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07/10/87

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: GOLD COIN GROUP

ALTERNATE NAMES:
MINNEAPOLIS GROUP

MOHAVE COUNTY MILS NUMBER: 32D

LOCATION: TOWNSHIP 19 N RANGE 20 W SECTION 21 QUARTER NW
LATITUDE: N 35DEG 01MIN 33SEC LONGITUDE: W 108DEG 25MIN 02SEC
TOPO MAP NAME: OATMAN - 7.5 MIN

CURRENT STATUS: UNKNOWN

COMMODITY:
GOLD LODE

BIBLIOGRAPHY:

ADMMR MOHAVE CUSTOM MILL PROJECT
SCHRADER, F.C. "MIN. DPSTS OF CRBT RNGE, BLCK MTNS, GRND WSH CLFS,AZ" USGS BULL 397, P 182
WEED'S MINES HANDBOOK, VOL. XVI, P 318; 1925
ADMMR GOLD COIN FILE

SCALE 1:24 000

0 1 MILE

0 2000 3000 4000 5000 6000 7000 FEET

5 0 1 KILOMETER

CONTOUR INTERVAL 40 FEET
DATUM IS MEAN SEA LEVEL

Oatman 7.5

Medium-duty

U

QUADRANGLE LOCATION

MPLIES WITH NATIONAL MAP ACCURACY STANDARDS
SURVEY, DENVER, COLORADO 80225, OR WASHINGTON, D. C. 20242

GOLD COIN MOHAVE COUNTY

NJN WR 5/15/87: Ken Hodgeson reports that the Gold Coin, Mohave MILS 32D, is open with 6 men working underground in 1 stope next to the Leland. They will be shipping material shortly to the mill that has been erected on the White Chief (file) Mohave County.

MG WR 2/5/88: After talking to Nyal Niemuth, I provided some information on the Gold Coin group (file) Mohave County to Mr. Jack Dahoney. Mr. Dahoney called on behalf of a friend who has invested about $200,000 in the recent mining project. They are concerned about the apparent lack of production.

RH

Gold Coun(t) Mohave

IN PURSUIT OF PRECIOUS METALS

Gold fever. It's here again. The dramatic rise in the price of gold, world inflation, and the instability of international politics have rekindled the flame attracting speculators and conservative investors alike to the intrinsic value of the glittering yellow metal.

And seldom has it glittered better than in the Oatman (San Francisco) Mining District of Arizona, historically one of the richest and most active discoveries in the American Southwest at the turn of the century, right up until the U.S. War Board closed the gold mines in 1942. But times and politics change, and the Oatman Mining District is once again enjoying the resurgence of exploration, development, mining and milling. The ring of the miners' picks and bray of the burro have been replaced by the sounds of the latest machines and equipment techniques echoing from the hogbacks and jagged red spires of rock surrounding the old gold camps, bringing forth the memories of the old-timers and evoking the dreams of the newcomers of riches and fame.

But there is one company—aggressive and strong (an intelligent player with the latest technology)—that has it all and is head and shoulders above the rest in turning these dreams into hard reality with bottom line profits.

That company is Grubstake Mining, Inc.

THE COMPANY

Grubstake Mining, Inc. is developing over two thousand acres of significant precious metals mining properties, foremost of which is the Minneapolis mine near Oatman, Arizona. This lode claim has been estimated to have proven, probable and recoverable reserves of over 960,000 tons to a depth of only 1,100 feet along the Minneapolis veins, at an assayed value of total precious metals at $363 per ton. Grubstake's other claims in the Oatman area represent an estimated million tons of proven and probable reserves.

The Minneapolis vein on the company's claim has been tunnelled more than 937 feet total at a development cost of over $350,000.00.

Total recorded gold production of the Oatman (San Francisco) District prior to 1931, at todays prices would amount to $708,358,400 according to the Arizona Bureau of Mines. Taking into account the unrecorded production, the true figure could well be in excess of one and a half billion dollars, from some of the richest veins discovered—over 40 ounces per ton in one instance. Applying the latest technology in exploration and recovery processes, the reactivation of operations in this district could well yield production that will exceed the previous record.

Canyon City Milling Co., Inc., a sister company, operates a 250 ton per day completely closed loop leaching plant on a millsite at the southern edge of Oatman. In addition to milling the initial 250 tons per day of ores produced from the Grubstake mine, the company also plans to handle custom milling of compatible ores from other sources.

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Grubstake Mining, inc.

