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ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: MARGARITA GROUP

ALTERNATE NAMES:

GOLDEN EAGLE
MARGARITE
MCDONALD
ROB ROY
RUBY PROJECT

SANTA CRUZ COUNTY MILS NUMBER: 63B

LOCATION: TOWNSHIP 23 S RANGE 11 E SECTION 7 QUARTER NE
LATITUDE: N 31DEG 26MIN 41SEC LONGITUDE: W 111DEG 15MIN 23SEC
TOPO MAP NAME: ORO BLANCO - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

GOLD
SILVER
LEAD
ZINC
COPPER

BIBLIOGRAPHY:

ADMMR MARGARITA GROUP FILE
ADMMR GEOLOGY FILE - REPORT ON THE REGION
CONTIGUOUS TO THE MONTANA MINE
INDEX OF MINING PROPERTIES IN SANTA CRUZ CO.
AZBM BULL. 191, P. 64
SANTA CRUZ CO. RECORDER'S REPORTS
AZBM BULL. 137, P. 188
KNIGHT, L.H. JR., ADMMR GEOLOGY REPORT

05/01/87

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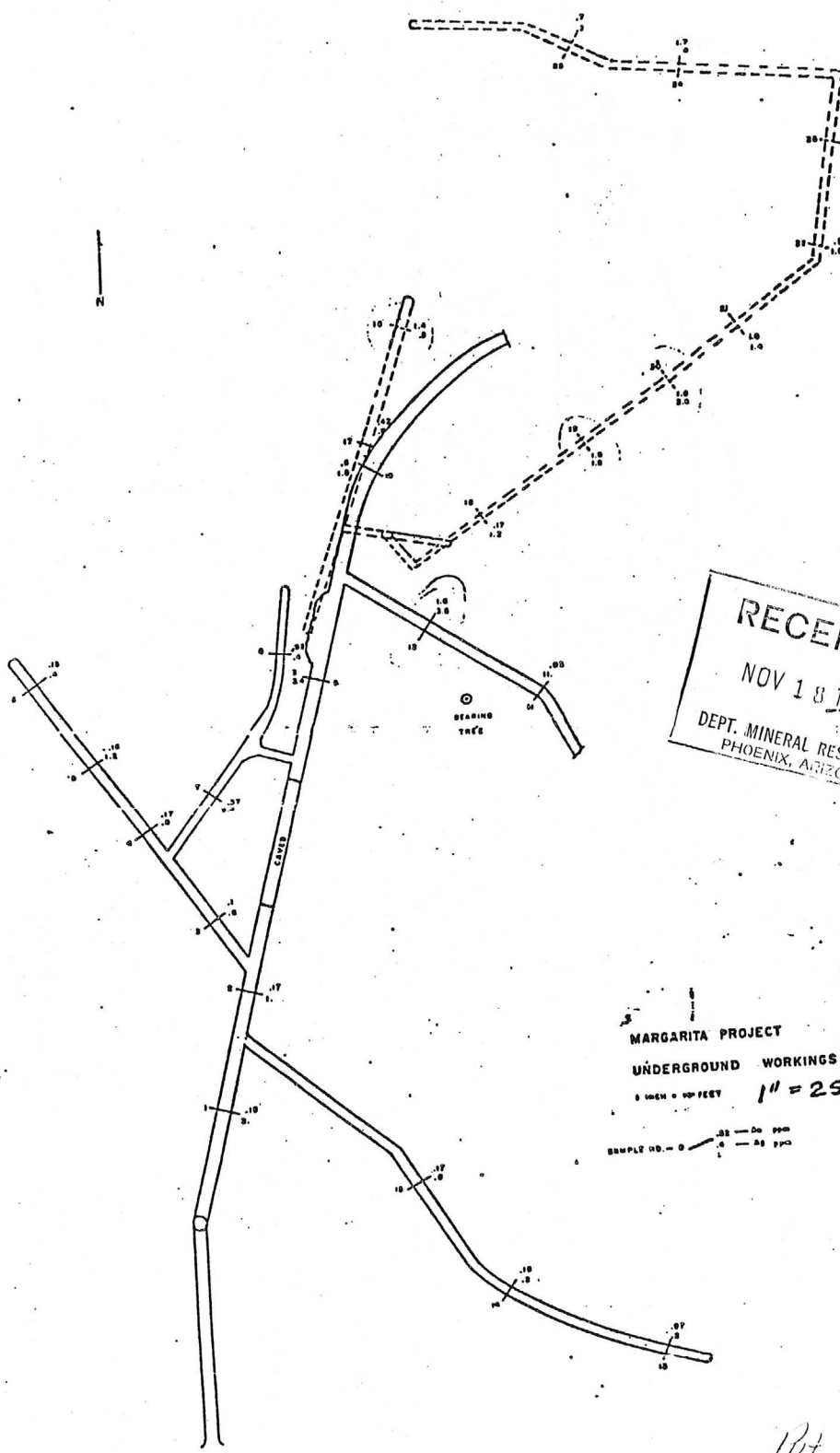
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AZBM BULL. 137, P. 188
KNIGHT, L.H. JR., ADMMR GEOLOGY REPORT

RECNO M050245
 REC_TYPE S
 USER_FIELD *U94/12
 REP_DATE 72 11
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 REP JOHNSON, MAUREEN G.
 REP_AFF USGS
 SYN MCDONALD; GOLDEN EAGLE; ROB ROY
 DIST ORO BLANCO DISTRICT
 COUNTY SANTA CRUZ
 STATE_CODE AZ
 CTRY_CODE US
 PHYS 12 BASIN AND RANGE
 DRAIN 15080200 LOWER COLORADO
 LAND_ST 41
 ELEV 4300 FT
 UTM_N 3478750
 UTM_E 475775
 UTM_Z +12
 ACC ACC
 TOWNSHIP 023S
 RANGE 011E
 SECTION 07
 MERIDIAN GILA AND SALT RIVER
 POSITION ABOUT 2 MILES W OF RUBY, 75 MILES SW OF TUCSON.
 LOCATION INFO FROM LAND.ST :(1979)
 SITE MARGARITA MINE GROUP
 LAT 31.4450
 LONG -111.2550
 CTRY_NAME UNITED STATES
 COMMOD AU AG PB CU ZN
 ORE_MAT FINE GRAINED GOLD AND SILVER, GALENA, SPHALERITE, PYRITE,
 CHALCOPYRITE
 GAD RICHEST ZONE SAID TO CONTAIN 0.3 OZ AU & 0.5 OZ AG PER TON.
 COMMOD_COM SULFIDES ARE OXIDIZED.
 MAJOR AU AG
 MINOR PB CU ZN
 CLH_USE 95/05/24
 PROD S
 STATUS 6
 YR_DISC 1890'S
 NAT_DISC A
 YRFST_PROD 1890'S
 YRLST_PROD 1941
 OPER CROSSLAND INDUSTRIES CORP. (1986, NEW YORK)
 EXPL_COM PAST OPERATORS INCLUDE F. DANIELS (1936-39), MARGARITA GOLD
 MINES CO. (1934-35), C.G. WECHLER (1941). 1984-86:
 PORELIMINARY FEASIBILITY STUDY, BULK SAMPLE FOR
 METALLURGICAL EVALUATION.
 DEP_TYPE HYDROTHERMAL?
 DEP_FORM TABULAR
 D_T_U FT
 DEP_SIZE S
 DDESC_COM IRREGULAR SILICIFIED ZONE CONSISTS OF NUMEROUS QUARTZ
 VEINLETS AND STRINGERS WITH ABUNDANT LIMONITE AFTER PYRITE
 IN SERICITIZED TUFF. DEPOSIT IS FLAT-LYING.
 QUAD250 NOGALES
 LEN_WK 1200 FEET
 OV_LEN_WK 200 FEET
 OV_WID_WK 100 FEET

USGS DDI 20 mps
 P.M. 9/1999

OV AREA WK 160,000 CU. . T.
 DWOR_K_COM NUMEROUS OPEN CUT, SHAFT, AND ADIT OPERATIONS. MOSTLY
 SHALLOW WORKINGS.
 MIN AGE MTERT
 NORE MINS PYRITE, QUARTZ, LIMONITE PSEUDOMORPHS
 ORE CNTL FRACTURES
 TECT SET BASIN AND RANGE
 REG STRUCT BLOCK FAULTING
 ALTER SERICITIZATION; SILICIFICATION; PROPYLITIZATION; QTZ-SER-PYR
 HRU AGE JUR
 HRU NAME COBRE RIDGE TUFF
 NAME JOHNSON, MAUREEN G. | LARABA, PETER (CALDER, SUSAN R.) | ORRIS,
 GRETA J.
 DATE 11/1/72 | 5/1/82 | 2/1/93
 ED_COM ||
 CONT CODE NA
 GEOL_COM MINE IS IN A SILICIFIED ZONE SURROUNDED BY NON-WELDED
 RHYOLITE TUFF OF THE COBRE RIDGE TUFF FORMATION. ;
 GEOL.DISC: AREAS WITH MOST ABUNDANT PSEUDOMOPHS OF LIMONITE
 ARE RICHEST.
 GEN_COM INFO.SRC : 1 PUB LIT; 2 UNPUB REPT; 3 FIELD OBSERV
 REF WILSON AND OTHERS, 1934, ARIZONA LODE GOLD MINES: ABM BULL
 137. | KNIGHT, L.H., JR., 1970, ORO BLANCO DISTRICT: UNIV.
 ARIZ. PH.D. THESIS. | YEEND, WARREN, 1973. | ABGMT-USBM FILE
 DATA. | ABM BULL 191, P. 64. | NIEMUTH, N.J., 1987, ARIZONA
 MINERAL DEVELOPMENT 1984-1986: ARIZONA DEPARTMENT OF MINES
 AND MINERAL RESOURCES DIRECTORY 29, 46 P. | SAWYER, M.B.,
 GURMENDI, A.C., DALEY, M.R., AND HOWELL, S.B., 1992,
 PRINCIPAL DEPOSITS OF STRATEGIC AND CRITICAL MINERALS IN
 ARIZONA: UNITED STATES BUREAU OF MINES SPECIAL PUBLICATION,
 334 P.
 CONT NAME NORTH AMERICA
 STATE NAME ARIZONA
 WORK TYPE B
 CP_ITEM ORE | ORE
 CP_ACC EST | EST
 CP_AMT 4.400 | 1.400
 CP_U ST | ST
 CP_YEAR 1903-1941 | 1934-1941
 CP_GRADE AVERAGED 0.3 OZ. AU PER TON, 0.6 OZ. AG PER TON, AND MINOR
 PB AND CU. |
 AP_SOURCE KEITH, 1975.
 AP_COM ORIGINALLY WORKED IN THE 1890'S.
 RPR_ITEM ORE | ORE | ORE | ORE-IND
 RPR_ACC EST | EST | EST | EST
 RPR_AMT 450. | 440. | 522. | 600.
 RPR_U ST | ST | ST | ST
 RPR_YEAR 1986? | 1988 | 1988 | 1988
 RPR_GRADE 0.07 OZ AU/ST | 0.072 TOZ AU/ST | 0.046 TOZ/ST | 0.07 TOZ AU/ST,
 INDICATED
 RPR_SOURCE NIEMUTH, 1987; SAWYER AND OTHERS, 1992.
 PROD_YEARS 1934-1941
 UPD_DATE 82 05; 93 02
 UPDATER LARABA, PETER (CALDER, SUSAN R.); ORRIS, GRETA J.
 COMMOD_TYP M
 QUAD24 BARTLETT MTN. (1979)
 QUAD6250 ORO BLANCO
 DATE_ISSUE 95/5/18
 UPD_AFF ABGMT; USGS
 PROF_ID 100

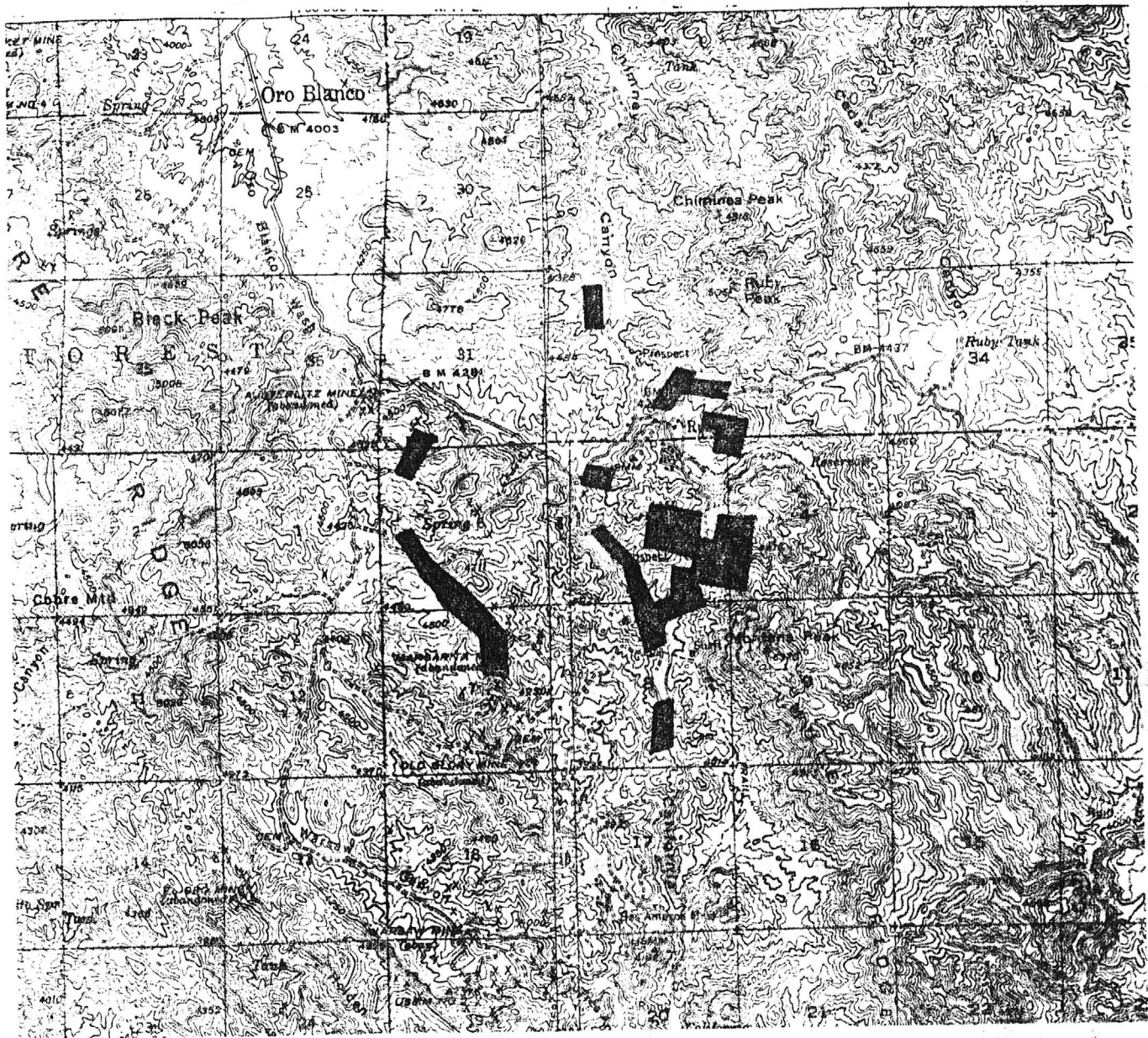
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PROF_ALL	83
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HR_TYPE_MV	TUFF
HR_NUMBER	1
OREBODY_NB	1
TYPE	R U U
AFFIL	USGS USGS USGS
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HUC	15080200



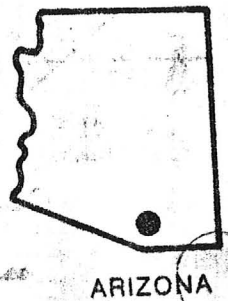
RECEIVED
 NOV 18 1977
 DEPT. MINERAL RESOURCES
 PHOENIX, ARIZONA

MARGARITA PROJECT
 UNDERGROUND WORKINGS
 1" = 25 ft
 SAMPLE NO. - 0

184 100
 Margarita Project



COMPANY LAND POSITION, RUBY PROJECT



MARGARITA GROUP

SANTA CRUZ COUNTY

ABM Bull. 137 p. 188

Report on the Region Contiguous to the
Montana Mine, Ruby, Arizona 1934.
In Geology files

See Thesis - Structure and Mineralization of the Oro Blanco Mining
District, Santa Cruz County, Arizona By Dr. Louis H. Knight, Jr.
1970 p. 137 In Geology file

ABM Bull. 191, P. 64, T23S, R11E, Sec. NE 1/4 7

The Ruby Project

Ruby Project — Property Description and Geology.

