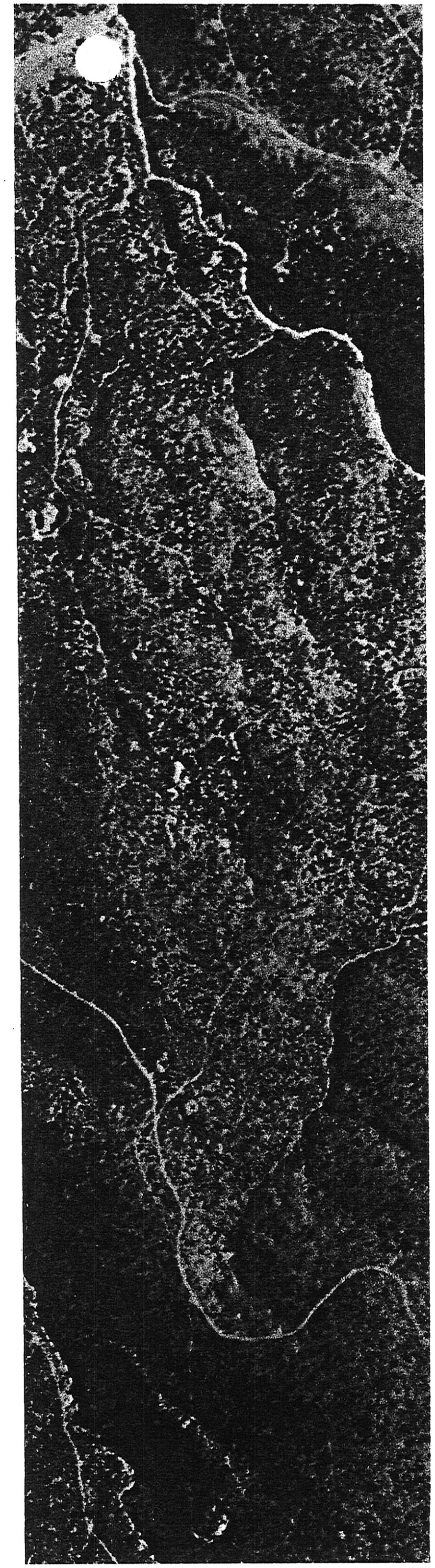
We will continue to give you periodic updates as we prog- ess toward production.

rank H. Crerie
hairman of the Board

Stanley W. Holmes
President

Stan West Mining Corp.

6045 North Scottsdale Road
Scottsdale, Arizona 85253



Stan West Mining Corp.

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Report to Shareholders Second Quarter Ending September 30, 1987

Annual Stockholders' Meeting

On October 15, the Company held its annual stockholders' meeting in Scottsdale, Arizona. The shareholders elected the nominated slate of directors and ratified six other actions that had been subjected to a vote of the stockholders.

It was also announced that Stan West had met the Federal Reserve System's requirements to become a marginable security in the over-the-counter market. After October 17, 1983, shareholders can purchase Stan West Mining Corp's common stock through their margin accounts at registered broker dealers.

Corporate Finances

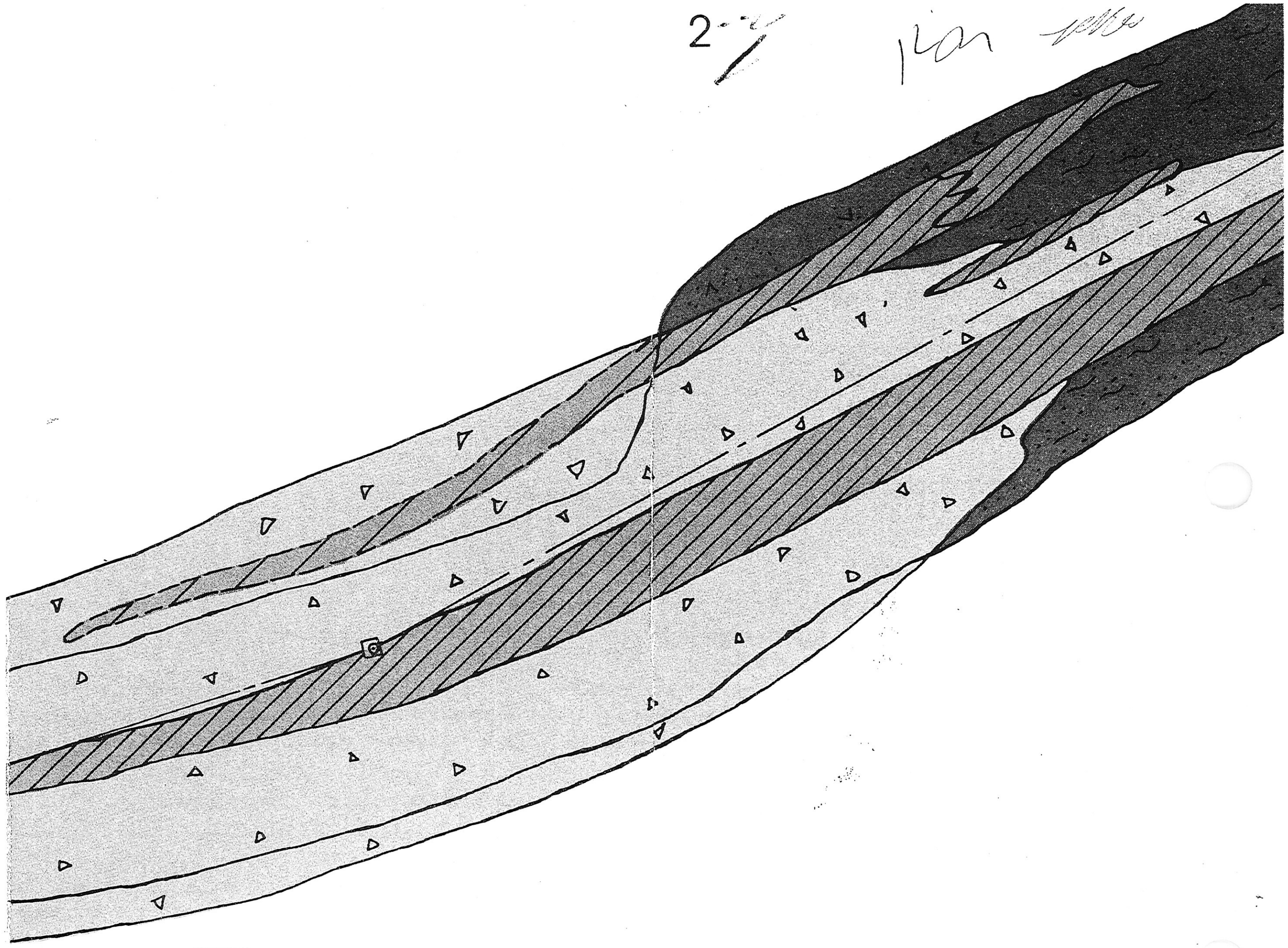
On August 31, 1983 the Company successfully closed its current tax shelter program, Gold Indexed Associates-1983. This program raised over $1,200,000 for the McCabe Mine's underground development program. The investors received a call on 111 ounces of gold, a 12% annual bonus return, 2500 warrants and a 90% tax write-off. To date, the Company has raised over $2,700,000 in Gold Indexed offerings.

During the quarter, Stan West's net loss was $351,000 ($.04 per share) compared to $10,000 ($.01 per share) in 1982. The higher loss was caused by the higher promotional costs associated with the Company's financing activities and the loss on the abandonment of selected claims in northern Arizona.

Despite weak metal prices, your Company has continued to aggressively finance the development of its existing properties and to acquire new claims with excellent potential. We appreciate your continued loyal support.

Frank H. Crerie
Chairman of the Board

Stanley W. Holmes
President



Stan West Mining Corp.
2701 EAST CAMELBACK ROAD
PHOENIX, ARIZONA 85016

Stan West Mining Corp.

REPORT TO SHAREHOLDERS
SECOND QUARTER ENDING SEPTEMBER 30, 1983

To Our Shareholders:

McCabe Production Financing

Stan West Mining Corp. has signed a letter of intent for a $12,500,000 debt issue that will provide production financing for the McCabe Mine. The debt issue will provide funds for a mill, surface and underground equipment, tailings disposal and the final underground development work necessary for a 300 ton per day operation. Based on current market conditions, the financing is expected to be completed in December, 1983. The detailed engineering study and drawings for the mill has begun.

McCabe Underground Development

The underground development work at the McCabe Mine is continuing. A program of underground drilling is underway in order to test for additional extensions and parallel mineralized zones. Also, a new drift on the 833' level was recently initiated. This drift will provide additional geological information as well as prepare existing ore blocks for production.

Iron King Property

The Company's geological staff has completed a re-evaluation of the historical production records at the Iron King Mine. As previously reported, the Iron King was operated until 1967 and produced over 5,000,000 tons. However, the reported ore grades were the recovered mill grades, not the true geological grades. Consequently, the Iron King ore body was substantially higher grade than originally indicated. The historical grades are now estimated at .22 oz gold/ton, 4.70 oz silver/ton, 9% zinc and 3% lead.

These new findings dramatically improve the potential of this property. The Company is currently negotiating with several industry partners in order to form an exploration consortium.

Stan West Mining Corp. & Subsidiaries (Consolidated)
(Companies in the Development Stage)

Consolidated Balance Sheets
(Unaudited) September 30, 1983 and 1982

	1983	1982
CURRENT ASSETS		
Cash	$1,947,000	$1,955,000
Due from Affiliates	130,000	1,900,000
Prepaid Expenses	2,000	5,000
Total Current Assets	2,079,000	3,860,000
INVESTMENT IN PARTNERSHIPS	3,162,000	2,578,000
UNDEVELOPED MINERAL PROPERTIES	1,646,000	1,280,000
EQUIPMENT	17,000	38,000
OTHER ASSETS	26,000	9,000
Total Assets	$6,930,000	$7,765,000

	1983	1982
CURRENT LIABILITIES		
Accounts Payable and Accrued Expense	$ 124,000	$ 527,000
Advances from Affiliates In excess of costs	442,000	630,000
Current Portion of Long Term Debt	73,000	1,274,000
Total Current Liabilities	639,000	2,4[illegible]0
LONG TERM DEBT, NET OF CURRENT PORTION	138,000	243,000
DEFERRED INCOME	175,000	571,000
STOCKHOLDERS' EQUITY	5,978,000	4,520,000
Total Liabilities and Stockholders' Equity	$6,930,000	$7,765,000

Condensed Statement of Operations
(Unaudited)

For the Periods ended September 30, 1983 and 1982

	Second Quarter		Six Months	
	1983	1982	1983	1982
INCOME:				
Management Fees	$ —	$ 1,000	$ —	$ 51,000
Royalty Income	342,000	154,000	381,000	241,000
Interest Income	35,000	79,000	69,000	21[illegible]00
Total Income	$ 377,000	$ 234,000	$ 450,000	$ 5[illegible]0
COSTS AND EXPENSES:				
Corporate Mining Exploration	$ 151,000	$ 62,000	$ 154,000	$ 108,000
General and Administrative	216,000	153,000	370,000	316,000
Abandoned Mineral Property	347,000	—	347,000	—
Interest	11,000	1,000	22,000	21,000
Depreciation and Amortization	2,000	1,000	3,000	2,000
Total Costs and Expenses	$ 727,000	$ 217,000	$ 896,000	$ 447,000
SHARE LOSS IN EXPLORATION AND DEVELOPMENT PARTNERSHIPS	1,000	27,000	1,000	212,000
NET LOSS	$ 351,000	$ 10,000	$ 447,000	$ 152,000
LOSS PER SHARE	$.04	$.01	$.06	$.02
VERAGE SHARES OUTSTANDING	8,031,000	7,484,000	7,976,000	7,493,00[illegible]

To Our Shareholders:

During the second quarter of fiscal 1988, Stan West Mining Corp. began a new and exciting era. After six years of development work at the McCabe Mine, Stan West broke ground on its new 500 ton per day production facility that will produce approximately 50,000 ounces of gold and 150,000 ounces of silver annually. The following items summarize our progress to date:

McCabe Mine — Arizona

Equipment procurement and site work has begun on the McCabe's concentration mill and tailings dam. The underground contractor has mobilized and the dewatering phase is currently three weeks ahead of schedule. Based on these contracts, the McCabe project is on budget and will be completed on time in September, 1988.

Stan West has assembled an experienced management team to oversee and provide quality controls during the construction phase. This senior management group includes a general manager, underground superintendent, mill superintendent and chief mine geologist. Collectively, they represent over 75 years of mining experience and will form the ongoing operating nucleus at the McCabe Mine after construction is completed.

DeSantis Mine — Timmins, Ontario

During the second quarter, the DeSantis project in Timmins, Ontario began its critical underground program to enhance known reserves and test for additional reserve potential at depth. A new hoist and headframe were installed prior to a major dewatering program. At this date, the underground workings are dewatered and totally accessible. Underground drifting and drilling are currently under way.

Our joint venture partner, Canacord, has completed its minimum funding of $3,000,000 (Cdn) and has earned its one-third interest. Stan West will finance its one-third interest by selling additional "flow through" shares on favorable terms in Canada. The current underground program will be completed in late December. Assay results and geological findings should be available in January.

Consolidated Balance Sheets
(Unaudited) September 30, 1987

	1987		1987
Current Assets		**Current Liabilities**	
Cash	$12,983,000	Accounts Payable and Accrued Expense	$ 224,000
Other Current Assets	11,000	Current Portion of Long Term Debt	4,000
Total Current Assets	12,994,000	Total Current Liabilities	228,000
Undeveloped Mineral Properties	13,724,000		
Construction in Progress	460,000		
Other Assets	362,000	**Stockholders' Equity**	27,312,000
Total Assets	$27,540,000	Total Liabilities and Stockholders' Equity	27,540,000

Condensed Statement of Operations
(Unaudited) Second Quarter and Six Months Ended September 30, 1987

	Second Quarter	Year to Date
Income:		
Management Fees	$ 74,000	$ 74,000
Interest Income	248,000	365,000
Total Income	322,000	439,000
Costs and Expenses:		
Corporate Exploration Cost	4,000	115,000
General and Administrative	344,000	674,000
Total Costs and Expenses	348,000	789,000
Net Loss	$ 26,000	$350,000
Loss Per Share	$ .01	$ .03

[redacted]

To Our Stockholders:

During the fiscal year 1982, Stan West Mining Corp. ("SWMC") capitalized on its strengths to emerge as a rapidly developing junior American mining company. SWMC recorded the following accomplishments during the last year.

