



## **CONTACT INFORMATION**

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

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**PRE MET EX**  
**Precious Metals Exploration**

3830 E. 40th Street • Tucson, Arizona 85713 • Phone (602) 747-8486

February 15, 1980

Mr. William Cotten  
Universal Mining Co.  
16792 Talisman Lane  
Suite 118  
Huntington Beach, CA 92645

Dear Mr. Cotten:

Per your request to sum up the economic factors present on the Gila River gold placers, located near Bonita and Spring Canyon Creek, Arizona, please find enclosed my recap prepared for your consideration.

Sincerely,



Victor V. Livingston

VVL:rj

Encl.

EXHIBIT 1

4039 West Huntington Drive  
Phoenix, Arizona 85041  
August 27, 1978

Mr. Noel Fisher  
2835 West Solano Drive South  
Phoenix, Arizona 85017

Dear Noel:

I am very familiar with the property near Safford, Arizona, owned by Ed and Dorothy Braatlin. Having worked this property myself back in the mid-sixties.

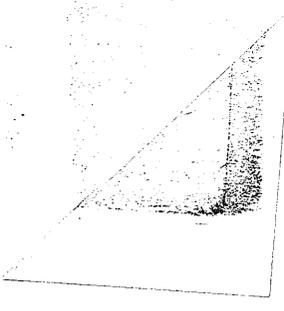
Using a crude rocker box and shovel, I retrieved  $4\frac{1}{2}$  ozs. of coarse gold in three days.

This property is now available to me, on the condition that I go on the property and prove it. That is, extract gold on a profitable basis with equipment that will pass U. S. Forest and E.P.A. Regulations.

Regulations require a bond of two thousand dollars (\$2,000). An operation plan, a resurfacing and reseeding plan.

COST TO PROVE MINING PROPERTY

Dredge.....	\$2,500.00
Pump.....	300.00
Retort.....	500.00
Tools, shovels, etc. ....	200.00
Food and supplies.....	600.00



MINING LEASE

THIS MINING LEASE, made and entered into this 24 day of January, 1980, by and between EDWIN H. BRAATELIEN, a divorced man, and DOROTHY S. BRAATELIEN, a divorced woman, hereafter called the LESSOR, and CACTUS MINERAL CO. - JOHN V. WHELAN, hereinafter called the LESSEE.

W I T N E S S E T H :

The Lessor, for and in consideration of the royalties and payments hereinafter expressed, and by the Lessee to be kept and performed, hereby leases, demises, and lets to the Lessee the whole of the mining property situated in Graham County, Arizona, and described as follows:

Located in Township 6 South, Range 28 East of Gila and Salt River Basin, Base Meridian, in Graham County, Arizona, Sections 16, 17, 18, 20, 21, 29, and 30. These claims known as the "DOROTHY B" Placer claims and this agreement covers claims numbered thusly: #8, 17 thru 22 inclusive and 24 thru 28 inclusive, 37 thru 52 inclusive and 53 thru 68 inclusive, also the E&B claims #1, 2, 3, 4, 5, inclusive, comprising 46 claims of approximately 1940 acres as recorded in the Graham County Recorder's office in Dockets 104, 10, and 108. The claims are further described: The Gila River flows Westerly along the Southern boundaries of the property and Bonito Creek flows thru the East Corner of this property and Spring Creek forms the Western boundary, as recorded with the County Recorder at Safford, Graham County, Arizona.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

(1) Term

The term of this lease shall commence upon the date this agreement is fully executed by Lessee and shall continue until Ten Million Dollars (\$10,000,000.00) be paid in full.

(2) Rental

In consideration for the above lease, the Lessee agrees to pay the Lessor the following payments:

- (a) Upon execution of this agreement Fifteen Thousand Dollars (\$15,000.00);

*J. M. Peters*  
1-24-80

- (b) Three Thousand Dollars (\$3,000.00) per month beginning thirty (30) days after execution of this agreement, and a like amount each month thereafter, unless 8% of gross be greater.