The Ruby Project is located in south central Arizona, in Santa Cruz County, about 70 miles southwest of Tucson. The Ruby Project is located in the central portion of the Oro Blanco District, which means "white gold" in Spanish. The project area includes approximately 400 acres that consist of 25 unpatented lode mining claims. Roads leading to the project area are county maintained and are passable throughout the year, except during periods of heavy rainfall.

Goldsil Resources holds these claims under an agreement and option to purchase which gives it the right to purchase any or all of the claims prior to December 15, 1991, for \$24,000.00 per claim.

Rocks exposed in the Oro Blanco District range from Jurassic to Quaternary in age. Potential host rocks for mineralization include the Jurassic Cobre Ridge tuff and the Cretaceous Oro Blanco formation. Structurally, the Oro Blanco District is complex and is characterized by large displacement, normal faults that cut both the sedimentary and volcanic units. Three types of mineralization have been recognized in the Oro Blanco District, the most important of which are the flat dipping silicified blanket deposits. These silicified deposits have produced primarily precious metals and are the object of Goldsil Resources' exploration effort in the Oro Blanco District. It is suggested that the precious metals in the flat dipping silicified blanket deposits occur in silicified, sericitized country rock with locally abundant limonite and hematite. It appears that the richest material contains thickly disseminated pseudomorphs of limonite after pyrite.

History of the Oro Blanco District.

The deposits of the Oro Blanco District were first discovered and worked by early Spanish settlers. The first recorded American locations were made in the District in 1873. Sporadic mining was conducted in the Oro Blanco District from 1873 until 1938 when the Eagle-Pitcher Lead Company closed the largest mine in the District, the Montana Mine. Other mines in the District include the Margarita Gold Mine, the Old Glory Mine, and the Austerlitz property. Although production records are incomplete, the Oro Blanco District has reportedly produced in excess of 100,000 ounces of gold and 4,000,000 ounces of silver, with significant quantities of lead, zinc, and copper.

In the past, exploration and development efforts in the Oro Blanco District were hampered by a lack of water. The Company believes it can obtain adequate water to develop the Project.

Past efforts of exploration and development in the Margarita Mine area, the main target area, began in the 1890's when 1,200 feet of tunneling and open-pit mining produced an unknown quantity of gold. In the 1930's, the Margarita Gold Mines Company conducted limited development work in the Ruby Project area, built a 50 ton per day cyanide mill, and produced some bullion as a result of testing operations.

Goldsil Resources intends to commence exploration and development activities on the Project area by the end of 1983. The Company's primary sources of information concerning the history of the Oro Blanco District are: "Principal Gold Producing Districts of the United States", U.S.G.S. Professional Paper 610, p. 45; "Arizona Lode Gold Mines and Milling", Arizona Bureau of Mines, pp. 187-192 and "Structure and Mineralization of the Oro Blanco Mining District, Santa Cruz County, Arizona", by Louis Harold Knight, Jr., 1970, University of Arizona.

The Tuxedo Project

Tuxedo Project — Property Description and Geology.

The Tuxedo Project is located in southwest Montana, approximately 8 miles northwest of Butte. Two mines, the Tuxedo and Patrilli, with a history of silver production, are located on property held by Goldsil Resources.

Goldsil Resources holds a property position in the Tuxedo Project, totaling approximately 240 acres located in Silver Bow County, Montana. Subject to a 2% net smelter return royalty interest in favor of the Bear Creek Mining Company, Goldsil Resources holds the following interests in the Project: One patented mining claim under a mining lease with option to purchase which provides the lessor with a 5% net smelter return royalty for ores produced other than silver and a 5%-10% net smelter return for silver (depending upon the price of silver), and which allows Goldsil Resources to purchase

A SHORT SUMMARY OF THE PROSPECTS

OF THE MARGARITA GOLD MINES CO.,

INCORPORATED, NEAR RUEY, ARIZONA

According to a report made under date of June 7, 1934 by Mr. C. K. Tibbetts, of Phoenix, Arizona, who made an examination of the property, there are approximately eighty-two thousand tons of developed ore, having a gross value of \$820,000.00 at \$10.00 per ton.

The ore bodies are located on claims No. 1 and 2 -- There are altogether some sixteen claims; the possibilities of the remaining 14 have not been estimated.

There has been erected at the mine a cyanide plant, which is said to have treated some 1200 tons of ore with a recovery of about \$4.25 per ton. It was then learned that the ore was not amenable to cyanide treatment and for that reason there were installed six Groch Engineering Company flotation cells. It is said to have been demonstrated that these cells are able to recover the values in the slimes but that it is necessary to install concentration tables to recover the values of the coarser material. Experimental tests have been made on concentration, which are said to be satisfactory.

A careful study on the costs of mining and milling and recovery tend to show that this ore should give a net return of at least \$5.00 per ton, based on 82,000 tons of developed ore, this would show a net return of \$410,000.00.

To the best of my knowledge, there has been expended upon the mine and mill and incidental expenditures some \$74,000.00, and it is estimated that \$6,000.00 would be sufficient to rearrange the mill for concentration and flotation and to operate until such a time as returns can be made from the flotation and concentration product. It looks reasonable to suppose that a 100 ton mill, such as contemplated, would return a net profit of \$12,000.00 per month over a period of about three years, the life of the developed ore bodies.

There has been authorized the sale of \$80,000 in units which would indicate that the return of the investor would be approximately 15% per month, for the period of the three years. There is also a possibility that a great deal more ore can be developed, especially in view of the fact that they have encountered sulphides in the lower workings. The mine costs should be very cheap as the ore bodies lie very close to the surface and can be worked by the open pit mining or the glory-hold process.

Ruby, Arizona
June 7, 1934

Margarita Gold Mines Company, Inc.
1753 West 22nd Street
Los Angeles, California

Gentlemen:

The following report covers a recent sampling and examination of your Company's holdings in the Oro Blanco Mining District.

The Margarita group of 16 unpatented Lode Claims is two miles southwest of the town of Ruby and is connected therewith by automobile road, three miles of which is ungraded and rough, the remaining two miles being over the Ruby-Tucson highway. The property is 13 miles south of the town of Arizona and 75 miles from Tucson.

The Oro Blanco District has been known and worked for the past 300 years and evidences of the ancient workings, old arastras, mud smelters and placer excavations are to be found throughout the district. The later stamp mill period carried the developments in many of the properties down to and into the base ores at ground water level. These were abandoned at depths of 200 to 500 feet as no efficient methods were known at that time for the recovery of the complex ores encountered along these horizons and metallurgical practice had not advanced to the point where the larger bodies of low grade surface ores could be profitably treated. This problem no longer exists as there are now few elements of speculation and hazard in the field of mining and metallurgical engineering.

The holdings of your company are within the area of extensive developments here. Three miles to the north is the old Austerlitz mine; $1\frac{1}{2}$ miles to the northeast is the Montana mine of the Eagle-Picher Company; 3 miles south is the Oro Blanco; 1 mile southwest of the Old Glory and some 3 miles west is the Warsaw. All were producers in the past and were equipped with milling plants. The Montana Mine is still active, is equipped with a modern 300 ton flotation plant, and at 700 feet depth has opened large bodies of silver-lead-zinc ores.

The ore bodies at the Margarita are in an andesine porphyry showing values in gold and silver, and in some cases a little copper and lead. This porphyry is intruded by dykes and sills of diorite and rhyolite, while the marginal areas to the east, west and south show dacite. The dacite, locally called "birds-eye porphyry", is known to be gold bearing in the vicinity of the ore bodies at the Oro Blanco Mine.

The ore minerals at the Margarita are limonite and hematite as oxides of iron, and the sulphide as marcasite. All are gold bearing, and in places high-grade.

The principal developments in ore on this property are in two claims, the Margarita Numbers 1 and 2. On Number 1 an open pit has been driven for 150 feet in the east-west direction. At the west end of this pit an underground excavation or stope extends westward an additional 60 feet and the depth at the face of this stope is 30 feet. Surface outcrops here show this ore body to be some 150 feet wide, and there is opened up in these workings 10,000 tons of \$15.00 gold ore. There is, on the dumps here and at the Margarita Number 2, some 2000 tons of broken ore showing an average value of \$15.00 per ton at Number 1 and \$8.35 at Number 2, adjacent to the mill, show, on the upper floor, 60,000 tons of available ore of a value of \$9.82 per ton, and on the lower or mill floor,

some 10,000 tons at \$6.25. The total gross value of this developed ore is \$820,000.00. See assay lists and maps attached.

Samples taken on other claims of the group show as follows:

Margarita #5	- Ore Body	- 9 samples, average	\$2.41
"	Dumps	7 " "	2.37
" #3	"	9 " "	4.80
" #9	"	11 " "	5.60
" "	Ore Body	3 " "	2.40
" #6	Dumps	6 " "	3.24
" #11	Ore Body	2 " "	.68
" #10	"	1 " "	.88
" #14	Dumps	4 " "	1.02
" #7	"	3 " "	9.27
" "	Ore Body	6 " "	4.00

The above samples are from discovery and assessment holes. No tonnages are indicated, but should development work at these points prove ore of this grade in large quantities, the values as shown, except on Margarita Numbers 10 and 11, run well above the cost of extraction and treatment.

The sulphides shown at Margarita Number 1 in the sulphide shaft and over the surface at Numbers 3, 5, 9 and 7 show good values, the concentrates assaying \$53.00 per ton.

Little saw or mine timber is available here, and local requirements must be met from outside sources. No service lines of the Power Companies reach this area and oil for this purpose must be trucked in from railroad.

The most serious problem confronting your company is an adequate water supply. This is at present sufficient, but any increase in mill capacity will necessitate a larger amount than is available now. The water tunnel in Old Glory canyon is being pushed further into the mountain and towards a large rhyolite dyke in Margarita Number 7. Several smaller sills show on the surface between the tunnel face and the rhyolite, and it is the expectation that one of these will be encountered soon. These dykes are the drainage channels throughout the district and wherever they have been tapped in the past at depths of 200 feet or more, have supplied a flow sufficient in amount for the operators' needs. Another water supply source is in the sinking of the sulphide shaft to greater depth. This shaft is at or near the northern contact of the ore body with the dacite, and this area should prove another drainage channel for water, and show the character and value of this ore body along the lower horizon.

Your efforts to date at milling the Margarita ores have not attained the desired results. The difficulties encountered have been mostly mechanical, with, perhaps, a neglect to follow out all the essentials needed for a continuous operation of the plant and its application to all the requirements of the ore. It is quite evident that cyanide treatment alone will not give the maximum recovery. The extraction of the values from the finer sizes is fairly complete. The ore, however, contains a considerable amount of the heavy iron minerals and some sulphide and much free gold that is too coarse for treatment by cyanide. Some provision should be made for trapping this free gold and tabling the heavy concentrate.

Further experimentation and testing along these lines would be in order. Your laboratory here, while efficient within its limits, is not equipped for analytical work.

A complete survey of the claims in this group should be made, amended locations where needed, and filing for record the amended notices. Any deficiencies in the title can then be adjusted and the holdings of your company made secure.

Your property has many aspects of unusual merit and is worthy of the best program of efficient equipment and planned development your resources will permit.

Yours truly

C. K. Tibbetts

CKT:C

MINE SAMPLES

OPEN CUT. Av. \$9.56 - E. Drift Av. \$8.50 - North Drift Av. \$11.08

No.	Value	No.	Value	No.	Value
1	13.86	33	15.65	1	3.56
2	20.72	34	7.95	2	2.16
3	23.50	35	5.72	3	7.19
4	6.99	36	8.59	4	7.12
5	12.50	37	3.62	5	3.69
6	5.70	38	5.85	6	2.86
7	8.36	39	8.59	7	2.86
8	4.20	40	8.59	8	7.57
9	1.89	41	2.92	9	11.32
10	3.46	42	1.40	10	5.72
11	2.35	43	8.52	11	8.59
12	1.75	44	17.05	12	10.05
13	4.23	45	29.28	13	2.86
14	4.26	46	36.46	14	2.16
15	21.32	47	1.40	15	42.51
16	3.53	48	.76	16	14.19
17	7.25	49	2.19	17	24.05
18	11.52	50	9.99	18	2.86
19	3.53	51	4.32	19	112.74
20	38.91	52	7.12	20	3.56
21	8.59	53	2.86	21	28.25
22	8.65	54	4.39	22	40.57
23	8.65	55	10.00	23	7.89
24	10.12	56	4.74	24	7.12
25	12.28	57	4.32	25	2.82
26	10.05			26	3.56
27	8.52			27	2.16
28	3.56			28	5.72
29	5.72			29	4.96
30	8.59			30	2.86
31	3.56			31	2.86
32	17.05			32	14.32
				33	3.56
				34	9.99
				35	2.22
				36	5.79
				37	2.92
				38	5.79
				39	2.22

E. DRIFT STOPE

Av. \$41.02

1	30.04
2	116.20
3	8.59
4	86.70
5	17.05
6	19.92
7	9.99
8	49.38
9	43.91
10	28.38

New Tunnel Av. \$8.35

1	8.47
2	14.19
3	3.56
4	7.19

M-2 Dumps Av.
\$14.67

1	2.92
2	3.29
3	2.89
4	6.42
5	18.58
6	7.19
7	14.38
8	7.96
9	7.26
10	5.00
11	3.56
12	14.32
13	31.12
14	32.84
15	25.71
16	31.31
17	30.68
18	9.99
19	56.78
20	22.91
21	12.98
22	10.76
23	7.19
24	15.02
25	49.51
26	56.57
27	7.95
28	5.79
29	4.32
30	2.86
31	2.86
32	2.16
33	1.46
34	2.92
35	1.46
36	2.86
37	21.32

Workings at Sulphide Shaft Av. \$15.63		Dumps at Sulphide Shaft Av. \$15.54		Claims Margarita #5 Ore Body		#6 Dump		Margarita #2 Lower Floor Av. \$6.21		Margarita #2 Continued	
1	5.98	33	35.51	1	1.40	1	.77	1	1.30	52	.95
2	.76	34	14.19	2	2.00	2	.77	2	7.35	53	(84.76)
3	8.24	35	5.98	3	1.11	3	2.42	3	64.10	54	7.25
4	15.27	36	7.25	4	3.88	4	3.82	4	1.05	55	38.05
5	8.78	37	15.97	5	.76	5	1.30	5	1.65	56	31.18
6	(433.40)	38	42.70	6	3.12	6	10.40	6	7.95	57	3.40
7	63.76	39	29.91	7	5.72			7	.83	58	21.51
8	22.91	40	21.44	8	2.42	#11 Ore Body		8	5.98	59	.82
9	19.98	41	21.44	9	2.42			9	3.88	60	7.25
10	28.76	42	34.12			1	.88	10	1.30	61	2.35
11	7.18	43	21.44	#5 Dump		2	1.17	11	1.65	62	3.68
12	2.92	44	17.38					12	1.65	63	3.68
13	3.06	45	24.31	1	2.00	#10 Vein		13	2.13	64	5.08
6-A	35.64	46	14.38	2	1.52			14	2.28		
6-B	67.09	47	5.94	3	1.52	1	.88	15	2.28	M-1	
6-C	(122.58)	48	13.17	4	3.05			16	2.35		
14	7.57	49	4.71	5	3.05	#14 Dump		17	.82	1 Vein 10.18	
15	10.50	50	11.77	6	3.58			18	1.58	2 Dump 8.54	
16	6.81	51	6.11	7	1.87	1	.88	19	.88	3 Shaft 14.32	
17	10.37	52	14.76			2	.95	20	1.65		
18	7.51	53	23.29	#3 Dump		3	.95	21	8.65	M-2	
19	7.93	54	7.57			4	1.30	22	10.31		
20	11.08	55	7.57	1	3.12			23	8.84	Av. \$3.08	
21	7.51	56	14.51	2	7.57	#7		24	3.18		
22	4.03	57	20.66	3	4.71			25	4.71	4 Dump 3.05	
23	28.76	58	6.11	4	4.52	1	3.18	26	6.11	5 Dump 2.92	
24	7.25	59	8.97	5	1.91	2	22.98	27	1.93	6 Dump 3.27	
25	7.25	60	4.71	6	1.59	3	1.65	28	3.12		
26	3.12	61	10.37	7	9.18			29	3.12		
27	3.55			8	5.98	#7 Ore Body		30	3.47		
28	2.42			9	4.58			31	3.18		
29	32.96					1	1.65	32	3.82		
30	29.26			#9 Dump		2	.88	33	3.05		
31	4.53					3	2.48	34	1.58		
32 S.Dumps	8.13			1	5.92	4	3.31	35	36.97		
				2	4.71	5	14.38	36	10.31		
				3	9.97	6	.88	37	7.38		
				4	22.91			38	4.71		
				5	2.28			39	4.71		
				6	5.92			40	1.58		
				7	3.88			41	14.57		
				8	1.72			42	7.38		
				9	1.72			43	3.12		
				10	1.30			44	2.35		
				11	1.30			45	1.58		
				#9 Ore Body				46	3.75		
								47	10.31		
								48	11.79		
				1	1.72			49	4.50		
				2	.70			50	4.45		
				3	4.71			51	3.05		

STATEMENT OF
ASSETS AND LIABILITIES

MARGARITA GOLD MINES COMPANY

APRIL 30, 1935

ASSETS

Cash on Hand	\$ 714.16
Camp Buildings	1,089.85
Water System	2,653.73
Commissary Equipment	318.75
Camp Equipment	517.63
Office Equipment	116.00
Trucks & Autos	1,139.41
Mine	38,850.28
Mill	55,119.18
Roads	<u>680.00</u>
	\$101,198.99

LIABILITIES

Subscription Agreements	\$74,000.00
Notes Payable	24,145.00
Bills Payable	<u>3,053.99</u>
	\$101,198.99

MARGARITA GOLD MINES COMPANY

By /s/ RCP Smith
PRESIDENT

By /s/ Sue W. Bodart
Assistant Secretary

Los Angeles, California
May 25, 1935

Mr. H. R. Simpson
Los Angeles, California

Dear Mr. Simpson:

In compliance with your request for a brief statement covering the Margarita property, I take pleasure in submitting the following data.