Public Stock Offering

The Company's initial stock offering raised $5,250,000 by selling 750,000 shares of common stock to the public. SWMC stock is currently traded on the NASDAQ exchange.

Exploration Results:

The Company completed 40,000 feet of surface core drilling at the McCabe-Gladstone property to test for extensions of the mineralized zone at depth. The results of this drilling indicated 500,000 tons with an average grade of 0.39 oz/ton gold, 2.7 oz/ton silver, 0.6% copper, 0.7% lead and 1.6% zinc. The deepest holes showed the mineralized structure to be strong and persistent indicating that the potential for extensions at depth are very promising.

The surface drilling program at the Rebel/Little Kicker properties adjoining the McCabe-Gladstone immediately to the southwest is underway and has intersected ore grade mineralization similar to that at the McCabe-Gladstone. The drilling indicates that the probability of the Gladstone mineralized zone extending for an additional 2,000 feet along strike to the southwest is good. The tonnage potential could be increased substantially.

Development Work:

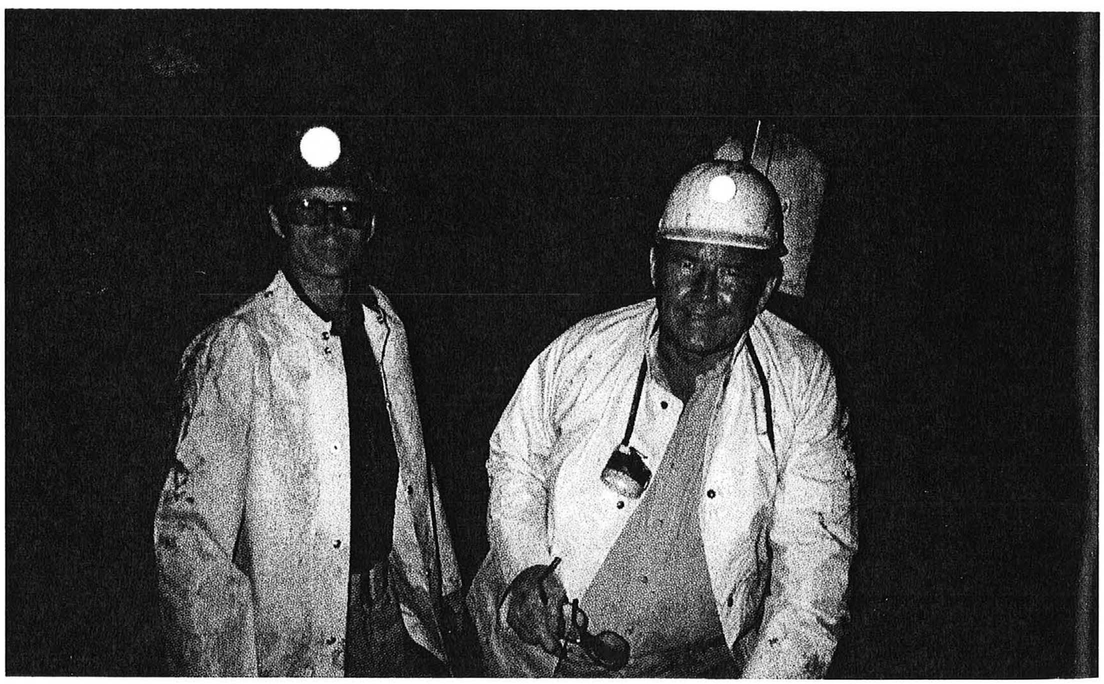
Based on the surface drilling results at McCabe-Gladstone, SWMC engaged American Mine Services of Denver, Colorado, to sink a 14 foot diameter, concrete-lined, circular shaft. This shaft will initially be used for underground drilling and development drifting. The shaft is capable of supporting a mining operation of at least 750 tons per day and was recently bottomed at 850 feet below surface. The underground development work and drilling is now underway. Following a production decision, the shaft will be deepened to 1,350 feet and development of the mineral zone will be initiated so as to prepare for production.

Dewatering Program – McCabe-Gladstone Workings:

Dewatering of the McCabe workings has been completed. An examination of the old workings has shown the stopes to be in good condition after being under water for the last 50 years. The wall rocks (hanging and footwall) enclosing the ore zone are smooth, competent and stand well showing no signs of stress. The 850 foot level is being prepared for bulk sample work required for metallurgical testing.

Acquisitions:

SWMC continued its efforts to acquire promising precious metal properties in the southwestern United States. Specifically, the Company was successful in acquiring a number of additional patented and unpatented claim groups along the McCabe/Iron King belt. These acquisitions give SWMC effective control over 116 claims and 2,300 acres.



Allan St. James — Project Manager (left) and Stanley Holmes — President (right) inspect McCabe's underground workings following the Company's recent dewatering program. Underground inspection has confirmed the mine survey plans, geological structure and assay maps.

This progress was achieved because the Company has established a very strong technical and financial base during its three year development period. This base consists of the following elements which are the essential strengths of your Company.

Management Team: We have expanded our technical exploration group to include five full-time geologists who blend diverse exploration and underground backgrounds and international experience. In addition, the exploration effort is now complemented by a multi-disciplined corporate staff. The Company's geological and professional staff average 37 years old, which forms an ideal blend of youth and experience.

Investor Support: SWMC is fortunate to have a strong group of loyal investors who have funded the Company's aggressive exploration projects. As the enclosed chart illustrates, the Company's exploration budgets have virtually doubled every year and now aggregate more than $12,330,000. We believe our exploration expenditures make SWMC one of the most active exploration companies in the United States.

Properties: Because of our work over the last three years, SWMC has one of the most promising precious metal land positions in the southwest. Our largest and most developed properties along the McCabe/Iron King belt are described on pages 4–8.

Because of this base of of strength, SWMC could producing at the McCabe-Gladstone Mine and possibly on adjacent properties within 18–24 months. This major milestone will enable the Company to strengthen its financial base and provide for even greater development.

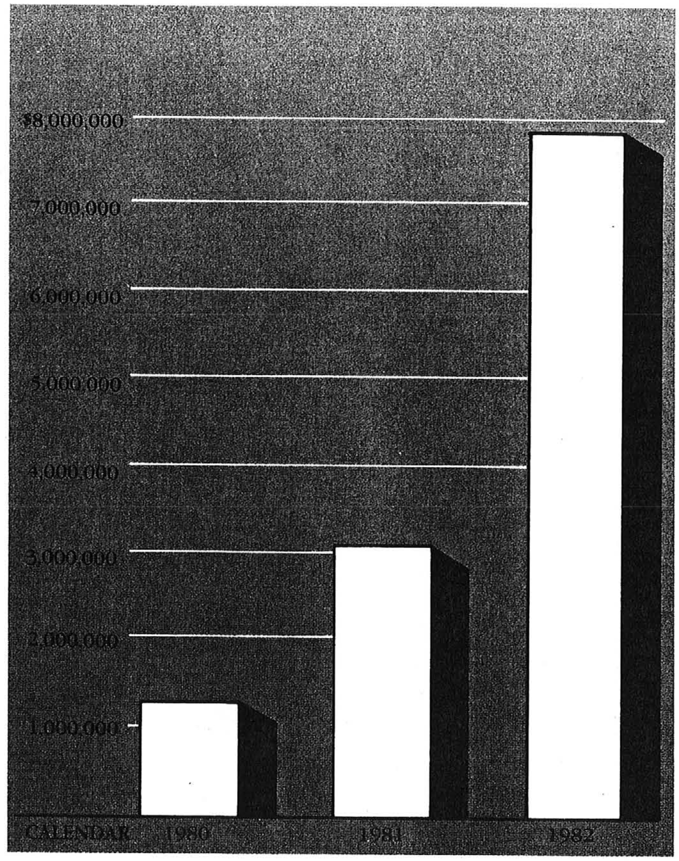
We look forward to your continued participation during this important phase of the Company's development. We thank you for your support.

Frank H. Crerie
Chairman of the Board

Stanley W. Holmes
President

Cumulative Expenditures	
1980	1,280,000
1981	4,440,000
1982	12,330,000

Annual Exploration and Development Expenditures



The Company's most developed properties include 116 claims and 2,300 acres along the McCabe/Iron King Belt that lies in the Bradshaw Mountains approximately 80 miles northwest of Phoenix. To date over $9,500,000 has been spent on extensive geo-chemical, geo-physical, diamond drilling and underground development activities in the area. The following exhibits illustrate the Company's property map, the McCabe's underground workings and area geology.

PROPERTY MAP

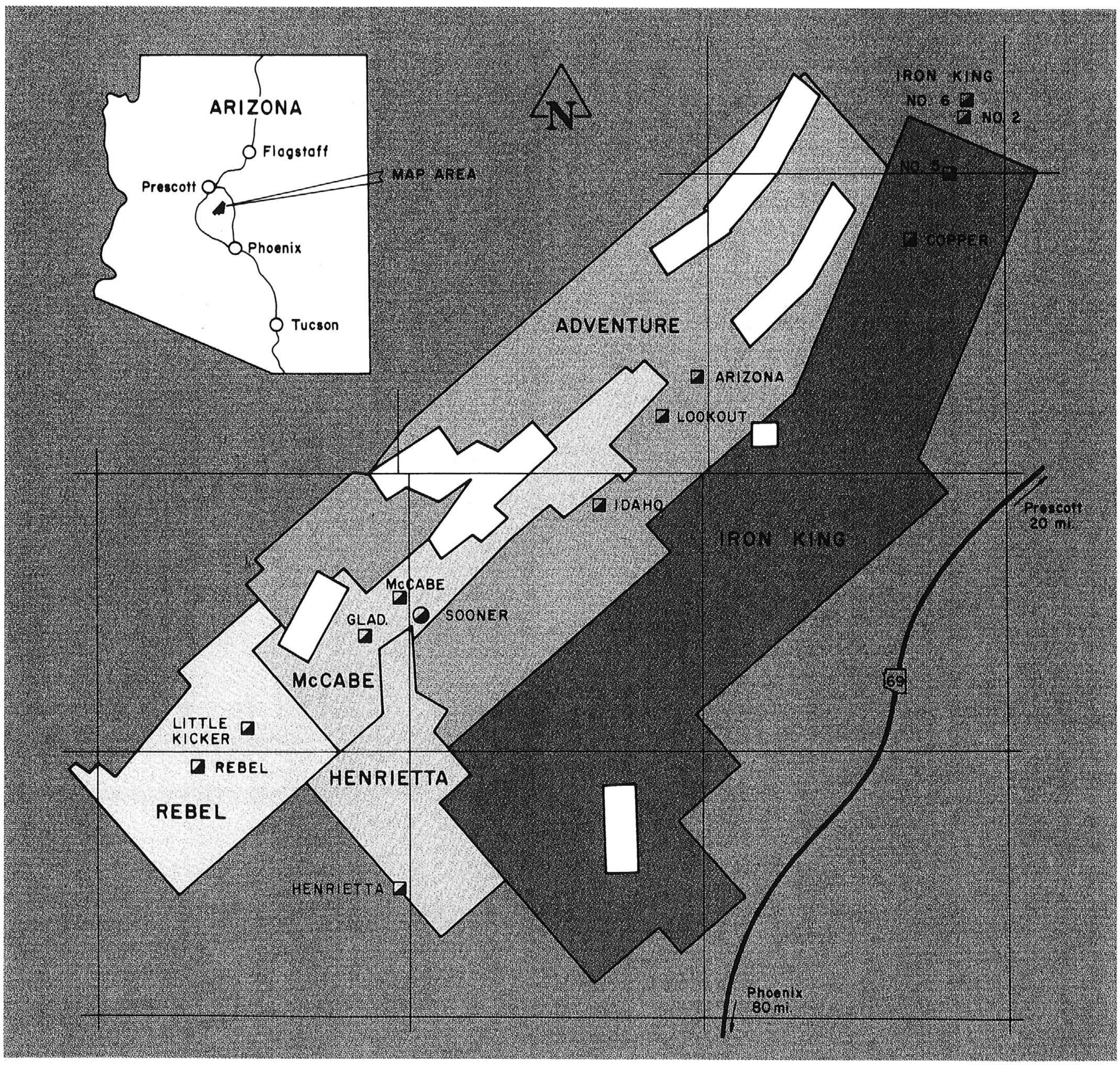
McCABE – GLADSTONE AREA

YAVAPAI CO., ARIZONA

Company Owned Claim Groups:

- McCabe Property
- Iron King Property
- Adventure Property
- Rebel-Little Kicker Property
- Henrietta Property
- Other Owners
- Shaft
- Section Lines
- Highway

