



CONTACT INFORMATION

Mining Records Curator
Arizona Geological Survey
1520 West Adams St.
Phoenix, AZ 85007
602-771-1601
<http://www.azgs.az.gov>
inquiries@azgs.az.gov

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PRINTED: 01-19-2012

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: KNABE

ALTERNATE NAMES:
KANABE #4

MARICOPA COUNTY MILS NUMBER: 173C

LOCATION: TOWNSHIP 5 N RANGE 9 W SECTION 33 QUARTER NE
LATITUDE: N 33DEG 44MIN 07SEC LONGITUDE: W 113DEG 12MIN 03SEC
TOPO MAP NAME: BIG HORN MTS - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:
MANGANESE OXIDE
GOLD

BIBLIOGRAPHY:
ADMMR KNABE FILE
FARNHAM & STEWART USBM IC 7843, P. 20
ADMMR "U" FILE MARICOPA MN 30

PRINTED: 11/08/2001

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KANABE #4

MARICOPA COUNTY

NJN WR 7/25/86: Ron Gilcrest, Portland, Oregon, reported that Can-Ex Resources Ltd., P O Box 12542, Vancouver, BC Canada V6E 3X2, (604) 682-2269, (c) is going to be active at the El Tigre (file), Kanabe 4 (file) Mollie Davenport (file) and Lucky (card) Maricopa County. They are planning on conducting geochemical and geophysical surveys to be followed by churn drilling. Can-ex's major shoreholder is Tricon Resources Ltd (c).

RRB WR 8/8/86: Visited the properties acquired by Can-ex Resources Ltd (El Tetre, Knabe, etc) south of Aguila, Maricopa Co. No one was on the property.

KANAB NORTH

START-UP NUMBER 7432509
STATE NUMBER STATE
MSHA NUMBER _____

10138400

JUN 8 1987

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Kananbe #4

Date Feb. 4, 1953

District Aguila

Engineer Mark Gemmill

Subject: Investigation

Ownership

The mine is owned by Northfleet Kanabe, Aguila. It is now leased to and being operated by F. H. Sitton and J. E. Robinett, present headquarters Wenden.

Location

It is located in the north end of the Big Horn Mts. about two miles easterly from the Black Nuggett and Black Queen mines. It is about 15 miles by road in a southerly direction from Aguila.

Geology and ore

The country rock is granite and the ore occurs in a fractured zone of granite. Manganese mainly in the form of psilomelane and pyrolusite seems to be entirely in the fractures and cleavages of the granite. It appears to be an irregular shaped deposit but hardly enough work has been done to form definite ideas as to that phase of it.

Development Work

In the past month the operators have exposed an area of about 150' by 300' by removing an overburden of from 2' to 6' deep. This was rather easy to do as ore was exposed on the point of a low flat hill. After removing the overburden they drilled a number of jackhammer holes 8' deep. Mr. Robinett stated that there was ore in all of them of a more or less iniform grade. They have also driven three cuts from the lower edge of the hill which expse uniform ore conditions.

Plan of operation

As it is the ore is too low grade to ship. Mr. Robinett stated that they had found by experimentation that the values are practically all in the fines. That by screening to 1" the minus product runs about 20% Mn. They are now installing a screen and plan to make a trial run of several hundred tons to see what the actual results will be. He stated that they would try several screen sizes and might have to install a crusher to break large rocks.

Observation

The operators are well equipped and financed to carry through their plans. Whether or not they will get a large enough percentage of finished product to make the operation pay is in doubt. Considerable tonnage is now exposed and of course the deposit could be very large as its extent has not been determined.

CAN-EX

KNABE RILL

MOLLY DAVENPORT T/P1

CAN-EX RESOURCES LTD.
BOX 12542, OCEANIC PLAZA
2580 - 1066 W. HASTINGS ST.
VANCOUVER, B.C. V6E 3X2
TEL: (604) 682-2269

RECEIVED

AUG 04 1988

DEPT. OF MINES &
MINERAL RESOURCES

PRESS RELEASE

- CAN-EX REGAINS 100% OWNERSHIP OF ARIZONA -
GOLD PROPERTIES
- DRILL INDICATES INCREASED TONNAGES AND GRADES -

The company has recently recaptured a 100% interest in its S.W. Arizona gold properties by their return from Billiton Minerals, U.S.A., Inc. Prior work done by Can-Ex as well as drilling performed by Billiton on the El Tigre property has increased potential ore reserves to approximately 50,000 tons of 0.1 to 0.3 ounces of gold per ton. This would equate to some 5,000 to 15,000 ounces of gold. Drilling by Billiton intersected a flat lying zone with assays as high as 0.51 ounces of gold per ton across ten feet. The zone of interest is open to extension.