The improvements at the property are represented by the following costs.

Road Building	\$ 680.00
Camp Buildings	1,089.85
Water System	2,653.73
Commissary Equipment	318.75
Camp Equipment	517.63
Office Equipment	116.00
Trucks and Autos	1,139.41
Mine - Development & Equipment	3,850.38
Mill - Building & Equipment	<u>51,625.04</u>
Total	\$61,990.79

The expense accounts as taken from our books are as follows:

Mill and Laboratory Chemicals	\$ 801.23
Insurance, Interest & Taxes	4,271.96
Legal and Incorporation	1,097.55
Office and General Labor	2,064.75
Assays, Tests & Engineering	1,251.59
Telephone, Telegraph & Postage	220.77
Mill Fuel	942.04
Dining Room & Commissary	
Labor and Mdse.	8,519.77
Hotel, Traveling & Executive Expense	1,391.99
Misc.	<u>872.22</u>
Total	<u>21,433.87</u>
GRAND TOTAL	\$83,424.66

The item mentioned above as Commissary Labor and Merchandise, is of course distributed over the entire payroll: our charge for board being \$1.00 per day, and we add 20% to the cost of all items passing through and sold out of our commissary to the Mexicans or other employees.

I trust that the foregoing will give you the information you desire.

Very truly yours,

/s/ RCP Smith

R. C. P. Smith

\$32.00 - Au. per oz.
 .77 - Ag. per oz.

Date	Figueroa		H. & H.**		Figueroa			Hawley & Hawley		
	Au.	Ag.	Au.	Ag.	Au.	Ag.	Total	Au.	Ag.	Total
10-9	.16	.44	.10	.20	\$5.12	.34	\$5.46	\$3.20	.15	\$3.35
10-11	.12	.30	.12	tr.	3.84	.23	4.07	3.84	-	3.84
10-12	.12	.34	.11	tr.	3.84	.26	4.10	3.52	-	3.52
10-16	.20	.40	.12	tr.	6.40	.31	6.71	3.84	-	3.84
10-18	.18	.30	.25	.20	5.76	.23	5.99	8.00	.15	8.15
10-22	.16	.40	.13	.20	5.12	.31	5.43	4.12	.15	4.37
10-25	.14	.40	.10	.20 J*	4.48	.31	4.79	3.20	.15	3.35
10-26	.17	.50	.07	tr.	5.44	.38	5.82	2.24	-	2.24

* J. Jacobs, E. A., Tucson, Arizona.

**H & H. Hawley & Hawley, Douglas, Arizona.

	<u>Assay</u>	<u>Tons</u>	<u>Figueroa's Gross Value</u>	<u>Hawley & Hawley's Gross Value</u>
Oct. 2	\$8.32	14.454	\$120.26	\$90.20
Oct. 3	8.32	7.691	63.99	97.99
Oct. 5	6.74	4.392	29.60	22.20
Oct. 6	6.74	10.686	72.02	54.02
Oct. 9	5.46	21.275	116.16	71.27
Oct. 11	4.07	19.460	79.20	74.72
Oct. 12	4.10	28.710	117.71	101.06
Oct. 15	6.08	20.685	125.76	94.32
Oct. 16	6.71	31.862	213.79	122.35
Oct. 17	5.98	6.190	37.02	27.77
Oct. 18	5.99	39.470	236.43	321.68
Oct. 21	5.12	58.042	297.18	222.89
Oct. 22	5.43	30.746	166.95	134.36
Oct. 25	5.43	32.989	179.13	110.51
Oct. 26	5.82	<u>35.653</u>	<u>207.50</u>	<u>79.86</u>
		362.305	\$2,062.70	\$1,575.20

Date	Tons	Gross Value	Gross Value Recovered
Oct. 2nd to Oct. 26 inc.	362.30	\$ 1575.20	
Lot 471	.609 Tons Concentrates		\$ 32.65
Lot 477	2.25 Tons slimes		46.26
Lot 470	2.861 Tons Concentrates		399.20
Lot 483	2.17 Tons Slimes		<u>50.89</u>
			\$528.90
Smelter Costs			<u>129.46</u>
	Net returns from Smelter		\$399.44

E. A. JACOBS
REGISTERED ASSAYER

Certificate No. 32869

Tucson, Arizona

Oct. 31st 1935

Sample Submitted by Santa Margarita Mines Co.

Serial No.	Sample Marked	Gold ozs. per ton ore	Gold Value per Ton Ore	Silver Ozs. per ton Ore
85382	Ball Mill Heads	0.10	3.50	0.2/10
284	" " Discharge	0.095	3.32	0.1/10
285	Lot 471	1.61	56.35	1.5/10
286	Lot 477	0.58	20.30	0.4/10
287	Lot 470	4.18	146.30	1.2/10

Gold figured \$35.00 per oz. Troy.

Charges \$7.50 Paid E.A.J.

Very Respectfully,

E. A. Jacobs

HAWLEY & HAWLEY
Douglas, Arizona

We hereby certify that the following were
obtained from samples of Tucson Ore Buying Co.

Office No.	Marked	Gold ozs.	Silver ozs.	Copper percent	Lead
115887	Lot 471	1.65	1.3	.04	
	Date 10/30/35		Hawley & Hawley Per W. E. Hawley, assayer		
115888	Lot 477	.64	0.5	trace	
	Date 10/30/35		Hawley & Hawley Per W. E. Hawley, assayer		
115903	Lot 470	4.32	1.5	.09	.04
	Date 10/31/35		Hawley & Hawley Per W. E. Hawley, assayer		
115942	Lot 483	.73	0.4	.05	
	Date 11/1/35		Hawley & Hawley Per W. E. Hawley, assayer		
116027	Lot 487	.08	trace	.04	
Charges \$3.00	Date 11/5/35		Hawley & Hawley Per W. E. Hawley, assayer		

HAWLEY & HAWLEY
Douglas, Arizona

We hereby certify that the following results
were obtained from samples of Margarita Mines.

Office No.	Marked	Gold ozs.	Silver ozs.	
116033	10/9/35	.10	0.2	Ball mill heads
116034	10/11/35	.12	trace	" " "
116035	10/12/35	.11	trace	" " "
116036	10/16/35	.12	trace	" " "
116037	10/18/35	.25	0.2	" " "
116038	10/22/35	.13	0.2	" " "
116039	10/26/35	.07	trace	" " "

Charges: \$6.30

Hawley & Hawley
Per W. E. Hawley, assayer

MARGARITA GROUP

SANTA CRUZ COUNTY

CJH WR 12/5/86: By letter from Matthew Green, 45-04 Smart St., Flushing, N.Y. 11355, learned that the Marguerita Mine, Oro Blanco district, Santa Cruz County (MILS #63B) has been acquired by Newfields Minerals, Inc of Vancouver B.C. Stock is selling for ± 1.00 Canadian.

MG WR 2/7/87: Mr. Steve VanNort, Western Metals Associates (c) is consulting geologist on the Margarita Mine (file) Santa Cruz County, to Newfields Minerals Inc. He reports that check drilling, by reverse circulation, will hopefully begin within a month on the property.

MG WR 6/19/87: Newfields Minerals Inc (c) has reportedly finished its reverse circulation drilling program on the Margarita property (file) Santa Cruz County. Apparently the company has been pleased with the results.

MG WR 7/10/87: Learned that Davy McKee Corp is doing a feasibility study at the request of Newfields, on the Margarita property in Santa Cruz County.

HM WR 1/30/88: Mr. Sorrel, whose aunt is the owner of the Marguerita Mine, Santa Cruz Co (file) reports that Newfields Minerals (card) has blocked out 600,000 st of .07 gold ore at the Margarita with a stripping ratio of 1:1. Newfields is planning additional drilling in the spring.

MG WR 6/24/88: It is rumored that Newfields Mineral is negotiating a joint venture arrangement with La Teko Resources on the Margarita gold property (file) Santa Cruz County.

MARGARITA GROUP

SANTA CRUZ COUNTY

MG WR 3/29/85: Have received report that Glamis Gold Ltd., 1155, 1156 W. Georgia St., Vancouver, B.C. V6E 4A2, Canada, has taken an interest in the Margarita and Old Glory properties (Santa Cruz Co). Mr. Bob Johnson of Apache International is still primary lessee.

MG WR 7/2/85: According to Mr. Bob Johnson (c), the Golden Concord Mining Corp. did complete a preliminary feasibility study of the Margarita/ Old Glory properties in Santa Cruz Co during 1984. The name of the firm has been changed to Crossland Industries Corp., 305, 8200 Pacific Place, Denver, Colorado 80231.

MG WR 7/26/85: Mr. Bob Johnson (c) reports that he has lost his lease on the Margarita property (Santa Cruz Co). He believes that the lease will go to International Pacific Cyprus Minerals Ltd., 1020, 800 W. Pender St., Vancouver, B.C. V6C 2V6, Canada (E.M. Mueller, President).

MG WR 2/7/86: Learned that a Canadian firm is interested in the Margarita property (Santa Cruz Co). The company and its address is Pirates Gold Corp., 1220, 800 W. Pender St., Vancouver, B.C. V6C 2V6, Canada. Mr. E. Mueller is chairman and president.

MG WR 10/3/86: Mr. Bob Johnson reports that Mr. James Sorrell (c) a nephew of Mrs. Ted Wallace, has sued him concerning the Margarita mine in Santa Cruz County. Mr. Johnson has counter-sued Mr. Sorrell. Mr. Johnson believes he has someone who would be seriously interested in the Margarita and the Old Glory (Santa Cruz Co) if the properties were available together.

MG WR 10/3/86: Mr. James Sorrell (c) reports that several companies are interested in the Margarita property (Santa Cruz Co). He said that Joy Drilling Co. drilled 18 core holes a couple of years ago. He believes that the reserve is about 500,000 tons with an average grade of 0.058 oz/ton gold.

MG WR 12/31/82: Visited the Margarita and Old Glory mines in Santa Cruz County, leased to Mr. Bob Johnson. The watchman told me that about 3600 feet of rotary drilling (maximum hole depth-400 feet) was done on the two properties during the summer of 1982.

MG WR 7/15/83: Mr. Bob Johnson of Apache International reports that he has a joint venture agreement to explore and develop the Margarita - Old Glory properties in Santa Cruz County. Air-trac drilling is to begin July 18. The joint partner is Golden Concord Company, Vancouver, B. C. Canada. (See notation below on same date by NJN)

MG WR 10/14/83: It is reported that 10 to 12 drill sites for diamond drill core holes are being prepared at the Margarita property (Santa Cruz Co.)

MG WR 11/11/83: Visited the Margarita Mine. Mr. Mark Johnson is the geologist. A large rig is on the property, drilling about 10-3 inch core holes to approximately 100 feet deep each. Two or three pits are being drilled blasted, and dug by backhoe to provide a bulk sample of about 90 tons. This sample will be sent to a laboratory in Montana for cyanide leach tests.

NJN WR 7/15/83 Richard Renn, of Goldsil Resources, Ltd. 5353 W. Dartmouth Ave., Suite 400, Denver, Colorado 80227, Ph: (303) 989-0897 reported that the company is new and formed of people who used to be with Energy Reserves mineral group. They have picked up the properties that Energy Reserves used to have. They are also active in the Margarita Group in Santa Cruz County and plan to commence drilling next week. The company is currently looking for volcanogenic exhalite targets in Arizona but will welcome any type of precious metal submittals.

MG WR 6/7/84: It has been reported to me that Mr. Bob Johnson of the Apache International Mining Co. (c) has been sued for mismanagement of funds by the Golden Concord Co. of Vancouver, B.C. Canada. Golden Concord was an exploration partner with Apache International on the Margarita and Old Glory mines (Santa Cruz Co.)

Do Not Copy

A Report on the Field Work, Prospecting and Geology of the District Contiguous to the Montana Mines, Ruby, Arizona, by F.E. Gregory, September, 1935, geology file

CJH WR 9/11/81: Janel Smith, Sec'y Tucson, Council, APSMOA, reported that Bob Johnson of Tubac, Apache International Mining co. has shut down work at the Ostrich and Margarita properties.

MG WR 11/13/81: Bob Johnson of Apache International reports that he has defined 200,000 tons of ore averaging 0.06 oz Au/ton and 0.15 oz Ag/ton at the Margarita mine in the Oro Blanco Mining District, Santa Cruz County.

MG WR 5/7/82: The Margarita Mine, Santa Cruz County is owned by Mr. and Mrs. Ted. S. Wallace, 3958 E. Desmond Lane, Tucson, AZ 85712. The property is comprised of the Margarita claim group 1-32. It is leased to Mr. Bob Johnson of Apache International.

MG WR 5/21/82: Mr. Bob Johnson of Apache International reports he is still lessee of the Margarita Mine. He is also lessee of the nearby Old Glory mine. Homestake apparently sampled the two properties together and spent about \$25,000 in their evaluation recently and then dropped their interest. Mr. Johnson believes a surface mine could be developed on the two properties. He believes there is a minimum reserve of 500,000 to 600,000 oz. Au.

MG WR 6/28/82: In response to Mr. T. Antoniuk, Senior Geologist, Rayrock Resources Ltds., Suite 1011, 2200 Yonge St., Toronto, Ontario M4S 2C6, Canada, I wrote a letter suggesting he look at the Margarita/old Glory property, Santa Cruz County, as a possible gold target.

MG WR 9/24/82: U.S. Bureau of Mines Reported production from the Oro Blanco Mining District, Santa Cruz County for the Margarita Mine. In the following years, 1903, 1907, 1933-36, 1938 and 1941 2,995 tons were reported. Produced were 453 pounds of copper, 1,018 ounces of silver and 411 ounces of gold.