0 2000 4000
Feet



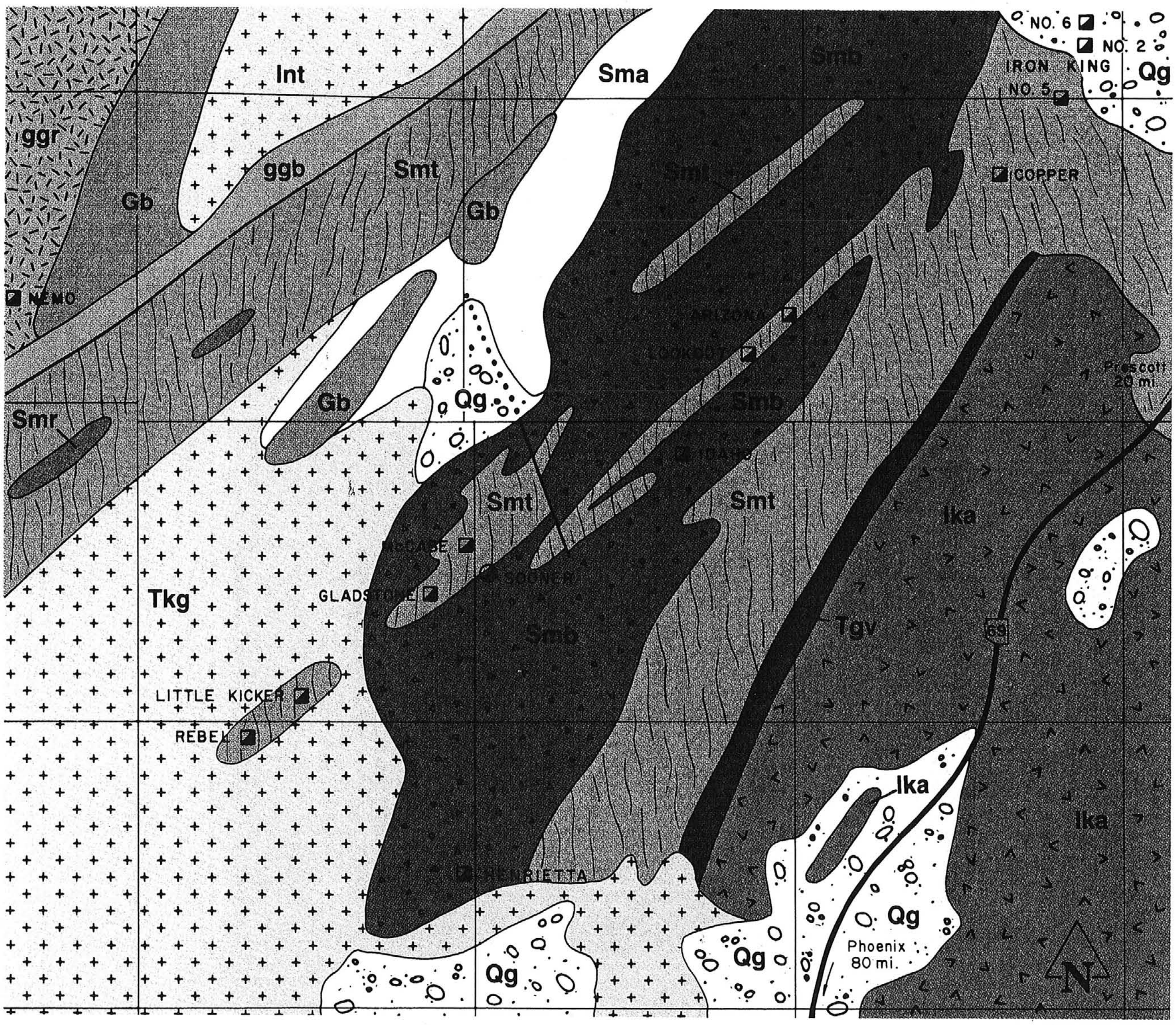
GEOLOGY MAP

St West Mining Corp.

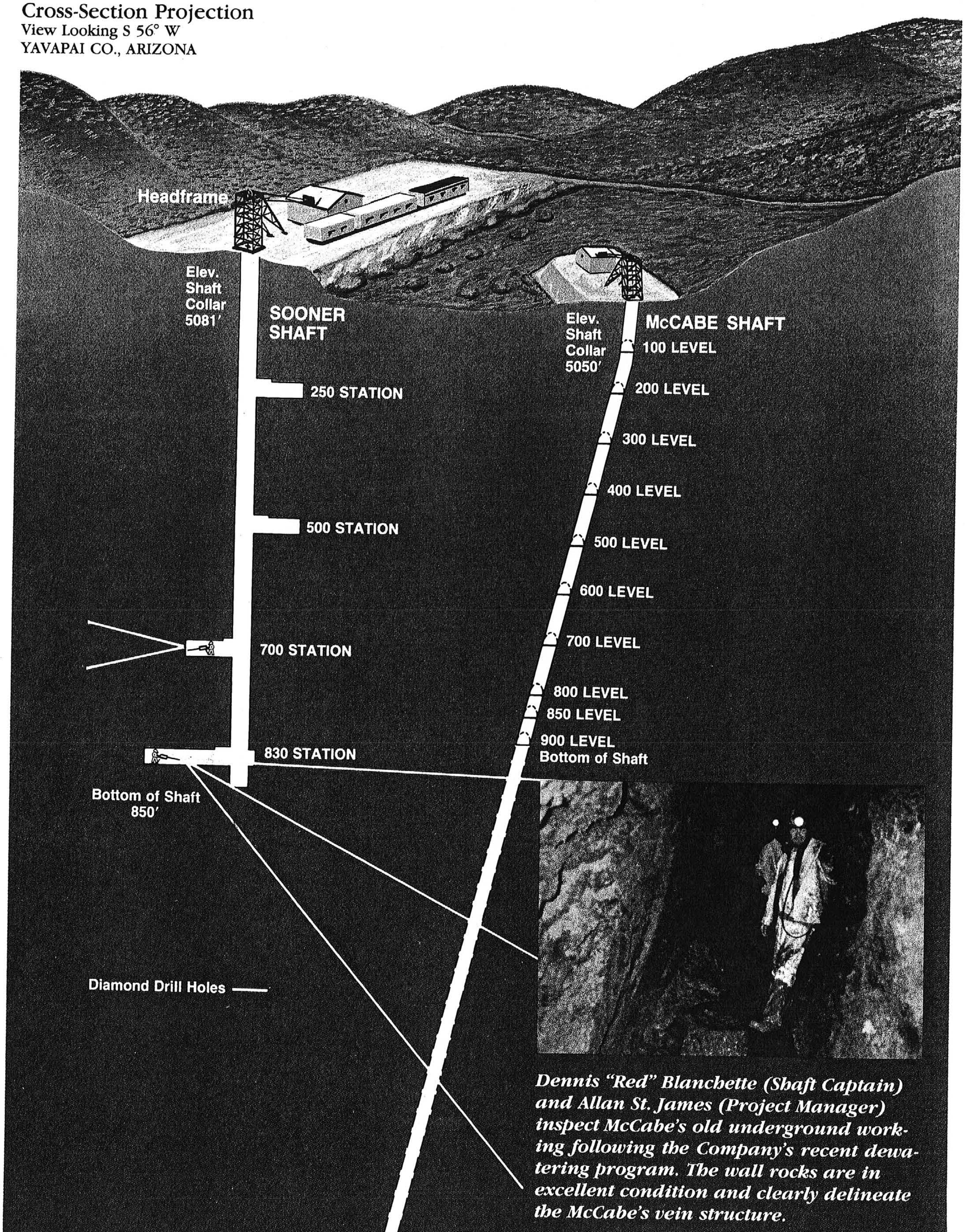
McCABE – GLADSTONE AREA
YAVAPAI CO., ARIZONA

0 2000 4000
Feet

- Gravels
- Granodiorite
- Texas Gulch Volcanics
- Gabbro
- Iron King Andesite
- Spud Mountain Rhyolite
- Spud Mountain Andesite
- Spud Mountain Tuff
- Spud Mountain breccia
- Rhyolite Tuffs
- Basalt
- Shaft
- Section Lines
- Highway



Cross-Section Projection
View Looking S 56° W
YAVAPAI CO., ARIZONA

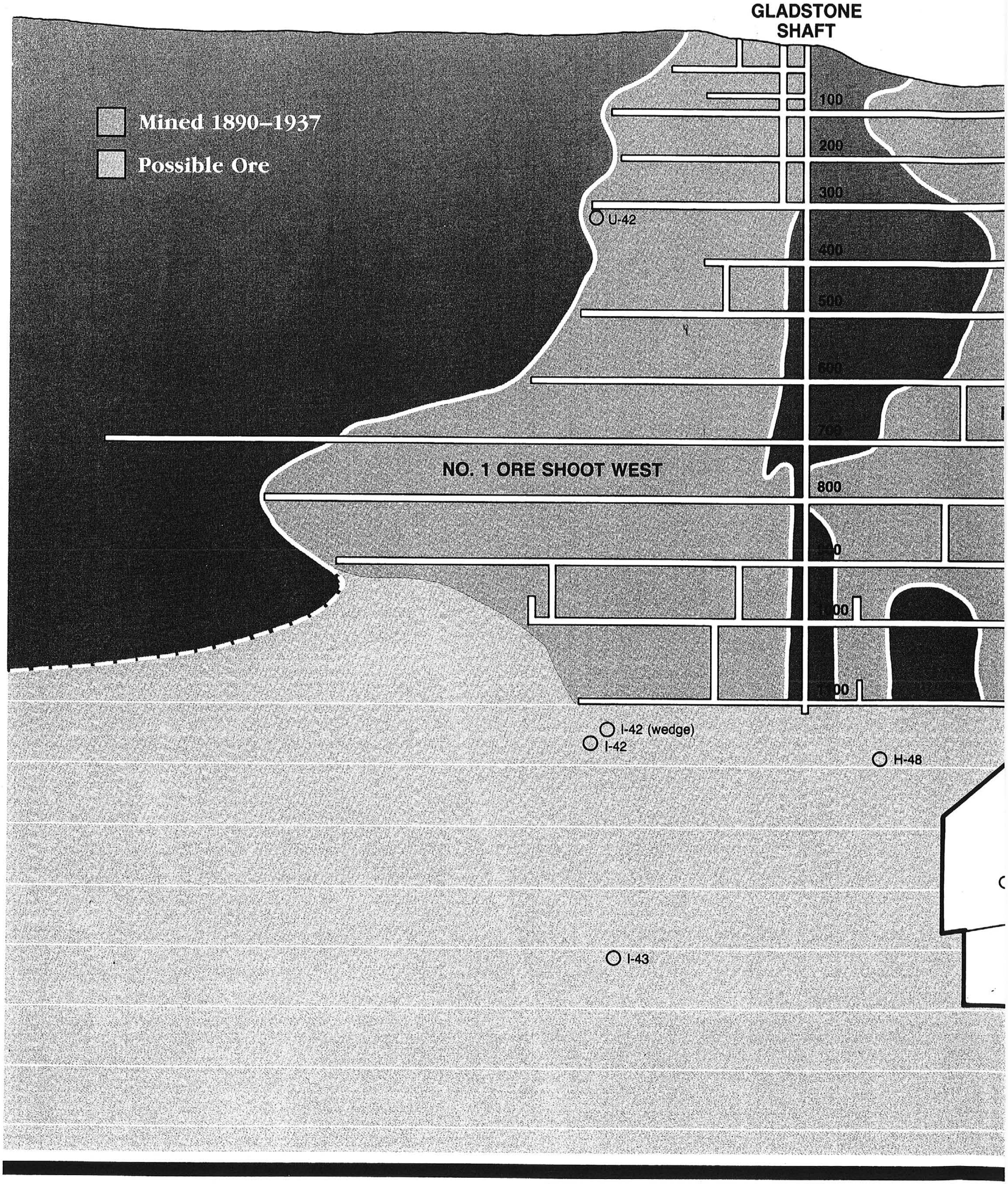


Dennis "Red" Blanchette (Shaft Captain) and Allan St. James (Project Manager) inspect McCabe's old underground working following the Company's recent dewatering program. The wall rocks are in excellent condition and clearly delineate the McCabe's vein structure.

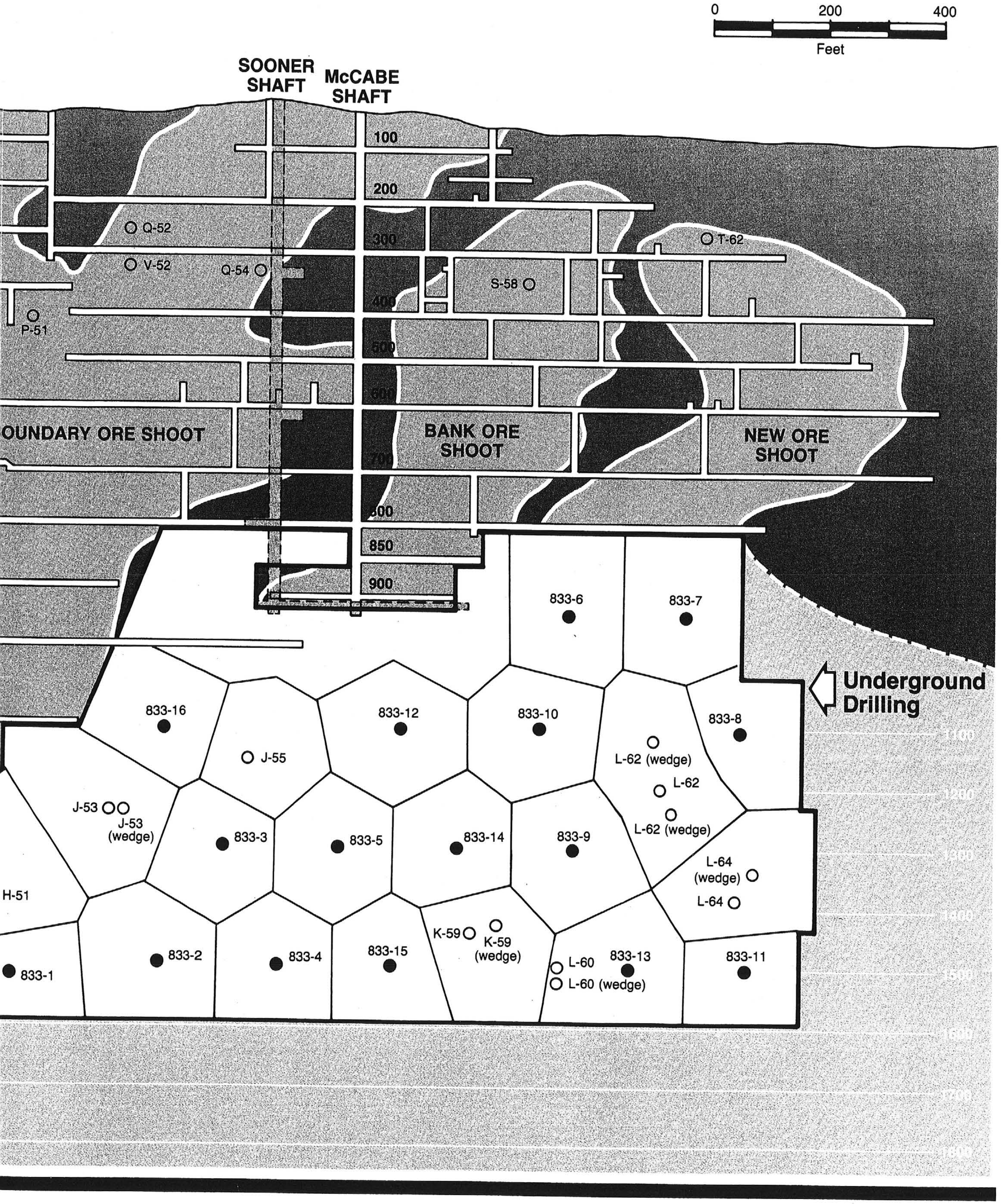
A

McCABE – GLADSTONE AREA
YAVAPAI CO., ARIZONA

View Looking N 31°W



A'