Total shares outstanding: 5,055,727

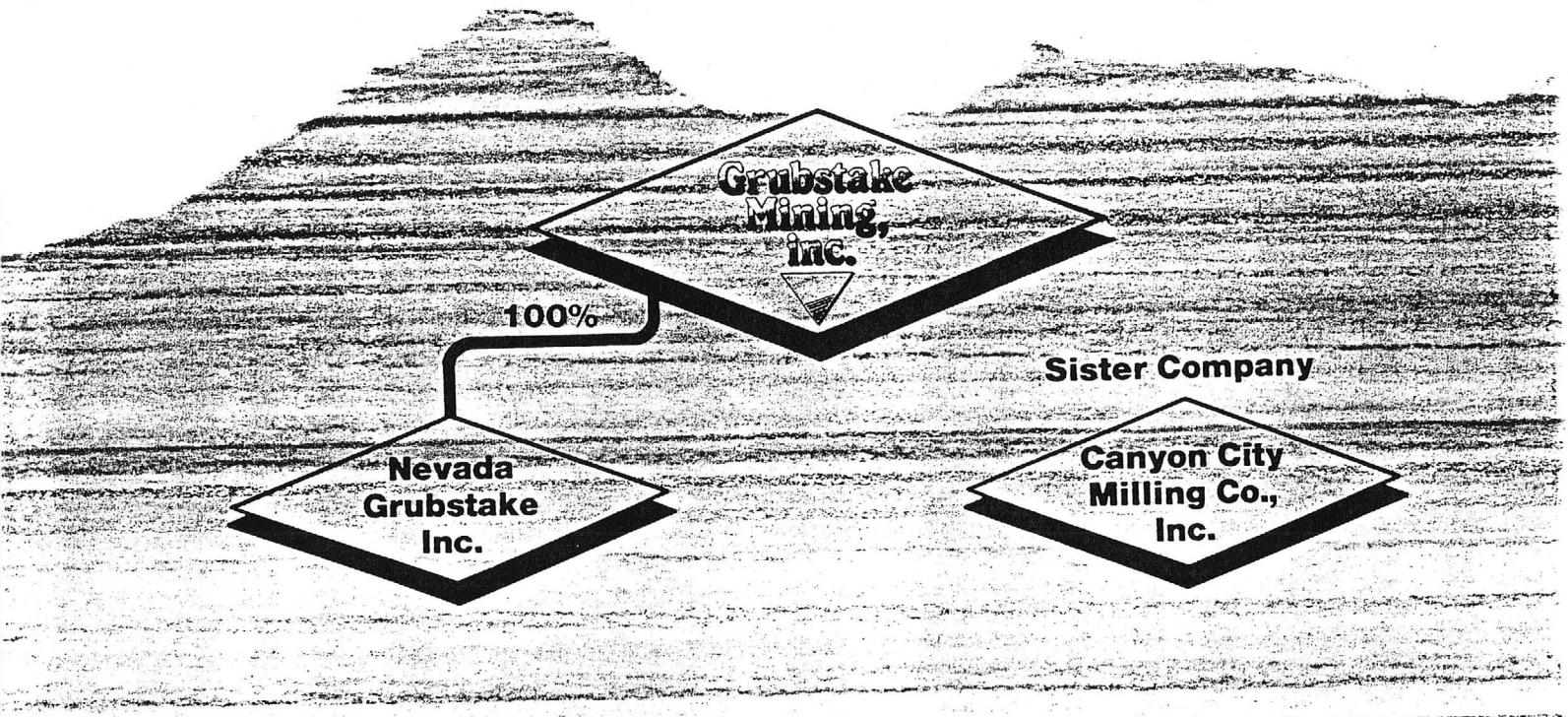
Total shares in float: 803,220

MARKET MAKERS: Berkley Sec. (212) 635-9000 • Greentree Sec. (305) 483-2800 • Cimmaron Sec. Corp. (509) 928-0777 • General Bond & Shares (303) 733-8437 • Sprung/Wise Sec. (303) 294-0400

TRANSFER AGENT: Pacific Stock Transfer Co. • 1641 E. Sunset Rd. • Las Vegas, NV 89193 • (702) 361-3033

CORPORATE OFFICES: 1701 West Charleston Blvd. • Suite 510 • Las Vegas, NV 89102
PHONE: (702) 387-1925 • FAX: (702) 387-2029 • TELEX: 180067 (GRUB)

COMPANY CONTACT: Alton C. Bingham, President • (702) 382-9591



Description:

Grubstake Mining, Inc. is presently conducting precious metals mining and milling operations in the Oatman (San Francisco) Mining District in Arizona. The on site mill capacity is 250 tons per day. The company has ore stockpiled and one million tons estimated reserves at the Grubstake mine, representing only a fraction of the total 2,000 acres of claims the company controls.