MARGARITA GROUP

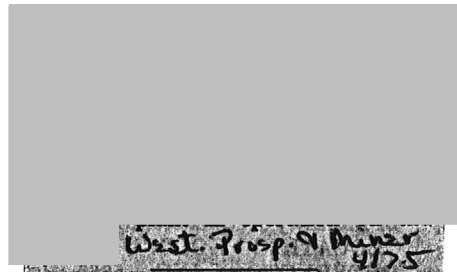
SANTA CRUZ

Do Not Copy

Tel. Call. Mr. Norman East re: The Margarita Mine in California Gulch. Nuclear Dynamics has the claim and is studying the area. GWI WR 8/14/72

Wayne Winters reported that United Nuclear had returned the Margarita area claims back to Ted Wallace (Santa Cruz Co., near Ruby). GWI WR 6/18/74

Nuclear Dynamics explored in the area of the Margarita, but have pulled out and returned the Margarita to the owner Ted Wallace. GWI AR 73-74

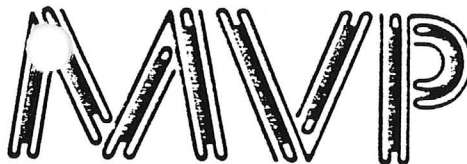


William Edgerton called to say that Ted Wallace had made a deal with PPG Industries (Pittsburg Glass) on the Margarita near Ruby. GWI WR 4/30/76

Pittsburgh Plate Glass has optioned the old Margarita Group in the Oro Blanco district. VBD WR 6/9/76



MG WR 8/7/80: Bob Johnson, Apache International Mining Co., 1005 Paseo Iris, Green Valley, Arizona, phone 625-0312, called to give me information on his operations. He has a section of claims called the Margarita Group in California Gulch (Santa Cruz). Hazen Research has completed various gold recovery tests on ore from all these claims and some ores appear promising.



\$75,000,000 Preliminary Prospectus 1987.

MVP Exploration and Company, Limited Partnership
MVP Capital Corp. - common shares and warrants
MVP (Quebec) Exploration and Company, Limited Partnership

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of MVP, their positions with MVP and their principal occupations:

<u>Name and Municipality of Residence</u>	<u>Office</u>	<u>Principal Occupation</u>
Ian M.T. McAvity * Toronto, Ontario	President & Director	Securities Advisor, President, Deliberations Research Inc.
Clark Aylsworth San Antonio, Texas	Director	Chairman of United Services Advisors Inc., an SEC registered investment adviser.
Frank E. Holmes * Toronto, Ontario	Director	Investment Dealer, Vice Pres. Merit Investment Corporation.
Edward Godin * Toronto, Ontario	Director	Airline Pilot and Member of the Executive Committee of the Air Canada Pilots' Equity Pension Fund
Paul A. Gratton * Burlington, Ontario	Director	Business Executive, Pres. of The Central Group Ltd. which is the manager of Natural Resources Growth Fund Ltd. and the rest of the All Canadian Group of Funds.
Fenton Scott Don Mills, Ontario	Director	Independent Consulting Engineer, President of Fenton Scott Management Inc.
Barry S. Tyler, C.A. Beaconsfield, Quebec	Treasurer & Chief Financial Officer	Management Consultant, President of Tyler Management Services Ltd.
Eugene C. McBurney Toronto, Ontario	Director & Secretary	Barrister and Solicitor, Partner with Fogler, Rubinoff, Toronto, Ont.

* Member of Audit Committee

Exploration and Advisory Committee

DAVID BELL : Consulting Geologist awarded 'Prospector of the Year' in 1982 for his role in the discovery of the HEMLO GOLD CAMP.

PETER FERDERBER : 'Prospector of the Year' in 1979 for finding FERDERBER MINE for BELMORAL MINES LIMITED.

TERENCE FLANAGAN : Mining Engineer and President of MUSCOCHO EXPLORATIONS.

JOHN HANSULD, Ph.D. : President of CANAMAX RESOURCES, INC., a major gold exploration company.

MALCOLM TASCHEREAU : Mining Consultant and former President of DOME MINES and CAMPBELL RED LAKE, the largest gold producer in Canada.



84012181

Taylor

Office of State Mine Inspector

STATE MINE INSPECTION

705 West Wing, Capitol Building

Phoenix, Arizona 85007

602-255-5971

JUL 25 1988

NOTICE TO ARIZONA STATE MINE INSPECTOR

In compliance with Arizona Revised Statute Section 27-303, we are submitting this written notice to the Arizona State Mine Inspector (705 West Wing, Capitol Building, Phoenix, Arizona 85007) of our intent to start/stop (please circle one) a mining operation.

COMPANY NAME La Teko Resources

CHIEF OFFICER T. E. Babcock

COMPANY ADDRESS 3184 Four Bentall Centre, 1055 Dunsmuir St.
Vancouver, B. C., Canada V7X 1L3

COMPANY TELEPHONE NUMBER (604) 682-0559

MINE OR PLANT NAME Margarita Mine

MINE OR PLANT LOCATION (including county and nearest town, as well as directions for locating by vehicle)

14 miles south of Arivaca in Santa Cruz County. From Arivaca,

go 12 miles southeast on the Ruby road to the Oro Blanco road.

Turn right and go 1.5 miles south to the Margarita Tank road.

Turn right and go .5 miles northeast to the Margarita Mine.

TYPE OF OPERATION open pit/heap PRINCIPAL PRODUCT gold
leach

STARTING DATE 1 September 1988 CLOSING DATE 1 September 1993

DURATION OF OPERATION 5 years

PERSON SENDING THIS NOTICE Fred Dotterrer P. O. Box 905 Apple Valley,
Calif. 92307

TITLE OF PERSON SENDING THIS NOTICE Mine Manager

DATE NOTICE SENT TO STATE MINE INSPECTOR 20 July 1988

PLEASE NOTE: Any operation found operating, without having sent this notice to the Arizona State Mine Inspector, will be charged with a petty offense.



Margarita mine
Santa Cruz Co.

NEWFIELDS MINERALS INC.

808 - 750 W. PENDER ST., VANCOUVER, B.C. V6C 2T8 (604) 683-4518 FAX: (604) 681-3209
TORONTO OFFICE: (416) 363-8866 FAX: (416) 363-8870

NEWS RELEASE

June 02, 1988

T.S.E. - V.S.E. Symbol: NWM / N.A.S.D.A.Q. Symbol: NWMIF

Total Issued: 7,669,921 Shares (1,922,310 Restricted)

Authorized 10,000,000 Shares

Newfields Minerals Inc. is pleased to announce that an agreement in principle has been reached with La Teko Resources Ltd. (V.S.E - LAO/N.A.S.D.A.Q.-LAORF) which would allow La Teko to purchase Newfields' interests in the Margarita Mine, Oro Blanco, El Gato and Iron Cap properties in Santa Cruz County, Arizona. The purchase price of 400,000 shares of La Teko (at 01/06 close of \$2.37 per share equates to \$948,000.00) is subject to regulatory approval. The shares are to be released to Newfields on the following basis:

100,000 shares on receipt of regulatory approval
100,000 shares 6 months after regulatory approval
100,000 shares 9 months after regulatory approval
100,000 shares 12 months after regulatory approval

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

In addition, La Teko will pay to Newfields 10% of net profit from the operation increasing to 15% after aggregate gold production reaches 20,000 ounces.

The Margarita Mine, Oro Blanco, El Gato and Iron Cap properties consist of 138 claims. Five areas on the Margarita Property have total reserves of 522,000 tons at 0.046 ounces of gold per ton. It is estimated that heap-leaching of the existing reserves will yield an excellent profit. In addition, it is anticipated that further drilling will increase reserves to at least 2,000,000 tons of similar grade.

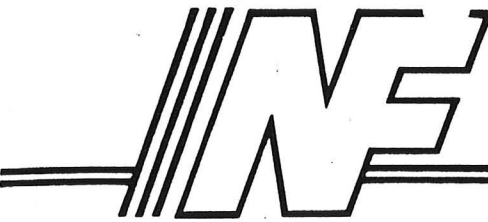
Production permitting will begin immediately.

This agreement is subject to formal documentation and approval of the regulatory authorities.

The Company advises that the terms of its 1988 tax cash flow-through private placement with T.A.P. (IV) 1988 Resources Limited Partnership have now been established. The Company will issue up to 153,846 shares to the partnership at a price of \$3.25 per share (net proceeds of \$500,000.00).

The Company also announces that it has negotiated the following additional 1988 tax cash flow-through private placements:

- 1) 1988 (No. 2) Mintax Mineral Limited Partnership of Vancouver, B.C., up to 49,848 shares at \$3.60 per share for proceeds to the Company of \$179,450.00.
- 2) CMP 1988 Resource Partnership and Company Limited of Toronto, Ontario, up to 200,000 shares at a price of \$3.50 per share for proceeds to the Company of \$700,000.00.
- 3) Somicom 1988 Partnership and Company Limited of Montreal and Toronto, \$1,000,000.00 in proceeds with shares to be issued at a price equal to the weighted average of the closing price of the Company's shares on the Toronto Stock Exchange for the twenty trading days prior to the dissolution of the Partnership.

**NEWFIELDS MINERALS INC.**

808 - 750 W. PENDER STREET, VANCOUVER, B.C. V6C 2T8

(604) 683-4518

July 20, 1987

Dear Money Reader:

Enclosed please find information pertaining to Newfields Minerals Inc. As we discussed, it is Newfields' objective to proceed with an underground program as soon as approval from the mining inspector can be obtained.

We expect to commence rehabilitation of the shaft on or about August 30, 1987 to the 2,600 ft. level. To reach the first gold zone located 1,000 feet from surface, a time frame of seven months is postulated. This would allow access for ore removal at that horizon by early March, 1988.

The Margarita project located 75 miles southwest of Tucson, Arizona is proceeding very well. The Davy McKee Corporation will table a feasibility document within 50 days. The proven surface reserve calculation, due to confirmation drilling, will be changed to reflect some 800,000 tons of .041 ozs. Au/ton. The Margarita is scheduled to produce 10,000 ozs. of gold per annum (cost 200 U.S./oz.) assuming a three year mine life.

The Margarita would yield net earnings of \$2,700,000.00 Canadian per year. In the event the Kirkland Lake project yields drill indicated reserves beyond 1,000,000 tons of .27 ozs. Au/ton, or proves to be a comparable asset to an average Kirkland Lake Mine (3,000,000 ozs. Au) we believe this will be reflected in the market value of the Company's common shares.

There is no question with the Company's NASDAQ listing (August 24, 1987) and approval for a T.S.E. listing (submitted June 20, 1987) that these markets will receive Newfields on a positive basis.

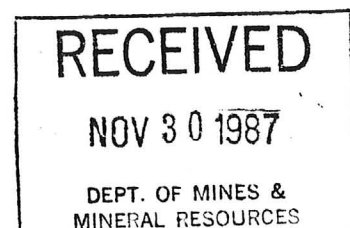
Should you have any further questions please don't hesitate to contact me.

Yours sincerely,

Dan M. Clark

D.M.R. (Dan) Clark
President
DMRC/bp

encl.





ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

Rose Mofford, Governor
Randolph Wood, Director

NOTICE OF INTENT TO ISSUE A GROUNDWATER QUALITY PROTECTION PERMIT(S)

Pursuant to Arizona Administrative Code, Title 9, Chapter 20, Article 2, the Director of the Arizona Department of Environmental Quality intends to issue a Groundwater Quality Protection Permit(s) to the following applicant(s), subject to certain special and general conditions.

Public Notice No. 33-89AZGW

On or About
April 3, 1989

Margarita Mine (File)

La Teko Resources

P. O. Box 49301

Vancouver, B.C. Canada V7X 1L3

Groundwater Quality Protection Permit No. G-0007-12

The applicant proposes to operate the Margarita Mine. The Notice of Disposal indicates that the project is located about 1/2 mile north of Old Glory, Arizona on a 40 acre parcel in Section 7, Township 23 South, Range 11 East. Depth to groundwater in the vicinity is approximately 275 feet below land surface.

The project consists of a gold recovery process utilizing cyanide heap leaching. The leach pads are to be lined with 40 mil High Density Polyethylene and will be constructed with a leak detection system. The pregnant and barren ponds are to be double lined. The spent ore is to be left in place on the leach pads at closure.

The permit and related material are available for public review Monday through Friday, 8:00 a.m. to 5:00 p.m. at Arizona Department of Environmental Quality, Water Permits Unit, 2005 North Central Avenue, Phoenix, Arizona 85004.

Persons may submit comments or request a public hearing on the proposed action, in writing, to ADEQ at the above address within thirty (30) days from the date of this notice. Public hearing request must include the reason for such request.

The Department of Environmental Quality is An Equal Opportunity Affirmative Action Employer



NEWFIELDS MINERALS INC.

808 - 750 W. PENDER STREET, VANCOUVER, B.C. V6C 2T8

(604) 683-4518

NEWS RELEASE

July 10, 1987

V.S.E. Symbol: NWM / Authorized 10,000,000 Shares

Total Issued: 4,450,601 Shares (695,804 Restricted/Escrowed)

Newfields Minerals Inc. is pleased to announce gold ore intersections from the Newfields-Teck Corporation joint venture project on the Teck-Hughes property located in Kirkland Lake, Ontario, as follows:

<u>Hole No.</u>	<u>Intercept (ft.)</u>	<u>Width (ft.)</u>	<u>Ozs. Au/Ton</u>
N-T #7	3,631.1 - 3,713.1	82	.03
	3,713.1 - 3,737.0	24	.1
	includes	5.5	.32

As the map on the reverse indicates, the aforementioned drill hole result has intersected the Narrows Break system 350 ft. to the east of the parent #2, 2A and 2B holes where results up to 13.7 ft. of .82 ozs. Au/Ton were obtained. This now indicates 1,000 feet of strike length and 2,000 feet of vertical persistence for structure and gold mineralization. Average width and grade may be determined by continued drilling and underground exploration.

In addition, the Company received confirmation from its U.S. legal advisors that clear and quiet title now exists concerning the Margarita Mine Property. The Vendor of the Margarita was successful in his court action to obtain clear title from a previous operator.

The Company expects a feasibility document to be tabled by the Davy McKee Corporation concerning the Margarita prior to the end of next month.

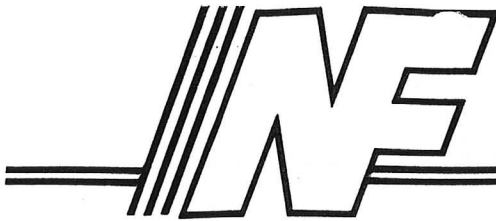
D.M.R. (Dan) Clark has prepared this news release on behalf of the Company and accepts full responsibility for its contents.

On behalf of the Board,

D.M.R. (Dan) Clark

The Vancouver Stock Exchange neither approves nor disapproves the information contained herein.

(*See Reverse)



OVER

NEWFIELDS MINERALS INC.

808 - 750 W. PENDER STREET, VANCOUVER, B.C. V6C 2T8

(604) 683-4518

NEWS RELEASE

February 26, 1987.

V. S. E. Symbol: NWM / Authorized 10,000,000 Shares

Total Issued: 3,667,523 Shares

Newfields Minerals Inc. is pleased to announce that the Company has settled the terms of an agreement with Teck Corporation concerning Newfields and Teck properties in the Kirkland Lake gold camp of Ontario.

Newfields may earn a 50% undivided interest in Teck Corporation's Teck-Hughes and Kirkland Lake Gold properties, subject to the agreement, by expending \$4,000,000.00 in exploration over the next five years.

The aforementioned Teck-Hughes and Kirkland Lake Gold properties represent 16 contiguous claims (600 acres) which are located on the western boundary of Newfields' Kirkland Basin property (28 claims - 1,000 acres).

The Teck-Hughes/Kirkland Lake Gold mines, throughout the period between 1917 and 1983, have yielded an aggregate in excess of 4,700,000 ounces of gold.

As additional consideration, the Company has granted Teck Corporation an option to acquire up to 500,000 shares, of Newfields Minerals Inc., exercisable on or before February 25, 1988 at a price of \$3.50 per share, subject to regulatory approval.

Concerning Newfields' Kirkland Lake properties, Teck Corporation may earn a 50% interest in said properties by arranging production financing upon submission to Teck of a positive feasibility study.

Concerning the continued funding of the Company's Kirkland Lake projects, Newfields has signed a Tax Cash Flow Through (T.C.F.T.) Exploration Agreement with MVP Capital Corp. of Toronto. Pursuant to the agreement, Newfields will issue up to 731,708 shares in the form of a T.C.F.T. Private Placement at a price of \$4.10 per share, subject to regulatory approval. Total net proceeds to Newfields from the private placement will be \$3,000,000.00.