0
200
400
Feet
SOONER SHAFT
McCABE SHAFT
100
200
300
400
500
600
700
800
850
900
Q-52
V-52
Q-54
P-51
T-62
S-58
OUNDARY ORE SHOOT
BANK ORE SHOOT
NEW ORE SHOOT
833-6
833-7
Underground Drilling
833-16
833-12
833-10
833-8
J-55
L-62 (wedge)
L-62
L-62 (wedge)
J-53
J-53 (wedge)
833-3
833-5
833-14
833-9
L-64 (wedge)
L-64
H-51
K-59
K-59 (wedge)
833-1
833-2
833-4
833-15
L-60
L-60 (wedge)
833-13
833-11

Consolidated Balance Sheets

	March 31, 1982	March 31, 1981
ASSETS		
Current assets:		
Cash	$4,014,392	$ 856,731
Due from affiliates (Note 3)	1,323,308	1,290
Prepaid expenses	20,529	20,384
Total current assets	5,358,229	878,405
Deposits on purchases of undeveloped mineral properties	—	125,000
Investments in partnerships (Note 4)	556,493	—
Undeveloped mineral properties (Note 5)	1,300,451	1,089,559
Equipment (Note 6)	48,134	66,401
Other assets	7,176	86,262
Total assets	$7,270,483	$2,245,627
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 869,436	$ 357,066
Advances from affiliates in excess of costs incurred	545,650	464,372
Current portion of long-term debt (Note 7)	164,076	217,714
Total current liabilities	1,579,162	1,039,152
Long-term debt, net of current portion (Note 7)	330,597	238,073
Deferred income (Note 8)	709,756	615,574
Commitments (Note 9)		
Stockholders' equity (Note 10):		
Common stock, par value $.01 per share; authorized 10,000,000 shares	75,000	31,425
Additional paid-in capital	5,961,441	1,256,397
Deficit accumulated during the exploration and development stages	(1,188,159)	(733,240)
Less: subscriptions receivable	(197,314)	(201,754)
Total stockholders' equity	4,650,968	352,828
Total liabilities and stockholders' equity	$7,270,483	$2,245,627

See Notes to Consolidated Financial Statements

Consolidated Statements of Operations

	Year Ended March 31, 1982	1981	1980	Cumulative From Inception (March 22, 1979) To March 31, 1982
Income:				
Sales commissions	$ —	$ —	$ 160,000	$ 160,000
Management fees (Note 4)	409,354	189,000	—	598,354
Royalty (Note 4)	296,639	—	—	296,639
Interest and other income	413,258	72,561	1,938	487,757
Total income	1,119,251	261,561	161,938	1,542,750
Costs and expenses:				
Exploration	453,737	266,467	48,921	769,125
General and administrative	726,873	512,012	122,421	1,361,306
Interest	60,809	33,249	—	94,058
Registration (Note 10)	—	156,595	—	156,595
Total costs and expenses	1,241,419	968,323	171,342	2,381,084
	122,168	706,762	9,404	838,334
Share of loss in exploration and development partnerships (Note 4)	332,751	14,925	2,149	349,825
Loss before provision for income taxes	454,919	721,687	11,553	1,188,159
Provision (benefit) for income taxes:				
Current	(14,700)	(94,300)	109,000	—
Deferred	14,700	94,300	(109,000)	—
	—	—	—	—
Net loss	$ 454,919	$ 721,687	$ 11,553	$1,188,159
Loss per common share	$.063	$.107	$.002	

See Notes to Consolidated Financial Statements

Consolidated Statements of Changes in Financial Position

	Year Ended March 31, 1982	1981	1980	Cumulative From Inception (March 22, 1979) To March 31, 1982
Sources (Uses of Cash):				
Operations:				
Net loss	**$ (454,919)**	$ (721,687)	$ (11,553)	$(1,188,159)
Deferred income not included in net loss	**111,256**	298,500	300,000	709,756
Non-cash items included in net loss:				
Write-down of undeveloped mineral properties	**138,889**	—	—	138,889
Provision for deferred income taxes	**14,700**	94,300	(109,000)	—
Depreciation and amortization	**4,365**	15,179	1,620	21,164
Share of loss in partnerships	**332,751**	14,925	2,149	349,825
Other	**18,590**	—	—	18,590
Cash provided (used) by operations	**165,632**	(298,783)	183,216	50,065
Investment activities:				
Deposits on purchases of undeveloped mineral properties	**125,000**	(125,000)	—	—
Acquisition of undeveloped mineral properties	**(349,781)**	(710,092)	(379,467)	(1,439,340)
Acquisition of equipment	**(3,261)**	(55,113)	(25,567)	(83,941)
Investment in partnerships	**(906,318)**	—	—	(906,318)
Other, net	**62,959**	(17,782)	(56,300)	(11,123)
Cash used for investment activities	**(1,071,401)**	(907,987)	(461,334)	(2,440,722)
Working capital, exclusive of cash and current debt:				
Due from affiliates	**(1,322,018)**	467,100	(468,390)	(1,323,308)
Prepaid expenses	**(145)**	(19,024)	(1,360)	(20,529)
Accounts payable and accrued expenses	**512,370**	80,005	277,061	869,436
Advances from affiliates in excess of costs incurred	**81,278**	124,612	339,760	545,650
Cash provided (used) for working capital	**(728,515)**	652,693	147,071	71,249
Financing activities:				
Increase in long term debt	**299,672**	686,009	393,514	1,379,195
Payments on long term debt, net of current portion	**(260,786)**	(394,713)	(229,023)	(884,522)
Net proceeds from issuance of common stock	**4,753,059**	731,146	454,922	5,939,127
Redemption of common stock	**—**	(100,000)	—	(100,000)
Cash provided from financing activities	**4,791,945**	922,442	619,413	6,333,800
Increase in cash	**3,157,661**	368,365	488,366	4,014,392
Cash, beginning of year	**856,731**	488,366	—	—
Cash, end of year	**$ 4,014,392**	$ 856,731	$ 488,366	$ 4,014,392

See Notes to Consolidated Financial Statements

Consolidated Statements of Stockholders' Equity
for the years ended March 31, 1982, 1981 and 1980

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit Accumulated During the Exploration and Development Stage	Subscriptions Receivable
Issuance of common stock:					
For cash:					
at $.01 per share	1,205,000	$12,050	$ —	$ —	$ (8,928)
at $.50 per share	62,500	625	30,625	—	—
at $.775 per share	400,000	4,000	306,000	—	—
at $1.00 per share	10,000	100	9,900	—	—
at $2.00 per share	50,000	500	99,500	—	—
For services:					
at $.016 per share	34,767	348	202	—	—
Net loss for year ended March 31, 1980				(11,553)	—
Balances as of March 31, 1980	1,762,267	17,623	446,227	(11,553)	(8,928)
Issuance of common stock:					
For cash:					
at $1.00 per share	100,000	1,000	99,000	—	—
at $1.66 per share	300,000	3,000	497,000	—	—
at $2.00 per share (post-split)	50,000	500	99,500	—	—
Stock split	1,085,233	10,852	(10,852)	—	—
Employee stock plan	142,468	1,425	220,035	—	(221,460)
Cash redemption of common stock — $2.00 per share	(97,500)	(975)	(99,025)	—	—
Cancellation of subscription on 200,000 shares	(200,000)	(2,000)	200	—	1,800
Receipts of subscription receivable	—	—	—	—	31,146
Accrued interest on employee subscriptions	—	—	4,312	—	(4,312)
Net loss for year ended March 31, 1981				(721,687)	—
Balances as of March 31, 1981	3,142,468	31,425	1,256,397	(733,240)	(201,754)
Issuance of common stock:					
For cash at $5.00 per share	50,000	500	249,500	—	—
Stock split	3,557,532	35,575	(35,575)	—	—
Public offering at $7.00 per share	750,000	7,500	4,480,500	—	—
Receipts on subscriptions receivable	—	—	9,869	—	4,440
Issuance of common stock warrants	—	—	750	—	—
Net loss for year ended March 31, 1982				(454,919)	
Balances as of March 31, 1982	7,500,000	$75,000	$5,961,441	$(1,188,159)	$(197,314)

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements

1. Organization:

Stan West Mining Corp. was organized April 17, 1979 under the laws of the State of Delaware as Stan West Corporation. On February 5, 1981, the Company was renamed Stan West Mining Corp.

During April 1979, the Company acquired, in a transaction accounted for as a pooling of interests, all of the outstanding common stock of American Moly-Gold of Arizona Corp. ("AMG"). AMG was organized March 22, 1979 under the laws of the State of Arizona. The only transaction of AMG during the period from inception (March 22, 1979) to date of acquisition was to enter into a contract to purchase mineral properties located in Yavapai County, Arizona which was consummated on April 20, 1979. Accordingly, no statements of operations, stockholders' equity and changes in financial position for the period from inception (March 22, 1979) to March 31, 1979 are presented for AMG.

2. Summary of Significant Accounting Policies:

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (the "Company"). All material intercompany balances and transactions are eliminated in consolidation. Investments in partnerships are accounted for under the equity method.

Basis of Presentation
The Company is in the development stage and since inception has been engaged in the acquisition, exploration and development of mineral deposits. The accompanying financial statements are presented in the format prescribed by Statement of Financial Accounting Standards No. 7 issued by the Financial Accounting Standards Board.

Change in Presentation
In 1982, the Company changed its presentation of the Statements of Changes in Financial Position from an analysis of the change in working capital to an analysis of the change in cash in order to more clearly reflect cash flow. The Statements of Changes in Financial Position for 1981, 1980 and inception to date have been restated to conform to this presentation. There was no effect on operating results.

Undeveloped Mineral Properties
Undeveloped mineral properties are carried at cost. Upon commencement of production, the cost is transferred to mineral properties and depleted over the estimated life of the reserves. If exploration is not successful, the cost is written down to estimated realizable value. No allowance for depletion has been provided in the accompanying financial statements.

Advance Royalties
Advance royalties received are deferred for income recognition until such time as either production is commenced or a decision is made by management that production of ore in commercial quantities is not economically feasible.

Minimum Royalties
Minimum royalties received are recognized as revenue ratably over the lease period.

Management Fees
Management fees are recognized as revenue ratably over the term of the exploration or development programs on the basis of exploration or development costs incurred.

Exploration Costs
Exploration costs are charged to operations as incurred and includes provisions for impairment of exploitable properties not being developed currently.

Investment Tax Credit
Investment tax credits are accounted for by the flow-through method as a reduction of the provision for Federal income taxes.

Loss Per Share
Loss per share of common stock is computed based on the weighted average number of shares outstanding during each year, after giving effect to stock splits. The effect on loss per share for the outstanding stock option is excluded from the loss per share computation as it is antidilutive. The stock warrants are also excluded from the computation as their exercise price is in excess of the market price.

3. Due From Affiliates:

Due from affiliates consists of the following:

	1982	1981
Costs in excess of advances	$1,278,618	$ —
Accrued management fees	39,083	—
Other	5,607	1,290
	$1,323,308	$ 1,290

Costs in excess of advances represent amounts paid by the Company under the terms of the exploration contracts with limited partnerships which exceeds funds advanced by the limited partnerships.

4. Investments In Partnerships:

The Company currently finances its exploration and development programs through limited partnerships. The Company is the managing general partner in each of these partnerships. In several, the Company invests as a limited partner. Summarized financial information for the partnerships at March 31, 1982 and for the year then ended is presented below. This group is comprised of Rebel Associates, Henrietta Associates, Sooner Associates, Silver Fox Associates and Stan West Associates.

	1982
Financial position:	
Current assets	$ 832,576
Deferred charges, net	2,914,479
	$3,747,055
Current liabilities	$1,238,365
Net assets	$2,508,690
Costs and expenses (Net loss)	$2,170,594
Percentage owned	1–35%

As managing general partner, the Company receives a 1% equity participation which increases to a maximum of 50% after the limited and other general partners receive certain levels of distribution.

Essentially, all management fees and royalty income earned by the Company are a result of transactions involving these partnerships. Certain directors and shareholders of the Company are general or limited partners of the partnerships.

5. Undeveloped Mineral Properties:

The Company has acquired and staked various patented and unpatented mining claims in Yavapai County, Arizona. Some of the acquisition agreements require periodic payments under a fixed term and, accordingly, the liability is recorded. Other agreements can be terminated at any time without additional payments required. These payments are capitalized as incurred.

At the present time, the Company does not have properties or claims proven to be capable of commercial production. The ultimate value of the undeveloped mineral properties is dependent upon the discovery and development of ore reserves in commercial quantities. If it is determined that commercially profitable operations cannot be developed, all related capitalized costs for that property will be written off at that time.