\*All payments shall be applied to the balance due of Ten Million Dollars (\$10,000,000.00).

In and when minerals are produced from said premises, Lessee shall pay to the Lessor a royalty of Eight percent (8%) of the net mill or smelter returns on all ores mined and shipped as raw ore from said property. By "net mill or smelter returns" is meant the amount received from the mill, smelter or other purchaser of ore upon the sale of such ores after the mill, smelter, or other purchaser deducts from the gross value thereof the cost of milling, smelting and railroad or truck freight or haulage charges from the loading point to mill or smelter. The Lessee shall pay the costs of loading the ore and all mining charges upon all concentrates produced from ore mined from said premises and shipped from any mill operated by the Lessee, and the Lessee shall pay to the Lessor a royalty of Eight percent (8%) of the net smelter returns received upon the sale of such concentrates. The Lessee shall not sell or dispose of any ore or concentrate to anyone other than a customarily accepted and responsible agency normally engaged in the business of buying such ore or concentrate, unless the sales price is equal to or more than the value of such ore or concentrate established by the afternoon London Dealers Market quote reported in the Wall Street Journal daily. In the event ore or concentrates are held by Lessee and not sold, Lessee shall pay to Lessor Eight percent (8%) of its value thereof as required in this paragraph based on the price per ounce quoted by the afternoon London Dealers Market as of the day said ores or concentrates are moved from the property, unless removed from the property and stored, for security reasons, in the area until ores or concentrates may be shipped for processing from secured storage point.

The Eight percent (8%) royalty payment shall be applied to the next lease payment. When and if the Eight percent (8%) royalty payment exceeds the minimum specified periodic rentals, the next rental payment will be the Eight percent (8%) royalty payment. Any excess payment over the rental payment shall be credited to the

principal set forth and required to be paid in paragraph 2(d).

(3) Place of Payment

All payments to be made under this lease shall be made to Lessor in lawful money of the United States, mailed to the address given below for notice to Lessor, or at such other place or places as Lessor shall notify Lessee from time to time. Lessee's check shall constitute lawful money.

(4) Working of Property

Lessee, when developing or working the property, shall do so in a miner-like fashion and in a manner consistent with good and economical mining practices, subject to the local terrain conditions where operations are conducted. When it processes and/or mills or causes to be processed and/or milled or refined or smelted the ores and materials so extracted, it shall do so in a manner necessary to the economical reduction and/or treatment thereof and so as to reasonably produce the greatest amount of return.

(5) Possession and Control of Mining Property

Lessee shall have and is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of the mining property and the whole and every part thereof, and to investigate, drill, explore, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto; and to mine, extract, and remove from the mining property the ores and minerals therein and appurtenant and belonging thereto; and to treat, mill, ship, sell, or otherwise dispose of the same and receive the full proceeds therefrom subject to the obligation to pay royalties contained in paragraph (2) hereof; to erect, construct, use and maintain thereon and therein such roads, building, structures, machinery and equipment as may be required by Lessee for the conduct of its exploration, development, mining and milling operations; to remove ores, water, air, waste, and materials therefrom, and to carry on its general mining operations pertaining to said mining property.

1-2480

*J. M. Peters*(6) Use of Adjacent Properties

The Lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and workings on other properties and to remove ores, waste, water and other materials from other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

(7) Inspection

The duly authorized representatives of Lessor shall be permitted to enter on the mining property and the workings thereon of Lessee at all reasonable times for the purpose of inspection, but shall enter upon said mining property at Lessor's risk and so as not to hinder unreasonably the operations of Lessee; and Lessor shall indemnify and hold harmless Lessee for any damage claim or demand by reason of injury to or the presence of Lessor, or their agents or representatives, or any of them, on said property or the approaches thereto.