In addition to the MVP Capital Corp. funding, Newfields is pleased to announce the appointment of Mr. Eugene C. McBurney, Barrister and Solicitor, to the Board of Directors of Newfields Minerals Inc. Mr. McBurney is a partner of the legal firm Fogler, Rubinoff (Toronto) and Secretary/Director of MVP Capital Corp. Mr. McBurney's business experience, securities background and fiscal contacts are welcomed by the Company.

An agent's fee in the amount of \$30,000.00 pertaining to the aforementioned T.C.F.T. issue is payable to Dominion Securities Inc.

...../2



Office of State Mine Inspector

705 West Wing, Capitol Building
Phoenix, Arizona 85007
602-255-5971

NOV 15 1983

NOTICE TO ARIZONA STATE MINE INSPECTOR

In compliance with Arizona Revised Statute Section 27-303, we are submitting this written notice to the Arizona State Mine Inspector (705 West Wing, Capitol Building, Phoenix, Arizona 85007) of our intent to start stop (please circle one) a mining operation.

COMPANY NAME Sonora Exploring & Mining Co.

CHIEF OFFICER Robert A. Johnson

COMPANY ADDRESS Sasabe Star Rt, Box 45-C, Tucson, AZ

COMPANY TELEPHONE NUMBER 602 - 398 - 2106

MINE OR PLANT NAME Margarita - Old Glory

MINE OR PLANT LOCATION (including county and nearest town, as well as directions for locating by vehicle)

Santa Cruz county - 11 miles south of
Arivaca on Ruby road, 3 miles 1/4 on
California Gulch road

TYPE OF OPERATION Exploration PRINCIPAL PRODUCT Gold + Silver

STARTING DATE Present

CLOSING DATE _____

DURATION OF OPERATION Ten years ??

PERSON SENDING THIS NOTICE Robert A. Johnson

TITLE OF PERSON SENDING THIS NOTICE Managing Director

DATE NOTICE SENT TO STATE MINE INSPECTOR 11 Nov, 1983

PLEASE NOTE: Any operation found operating, without having sent this notice to the Arizona State Mine Inspector, will be charged with a petty offense.

ARIZONA DEPARTMENT OF MINERAL RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Mr. Robert A. Johnson (Phone: 398-2106)
Address: Sasabe Star Route - Box 45-C, Tucson, AZ 85736
2. Mine: MARGARITA 3. No. of Claims - Patented _____
(Santa Cruz Co.) Unpatented 40
4. Location: Approx. 1/2 mile west of Ruby, take California Gulch road south & west about 2 miles to property.
5. Sec 7 (center) Tp 23S Range 11E 6. Mining District Oro Blanco
7. Owner: Mrs. Ted Wallace (Mr. R. Johnson reportedly owns Margarita #33-40)
8. Address: 3958 E. Desmond Lane, Tucson, AZ 85712
9. Operating Co.: Apache International Mining Co. (Phone: 398-2106)
10. Address: Sasabe Star Route - Box 45-C, Tucson, AZ 85736
11. President: _____ 12. Managing Partner: Robert A. Johnson
~~Gen. Mgr.~~
13. Principal Metals: Au-Ag 14. No. Employed: 2
15. Mill, Type & Capacity: _____
16. Present Operations: (a) Down ☐ (b) Assessment work ☐ (c) Exploration ☒
(d) Production ☐ (e) Rate _____ tpd.
17. New Work Planned: Mr. Johnson is negotiating with several interested parties to continue development. He believes the combines reserves of the Margarita and adjacent Old Glory properties are 8,000,000 tons @ 0.07 oz Au/ton.
18. Misc. Notes: Country rock is andesite porphyry and other volcanics. The mineral deposits appear to be closely associated with silicic zones, not distinct veins. A small pit occurs over the old mine workings. The free gold occurs in heavy limonite and hematite with pyrite casts. Air-track drill samples taken by the Pittsburg Plate Glass Co. several years ago were re-assayed for Mr. Johnson by Mtn. States Engineers. These assays corresponded closely to the results of another air-track drilling program supervised by the consultant, Ted Eyde, for Mr. Johnson. This later drilling program (60 holes on 100-ft centers) proved a deposit of 200,000 tons @ 0.07 oz Au/ton, immediately north of the pit. Gold values drop to nil at about 80-ft depth. The ratio of silver to gold is reportedly 3:1 and preliminary lab tests indicate excellent recoveries of both metals. Homestake Mining Co. ran an extensive rock chip sampling program recently on the property but discontinued their investigation.

Date: May 26, 1982

(Signature)

R. W. Grayley
(Field Engineer)

July 19, 1950

Mr. Dick W. Martin
P. O. Box 1270
Prescott, Arizona

Dear Dick:

You need not return the Margarita report as we have another copy.

Would be much interested in Al Favor's theory or arguments. Please give me the highlights.

You were no doubt on the mailing list for our report, but I am enclosing an extra copy which you might hand to Favor.

Had a nice letter from Joe Roberts about the report and he asked us to send them 20 copies.

Yours sincerely,

Chas. H. Dunning
Director

CHD:mh

MARGUERITA

Au, Ag, Cu, Pb

Santa Cruz

12 - 1

T 23 S, R 11 E

Mrs. Gladys d'Havarda, 685 Emerson St., Denver

'44

Handwritten notes:
10/17/50
Burt
10/17/50



DICK W. MARTIN

REALTOR

TELEPHONE 50 - POST OFFICE BOX 1270

ROOMS 6, 7, 8, 9 UNION BLOCK

PRESCOTT, ARIZONA

July 17, 1950.

Mr. Chas. H. Dunning, Director,
Department of Mineral Resources,
Mineral Building Fairgrounds,
Phoenix, Arizona.

Dear Chuck:

Thanks for the letter of the 13th enclosing
report on the Margarita Mine. Do you want me to return
this report to you?

Very truly yours,

A handwritten signature in cursive script, appearing to read "Dick", is written over the typed name.

Dick W. Martin

P. S. I have had some people on my back because I
made the statement that I felt there should be more
mining men in the Legislature and that your department
needed more money. I have had quite a settoo with Al
Favor over it.

NEWFIELDS MINERALS INC.



ANNUAL
REPORT
1987

CORPORATE DATA

DONALD M.R. CLARK

President/Chief Executive Officer

President, Kengate Resources Ltd.;

Director, Coventry Ventures Inc.;

Director, Westbank Resources Inc.

STEPHEN C. MILLEN

Secretary/Director

Former V.P. MCL British Cars Inc.;

Former Director, Chequered Flag Distributors Ltd.;

Secretary/Director, Kengate Resources Ltd.;

President, Coventry Ventures Inc.;

Director, Westbank Resources Inc.

PHILLIP A. ESPOSITO, Order of Canada

Director

Vice-President-General Manager, New York Rangers;

Former President, N.H.L. Players Assoc.;

President, Phidon Corporation;

Chairman, "Esposito Foundation."

GARDA R. DURBIN

Director

Administration Manager, Clark Consulting Services Inc.;

Former Senior Supervisor, Pacific Western Airlines,

Vancouver, B.C.;

President, Westbank Resources Inc.;

Director, Coventry Ventures Inc.;

Director, Kengate Resources Ltd.

T. IAN DAWSON

Vice-President

Former District Sales Manager, Finning Tractor,

Port Hardy, B.C.;

European Sales Manager, Ritchie Bros. Auctioneers,

The Hague, ND.

EUGENE McBURNEY

Director

Lawyer; Senior Partner Fogler Rubinoff;

Director M.V.P. Capital Corp., Toronto.

J. ARTHUR CLARK

Director

Owner - President, Arthur Clark and Associates,
Management/Executive Recruiters, Toronto.

THOMAS A. PAYETTE, C.A.

C.F.O. - Vice President

Formerly with Golden Shield Resources Ltd., Denison
Mines and Rio Algom. Over 15 years experience in
international mining, finance and administration.

LEONARD J. CUNNINGHAM, P.Eng.

Consultant-Engineer/Kirkland Lake Projects

Consultant, Ontario Geological Survey. Over 24 years

experience associated with Kirkland Lake gold camp;

former Consultant to Queenston Gold Mines; former

Mine Engineer, Rouyn Merger Mines Ltd.; Foreman,

Morococha, Cerro de Pasco Copper Corp., Peru. S.A.;

former Chief Engineer/Geologist, Castle Div., McIntyre

Porcupine Mines Limited.

O.A. SEEGER, P.Eng.

Consultant/Kirkland Lake Projects

Over 50 years of mining/exploration experience; V.P.

Explorations, Quebec Sturgeon River Gold Mines Ltd.;

President, Phoenix Gold Mines Ltd.; former Chief Field

Geologist, Falconbridge Nickel Mines Ltd.; former Chief

Geologist, M.J. Boylen Engineering; former V.P.

Exploration, Northgate Exploration Ltd.

STEVEN VAN NORT, M.Sc.

Consultant/Geologist/Margarita Mine Project

Spent 18 years with Hanna Mining Company of

Cleveland; former Western North America Exploration

Manager; associated with Casa Grande Copper deposit

discovery, Arizona; geologist, Picacho Mine, CA;

22 years international exploration experience.

JOHN F. McINTYRE, P.Eng.

Consultant

International mining consultant and engineer spanning

38 years; associated with discovery of Davis Keays

Copper Mine, B.C.; Ruth-Vermont lead, zinc, silver

mine, Golden, B.C.; Silver Bell Mine, Washington;

Hatcreek coal field discovery, B.C.

BRUCE A. YOUNGMAN, B.Sc.

Geologist/Consultant

Formerly with Cordilleran Engineering (Regional

Resources), Goldenbell Resources and Cyprus Anvil

Mining Corporation; Consulting Geologist, Kengate

Resources, Interstrat Resources and Northern Dynasty

Explorations Ltd.; Director, Coventry Ventures Inc.

MAURICE A.T. COCQUEREL, Ph.D.

Consultant

VP. Technology, Davy McKee Corporation, San Ramon,

Calif.; Process Consultant, Barrick Mercur Mine, Salt

Lake City, Utah; Homestake McGlaughlin Mine, Napa

Valley, CA; FMC-Paradise Peak Mine, Nevada; former

Chief Consultant Metallurgist, Nchanga Consolidated

Copper Mines Ltd. (Zambia); Consulting Director Seltrust

Engineering; Senior Lecturer, University of Surrey (U.K.);

Mitsubishi (Japan); Kidd Creek Copper, Can.; Cerro

Colorado (Panama); Chevron Research (Montana).

(h) **Margate Gold Property**

The company entered into an agreement, dated January 3, 1987, to acquire certain claims in Santa Cruz County, Arizona, U.S., subject to a 3% net smelter return royalty, in exchange for U.S. \$10,000 (paid), 150,000 shares (issued and held in trust for the vendor, to be released in various stages no later than January 31, 1992, subject to regulatory approval and a minimum of U.S. \$60,000 (completed) expended on a feasibility study.

For all additional mining claims acquired by the company within a designated area of influence, the vendor will retain a 1% net smelter return royalty and the company will pay a fee equal to 5% of the amount expended for exploration and development on such additional mining claims, the fee not to exceed U.S. \$50,000 in total. Claims acquired to date within the designated area of influence are as follows:

(i) **Oro Blanco Gold Property**

The company entered into an option agreement, dated July 21, 1987, to acquire certain claims in Santa Cruz County, Arizona, U.S., in exchange for U.S. \$10,000 (on execution), U.S. \$33,000 over 18 months commencing six months after execution, U.S. \$2,500 per month thereafter, and a minimum of exploration and development expenditures costing in the aggregate U.S. \$50,000 within 12 months following execution. This agreement is subject to a 4% to 5% net smelter return royalty per quarter to a minimum of U.S. \$7,500 per quarter and to an aggregate maximum of \$2,200,000.

(ii) **El Gato Property**

By letter of understanding, the company has been granted an option until August 25, 1989, to acquire certain claims in Santa Cruz County, Arizona, U.S., in exchange for U.S. \$1,500 (on execution), U.S. \$3,500 on August 25, 1988, and U.S. \$10,000 per year thereafter, until an aggregate of U.S. \$75,000 has been paid.

(iii) **Iron Cap Gold Property**

The company entered into an agreement dated November 14, 1987, to acquire certain claims in Santa Cruz County, Arizona, U.S., in exchange for U.S. \$500.

6. Share Capital (Note 9)

Authorized: 10,000,000 shares without par value.

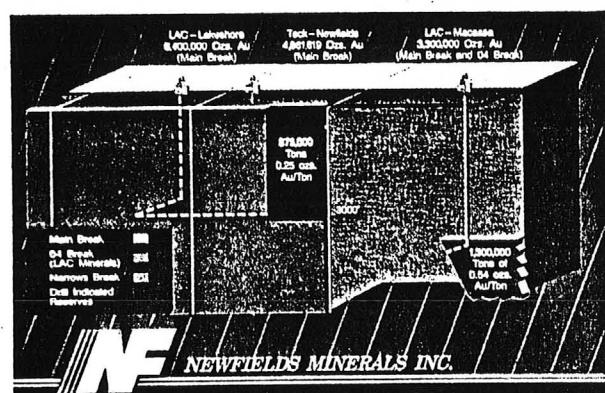
Issued since the incorporation of the company on May 6, 1981:

	No. of Shares	Price per Share (Cdn. \$)	Amount
1982 (from incorporation to November 30, 1982)			
— on incorporation	1	1.00	\$ 1
— for cash	130,000	.15	19,500
Balance, November 30, 1982	130,001		19,501
1983			
— for cash	302,668	.15	45,400
— for mineral claims at negotiated deemed price	750,000	.00006	4,500
Balance, November 30, 1983	1,182,669		69,401
1984			
— for cash			
Pursuant to an underwriting	433,633	.30	130,090
Less: Commission			(24,000)
Balance, November 30, 1984	1,616,302		175,491
1985			
— for cash			
pursuant to options	68,900	.30	20,670
pursuant to options	39,133	.50	19,567
pursuant to options	25,000	.69	17,250
pursuant to options	200,000	1.15	230,000
pursuant to an underwriting	400,000	1.00	400,000
pursuant to flow-through share subscriptions	48,731	2.00	97,460
Less: Commissions			(59,400)
— pursuant to the Kirkland Lake option agreement, at market value	50,000	1.60	80,000
— pursuant to the Rowan-Cameron Lakes purchase agreement, at market value	15,250	1.70	25,925

Drill-Indicated Reserves	- 375,000 Tons of 0.25 Ozs. Au/Ton
	- 90,000 Ozs. Recoverable
	- \$50,000,000.00 Cdn. Gross Bullion Value
Potential Reserves	- 2,000,000 Tons 0.25 Ozs. Au/Ton
	- 480,000 Ozs. Recoverable
	- \$270,000,000.00 Cdn. Gross Bullion Value
Cost to Produce 1 Oz. of Gold (est.)	= \$225.00 U.S. (\$283.00 Cdn.)
Joint Venture Profit with Current Drill-Indicated Reserve	= \$25,000,000.00 Cdn.
Joint Venture Potential Profit (Potential Reserve)	= \$135,000,000.00 Cdn.
Fully Diluted Share Capitalization	= 8,500,000 Shares

NF NEWFIELDS MINERALS INC.

Potential asset expansion.



Block diagram showing Narrows Break reserves relative to the O4 and Main Breaks.

An additional 500 ft. of drifting will be completed on the Newfields' Zone, a 150 ft. wide structure displaying intense hydrothermal alteration and containing anomalous gold values throughout. It is bounded by upper and lower gold zones, with values up to 0.44 ozs. gold per ton over 5.2 ft. and 0.15 ozs. gold per ton over 3.2 ft.

MARGARITA

In late 1986 Newfields acquired this 1,200 acre gold property in southern Arizona, where 233 previous drill holes have outlined geological reserves of 440,000 tons of ore averaging 0.072 oz. gold per ton.

Gold mineralization occurs within four flat-lying, near surface, silicified zones. A stripping ratio of less than 1.5:1 waste to ore should be achievable. Previous and current metallurgical testwork has indicated that the ore is very amenable to heap leaching, with recoveries expected to exceed 80% of contained gold.