Also, Billiton's work on the Knabe and Molly D properties identified geophysical and geological targets, from which the drainage has been placer gold mined to bedrock. These areas therefore become prime drilling targets for in place gold mineralization. The company will continue accumulating and interpreting this incoming data before formulating an on-going program.

SOCORRO REEF PROGRAM

The recently acquired Socorro Reef Property has yielded good results in the first phase of drilling by extending a gold bearing surface zone to a depth of 200 feet (limit of drilling). The over all vertical extent is now in excess of 300 feet and a strike length of some 250 feet has been studied in detail, with 1500 feet of the zone being identified by prospecting and channel sampling. The drill results have shown a vertical system of approximately 5 to 15 feet in width with grades ranging from 0.01 to 0.43 ounces of gold per ton. Surface sampling of this zone disclosed 10 to 20 foot widths with grades ranging from 0.01 to 1.73 ounces of gold per ton.

7/25/88

(OVER)



Kenabe (f)

CAN-EX RESOURCES LTD.
BOX 12542, OCEANIC PLAZA
2580 - 1066 W. HASTINGS ST.
VANCOUVER, B.C. V6E 3X2
TEL: (604) 682-2269

PRESIDENT'S LETTER TO SHAREHOLDERS

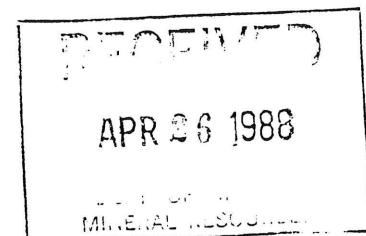
1987 proved a significant year for the company. Five of Can-Ex's gold properties in S.W. Arizona have been optioned to Billiton Minerals (U.S.A.), Inc., who are currently active in the exploration of these properties. In addition, the company has secured an option to purchase the Socorro Reef Gold Mine and surrounding area. Initial sampling and geologic results have indicated the presence of a large and rich gold and silver bearing formation. Exploration of this area is continuing.

The company has ample funds to conduct its programs. 1988 promises to be an exciting and rewarding year for Can-Ex.

On Behalf of the Board
CAN-EX RESOURCES LTD.

G.L. Anselmo, B.A.
President

April 12, 1988



1. MINERAL PROPERTIES AND DEVELOPMENT

(a) Mineral claims and options

The Company's mineral claims and options consist of the following Arizona and British Columbia properties. Substantially all of the costs incurred to date relate to the Arizona properties.

Arizona properties

Gold Crown prospect

This gold prospect, consists of 10 contiguous mining claims, located in the Big Horn District, Maricopa County, Arizona, U.S.A., and comprises the Gold Crown and Gold Crown Nos. 1 - 9 claims. The property is situated some 20 kilometres south of Aguila, a small village approximately 100 kilometres west of Phoenix on Highway 60.

Pump prospect

This gold prospect consisting of 18 contiguous mining claims is located in the Big Horn District, Maricopa County, Arizona, U.S.A., and comprises the Pump Mine, Pump Mine 1 - 6, and Pump 1 - 11 claims. The property is situated 24 kilometres south of Aguila, Arizona.

Overshot prospect

This property consists of 8 contiguous mining claims located in the Ellsworth Mining Division, La Paz County, Arizona, U.S.A., known as the Overshot and Overshot 2 - 8 claims. The property is a gold prospect situated approximately 15 kilometres south of Salome adjacent to the old Harquahala Mine.

Gold Hill West prospect

This gold prospect consists of 30 mining claims located in the Ellsworth Mining District, La Paz County, Arizona, U.S.A., comprising the Gold Hill West 1 - 8, Gold Hill West 18A through 28A and 30A to 40A. The property is situated some 12 kilometres southeast of Salome, Arizona.

Big Horn property

This gold property consists of 107 full sized and fractional federal lode mining claims and one federal placer mining claim in the Big Horn District, Maricopa County, Arizona, U.S.A. The property was acquired in three separate parcels known as the Mollie D which comprises 71 claims, the Knabe which comprises 23 claims, and the El Tigre which comprises 14 claims. The property is situated approximately 24 kilometres south of Aguila, Arizona.

CAN-EX RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. MINERAL PROPERTIES AND DEVELOPMENT (Continued)

(a) Mineral claims and options (Continued)

	Annual fixed payment <u>U.S. \$</u>	Annual contingent payment <u>U.S. \$</u>	Aggregate payment <u>U.S. \$</u>
Arizona properties			
Gold Crown prospect	\$ 3,600	7.5% of net	\$ 50,000
Pump prospect	3,600	smelter returns in excess of \$3,600	50,000
Overshot prospect	12,000	7.5% of net smelter	1,000,000
Gold Hill West prospect	12,000	returns in excess of \$12,000	1,000,000
Big Horn property			
Mollie D parcel	6,000	7% of net smelter returns in excess of \$6,000	500,000
El Tigre parcel	-	15% of net profits	3,000,000
		Royalty of 2% of net profits subsequent to payment of aggregate amount	
Knabe parcel	-	15% of net profits	2,000,000
		Royalty of 2% of net profits subsequent to payment of aggregate amount	
Socorro Reef property	42,000	5% of net smelter returns	5,500,000
	<u>\$79,200</u>		

The Company has also agreed to issue up to 75,000 shares of the Company to the optionors of the Knabe parcel (see note 3(i)).