Undeveloped mineral properties consist of the following:

	Costs Capitalized March 31, 1982
McCabe/Gladstone Claims: These claims are currently being developed by two limited partnerships, Sooner Associates and Stan West Associates. Following a surface drilling program, a new 850 foot shaft was sunk, the old workings were dewatered and underground drilling was begun. The program will be completed in August 1982.	$ 254,464
Rebel/Little Kicker Claims: These claims are currently being explored by Rebel Associates, a limited partnership. The initial surface drilling program is in-process and will be completed by August 1982.	104,871
Henrietta Claims: These claims are currently being explored by Henrietta Associates, a limited partnership. The initial surface drilling program is in-process and will be completed by August 1982.	88,132
Claims not under current development.	852,984
	$1,300,451

6. Equipment:

Equipment, which is recorded at cost, is comprised of the following:

	1982	1981
Equipment	$ 83,941	$ 80,680
Less accumulated depreciation	35,807	14,279
	$ 48,134	$ 66,401

7. Long-Term Debt:

Long-term debt consists of the following:

	1982	1981
Mortgages on undeveloped mineral properties, net of unamortized discount (based on an imputed interest rate of 15%) of $36,345 and $71,839, respectively, payable in periodic payments expiring through 1983, cancellable by the Company upon reasonable notice and surrender of the underlying properties to the seller	$263,952	$393,161
Mortgage on undeveloped mineral properties, net of unamortized discount (based on an imputed interest rate of 17%) of $64,831 payable in three annual payments through 1985	111,669	—
Mortgage on undeveloped mineral property, net of unamortized discount (based on an imputed interest rate of 15%) of $9,304, with semi-annual payments of $9,000 through May 1984 and a $37,840 payment due November 1984 including 6% interest	73,536	—
Other notes payable	45,516	62,626
	494,673	455,787
Less current portion	164,076	217,714
	$330,597	$238,073

Aggregate payments on long-term debt for the next five years are:

Year Ending March 31,:	
1983	$164,076
1984	185,604
1985	130,744
1986	4,061
1987	3,828

8. Deferred Income:

Deferred income consists of the following:

	1982	1981
Advance royalties	$475,000	$562,500
Minimum royalties	131,948	—
Management fees	102,808	36,000
Other	—	17,074
	$709,756	$615,574

Substantially all deferred income has been received from related parties.

9. Commitments:

The Company leases office and warehouse facilities which are classified as operating leases. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of March 31, 1982:

1983	$ 54,078
1984	47,516
1985	30,491
	$132,085

10. Stockholders' Equity:

Public Stock Offering
In September 1981, the Company concluded a public offering of 750,000 shares of its common stock at a price of $7.00 per share. Costs of this offering of $762,000 were charged to additional paid-in-capital. Costs incurred in 1981 in connection with a Registration that was not completed are included in operations.

In connection with the Public offering, the Company sold to the underwriter warrants to purchase 75,000 shares of common stock of the Company for $750. The warrants are exercisable for a five-year period commencing on September 2, 1982, at a price of $8.40 per share.

Common Stock Split
The Company made a 2.13208217 for 1 stock split of its common stock to stockholders of record on April 29, 1981, resulting in an increase of 3,557,532 common shares. The par value of these additional shares was capitalized by a transfer of $35,575 from additional paid-in capital to common stock.

Stock Options
During September 1980, the Company granted an option to a director to purchase 53,302 shares of the common stock of

the Company at $2.82 per share exercisable at any time prior to September 1985. As of March 31, 1982, these options had not been exercised.

Employee Stock Purchase Plan
During September 1980, the Board of Directors approved its Employees Stock Purchase Plan and reserved 426,416 shares of common stock for issuance thereunder. Under the Plan, certain employees purchased during September and October 1980, 252,967 shares (adjusted for stock splits), which contain certain restrictions, at $.59 per share which was the fair value of the common stock as determined by the Board of Directors. The employees paid 10% of the purchase price or $17,000 upon subscription and the balance of $136,990 is payable over 10 years with interest at 6%.

During February 1981, under the Plan, certain employees purchased 50,786 shares (adjusted for stock splits), at $1.41 per share which was the fair value as determined by the Board of Directors. The employees paid 10% or $7,146 upon subscription and the balance of $64,636 is payable over 10 years with interest at 6%.

The restrictions lapse annually on 25% of the shares provided the subscribers remain employees of the Company. If employment ceases before the restrictions lapse, the employees may be required to resell the shares to the Company at the lower of the subscription price or the fair market value on the date of repurchase. As of March 31, 1982, the Company has reserved 122,663 shares of common stock for issuance under the plan.

11. Income Taxes:

The Company files a consolidated federal income tax return with its subsidiaries. The Company has consolidated net operating loss carryovers expiring in 1997 as follows:

March 31	Tax Reporting	Financial Reporting
1996	$137,000	$742,000
1997	$215,000	455,000

The primary difference in basis is contributable to advanced royalties which have been deferred for financial statement purposes and recognized as revenue when received for income tax purposes.

12. Subsequent Events:

On May 10, 1982, the Company acquired for $1,700,000 all of the stock of RI Mining Corp. whose assets consist of property interests in the Pebble Mill and McCabe exploration projects. The acquisition price is payable as follows:

May 10, 1982	$566,667
August 10, 1982	566,667
December 1, 1982	566,666

The Company also received an option to purchase 674,575 shares of Stan West Mining Corp.'s common stock from Rock Island Refining Corp. until May 10, 1986. The option price is $3 per share until May 10, 1984 and $5 per share thereafter.

Accountants' Report

The Board of Directors and
Stockholders of
Stan West Mining Corp.

We have examined the consolidated balance sheet of Stan West Mining Corp. and subsidiaries as of March 31, 1982 and the related consolidated statements of operations, stockholders' equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The consolidated financial statements of Stan West Mining Corp. and subsidiaries for the years ended March 31, 1981 and 1980 were examined by other auditors whose report expressed an unqualified opinion on those statements.

As described in Note 5, the consolidated balance sheet at March 31, 1982 includes the cost of Undeveloped Mineral Properties of $1,300,451. Recovery of the Company's investment in these assets is dependent upon either the future development of profitable operations from such assets or a sale of the Company's interest therein.

In our opinion, subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the aforementioned consolidated financial statements present fairly the financial position of Stan West Mining Corp. and subsidiaries as of March 31, 1982 and the results of their operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Phoenix, Arizona
June 4, 1982

Management's Discussion and Analysis

Liquidity and Capital Resources

The Company's liquidity position was significantly strengthened through the receipt of $4,738,000 of net proceeds from the public and private issuance of stock. These monies improve the net working capital position and provide the liquid funds required during the Company's developmental stage.

During fiscal 1983, the Company's liquidity will be reduced by projected operating deficits, expenditures for corporate exploration and the purchase of RI Mining Corp. and its property interests. The ultimate cash-generating ability of the Company depends on its success in delineating and developing commercial ore bodies from its exploration programs. The most developed property to date is the McCabe project that could be operational by January 1, 1984 if the underground work and feasibility study are favorable. Until production commences, the Company will continue to rely on royalty payments and management fees from its exploration programs. These revenues are highly dependent on metal prices and the Company's ability to continue to syndicate new exploration ventures.

The Company does not anticipate any major capital expenditure programs other than the possible acquisition of additional undeveloped mineral properties. If a positive production decision is made at McCabe, the project will require approximately $6,000,000 in production financing. It is anticipated that commercial banks or other conventional lending sources will provide this money directly to the project. The Company is not expected to incur any new significant debt during the next year.

Results of Operations

Income in fiscal 1982 increased by $857,690 over 1981. Enlarged royalty payments and management fees resulted from the Company's expanded exploration programs. In addition, the Company realized interest income by investing its net proceeds from the sale of common stock.

Costs and expenses also increased primarily because of the higher cost structure from the Company's new corporate headquarters in Phoenix, Arizona and the Company's increased exploration expenses. The Company's loss in exploration and development partnerships also increased substantially during 1982. This reflects the increasing trend for the Company to invest directly in its exploration programs.

Operating comparisons between 1981 and 1980 are difficult because 1980 represents only a partial year of limited start-up operations. Fiscal 1981 was the first full year of meaningful operational results.

Because the Company is in the development stage, it does not have any operating mines. Consequently, the impact of inflation was negligible.

Selected Financial Data

	1982	1981	1980
Income	**$1,119,251**	$ 261,561	$ 161,938
Net Operating Loss	**454,919**	721,687	11,553
Loss per Common Share	**(.063)**	(.107)	(.002)
Total Assets	**7,270,483**	2,245,627	1,526,830
Long Term Obligations	**330,597**	238,073	—
Average Shares Outstanding	**7,183,000**	6,750,000	6,750,000

Corporate Information

Directors and Officers

Frank H. Crerie*
Chairman of the Board

Harold L. Hodges
President — Bill Hodges Trucking Co., Inc.

Stanley W. Holmes*
President

Bernard H. Fishman*
Attorney

Charles E. Michener
Consulting geologist

Scott Norris*
Vice-President Finance and Treasurer

Carl W. Swan
President — Swan Petroleum Corporation

Joe Dan Trigg
President — Trigg Drilling Company, Inc.

Ira U. Cobleigh
Economist/Author

*executive officers

Corporate Offices

Stan West Mining Corp.
2701 East Camelback Road
Suite 260
Phoenix, Arizona 85016

General Counsel

Fishman Forman & Landau
New York, New York

Auditors

Coopers & Lybrand
Phoenix, Arizona

Transfer Agent

Continental Stock Transfer & Trust Company
New York, New York

FORM 10-K IS AVAILABLE UPON WRITTEN REQUEST

Common Stock Information

The Company's Common Shares have been traded in the over-the-counter market since the Company's public offering on September 2, 1981, and are quoted on the National Association of Securities Dealers' Automated Quotation System (NASDAQ) under the symbol SWMC. The following table sets forth the range of high and low closing bid prices of the Company's Common Shares for the fiscal period indicated as reported by NASDAQ Market Information.

Fiscal Year	Bid Price	
1982:	High	Low
Third Quarter	6⅜	4¾
Fourth Quarter	5	4

The Company has paid no dividends nor anticipates paying dividends in the near future. The Company had approximately 370 shareholders as of May 21, 1982.

***COVER PHOTOGRAPH** — The Hen. ne, McCabe Mine, on the 1,050-foot leve showing American Mine Services drilling crew Howard Last and John Glenn.*

HIGHLIGHTS

• 1986 — March	Stan West regained 100 per cent control of the McCabe Mine. Financing is being finalized to bring the mine into production.
• 1986 — February	Stan West Mining Corp. enters into an agreement with the C.M.P. gold fund for an additional $1 million (Canadian) underwriting to fund the Noranda/SWMC joint-venture in Timmins.
• 1985 — December	The results of drilling in the Noranda/SWMC Timmins venture are positive. Extension of the program into 1986 is recommended and approved.
• 1985 — October	SWMC enters into an agreement with the C.M.P. gold fund for a $1 million (Canadian) underwriting to fund the Noranda/SWMC joint-venture in Timmins.
• 1985 — October	SWMC is listed for trading on The Toronto Stock Exchange, Ontario, Canada.
• 1985 — August	SWMC enters into a $1.5 million (Canadian) exploration agreement with Noranda Explorations to explore one of Noranda's holdings in the famous Timmins gold camp, Ontario.
• 1985	Stan West Mining Corp. signed a $15 million joint-venture agreement with Santa Fe Mining, Inc. to bring the McCabe Mine into production.
• 1983	Private investors advanced over $3 million to deepen the Sooner Shaft at the McCabe Mine and drift underground. The actual ore grades were 40 per cent higher than originally projected.
• 1982	Private investors advanced $4.7 million to sink the Sooner Shaft to 833 feet at the McCabe Mine. Approximately $2 million was funded for additional surface drilling in the McCabe Mining Unit. By year-end, 400,000 tons (five years) of reserves had been established, grading 0.37 ounces/ton gold and 2.5 ounces/ton silver. Inferred reserves were 600,000 tons of 0.31 ounces/ton gold.
• 1981	Stan West Mining Corp. was listed on the NASDAQ exchange and raised approximately $5 million in its initial public stock offering. Surface drilling at the McCabe cut commercial mineral zones at depth.
• 1980	The McCabe Mine in central Arizona was acquired, and $2 million in initial exploration funds were raised for the property.

Above — Stanley W. Holmes, Ph.D., President of Stan West Mining Corp., and Frank H. Crerie, Chairman of the Board.