The potential for expansion of current reserves is excellent. In addition to on-strike extensions of known reserves, 15 large peripheral targets display similar characteristics. The potential for the Margarita district has been estimated, by a major U.S. mining firm at some 20,000,000 tons of .06 ozs. of gold per ton. This equates to a potential 1,000,000 ozs. of recoverable gold bullion.

During 1987, Newfields conducted a comprehensive program designed to prepare the Margarita for production. Newfields commissioned Davy McKee Corporation, designers and engineers for Gold Field's 130,000 ounce per year Mesquite heap leach gold project, to prepare a preliminary study on the Margarita.

Margarita Infrastructure



The Davy McKee study has indicated that a 500 ton per day heap leach operation would generate a substantial surplus of revenue over expenditure. No significant delays or difficulties are anticipated in the permitting procedure, with year-round production achievable by late 1988.

ONTARIO GOLD JOINT VENTURE

Together with joint venture partners Northern Dynasty Exploration Ltd. (32%) and Westfield Minerals Limited (54%), Newfields (14%) has continued to explore several new gold discoveries in the active Pickle Lake area of northwestern Ontario.

The 2,000 acre Arseno Lake property covers a broad shear zone hosting polymetallic massive sulphides and arsenopyrite-gold mineralization. Surface samples assay up to 4.9% lead, 3.6% zinc, 8.0 oz./ton silver and 0.032 oz./ton gold across 3.5 feet. The underlying structure is more than two miles long and has a very strong geophysical signature.

A 9,000 ft. diamond drilling program intersected polymetallic sulphide mineralization along this

TECK CORPORATION

The Company



Teck Corporation is engaged in the exploration, development and production of minerals and petroleum products. The company's Canadian mining operations produce coal, copper, zinc, gold, silver and niobium, and its petroleum properties produce oil and natural gas. It holds substantial share interests in Lornex Mining Corporation Ltd., a Canadian copper, molybdenum and coal producer; Trilogy Resource Corporation, a petroleum company; and Cominco Ltd., a major worldwide integrated natural resources company whose activities include mining of zinc, lead, silver, gold and copper, smelting and refining, mineral exploration, and chemical and fertilizer production.

PRINCIPAL HOLDINGS

Operations			Investments	
† Lamaque (Quebec)	100%	Gold	Lornex Mining Corporation Ltd.	22%
Beaverdell (B.C.)	100%	Silver	Golden Knight Resources Inc.	30%
Afton (B.C.)	73%	Copper / Gold	Trilogy Resource Corporation	30%
† Newfoundland Zinc	63%	Zinc	Nunachiaq Inc.	50%
Granville Yukon	60%	Gold	(which holds 31% of Cominco Ltd.)	
Bullmoose (B.C.)	51%	Coal	Highland Crow Resources Ltd.	13%
Teck-Corona (Ontario)	50%	Gold	Consolidated Silver Standard	
Niobec (Quebec)	50%	Niobium	Mines Limited	32%
† Highmont (B.C.)	50%	Copper / Molybdenum		
Petroleum Division	100%	Oil / Gas		

† suspended

YEAR AT A GLANCE

(dollar amounts in thousands except for per share data)

	1986	1985
Revenue	185,249	217,940
Earnings before extraordinary items	23,270	16,064
Working capital	76,244	70,522
Total assets	512,131	489,292
Long-term debt	100,223	109,326
Shareholders' equity	343,443	326,775
Long-term debt as a percentage of shareholders' equity	29%	33%
Capital expenditures	52,754	46,859
Cash flow from operations	56,775	55,914
Per share data (1)		
Earnings before extraordinary items	\$0.42	\$0.30
Cash flow	\$1.86	\$1.89
Dividends	\$0.175	\$0.15
Number of employees	1,220	1,475
Number of shareholders (1)	9,206	10,775
Shares outstanding at year-end (1)	30,869,219	30,182,472

(1) Class A common and Class B shares.

DAKOTA ANDERSON INC.

200 WEST THOMAS SUITE 110
SEATTLE, WASHINGTON 98119
(206) 441-3361 / 1-800-333-2225 Ext. 939

MEMBERS
NASD
SIPC

NEWFIELDS MINERALS INC.

Market: NASDAQ

Symbol: NWMIF

Price (04-26-88): 2-7/16 - 2-5/8
1988 Est. Dividends: 0

52 Week Range: 2 - 7-1/2
Canadian

INVESTMENT OPINION

The Company. Newfields has engaged in an active exploration program primarily with the use of flow-through tax funds in Canada. Flow-through funding is an incentive program implemented by the Canadian government to encourage mineral exploration. For every dollar invested in Canada, a \$1.33 deduction Canadian is created for the Canadian taxpayer. Newfields Minerals, by virtue of reputation and expertise has received funding in the form of Canadian and European institutions. Newfields currently is participating in six gold properties: Kirkland Lake, Ontario; Margarita Mine, Tucson, Arizona; the Ontario Gold Joint Venture; Bedivere Lake, Ontario; Rowan-Cameron Lakes, Ontario; and Hedly, BC. The company has raised in excess of \$20 million for their exploration projects. Among institutional investors are MVP Capital Corp. of Toronto, a \$140 million Canadian gold exploration development fund. MVP has a capital commitment to Newfields of about 1.25 million shares and stands ready to continue financing efforts based on previous exploration success. Of 66 company holdings in the MVP portfolio, Newfields currently ranks fifth. Additional institutional shareholders include Flemings P.T.G. London, CMP Gold Fund of Montreal, Teck Corporation (T.S.E. - TEK), and CEDE Holdings Company.

Current Activities. The company is currently emphasizing exploration work at Kirkland Lake gold camp in northern Ontario. This area is known as "the golden mile" and includes the following mining operations: Macassa, Teck-Hughes, Lakeshore (Lac Minerals), Wright-Hargreaves (also Lac), and Sylvanite. Since 1913, over 24 million ounces of gold have been produced here. Newfields has completed performance to acquire a 50 percent interest in the Teck-Hughes/Kirkland Lake property to expenditure of \$5 million for exploration and a feasibility study. Contract use of a 3900 foot shaft owned by Lac Minerals (N.Y.S.E. - LAC) has allowed the Newfields/Teck venture to drift/explore at the 3-4 thousand foot level with expediency. Drill-indicated reserves in the area have identified ore deposits of 375 thousand tons at 0.25 ounces per ton, indicating 90 thousand ounces recoverable. The company estimates potential reserves in the order of 2 million tons with 480 thousand ounces recoverable. At an average gold price of \$400 US, the joint venture interest represents potential reserves of \$172 million. Gold stockpiling and production in this area, referred to as the Narrows Break, could begin as early as August 1988. Custom milling is available at several locations in the Kirkland Lake area.



MVP CAPITAL CORP.

The Concept:

MVP was born from an observation on the success of other flow-through funds which were generating huge pools of capital to finance one round of exploration activity for exploration companies, and then the capital would disappear into a mutual fund, and ultimately back into the market place. The focus was to utilize the tax motivated structure of a flow-through partnership, but immediately after the tax benefits were realized, MVP would offer its own shares in exchange for the assets of the former partners, giving them prompt liquidity; and capturing that pool of assets as a base for ongoing investment in the precious metals exploration and mining industry.

The Evolution:

MVP was incorporated in July 1986, and launched with \$125,000 in founders and seed capital. The initial public offering of MVP shares and warrants, and the National and Quebec Limited Partnerships were completed on December 4, 1986, raising \$43,564,000. On January 12, 1987, MVP made a public offer to purchase all of the shares of GP Holdings (into which the portfolio of shares earned by the partnerships had been rolled), and after one extension, that offer expired on April 8, 1987 with 94% of the shares exchanged for MVP Capital shares—the act by which “the minnow swallowed the whale”.

On April 15, 1987, a prospectus was finalized for a new MVP Exploration (1987) and Company Limited Partnership, to raise a maximum of \$85 million; once again to provide attractive tax benefits to Canadian high-tax bracket investors for funding exploration activity, to earn a broad portfolio of shares which MVP Capital will, in April 1988, make a public offer to acquire in exchange for MVP Capital shares. (The “minnow” has a second meal.) If the maximum is raised, and assuming no change in share prices between now and April 1988, MVP Capital Corp. would then be acquiring a further portfolio of approximately \$62 million. The result: MVP Capital would then have a capital base in excess of \$110 million.

The Objective:

MVP Capital looks like a closed-end fund in structure, but with some very important differences. Firstly, the structure allows MVP to borrow up to one third of its assets for additional investment. Secondly, MVP is not limited in the percentage of ownership it is permitted. For example, owning more than 20% of a gold producer would, under equity accounting, permit MVP to show its share of gold production in income. Thirdly, MVP plans to earn the “Mining Finance House” label which we claim, by actively engaging in the financing of mines into production, and the generation of other fee income from merchant banking-like activities, for precious metal oriented companies.

The long term objective of MVP Capital is to participate in the financing of new Canadian gold mines, to build a dynamic portfolio of Canadian precious metals mining equity and income.

The Threshold of Production

The best way to illustrate the type of gold shares that MVP seeks to invest in, comes from this simplistic review of the “Life Cycle of a Mining Share”.

1: *Discovery*—the speculative surge which often sparks huge runups, such as \$0.50 to \$10.00, as illustrated. This run tends to last a few months, and by definition is highly speculative.

2: *Reality* sets in, and the shares typically give back about 60% of the initial excesses, as investors emerge and traders depart in the knowledge that a period of years will follow in which development work will be done.

3: *Development*—the phase during which a great deal of information can be assimilated and digested, identifying values in the ground, and increasing the likelihood of whether or not a new mine will be made. Investment analysis dominates this stage.

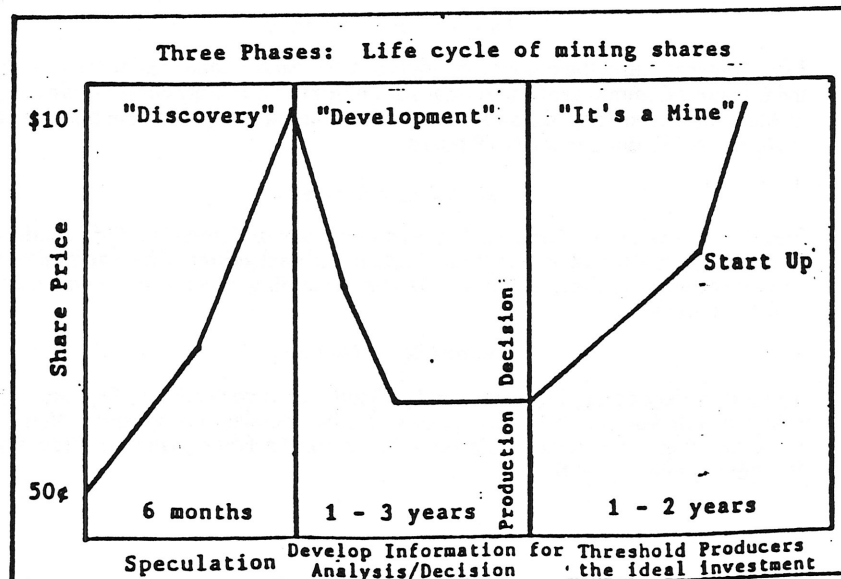
4: *Production Decision* often sparks a prompt revaluation in the marketplace that can be quite dramatic. The prospect of cash flow developing replaces the more basic valuation of gold in the ground.

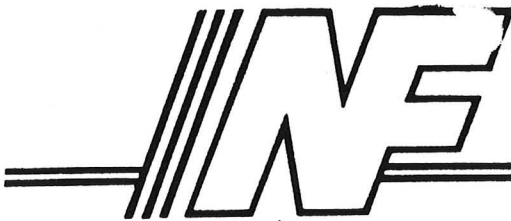
5: *It's a Mine*. From the production decision through the early years of producing, the shares tend to undergo a dramatic revaluation by the markets.

Catching those periodic runups from \$0.50 to \$10.00 can be exciting, and they are certainly the fuel by which the markets are kept going, as speculators keep looking for the “next” one. Stage 1 is fun, but the odds are about 3000:1, which is not the basis for making investment decisions.

During Stage 3 the identification of values in the ground can be made, which provides the first step towards the investment decision. MVP's objective is to focus on this development stage in order to participate in the prospective revaluation as a prospect emerges as a producer through stages 4 and 5.

In time, one of the primary goals of MVP is to begin to participate in the direct financing of selected companies as they head towards production.





NEWFIELDS MINERALS INC.

808 - 750 W. PENDER STREET, VANCOUVER, B.C. V6C 2T8
N E W S R E L E A S E

(604) 683-4518

November 05, 1986.

V. S. E. Symbol: NWM / Authorized 10,000,000 Shares Without Par Value

Total Issued: 3,414,408 (637,500 Escrowed)

Newfields Minerals Inc. is pleased to announce that the Company has settled the terms of an agreement to acquire by option the Margarita Gold project ("Margarita") located 30 miles southwest of Tucson, Arizona. (f)

The Margarita is a surface gold deposit representing 440,000 tons of proven ore grading .0723 oz. Au/ton. The deposit has been delineated by previous drilling which consists of 233 drill holes and is comprised of four closely spaced proven and potential surface ore zones. The main ore body is calculated by a proven drill indicated geological reserve using a .025 oz. Au/ton cut-off grade over a 6 foot mining thickness. The deposit boasts a very attractive stripping ratio of 1 ore to 1½ waste material. Previous metallurgical test work completed by Airborne Minerals of Billings, Montana has established a 92% recovery of gold after crushing the ore to ½ inch and agglomerating.

Production is presently estimated by F. B. Brost, P.Eng., at 500 tons per day with an estimated capital cost, to place the on site heap leaching operation into production, of \$1.4 million U.S. Using present proven reserves and a mine operating efficiency of 82%, a minimum 3 year mine life can be expected.

A \$50,000.U.S. program on the Margarita throughout the next 50 days will produce a bankable feasibility document as well as potentially expand existing reserves. At \$400.U.S. gold/oz. the Margarita deposit boasts a gross value of recoverable gold bullion estimated at \$10,000,000.U.S. or approximately \$13,500,000.CDN.

Newfields may earn a 100% working interest in the Margarita by issuing 80,000 common shares (present market value \$9.125) of Newfields, at scheduled intervals, over a 2 year period and by placing the Margarita into a full production mode. Said production will be subject to a 3% net smelter to be retained by the property vendors.

The Margarita transaction is subject to the approval of the regulatory bodies.


In addition, the Company has received total flow through funds in the amount of \$1.5 million of which \$1.26 million will qualify for Canadian Exploration Expense and be applied to the Company's ongoing Kirkland Lake deep diamond drilling project.

The Company's pending \$1.8 million acquisition of the 2.4 million share control position of Goldbelt Mines Ltd. (VSE: GOT) from Breakwater Resources Ltd. (TSE;VSE: BWR), at the close of November 03, 1986 (GOT - \$1.01), now equates to a market value of \$2,424,000. The transaction still awaits shareholder and regulatory approval for the three companies involved in the Goldbelt transaction.

In addition, Newfields' present estimated unaudited deferred exploration expenditures now amount to \$2.4 million. Unallocated cash on hand through the exercise of Director and Employee Stock Options is \$1.2 million. Development on all Company projects will be released upon receipt of material changes at the Company's head office.

Stephen C. Millen has prepared this news release on behalf of the Company and accepts full responsibility for its contents.

On behalf of the Board,


Stephen C. Millen
Secretary / Director

The Vancouver Stock Exchange neither approves nor disapproves the information contained herein.

July 13, 1950

Mr. Dick W. Martin
Prescott, Arizona

Dear Dick:

Neil Clark called yesterday and wanted information for you about the ownership of the Margarita Mine in Santa Cruz County, and suggested we send any information to you direct.

We have not had anything in regard to this mine in several years, but in 1944 the owner appeared to be:

Mrs. Gladys d'Havarda
685 Emerson Street
Denver 3, Colorado

but a later notation (1946) suggests:

x L. G. Fassett, Attorney
1860 Rand Tower
Minneapolis 2, Minnesota

re d'Havarda Estate.

We have some copies of compiled reports and take pleasure in sending you one, but we cannot vouch for the data and do not know the author.

I visited the property myself about 1948. It was in bad disrepair with most all equipment removed. Geological conditions seemed favorable and I believe it is a good district for low grade gold. Before any determination could be made it would have to be carefully samples - and a proper sampling job would run into quite a bit of money.

Yours sincerely,

CHD:mh
Enc.