The company has fully integrated resources with sufficient capital and management expertise to carry its development and recovery programs forward. The closed cycle leaching plant of the company is being completely re-engineered to use the Aqua-Regia Plus method of precious metal extraction. The engineering is being done by an experienced team of extractive metallurgists, headed by a man with over 20 years in the field. Estimates of recovery are expected to exceed 80% and could go higher. The overall success of this plant is dependent on the ore engineering exceeding 80% recovery.

Grubstake Mining, Inc. is the forerunner in developing the Oatman (San Francisco) Mining District once again into a world leader in gold production. This same District produced 2.2 million ounces of gold between 1897 and 1942, with ore grades between 0.30 and 1.1 ounces of gold per ton.

Grubstake Mining, inc.

1701 WEST CHARLESTON • SUITE 510 • LAS VEGAS, NEVADA 89102
PHONE: (702) 382-9591 • FAX: (702) 387-2029 • TELEX: 180067 (GRUB)

Shares outstanding	5,055,727	Market Capitalization	$25,278,635
Estimated Float	803,220	Fiscal year-end	12/31
Total Assets[1]	$ 1,050,000	Shareholder's Equity[1]	$ 905,000

[1]At September 30, 1987 (Audit in Process)

THE COMPANY

Grubstake Mining, Inc. (Recent price: $5.25 bid; $6.00 asked) is developing over two thousand acres of significant precious metals mining properties, foremost of which is the Minneapolis mine near Oatman, Arizona. This lode claim has been estimated by management to have projected reserves of 960,000 tons to a depth of 1,100 feet along the Minneapolis veins, at an assayed value of total precious metals of $363 per ton. Grubstake's other claims in the Oatman area represent an estimated one million tons of proven and probable ore. The Minneapolis vein on the company's claim has been tunnelled more than 937 feet at a development cost of over $350,000.00.

Total recorded gold production of the Oatman (San Francisco) District *prior to 1931, at today's prices would amount to $708,358,400* according to the U.S. Bureau of Mines. Taking into account the unreported production, the true figure could well be in excess of *one and one half billion dollars,* from some of the richest veins discovered—over 40 ounces per ton in one instance. Applying the latest technology in exploration and recovery processes, the reactivation of mining in this district could yield production that will exceed the previous record.

CANYON CITY MILLING COMPANY, INC.

Canyon City Milling Co., Inc., a sister company of Grubstake Mining, Inc., operates a 250 tons per day closed loop leaching plant on a millsite at the southern edge of Oatman. This plant is being completely re-engineered to use the Aqua-Regia PLUS method of precious metals extraction. The process engineering is being conducted by an experienced team of extraction metallurgists, headed by a man with over 20 years in this field. Estimates of recovery are expected to be 80%. Higher recoveries have been attained. The obtainment of all the projections used in this report and the overall success of the Oatman Project, are dependent on the success of this ore engineering, and the extraction of 80% of the recoverable reserves.

GRUBSTAKE MINING, INC. OATMAN OPERATIONS

Assuming 80% of recoverable values of total precious metals at $363 per ton, at the Grubstake mine using 960,000 tons of the proven, probable, and recoverable reserves. This represents $278,784,000.00, in projected future revenues and approximately $167 million in gross profits. After allowances for costs of capitalization of plant and equipment for development, testing, mining, and recovery, the gross profit is estimated by management at approximately $54 million over a three year period (see below). This projects to earnings estimated at approximately $3.15 per share. At today's OTC quotes of $5.25 bid, $6.00 asked by brokers in the pink sheets, the stock of Grubstake Mining, Inc., may be considered valued on this basis.

MANAGEMENT'S PROJECTIONS

Management's current goals for Grubstake Mining, Inc. Oatman operations.

	1988	1989	1990
Ounces of Gold	32,500	65,000	97,000
Gross Revenue	$14,625,000	$29,250,000	$43,875,000
Production Cost	6,175,000	11,050,000	15,600,000
Gross Profit	$ 8,450,000	$18,200,000	$28,250,000

The company intends to develop and put into production as much of its present reserves as possible, while continuing to build its reserve base by exploring and acquiring additional prospects. Where management deems conditions are favorable to the company, some claims may be joint ventured or sold to produce additional revenues and profits.

(over)