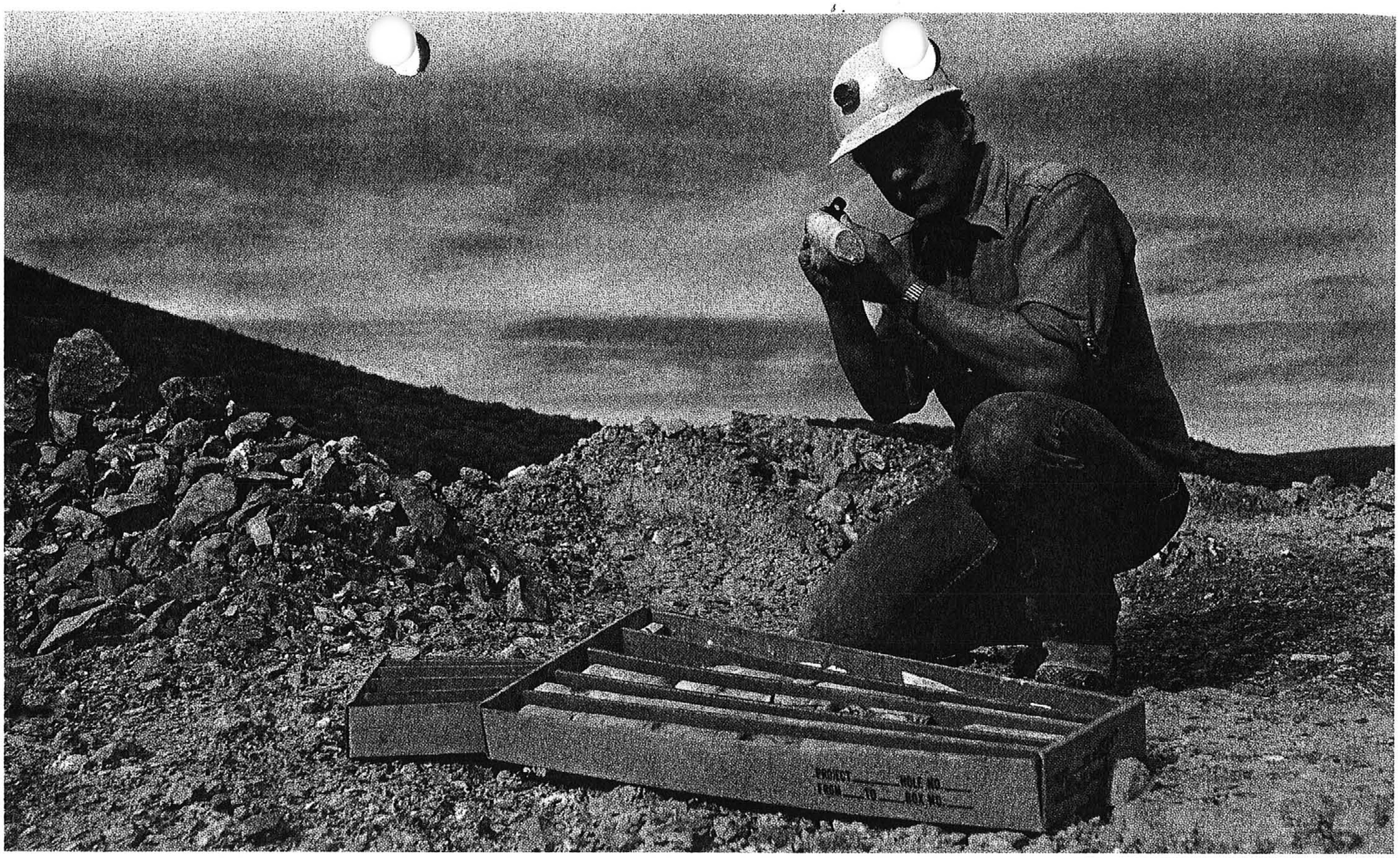
Previous page — McCabe Mine headframe at Humbolt, Arizona, with mining crew from American Mine Services at shift change.

In 1979 Frank H. Crerie, a financier from New York City, and Dr. Stanley W. Holmes, a geologist of international repute, formed Stan West Mining Corp. to explore and develop precious metal mines in the South-West United States. Crerie had met Holmes in the Elliot Lake uranium boom of the 1950s where he was financing Stan Rock Uranium Mines into production and Holmes was the Chief Geologist of Consolidated Denison Uranium Mines. Holmes had previously been the Chief Geologist at Pronto Mines and had pioneered much of the early work with the Hirshhorn-Joubin group in the Blind River area.

Crerie went on to a successful career in the oil and gas industry, being one of the founders of White Shield Corp. (now Basix Corporation — NYSE) which raised over $100 million for oil and gas exploration and development. Holmes moved into the United Kingdom and Continental Europe, forming the EXMINESA Syndicate (Cominco, Union Corp., and Gunnar) which found the Rubiales Mine, a major lead, zinc, silver mine in Northern Spain which is now in production. He also formed Intermine, which acquired the Parys-Mona base metal deposit in Wales now being explored and developed by Imperial Mines Ltd.

In the late 1970s Crerie and Holmes initiated discussions about gold exploration in the U.S.A. In 1979 they formed Stan West Mining Corp., a syndicate to explore and develop precious metal properties in the South-West United States. Holmes conceptualized that the properties should have (1) a past history of production, (2) that they should have a Pre-Cambrian (Archean) geological environment, and (3) they should be strata-bound volcanogenic in origin. Initial research indicated that a belt of favourable Pre-Cambrian volcanic formations formed the Bradshaw Mountains two hours' drive North of Phoenix, Arizona. Old production records showed that the famous United Verde Mine and extension was located at Jerome. Past production of base and precious metals was in excess of $5 billion. Further to the South-West was the Iron King Mine, a gold/silver/base metal deposit with production in excess of five million tons. Holmes decided that this was the area to commence acquisition and exploration. Numerous other past gold producers also exist in the belt.

Holmes indicated to Crerie that the initial money needed was $1-2 million for acquisition and exploration. Crerie had raised over $100 million in tax shelter monies for the oil and gas industry and he realized that there was an immense untapped source of tax dollars with excellent "write-offs" that would, likewise, be available for exploration in the mining field. Crerie also recognized that the Wall Street Houses lacked technical and financial expertise in this field and that he would have to seek out the knowledgeable oil people

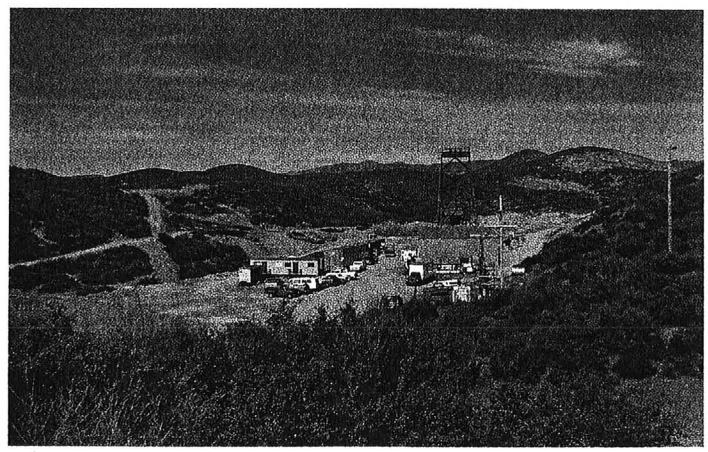


Richard Pape, McCabe Mine geologist, examining core from the underground drilling program.

who understood this type of venture financing. Crerie subsequently raised $10 million in tax shelters from 12 investors which financed the early stages of Stan West Mining's exploration programs. In 1981 Stan West went public with an underwriting through James J. Duane & Co., and subsequently became listed for trading on NASDAQ. This underwriting was for 750,000 shares at $7.00 per share and raised $5.25 million (U.S.). The initial tax shelter investors recently "swapped-out" their limited partnership interest for common stock, which resulted in a debt-free Stan West.

The monies that Stan West Mining raised through shelters and the public underwriting were spent almost exclusively on the McCabe-Gladstone Mine. During its property acquisition period Stan West had tied up or staked a total of 260 claims covering a belt approximately four miles by two miles in size. Within that belt are former producers or prospects, i.e., Iron King, Silver Belt, Arizona, Lookout, Idaho, Adventure, and Little Kicker. The McCabe-Gladstone, a former gold-silver producer, had been mined to a depth of 1,000 feet. Production and smelter records indicated that 250,000-350,000 tons had been mined with grades in excess of 0.30 ounces of gold and 2.9 ounces of silver per ton.

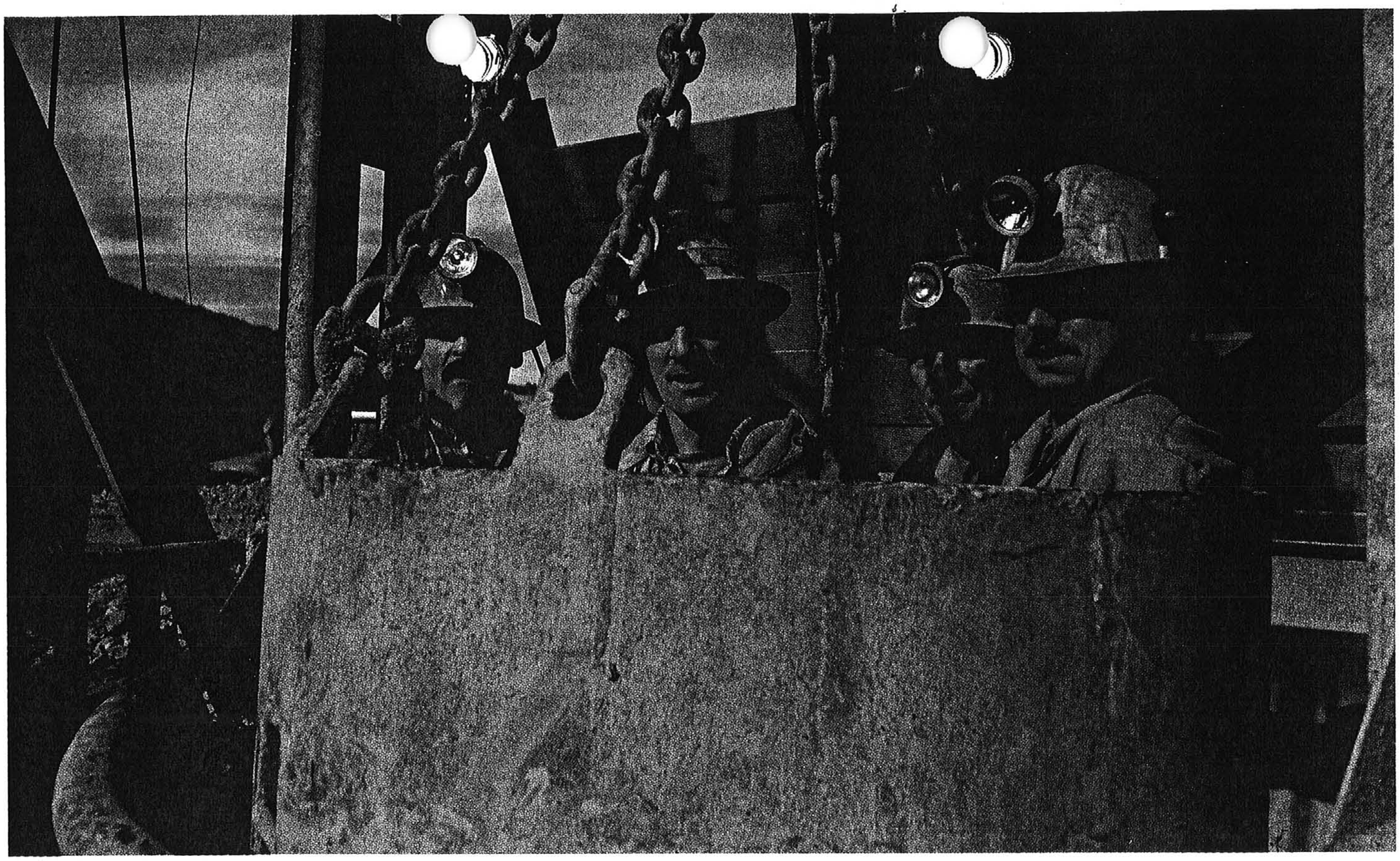
Following geological, geochemical, and geophysical surveys, deep drilling of 30 holes totalling 50,000 feet



View of McCabe Mine site, Humbolt, Arizona.

showed extensions of the ore-bearing zone 300-500 feet below the old workings. This program showed drill-indicated reserves of 400,000-500,000 tons with a grade of 0.30 ounces/ton gold and 2.5 ounces/ton silver. On the basis of this work, a 14-foot concrete-lined, circular shaft was sunk in 1982 to 1,050 feet, and a drift was driven on the ore at the 1,050-foot level for 900 feet. This averaged 0.42 ounces/ton gold over a width of 4.9 feet. Drilling from the 833-foot level on 200-foot centres confirmed the presence of the drill-indicated reserves to a confidence level of proven and probable. Inferred reserves are in excess of 1,000,000 ounces of gold and 2,500,000 ounces of silver.

Gold prices declined in 1983 and 1984 and financing



American Mine Services mining crew descending in the sinking bucket at the McCabe Mine.

interest came to a standstill. Crerie and Holmes decided to find an industry partner who would provide the remaining funds necessary to bring the McCabe into production. In March, 1985, Stan West Mining entered into a joint-venture agreement with Santa Fe Mining, Inc., a subsidiary of Santa Fe Southern Pacific Corporation. Santa Fe would match the $15 million spent by Stan West in order to earn a 50 per cent interest in the McCabe. Their commitment involved putting the property into production (300 tons/day) by the end of 1986 and boosting production to 500 tons/day within 18 months. They could terminate their option after the expenditure of $5 million either in work or by payment of the balance to Stan West.