Chas. H. Dunning
Director

September 23, 1946

Mr. Fred W. Fickett
38-40 West Pennington St.
Tucson, Arizona

Dear Mr. Fickett:

We handed your letter regarding the
Marguerita Mine to Mr. Sam Coupal, as we knew
he was very familiar with the ownership and all
details.

Mr. Coupal said he would answer same
direct.

Yours very truly,

Chas. H. Dunning
Director

CHD:LP

LAW OFFICES OF
Fred W. Fickett
38-40 WEST PENNINGTON STREET
Tucson, Arizona
PHONES 2065-2066

September 20, 1946.

Mr. Charles Dunning,
528 T. & T. Bldg.,
Phoenix, Arizona.

My dear Mr. Dunning:

I am seeking a little information, and talked today to George Ballam, who referred me to you.

I would like to have the name and address of the owner, or the managing agent if there is one of the Marguerita group of mining claims located in the Oro Blanco Mining District, about 3 or 4 miles or so from Ruby.

Also if you have a report in your office on the property, I would like to borrow same, or else find out what the charge would be for securing a copy.

Thanking you for the favor of an early reply, I am

Sincerely yours,



Fred W. Fickett

*L. G. Farrell, Atty.
1860 Rand Town
Municipal 2 - Minn.
Re - d'Harada Estate*

May 2, 1944

Mr. Gladys d'Havarda
c/o Denver Used Car Dealer
16 W. 13th Avenue
Denver, Colorado

Dear Gladys:

Many thanks for your letter of April 21 and I am sorry to say that I have not as yet heard from Mr. Fassett.

There is little that can be done on the mine at the present time excepting to get the Intentions to Hold filed which may call for the transfer of title on the various claims to the estate. After this is done, we can try getting all the information together and prepare to talk with any of the parties asking for gold properties.

Very truly yours,

J. S. Coupal, Director

JSC:JES

Maryetta Hunt

Denver 3, Colorado
April 21, 1944

Mr. J. S. Coupal, Director
Department Mineral Resources
413 Home Builders Building
Phoenix, Arizona

Dear Sam:

The very day after I wrote to you, saying that I had not heard from Mr. Fassett for so long, I received a letter and a check from him, for the sum which the State of Minnesota allows a widow from the estate of her husband upon his death. It was a very nice letter, and he said that he had sold everything at the very highest prices, including the car, for which we should be exceedingly grateful.

He explained his being so dilatory about writing on to the fact that he had been so very busy disposing of all the affairs of the estate and many other things which needed his immediate care, because on March 30th he was to be inducted into the Army.

I wrote to him immediately and sent it air-mail, telling him that we were sending the mining forms that week, and I again urged him to send any material concerning the mine that Mr. d'Havarda might have had in his files, to you so that you could get everything together. However, if he was sent to camp on the 30th, he couldn't have possibly received my letter or the forms and letter which I sent several days later.

I have had no answer to my letters as yet, altho he said he would write to me when he got settled in camp. Why the Army took him, I cannot understand, even tho he was under the age limit, because he has a wife and four children.

In his letter, he also said that some one would take care of everything while he was away, and that when he returned we would be ready to sell the mine, and maybe, by that time, we could do something about the yucca business.

I have forgotten whether I told you that I had a copy of a letter Mr. Chapman had written to a friend of his, and on it, a short note to me. He had broken his hip sometime in the

winter, and was in some town in Texas, I've forgotten now where, waiting for it to mend so that he could see the PROPER PERSONS? so as to get the yucca business going. I wrote to him quite a long time ago, but I haven't heard from him as yet. Maybe he is back in Phoenix by now. You might call the San Carlos Hotel and ask, if you find the time. I do wish you could have a talk with him and then maybe you could tell if he is on the up-and-up or just stalling around as usual. Please pardon my use of such bad expressions, but it seems as tho they are the only thing which describes the situation.

I also want to ask your pardon for spelling the word "vehicle" with a "k", in my last letter. I think I misspelled the word at least three or four times.

I do like my work here in the office, very much. It isn't at all hard, and Mr. Lohmann and I get along very harmoniously together, which is surely important and for which I am so very grateful.

I do want to thank you again, Sam, for all the work you have done concerning the mine. I certainly do appreciate it more than I can ever say. I hope, that by now, you too, have had a letter from Mr. Fassett, along with the material you need.

Very sincerely,

Gladys d'Harward

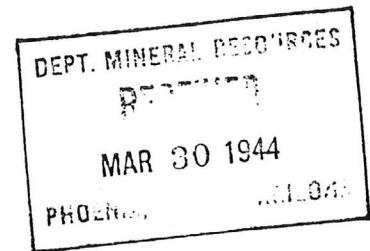
My pen is dry, as you can see

DENVER USED CAR DEALERS ASSOCIATION

16 West 13th Ave., Room 12

Denver 4, Colorado

March 27, 1944



Mr. J. S. Coupal, Director
Department of Mineral Resources
413 Home Builders Building
Phoenix, Arizona

Dear Sam:

I have thought surely that I would get a letter written to you, long before now. But for many weeks, every spare moment I've had, has been spent in looking for a different room.

My room belongs^{ed} to an engineer who is away down in South America, and I rented it with the understanding that, if he was coming back to the States, I would gladly find another place to live. Well, Mrs. Nathan heard from him weeks ago, saying that he intended to come back just as soon as he could make a reservation on a plane. So I had to immediately get busy, which was really a problem. Finally, after searching fruitlessly for weeks, Dad took mercy on me, and loaned me his car for over the week-end. My sister and I scoured the town, but without results. On Sunday, she had lunch with a friend of hers, and she told her of a friend of hers, who had recently taken over a large home with the furniture and roomers in it. She thought we might find something there, so, of course, we hied ourselves up there immediately, and she had just one room which was to be vacated in several days. Even tho the rent was entirely too high for me to pay, I took it, because everything else I had seen for the same price, was not desireable.

This place is one of the very lovely old places, in a very beautiful section of town. My room is beautifully furnished, on the second floor, front corner, with two windows to the east, and two toward the south. My very favorite spot. The woman who owns the place, is a retired school teacher, who is unusually considerate and kind, and not like the usual rooming house type at all. And then besides this, right across the street, is another large old place, where a very motherly sort of woman, keeps roomers and boarders, and serves breakfasts and dinners to poor little orphans, such as I, and others wher^e I live. So it really is an ideal arrangement. To say that I am grateful, is putting it mildly, especially in these times.

Since the first of February, I had been working for the

City and County of Denver, in the Motor Vehickle Department. It was only temporary work, but I liked it. While there, I happened to talk with an acquaintance, who told me of a new office being opened up, by the Used Car Dealers of Denver. I asked him to present my name for office clerk, which he did, and a week ago today, I started work here.

My boss is very easy to work with, and I am getting some valuable office experience without any sense of hurry or presure, which is surely what I needed to begin with. I see that I have left out an s in the word pressure. I am trying to get this finished while Mr. Lohmann, (not jewish) is out on an errand. So I probably have made a number of errors.

I finally sent your letter to Mr. Fassett, several days ago. So I hope you will be hearing from him soon. I haven't had a letter from him since before Christmas. It isn't like him at all, and I can't understand it. I think he is just disgusted with all of the debts and claims, so that he is at a loss as to what to do.

I must stop now, because I'm sure Mr. Lohmann will be back in a few minutes and I will have plenty to do. Write when you have the time, I enjoy getting letters, even tho I am slow in answering them.

Most sincerely,

Glad—

My new address is:
685 Emerson Street
Denver 3, Colorado

April 5, 1944

Mrs. Gladys d'Havarda
685 Emerson Street
Denver 3, Colorado

Dear Gladys:

Many thanks for your letter of March 27 and I am very glad to hear that you are now comfortably settled and in some work that you find very interesting.

I will be anxious to hear from Mr. Fassett regarding the Marguerita properties and hope that arrangements are made to file intentions to hold and clear up the titles by having them all transferred back to the estate. I have gathered some information from Mr. Louis Mott of Los Angeles who operated the property several years ago. I believe it advisable to keep after getting all of the material together so as to properly present the property when the time comes. The L-208 gold closing order makes it impossible to do work on gold properties until this order is released. We do feel as though there will be a rush for gold properties once the order is eased up so you should drop Mr. Fassett a line and urge him to keep after clearing the titles.

With best wishes and kindest personal regards, I am

Yours very truly,

J. S. Coupal, Director

JSC:LP

February 25, 1944

Mrs. Gladys d'Havarda
1235 Pennsylvania Street
Denver, Colorado

Dear Gladys:

While in Nogales last week I looked into the titles on the mine properties and suggest that you look this over and then forward the letter to the administrator of the estate, Mr. L. G. Fassett and be guided by his advice.

In addition, I would like to ask that Mr. Fassett send me all reports and other data that he has on the mining property so that I might look them over, then make any notes that are necessary and be in a position to put the material in such shape that you could interest an outside purchaser. I will gladly do that if all of the information is sent me.

I have also written Mr. Leslie Mott of Los Angeles who put in a mill on the Margarita some years ago and have asked him to send all data that he has on the property.

Regarding notices of Intention To Hold on the mining claims, I find the records show as follows:

Filed June 29, 1943
Mrs. Gladys d'Havarda

<u>Mine</u>	<u>Book</u>	<u>Page</u>
' Border United Fraction	26	193
' Four Aces No. 1	26	201
' Four Aces No. 2	26	202

Josef d'Havarda

' Border United No. 1	26	185
" " " 2	26	194
" " " 3	26	195
" " " 4	26	203
" " " 5	26	204
" " " 6	26	205

Feb. 25, 1944

Josef d'Havarda

Twin Lakes No. 1	25	155
" " " 2	25	156
" " " 3	26	196
" " " 4	26	197

Josef d'Havarda

Margarita No. 1	26	211
" " 3	26	213
" " 4	26	214
" " 6	26	216
" " 9	26	219
" " 10	26	220
" " 11	26	221
" " 12	26	222
" " 14	26	224
" " 15	26	225

H. M. Koutz

Margarita No. 2	26	212
" " 5	26	215
" " 7	26	217
" " 8	26	218
" " 13	26	223
" " 16	26	226
" " 17	26	227
" " 18	26	231

I talked with the County Recorder regarding the fact that it seemed advisable to have all of these claims in the name of the estate and it seemed advisable that the estate should file Intention To Hold on all of the claims. In order to do this, it would be advisable to first have quit claim deeds executed to the estate and then have the estate file Intention To Hold on all of the claims. This is one point that I believe you should call to the particular attention of Mr. Fassett.

I am also enclosing a copy of the quitclaim deed filed by Dee to H. M. and Mrs. Koutz. It would thus be necessary to have you and H. M. and Alice Koutz execute a quit claim deed in favor of the estate and record this in Nogales before the estate files Intention to Hold on all of the claims.

There is another point that I wish to call to your attention and that is that according to the records a deed to an undivided 10% interest was made by Josef d'Havarda to Richard H. and Helen M. Picha on the Margarita claims Nos. 1-16 inclusively; also another deed was executed and filed by Josef d'Havarda to R. H. and H. M. Picha of an undivided 20% interest to the following claims:

March 22, 1944

Mr. Leslie C. Mott
3123 Silverado Drive
Los Angeles, 26, California

Dear Mr. Mott:

I am returning under separate cover the papers on the Margarita Gold Mine, and I do appreciate your kindness in letting me have copies made.

I am sorry that my time was so limited in visiting you, as I would have thoroughly enjoyed a longer visit.

I might also add that the new board of governors have met and a new chairman has been elected who is quite in favor of the present policy that we have been following in the Department of Mineral Resources. No change has been made and I have been asked to reconsider my resignation and to continue with the work at least until the next meeting of the Board which is scheduled for April 15, 1944.

Very truly yours,

J. S. Coupal
Director

JSC:JES

Ruby, Arizona
June 7, 1934

Margarita Gold Mines Company, Inc.
1753 West 22nd Street
Los Angeles, California

Gentlemen:

The following report covers a recent sampling and examination of your Company's holdings in the Oro Blanco Mining District.

The Margarita group of 16 unpatented Lode Claims is two miles southwest of the town of Ruby and is connected therewith by automobile road, three miles of which is ungraded and rough, the remaining two miles being over the Ruby-Tucson highway. The property is 13 miles south of the town of Arizona and 75 miles from Tucson.

The Oro Blanco District has been known and worked for the past 300 years and evidences of the ancient workings, old arastras, mud smelters and placer excavations are to be found throughout the district. The later stamp mill period carried the developments in many of the properties down to and into the base ores at ground water level. These were abandoned at depths of 200 to 500 feet as no efficient methods were known at that time for the recovery of the complex ores encountered along these horizons and metallurgical practice had not advanced to the point where the larger bodies of low grade surface ores could be profitably treated. This problem no longer exists as there are now few elements of speculation and hazard in the field of mining and metallurgical engineering.

The holdings of your company are within the area of extensive developments here. Three miles to the north is the old Austerlitz mine; $1\frac{1}{2}$ miles to the northeast is the Montana mine of the Eagle-Picher Company; 3 miles south is the Oro Blanco; 1 mile southwest of the Old Glory and some 3 miles west is the Warsaw. All were producers in the past and were equipped with milling plants. The Montana Mine is still active, is equipped with a modern 300 ton flotation plant, and at 700 feet depth has opened large bodies of silver-lead-zinc ores.

The ore bodies at the Margarita are in an andesine porphyry showing values in gold and silver, and in some cases a little copper and lead. This porphyry is intruded by dykes and sills of diorite and rhyolite, while the marginal areas to the east, west and south show dacite. The dacite, locally called "birds-eye porphyry", is known to be gold bearing in the vicinity of the ore bodies at the Oro Blanco Mine.

The ore minerals at the Margarita are limonite and hematite as oxides of iron, and the sulphide as marcasite. All are gold bearing, and in places high-grade.

The principal developments in ore on this property are in two claims, the Margarita Numbers 1 and 2. On Number 1 an open pit has been driven for 150 feet in the east-west direction. At the west end of this pit an underground excavation or stope extends westward an additional 60 feet and the depth at the face of this stope is 30 feet. Surface outcrops here show this ore body to be some 150 feet wide, and there is opened up in these workings 10,000 tons of \$15.00 gold ore. There is, on the dumps here and at the Margarita Number 2, some 2000 tons of broken ore showing an average value of \$15.00 per ton at Number 1 and \$8.35 at Number 2, adjacent to the mill, show, on the upper floor, 60,000 tons of available ore of a value of \$9.82 per ton, and on the lower or mill floor,

A SEORT SUMMARY OF THE PROSPECTS
OF THE MARGARITA GOLD MINES CO.,
INCORPORATED, NEAR RUBY, ARIZONA

According to a report made under date of June 7, 1934 by Mr. C. K. Tibbetts, of Phoenix, Arizona, who made an examination of the property, there are approximately eighty-two thousand tons of developed ore, having a gross value of \$820,000.00 at \$10.00 per ton.

The ore bodies are located on claims No. 1 and 2 -- There are altogether some sixteen claims; the possibilities of the remaining 14 have not been estimated.

There has been erected at the mine a cyanide plant, which is said to have treated some 1200 tons of ore with a recovery of about \$4.25 per ton. It was then learned that the ore was not amenable to cyanide treatment and for that reason there were installed six Groch Engineering Company flotation cells. It is said to have been demonstrated that these cells are able to recover the values in the slimes but that it is necessary to install concentration tables to recover the values of the coarser material. Experimental tests have been made on concentration, which are said to be satisfactory.

A careful study on the costs of mining and milling and recovery tend to show that this ore should give a net return of at least \$5.00 per ton, based on 82,000 tons of developed ore, this would show a net return of \$410,000.00.

To the best of my knowledge, there has been expended upon the mine and mill and incidental expenditures some \$74,000.00, and it is estimated that \$6,000.00 would be sufficient to rearrange the mill for concentration and flotation and to operate until such a time as returns can be made from the flotation and concentration product. It looks reasonable to suppose that a 100 ton mill, such as contemplated, would return a net profit of \$12,000.00 per month over a period of about three years, the life of the developed ore bodies.

There has been authorized the sale of \$80,000 in units which would indicate that the return of the investor would be approximately 15% per month, for the period of the three years. There is also a possibility that a great deal more ore can be developed, especially in view of the fact that they have encountered sulphides in the lower workings. The mine costs should be very cheap as the ore bodies lie very close to the surface and can be worked by the open pit mining or the glory-hold process.

some 10,000 tons at \$6.25. The total gross value of this developed ore is \$820,000.00. See assay lists and maps attached.