3. CAPITAL STOCK (Continued)

(e) Share purchase options exercised

On March 27, 1986, the Company granted 117,550 share purchase options to directors and 117,550 share purchase options to employees, all exercisable at \$0.25 per share. During the year options of 187,100 were exercised resulting in all options having now been exercised.

(f) Shares issued in settlement of debt

On March 31, 1987 the Company arranged a loan for \$70,000 to pay the Company's accounts payable. The loan was repaid during the year by the issuance of 200,000 shares at a price of \$0.35 per share.

(g) Public share issuance

On July 31, 1987, the Company sold 600,000 units in a public offering pursuant to a Statement of Material Facts netting the Company \$222,000. The agents involved in the public offering were granted non-transferable warrants entitling them to purchase a total of 300,000 shares at a price of \$0.46 per share expiring on January 25, 1988. On August 19, 1987, all of these warrants were exercised netting the Company \$138,000.

Pursuant to the Agency agreement dated June 30, 1987 the Company granted the agent an option to purchase 90,000 shares at \$0.37 per share (Greenshoe option). On September 11, 1987 this option was exercised netting the Company \$33,300.

(h) Private placement of shares and warrants

On October 15, 1987 the Company issued 600,000 units at \$0.50 each to two European investors which netted the Company \$270,000. Each unit consisted of one common share and one non-transferable warrant entitling the holder to purchase one common share at a price of \$0.55 exercisable on or before October 14, 1988. These warrants remain outstanding.

(i) Shares as option payments

On May 12, 1986, the Company negotiated an option to purchase the Knabe claim parcel of the Big Horn property. The Company issued 25,000 shares to the optionors and agreed to issue a further 25,000 shares after each expenditure of \$100,000 U.S. on the property to a maximum of 100,000 shares. If the Company has not expended \$100,000 U.S., \$200,000 U.S. and \$300,000 U.S. on the property by January 1, 1987, 1988, and 1989 respectively, the optionors' entitlement to each group of 25,000 shares will lapse and the optionors will become entitled to the greater of \$12,500 U.S. or

CAN-EX RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. CAPITAL STOCK (Continued)

(i) Shares as option payments (Continued)

the cash equivalent based on market prices of 12,500 shares on each of those respective dates. As the Company had not expended \$100,000 U.S. on the property by January 1, 1987, the optionors' entitlement to those 25,000 shares has lapsed. Consequently, the Company incurred a liability of \$12,500 U.S. which was settled during the year by the issue of shares as described in note 3(d). The January 1, 1988 exploration commitment was not met and the \$12,500 U.S. liability was paid by cash subsequent to November 30, 1987.

4. INCOME TAXES

At November 30, 1987, the Company had the following losses and investment tax credits carried forward available to reduce future years' income for tax purposes and income taxes, respectively. The tax effect of these losses and tax credits has not been recorded in the accounts.

Losses carried forward and investment tax credits for U.S. income tax purposes available until:

	Losses carried forward	Investment tax credit
1997	\$ 5,500	-
1998	140,000	\$1,731
1999	199,500	1,267
2000	92,000	358
2001	60,500	-
2002	<u>291,000</u>	<u>-</u>
Operating losses carried forward for tax purposes	<u>\$788,500</u>	<u>\$3,356</u>

Losses carried forward for Canadian income tax purposes are as follows:

1988	\$ 30,453
1993	20,962
1994	<u>64,996</u>
	<u>\$116,411</u>

CAN-EX RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. SUBSEQUENT EVENT (Continued)

(b) Granting of option

On January 25, 1988, the Company granted a three-year option to an independent third party to purchase an 80% undivided interest in its Gold Hill West prospect, Gold Hill East prospect and Big Horn property. Under the terms of the agreement, the Company will receive \$50,000 U.S. upon approval of the agreement by regulatory authorities. The option is exercisable for a three-year period and if exercised will result in payment of \$500,000 U.S. to the Company. The agreement will reduce the Company's future option payments by \$30,000 U.S. and minimum work commitments by \$16,700 U.S. in each of the next three years and all of the Company's committed annual contingent payments on these properties except for 5% of net smelter returns in respect of the Mollie D parcel (notes 1(a) and 6(a)).