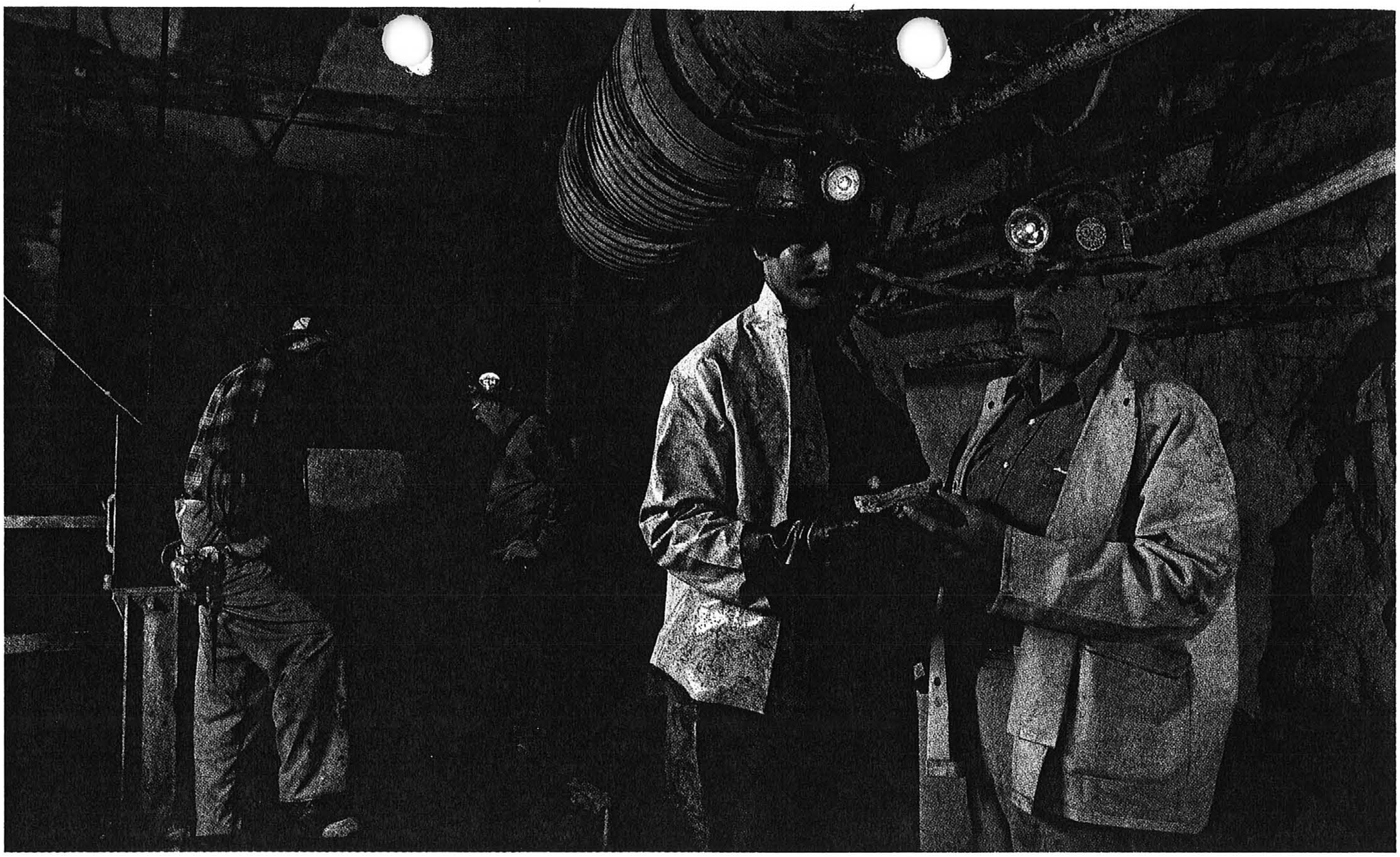
In March, 1986, Santa Fe, after expenditures of $6 million, made a decision to return the property to Stan West. This decision was not because of engineering or geological considerations, but in their opinion the continuation of the project would not result in a commercial operation of a size consistent with Santa Fe's investment criteria.

During its program, Santa Fe sank the shaft from 1,050 feet to 1,460 feet and established production stations. Drifting (1,460 feet) on the 1,250-foot level and (1,168 feet) on the 1,450-foot level. Much of this was on the ore zone. Three diamond drills were active on both levels delimiting the gold-bearing zones. There is evidence at the present time that a second gold-bearing zone parallel to the McCabe has been found. Drilling below the 1,450-foot level has shown the ore to continue at depth. Drifting to the North-East on the 1,250-foot level past the "East Fault" that terminated previous mining had discovered ore grade mineralization. This is a significant discovery and could add appreciably to the ore reserves.

The underground work carried out by Santa Fe Mining validated the following reserve estimates: Proven and probable — 430,000 tons with a recoverable grade of 0.385 ounces gold/ton, and inferred and drill indicated of 700,000 tons with a recoverable grade of 0.317. A 10 per cent dilution factor is included with a 0.20 cut-off and a 85 per cent recovery.

Stan West has concluded that it is economically feasible to bring the McCabe into production as soon as financing is arranged. This is being negotiated at the present time. Stan West will now have a 100 per cent interest in the mine and, with $200 per ounce cost, the property looks very attractive. A production level has not been specified, but a 300 tons/day plant will yield 40,000 ounces of gold per year and 125,000 ounces of silver. Engineering studies are under way.

Santa Fe will retain its interest in the outside holdings that Stan West has in Arizona, and will continue its exploration program. The exploration option gives Santa Fe four years to make a production decision, after which they earn 60 per cent, with Stan West having a 40 per cent working interest. If Stan West elects not to



Grant Morin, miner, and Birl W. Worley, Vice-President of Operations, at the 1,050-foot-level station, McCabe Mine.

proceed, they revert to a 40 per cent non-assessable carried interest in net proceeds after payback. Exploration work, including geology, geophysics, and geochemistry has been carried out by Santa Fe over much of the claim group. Drilling, including reverse circulation and diamond drilling, is under way at the Iron King and Arizona-Lookout-Silver Belt properties.

The most important former producer within the Stan West holdings is the Iron King Mine. Between 1930 and 1968 this mine produced five million tons of sulphide ore grading 0.22 ounces/ton gold, 4.0 ounces/ton silver, 7 per cent zinc, 4 per cent lead, and 0.5 per cent copper. The ore body consisted of 14 massive sulphide lenses in a typical acid volcanogenic environment. Mining terminated in 1968 at a depth of 3,800 feet, in ore, because of low metal prices.

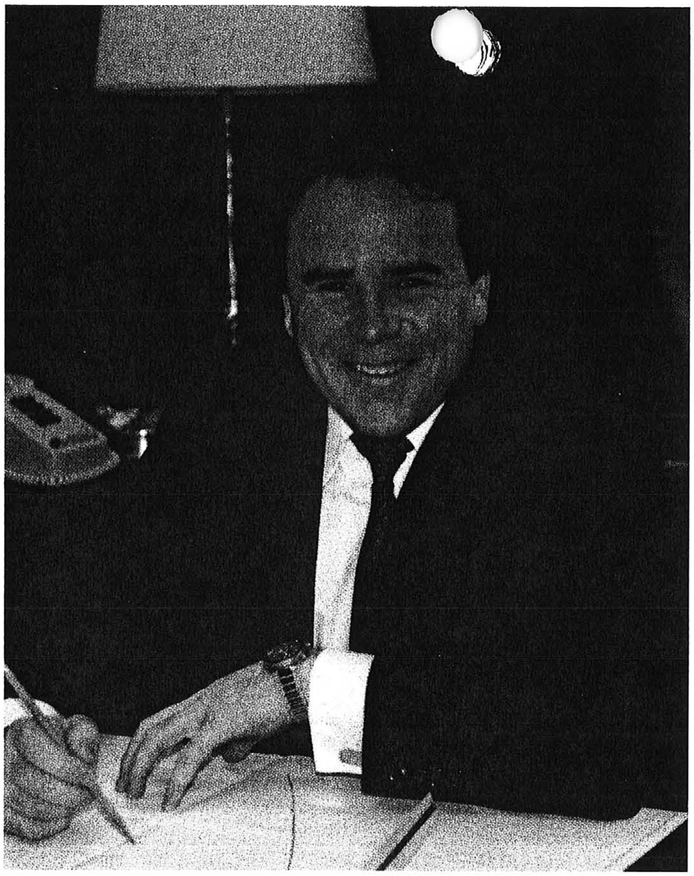
The Arizona-Lookout-Silver Belt zone of silver mineralization occurs in the centre of the claim group. The zone is two miles long, and was mined to depths of 500 feet. The total tons removed is approximately 250,000 with a grade of 15 ounces/ton silver, 3 per cent zinc, 3 per cent lead, and .05 ounces/ton gold. Mining terminated because of low metal prices.

In addition to the above prospects and producers, numerous other "mineralized showings" exist on the property. Some of these are direct extensions of known past producers, and some are virgin prospects. All, or nearly all, are strata-bound occurrences in acid volcanogenic host rocks similar to the McCabe.

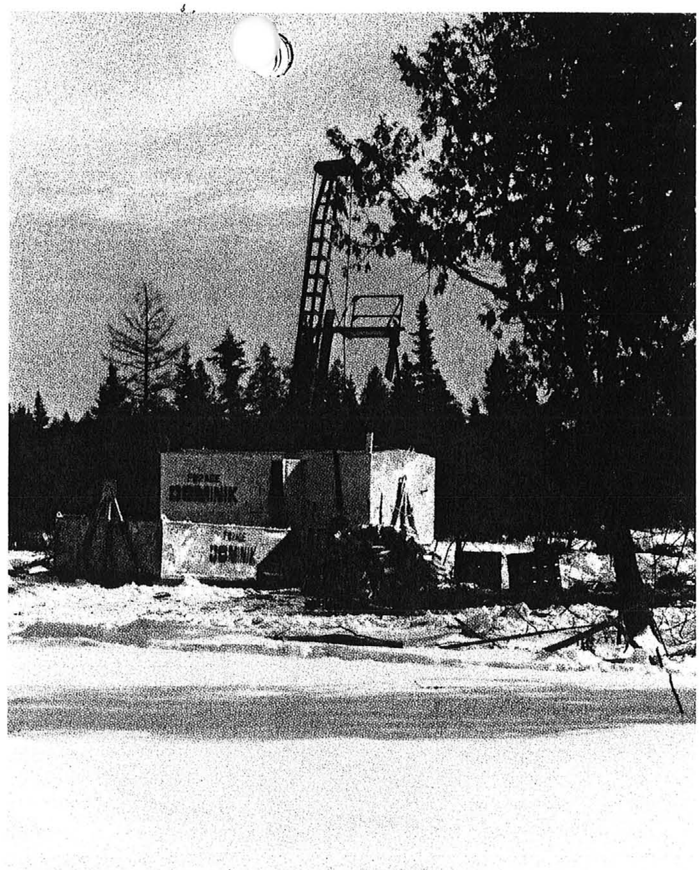
It is evident from the above that Stan West's presence in Arizona will be one of much activity over the next twelve months. The McCabe Mine will be brought on stream, producing 40,000 ounces of gold and 125,000 ounces of silver per year. Exploration of the Iron King, Arizona-Silver Belt, and other properties will continue at a high pace. In addition, exploration and acquisition by Stan West of other known precious metal properties will continue aggressively.

In 1985 Holmes and Crerie made a decision to move Stan West into the Canadian exploration and mining scene. An office was opened in Toronto with Peter W. Holmes, geologist, as the exploration manager. Application for listing the Company on The Toronto Stock Exchange for trading in Canada was made. This was achieved in October 1985. The benefits from this were obvious. It would give a greater distribution of shareholders, allow the Company to be involved in the Canadian gold-play and, perhaps most important, allow the Company to participate in exploration financing by the issuance of "flow-through" shares.

In July 1985, Stan West entered into an agreement with Noranda Explorations to jointly explore a favourable zone of gold mineralization in the famous Timmins gold camp. The area, comprising around 264 contiguous



Peter W. Holmes, Exploration Manager, Canada.



Winter drill program, De Santis Mine, Noranda-Stan West joint-venture, Timmins, Ontario, Canada.

claims, covers a favourable belt of volcanics immediately West of such mines as Aunor, Delnite, Buffalo Ankerite, Dome, and other past producers. Stan West should earn a 50 per cent interest in the area by spending $1.5 million (Canadian) over 18 months, after which a joint-venture would be established with Noranda.

In October 1985, Stan West was underwritten by C.M.P., a major Canadian gold fund, for $1 million (Canadian) to carry out the initial stages of the Timmins (Mountjoy) Project. Under the regulations governing "flow-through" shares, 205,761 shares were sold at a premium price of $4.86 (Canadian) per share. These funds were spent on the 1985 Mountjoy program.

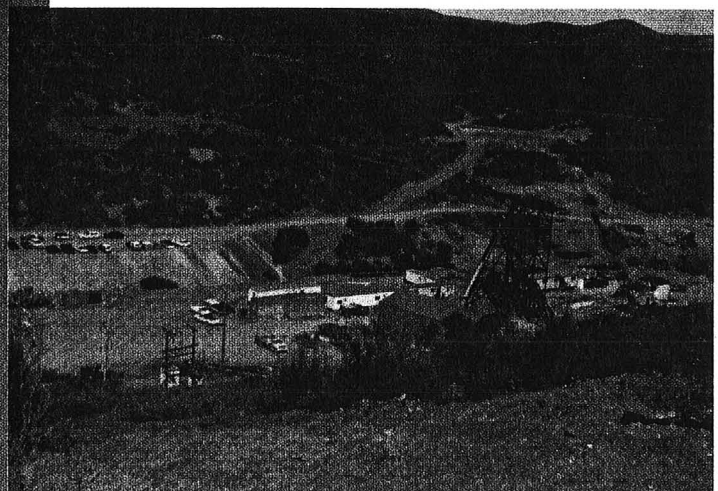
The results of the 1985 program were most encouraging. The majority of the monies was spent on drilling targets Noranda had previously delimited. The most favourable results were at the De Santis Mine, a former producer, (200,000 tons @ 0.18 grade) which produced 36,000 ounces. Deep drilling 500 feet below the bottom levels (1,000 feet) showed that the mineralization continued at depth and that multiple gold-bearing zones were developing. Four holes cut the zone, the best of which was MJD #12 (.025 ounce/Au/ton over 20.9 feet).

Noranda is encouraged by these results, and additional drilling (1986 program) is under way. In order to fund this program, C.M.P. underwrote another $1 million (Canadian) in Stan West shares through the "flow-through" method. Initial results of this drilling are encouraging. At the completion of this program of drilling, the next stage will involve dewatering the De Santis shaft and carrying out underground drilling and exploration development. This will cost approximately $1 million and will be funded jointly by Noranda and Stan West. Stan West has the monies for this work from the recent C.M.P. funding. The Mountjoy Project covers a large area. Numerous other excellent targets exist. They will be tested in the immediate future.

In conclusion, Stan West has accomplished a great deal for a junior mining company over the past five years. This has been the result of an active and aggressive management who understand the risk-oriented nature of the exploration industry. One of the greatest of mine finders in the industry stated "mine finding takes time, money, and guts — and the last is the most important". Stan West is convinced that it is highly endowed with this characteristic. The Company believes that there is every reason to believe that as a highly motivated company it will take its place in the ranks of successful precious metal producers.

GLADSTONE MCCABE (I)
2/1999

BHP



Mine site in full operation, early 1990s

WHO IS BHP?