Samples taken on other claims of the group show as follows:

Margarita #5	- Ore Body	- 9 samples, average	\$2.41
"	Dumps	7 " "	2.37
" #3	"	9 " "	4.80
" #9	"	11 " "	5.60
" "	Ore Body	3 " "	2.40
" #6	Dumps	6 " "	3.24
" #11	Ore Body	2 " "	.68
" #10	"	1 " "	.88
" #14	Dumps	4 " "	1.02
" #7	"	3 " "	9.27
" "	Ore Body	6 " "	4.00

The above samples are from discovery and assessment holes. No tonnages are indicated, but should development work at these points prove ore of this grade in large quantities, the values as shown, except on Margarita Numbers 10 and 11, run well above the cost of extraction and treatment.

The sulphides shown at Margarita Number 1 in the sulphide shaft and over the surface at Numbers 3, 5, 9 and 7 show good values, the concentrates assaying \$53.00 per ton.

Little saw or mine timber is available here, and local requirements must be met from outside sources. No service lines of the Power Companies reach this area and oil for this purpose must be trucked in from railroad.

The most serious problem confronting your company is an adequate water supply. This is at present sufficient, but any increase in mill capacity will necessitate a larger amount than is available now. The water tunnel in Old Glory canyon is being pushed further into the mountain and towards a large rhyolite dyke in Margarita Number 7. Several smaller sills show on the surface between the tunnel face and the rhyolite, and it is the expectation that one of these will be encountered soon. These dykes are the drainage channels throughout the district and wherever they have been tapped in the past at depths of 200 feet or more, have supplied a flow sufficient in amount for the operators' needs. Another water supply source is in the sinking of the sulphide shaft to greater depth. This shaft is at or near the northern contact of the ore body with the dacite, and this area should prove another drainage channel for water, and show the character and value of this ore body along the lower horizon.

Your efforts to date at milling the Margarita ores have not attained the desired results. The difficulties encountered have been mostly mechanical, with, perhaps, a neglect to follow out all the essentials needed for a continuous operation of the plant and its application to all the requirements of the ore. It is quite evident that cyanide treatment alone will not give the maximum recovery. The extraction of the values from the finer sizes is fairly complete. The ore, however, contains a considerable amount of the heavy iron minerals and some sulphide and much free gold that is too coarse for treatment by cyanide. Some provision should be made for trapping this free gold and tabling the heavy concentrate.

Further experimentation and testing along these lines would be in order. Your laboratory here, while efficient within its limits, is not equipped for analytical work.

A complete survey of the claims in this group should be made, amended locations where needed, and filing for record the amended notices. Any deficiencies in the title can then be adjusted and the holdings of your company made secure.

Your property has many aspects of unusual merit and is worthy of the best program of efficient equipment and planned development your resources will permit.

Yours truly

C. K. Tibbetts

CKT:C

MINE SAMPLES

OPEN CUT. Av. \$9.56 - E. Drift Av. \$8.50 - North Drift Av. \$11.08

No.	Value	No.	Value	No.	Value
1	13.86	33	15.65	1	3.56
2	20.72	34	7.95	2	2.16
3	23.50	35	5.72	3	7.19
4	6.99	36	8.59	4	7.12
5	12.50	37	3.62	5	3.69
6	5.70	38	5.85	6	2.86
7	8.36	39	8.59	7	2.86
8	4.20	40	8.59	8	7.57
9	1.89	41	2.92	9	11.32
10	3.46	42	1.40	10	5.72
11	2.35	43	8.52	11	8.59
12	1.75	44	17.05	12	10.05
13	4.23	45	29.28	13	2.86
14	4.26	46	36.46	14	2.16
15	21.32	47	1.40	15	42.51
16	3.53	48	.76	16	14.19
17	7.25	49	2.19	17	24.05
18	11.52	50	9.99	18	2.86
19	3.53	51	4.32	19	112.74
20	38.91	52	7.12	20	3.56
21	8.59	53	2.86	21	28.25
22	8.65	54	4.39	22	40.57
23	8.65	55	10.00	23	7.89
24	10.12	56	4.74	24	7.12
25	12.28	57	4.32	25	2.82
26	10.05			26	3.56
27	8.52			27	2.16
28	3.56			28	5.72
29	5.72			29	4.96
30	8.59			30	2.86
31	3.56			31	2.86
32	17.05			32	14.32
				33	3.56
				34	9.99
				35	2.22
				36	5.79
				37	2.92
				38	5.79
				39	2.22

E. DRIFT STOPE

Av. \$41.02

1	30.04
2	116.20
3	8.59
4	86.70
5	17.05
6	19.92
7	9.99
8	49.38
9	43.91
10	28.38

New Tunnel Av. \$8.35

1	8.47
2	14.19
3	3.56
4	7.19

M-2 Dumps Av.
\$14.67

1	2.92
2	3.29
3	2.89
4	6.42
5	18.58
6	7.19
7	14.38
8	7.96
9	7.26
10	5.00
11	3.56
12	14.32
13	31.12
14	32.84
15	25.71
16	31.31
17	30.68
18	9.99
19	56.78
20	22.91
21	12.98
22	10.76
23	7.19
24	15.02
25	49.51
26	56.57
27	7.95
28	5.79
29	4.32
30	2.86
31	2.86
32	2.16
33	1.46
34	2.92
35	1.46
36	2.86
37	21.32

Workings at Sulphide Shaft Av. \$15.63		Dumps at Sulphide Shaft Av. \$15.54		Claims Margarita #5 Ore Body		#6 Dump		Margarita #2 Lower Floor Av. \$6.21		Margarita #2 Continued	
1	5.98	33	35.51	1	1.40	1	.77	1	1.30	52	.95
2	.76	34	14.19	2	2.00	2	.77	2	7.35	53	(84.76)
3	8.24	35	5.98	3	1.11	3	2.42	3	64.10	54	7.25
4	15.27	36	7.25	4	3.88	4	3.82	4	1.05	55	38.05
5	8.78	37	15.97	5	.76	5	1.39	5	1.65	56	31.18
6	(433.40)	38	42.70	6	3.12	6	10.40	6	7.95	57	3.40
7	63.76	39	29.91	7	5.72			7	.83	58	21.51
8	22.91	40	21.44	8	2.42	#11 Ore Body		8	5.98	59	.82
9	19.98	41	21.44	9	2.42			9	3.88	60	7.25
10	28.76	42	34.12			1	.88	10	1.30	61	2.35
11	7.18	43	21.44	#5 Dump		2	1.17	11	1.65	62	3.68
12	2.92	44	17.38					12	1.65	63	3.68
13	3.06	45	24.31	1	2.00	#10 Vein		13	2.13	64	5.08
6-A	35.64	46	14.38	2	1.52			14	2.28		
6-B	67.09	47	5.94	3	1.52	1	.88	15	2.28	M-1	
6-C	(122.58)	48	13.17	4	3.05			16	2.35		
14	7.57	49	4.71	5	3.05	#14 Dump		17	.82	1 Vein 10.18	
15	10.50	50	11.77	6	3.58			18	1.58	2 Dump 8.54	
16	6.81	51	6.11	7	1.87	1	.88	19	.88	3 Shaft 14.32	
17	10.37	52	14.76			2	.95	20	1.65		
18	7.51	53	23.29	#3 Dump		3	.95	21	8.65	M-2	
19	7.93	54	7.57			4	1.30	22	10.31		
20	11.08	55	7.57	1	3.12			23	8.84	Av. \$3.08	
21	7.51	56	14.51	2	7.57	#7		24	3.18		
22	4.03	57	20.66	3	4.71			25	4.71	4 Dump 3.05	
23	28.76	58	6.11	4	4.52	1	3.18	26	6.11	5 Dump 2.92	
24	7.25	59	8.97	5	1.91	2	22.98	27	1.93	6 Dump 3.27	
25	7.25	60	4.71	6	1.59	3	1.65	28	3.12		
26	3.12	61	10.37	7	9.18			29	3.12		
27	3.55			8	5.98	#7 Ore Body		30	3.47		
28	2.42			9	4.58			31	3.18		
29	32.96					1	1.65	32	3.82		
30	29.26			#9 Dump		2	.88	33	3.05		
31	4.53					3	2.48	34	1.58		
32 S.Dumps 8.13				1	5.92	4	3.31	35	36.97		
				2	4.71	5	14.38	36	10.31		
				3	9.97	6	.88	37	7.38		
				4	22.91			38	4.71		
				5	2.28			39	4.71		
				6	5.92			40	1.58		
				7	3.88			41	14.57		
				8	1.72			42	7.38		
				9	1.72			43	3.12		
				10	1.30			44	2.35		
				11	1.30			45	1.58		
				#9 Ore Body				46	3.75		
								47	10.31		
								48	11.79		
				1	1.72			49	4.50		
				2	.70			50	4.45		
				3	4.71			51	3.05		

Los Angeles, California
May 25, 1935

Mr. H. R. Simpson
Los Angeles, California

Dear Mr. Simpson:

In compliance with your request for a brief statement covering the Margarita property, I take pleasure in submitting the following data.

The improvements at the property are represented by the following costs.

Road Building	\$ 680.00
Camp Buildings	1,089.85
Water System	2,653.73
Commissary Equipment	318.75
Camp Equipment	517.63
Office Equipment	116.00
Trucks and Autos	1,139.41
Mine - Development & Equipment	3,850.38
Mill - Building & Equipment	<u>51,625.04</u>
Total	\$61,990.79

The expense accounts as taken from our books are as follows:

Mill and Laboratory Chemicals	\$ 801.23
Insurance, Interest & Taxes	4,271.96
Legal and Incorporation	1,097.55
Office and General Labor	2,064.75
Assays, Tests & Engineering	1,251.59
Telephone, Telegraph & Postage	220.77
Mill Fuel	942.04
Dining Room & Commissary	
Labor and Mdse.	8,519.77
Hotel, Traveling & Executive Expense	1,391.99
Misc.	<u>872.22</u>
Total	<u>21,433.87</u>
GRAND TOTAL	\$83,424.66

The item mentioned above as Commissary Labor and Merchandise, is of course distributed over the entire payroll: our charge for board being \$1.00 per day, and we add 20% to the cost of all items passing through and sold out of our commissary to the Mexicans or other employees.

I trust that the foregoing will give you the information you desire.

Very truly yours,

/s/ RCP Smith

R. C. P. Smith

STATEMENT OF
ASSETS AND LIABILITIES

MARGARITA GOLD MINES COMPANY

APRIL 30, 1935

ASSETS

Cash on Hand	\$ 714.16
Camp Buildings	1,089.85
Water System	2,653.73
Commissary Equipment	318.75
Camp Equipment	517.63
Office Equipment	116.00
Trucks & Autos	1,139.41
Mine	38,850.28
Mill	55,119.18
Roads	<u>680.00</u>
	\$101,198.99

LIABILITIES

Subscription Agreements	\$74,000.00
Notes Payable	24,145.00
Bills Payable	<u>3,053.99</u>
	\$101,198.99

MARGARITA GOLD MINES COMPANY

By /s/ RCP Smith
PRESIDENT

By /s/ Sue W. Bodart
Assistant Secretary

\$32.00 - Au. per oz.
 .77 - Ag. per oz.

Date	Figueroa		H. & H.**		Figueroa		Total	Hawley & Hawley		
	Au.	Ag.	Au.	Ag.	Au.	Ag.		Au.	Ag.	Total
10-9	.16	.44	.10	.20	\$5.12	.34	\$5.46	\$3.20	.15	\$3.35
10-11	.12	.30	.12	tr.	3.84	.23	4.07	3.84	-	3.84
10-12	.12	.34	.11	tr.	3.84	.26	4.10	3.52	-	3.52
10-16	.20	.40	.12	tr.	6.40	.31	6.71	3.84	-	3.84
10-18	.18	.30	.25	.20	5.76	.23	5.99	8.00	.15	8.15
10-22	.16	.40	.13	.20	5.12	.31	5.43	4.12	.15	4.37
10-25	.14	.40	.10	.20 J*	4.48	.31	4.79	3.20	.15	3.35
10-26	.17	.50	.07	tr.	5.44	.38	5.82	2.24	-	2.24

* J. Jacobs, E. A., Tucson, Arizona.

**H & H. Hawley & Hawley, Douglas, Arizona.

	<u>Assay</u>	<u>Tons</u>	<u>Figuerola's Gross Value</u>	<u>Hawley & Hawley's Gross Value</u>
Oct. 2	\$8.32	14.454	\$120.26	\$90.20
Oct. 3	8.32	7.691	63.99	97.99
Oct. 5	6.74	4.392	29.60	22.20
Oct. 6	6.74	10.686	72.02	54.02
Oct. 9	5.46	21.275	116.16	71.27
Oct. 11	4.07	19.460	79.20	74.72
Oct. 12	4.10	28.710	117.71	101.06
Oct. 15	6.08	201685	125.76	94.32
Oct. 16	6.71	31.862	213.79	122.35
Oct. 17	5.98	6.190	37.02	27.77
Oct. 18	5.99	39.470	236.43	321.68
Oct. 21	5.12	58.042	297.18	222.89
Oct. 22	5.43	30.746	166.95	134.36
Oct. 25	5.43	32.989	179.13	110.51
Oct. 26	5.82	<u>35.653</u>	<u>207.50</u>	<u>79.86</u>
		362.305	\$2,062.70	\$1,575.20

Date	Tons	Gross Value	Gross Value Recovered
Oct. 2nd to Oct. 26 inc.	362.30	\$ 1575.20	
Lot 471	.609 Tons Concentrates		\$ 32.65
Lot 477	2.25 Tons slimes		46.26
Lot 470	2.861 Tons Concentrates		399.20
Lot 483	2.17 Tons Slimes		<u>50.89</u>
			\$528.90
Smelter Costs			<u>129.46</u>
	Net returns from Smelter		\$399.44

E. A. JACOBS

REGISTERED ASSAYER

Certificate No. 32869

Tucson, Arizona

Oct. 31st 1935

Sample Submitted by Santa Margarita Mines Co.

Serial No.	Sample Marked	Gold ozs. per ton ore	Gold Value per Ton Ore	Silver Ozs. per ton Ore
85382	Ball Mill Heads	0.10	3.50	0.2/10
284	" " Discharge	0.095	3.32	0.1/10
285	Lot 471	1.61	56.35	1.5/10
286	Lot 477	0.58	20.30	0.4/10
287	Lot 470	4.18	146.30	1.2/10

Gold figured \$35.00 per oz. Troy.

Charges \$7.50 Paid E.A.J.

Very Respectfully,

E. A. Jacobs

HAWLEY & HAWLEY
Douglas, Arizona

We hereby certify that the following were
obtained from samples of Tucson Ore Buying Co.

Office No.	Marked	Gold ozs.	Silver ozs.	Copper percent	Lead
115887	Lot 471	1.65	1.3	.04	
	Date 10/30/35		Hawley & Hawley Per W. E. Hawley, assayer		
115888	Lot 477	.64	0.5	trace	
	Date 10/30/35		Hawley & Hawley Per W. E. Hawley, assayer		
115903	Lot 470	4.32	1.5	.09	.04
	Date 10/31/35		Hawley & Hawley Per W. E. Hawley, assayer		
115942	Lot 483	.73	0.4	.05	
	Date 11/1/35		Hawley & Hawley Per W. E. Hawley, assayer		
116027	Lot 487	.08	trace	.04	
Charges \$3.00	Date 11/5/35		Hawley & Hawley Per W. E. Hawley, assayer		

HAWLEY & HAWLEY
Douglas, Arizona

We hereby certify that the following results
were obtained from samples of Margarita Mines.

Office No.	Marked	Gold ozs.	Silver ozs.	
116033	10/9/35	.10	0.2	Ball mill heads
116034	10/11/35	.12	trace	" " "
116035	10/12/35	.11	trace	" " "
116036	10/16/35	.12	trace	" " "
116037	10/18/35	.25	0.2	" " "
116038	10/22/35	.13	0.2	" " "
116039	10/26/35	.07	trace	" " "

Charges: \$6.30

Hawley & Hawley
Per W. E. Hawley, assayer