BHP is a division of The Broken Hill Proprietary Company Ltd. (BHP). BHP is a global diversified resources company with four main businesses: copper, minerals, petroleum and steel. BHP has operations and offices in more than 70 countries, including Australia, North and South America, Europe and Asia. At BHP, we are committed to being a low cost copper producer while maintaining a high level of safety and environmental responsibility.

BHP COPPER has an extraordinary commitment to environmental rehabilitation, and the McCabe Mine showcases how mines and mine tailings can be reclaimed into land that has rich environmental and economic value.

A HISTORICAL PERSPECTIVE

The McCabe Gold Mine is located in northern Arizona, near the community of Humbolt. Gold has been mined in this area since the 1870s, although modern mining operations began at the site in 1981 and continued through 1993. The McCabe mining operation involved both private land and land owned by the U.S. Bureau of Land Management. A predecessor of BHP (Magma Copper Company) operated the mine for almost two years before closure activities were initiated. The closed mine was acquired by BHP when it purchased Magma Copper in 1996.

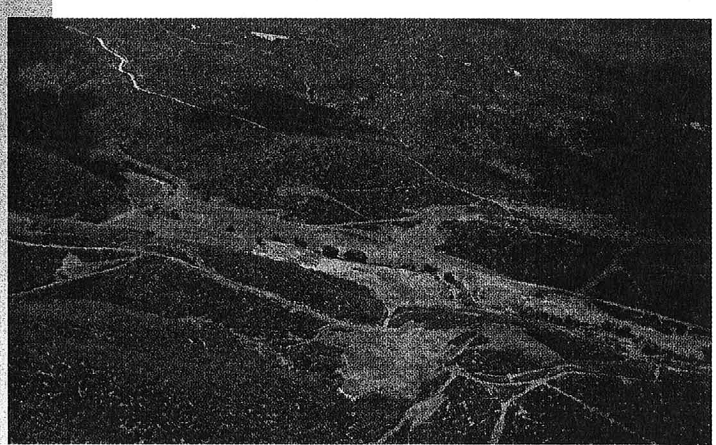
THE MINING PROCESS

The ore was extracted from two deep mine shafts. It was crushed and processed through a milling operation which used a cyanide solution to dissolve the gold out of the rock. The finely ground rock that is left after the ore is processed is called tailings, and was deposited in large piles known as "impoundments." When Magma acquired the mine in late 1990, it changed the operation to eliminate the use of cyanide at the facility and began to extract copper and silver as well as gold.

RECLAMATION EFFORTS

Closure and reclamation activities began in 1993. The Arizona Mine Inspector and the Arizona Department of Environmental Quality (ADEQ) regulated the reclamation through a Mining Plan of Operation and permits to control groundwater and surface water quality.

A number of tests were conducted to determine the acid and mineral content of the waste rock piles and tailings, and several groundwater monitoring wells were drilled to assess any environmental impacts from past mining operations.



Early revegetation of mine site

Cover photo inset: completed reclamation of tailings

To Our Stockholders:

During fiscal 1984, Stan West Mining Corp. ("SWMC") successfully completed the final feasibility study for the McCabe gold mine in central Arizona. A technical team of independent geologists, engineers, metallurgical consultants and equipment suppliers worked for over a year to develop and finalize the feasibility study. The results of this work are reported in more detail on pages 2–3. The independent report concludes that the McCabe Mine's direct operating costs should approximate $192 per ounce of gold produced. This would make the McCabe Mine a competitive, low cost producer within the North American precious metal industry.

SWMC continues to pursue and evaluate financing alternatives for the McCabe Mine. During 1984, several domestic and international financing plans were vigorously investigated. The Company also received two proposals from major mining companies. However, the Board of Directors rejected these offers because SWMC would have been forced to give-up significant equity and control over the McCabe Mine and its surrounding claims.

SWMC is continuing to pursue other financing options. We are optimistic that the long-term trend for higher gold prices will prevail and that the financing for the McCabe Mine will be arranged on acceptable terms. Production should commence within eight months after the financing is completed.

As we reported last year, SWMC has acquired other significant properties along the McCabe/Iron King belt. In 1984, the international consulting firm of Behre Dolbear & Co. conducted independent evaluations of these properties. Behre Dolbear's study concluded that the silver zones have indicated reserves of approximately 750,000 tons with an average silver grade of 22 ounces/ton. The evaluation of the Iron King claim group found that the property's historical production grades were significantly higher than were previously reported. Both of these properties represent excellent exploration targets that will be developed once metal prices improve and the McCabe financing is complete.

During the last three years, your Company has progressed and successfully delineated a high grade, precious metal ore body. We appreciate your support as we continue to work to maximize this asset and bring the McCabe Mine into production.

Frank H. Crerie
Chairman of the Board

Stanley W. Holmes
President

McCabe Property Feasibility Study

During the last eighteen months, SWMC has completed a comprehensive feasibility study on the McCabe project. Independent consultants and engineers were engaged to thoroughly evaluate the project's geological reserves, metallurgical processes, capital costs, mining methods, permits and tailings requirements. The feasibility study's initial results have been subsequently confirmed by vendor bids and a metallurgical pilot plant study. Detailed engineering drawings for the McCabe Mill have been initiated.

The final feasibility study that consolidated the results from the various engineering studies was prepared by the international consulting firm of Derry, Michener, Booth, & Wahl. The summary findings from their study are outlined below:

RESERVES

The final feasibility study summarized the Proven, Probable and Possible ore reserves at the McCabe Mine, Yavapai County, Arizona as 177,600 ounces of gold, 1,119,200 ounces of silver and significant, but uncalculated amounts of lead, copper and zinc.

The bulk of the gold occurs in 353,239 tons of high grade (0.38 oz. Au/ton, 2.0 oz. Ag/ton) veins lying directly below and as extensions of the once prolific McCabe Mine.

Reserves indicated by drilling in 1982 have been proven by underground drifting in 1983, resulting in a 50% increase in tonnage and a 25% increase in grade over the earlier figures. May 1, 1983 measured reserves as calculated by Derry, Michener & Booth, Inc. are shown in the table below:

The McCabe Mine also contains a considerable tonnage of material in and adjacent to old stoping areas which is estimated by Stan West at 479,021 tons, grading 0.15 oz. Au/ton and 1.21 oz. Ag/ton.

In addition to the measured reserves, there is considerable potential for reserves on extensions of the McCabe and Gladstone structure, both at depth and along strike. Further potential is indicated along parallel structures such as the Rebel-Little Kicker, Adventure, Monopolist and 0–68 veins.

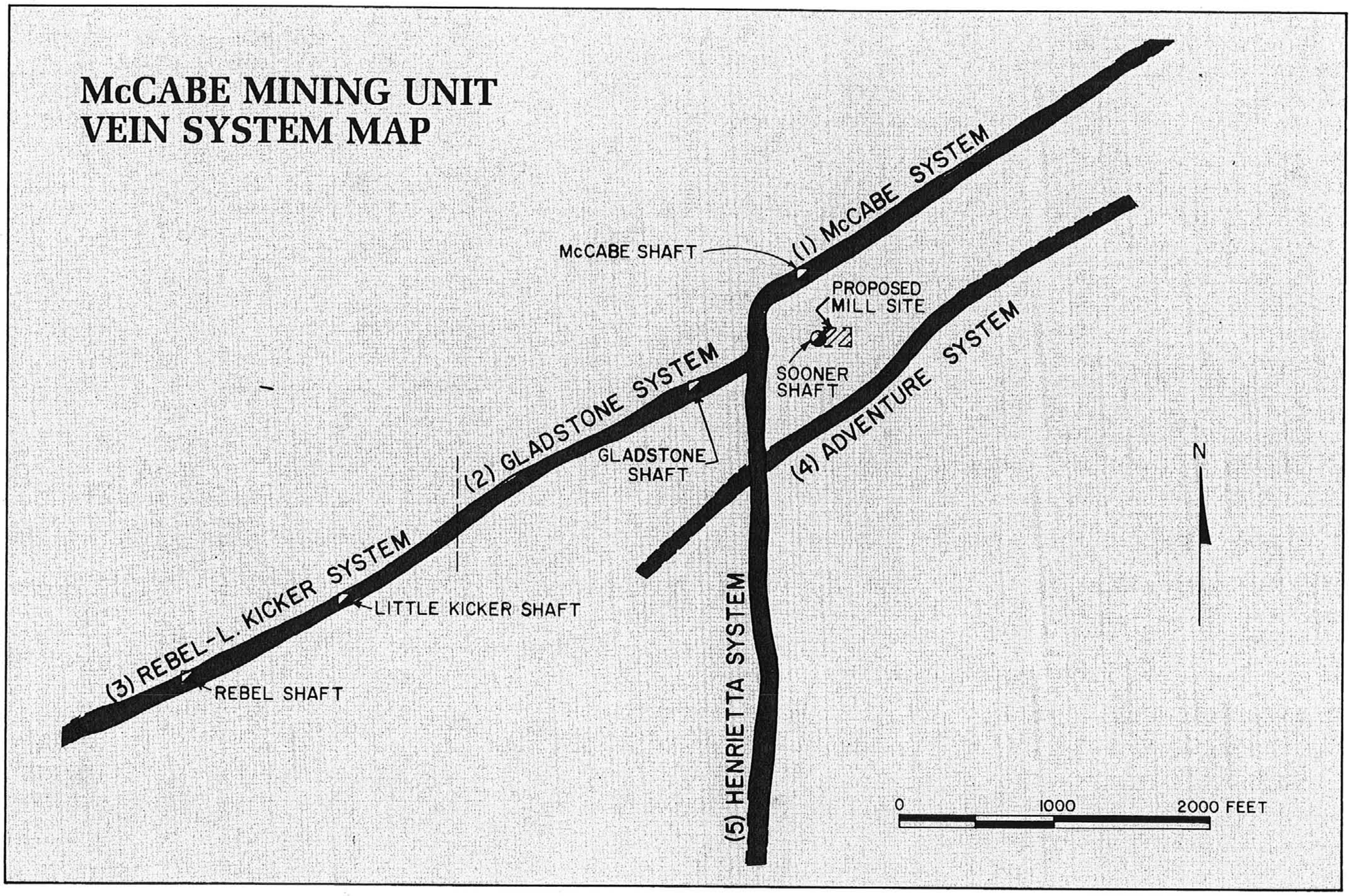
The ultimate reserves on the Stan West holdings on the McCabe Property may be on the order of several million tons containing perhaps 1 million ounces of gold and 5–6 million ounces of silver.

MINING

American Mine Services (AMS) suggests the mine initially be developed through three levels about 200 feet apart utilizing track haulage and a sub-level longhole mining method. The sub-levels are planned to be 23 feet back to back and should allow both excellent grade control and ground support. AMS projects cost for mining, exploration, and general and administrative expenses of $51.72 per ton for the initial two years, with a reduction to $44.15 per ton thereafter. Milling costs have been estimated at $15 per ton by R. Down, metallurgical consultant to Stan West Mining Corp. Costs are then projected at roughly $67 per ton for years one and two, reducing to $59 per ton thereafter. Consequently, an average operating cost per ounce on the order of $192 is anticipated. A work force on the order of 100 is planned.

McCabe Mine Ore Reserves

		Ounces/Ton		Total Ounces	
	Tonnage	Gold	Silver	Gold	Silver
Proven	158,765	.35	2.2	56,315	352,595
Probable — Drifting	72,047	.36	2.3	26,068	162,299
Probable — Drilling	277,270	.26	1.6	72,374	449,395
Possible	85,600	.27	1.8	22,860	154,880
Geologically Inferred	2,000,000	.35	2.0	700,000	4,000,000
Total Reserves	2,593,682	.34	2.0	877,617	5,119,169



METALLURGY

The proposed mill flow sheet has been chosen to be as simple as possible, given the complexity of the ore, and to be flexible so that varying ore characteristics can be accommodated, from pyritic ore to ore containing various amounts of base metals. Features incorporated within the flexible mill design include conventional crushing and grinding, optional gravity concentration, optional flotation, and cyanidation with recovery of gold and silver by a carbon-in-pulp circuit. Based on the metallurgical test work, recovery of 90% of the gold and 40% of the silver is anticipated.

SUMMARY

The new McCabe Mine will produce on the order of 300 tons per day, or 100,000 tons per year. From this, the mill will recover each year nearly 29,000 ounces of gold and 80,000 ounces of silver. Proven, Probable and Possible Reserves at present are sufficient to maintain this level of production for more than five years. Potential and Speculative reserves as extensions of the main ore veins, or on known parallel structures, extend the anticipated life of the McCabe Property well into the next decade.

Consolidated Balance Sheets

	March 31, 1984	March 31, 1983
ASSETS		
Current assets:		
Cash	$1,082,709	$2,031,761
Due from affiliates (Note 2)	251,485	310,074
Prepaid expenses	9,268	8,667
Total current assets	1,343,462	2,350,502
Investments in partnerships (Note 3)	2,865,584	3,109,030
Undeveloped mineral properties (Note 4)	1,758,811	1,259,557
Other assets	42,185	45,419
Total assets	$6,010,042	$6,764,508
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 35,207	$ 315,036
Advances from affiliates in excess of costs incurred	2,762	141,779
Current portion of long-term debt (Note 6)	135,395	195,131
Total current liabilities	173,364	651,946
Long-term debt, net of current portion (Note 6)	14,248	144,928
Deferred income (Note 7)	197,603	543,333
Total liabilities	385,215	1,340,207
Commitments and contingencies (Note 8)		
Stockholders' equity (Note 9):		
Common stock, par value $.01 per share; authorized 20,000,000 shares	80,528	77,863
Additional paid-in capital	8,106,540	7,108,702
Deficit accumulated during the exploration and development stages	(2,400,133)	(1,600,156)
Less: Subscriptions receivable	(85,394)	(85,394)
	5,701,541	5,501,015
Less: Treasury stock, at cost (64,278 shares)	(76,714)	(76,714)
Total stockholders' equity	5,624,827	5,424,301
Total liabilities and stockholders' equity	$6,010,042	$6,764,508

See Notes to Consolidated Financial Statements