(8) Removal of Equipment, Etc., by Lessee

Lessee shall have, and it is hereby given and granted, one hundred and eighty (180) days after a valid forfeiture, surrender, or other termination of this lease, to remove from the mining property all warehouse stock, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars, and any and all other machinery, trade fixtures and equipment, erected or placed in or upon said property by it, including portable or sectionalized buildings, together with all ore broken in stopes or workings except mine and timber in place and permanent improvements.

(9) Liens and Notices of Non-Responsibility

Lessee agrees to keep the property at all times free clear of all liens, charges and encumbrances of any and every nature

*J. Peters*  
1-24-80

and description, done, made or caused by it, and to pay all indebtedness and charge or encumbrance against the property before such indebtedness and liabilities shall become a lien, charge or encumbrance, and Lessor may always post upon the demised premises and keep posted thereon in a conspicuous place a notice of non-responsibility prepared by Lessor. Lessee will, in the event such notice is destroyed or has been removed, upon finding same, notify Lessor.

(10) Compliance with Laws

Lessee shall so conduct itself with respect to the property and its development and operation as to fully comply in every respect with the applicable laws of the State of Arizona and the United States of America and all pertinent and applicable regulations of any governmental agency or body having jurisdiction.

(11) Compensation Insurance

Lessee shall place in effect and maintain in full force and effect during the term such Workman's Compensation Insurance as is required by the Laws of Arizona.

(12) Yielding Up

In the event of the termination of this lease, for any cause whatsoever, then and in that event Lessee shall and will peaceably surrender and yield up the leased property to the Lessor, free and clear of any and all liens, charges and encumbrances done, made or caused by the Lessee. Drill, mining and other roads, sites, and excavations need not be restored or filled, but shall be left in safe condition.

(13) Surrender and Termination of Lease

Lessee shall have and is hereby given the unconditional right and privilege to discontinue operations on the property and to unconditionally abandon the same and cancel and terminate the lease by written notice given to Lessor accompanied by a written surrender and delivery up of the same to Lessor. Thereupon the lease shall terminate for all purposes and neither party shall be liable to the other for any future act or payment which may otherwise have become due or accrued hereunder; provided, however, that any such cancellation and termination of the lease shall not relieve Lessee of its obligations

hereunder which have accrued or become due and payable prior thereto. *J. Peters* 1-24-88

Lessee will prepare and deliver an acknowledged quit claim deed to the premises in the event the lease is terminated or surrendered as a condition precedent to the effective termination of this lease.

(14) Data

Upon the termination of this lease, Lessee agrees that it will, within a reasonable time but not to exceed one hundred and eighty (180) days after such termination, deliver to Lessor a copy of all drilling logs, portions of drill cores not used for testing, maps and other factual data which Lessee has prepared in connection with its exploration and development of the mining property under this lease; provided, however, Lessee shall have no liability on account of any such information received or acted on by Lessor.

(15) Taxes

Lessee shall pay all taxes and assessments hereafter levied or assessed against or on account or because of the leased property and all personal property of Lessee on the leased property at any time during the term or any ore or other material on or removed therefrom. Such payments shall be made upon direct or indirect receipt of statement from the appropriate governmental authority or officer (however addressed).

(16) Assignment

This lease may be assigned by Lessee at any time and from time to time by giving written notice of such assignment and shall be binding upon and inure to the benefit of the heirs, estates, administrators, executors, successors and assigns. No such assignment shall be valid without the assignee agreeing to be bound by the terms of this agreement.

(17) Notices

All notices, statements, demands, accounts, reports, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this lease by either party to the other shall be in writing and shall be given or served upon the other party as follows:

They may be hand delivered to the party addressed or may be sent by certified or registered mail, return receipt requested, and with postage fully prepaid and addressed to the party at the mailing address given opposite the party's name signed in execution hereof. When so hand delivered or mailed the document shall be conclusively presumed to have been received. The mailing address may be changed from time to time by written notice given the other party stating the full and complete new mailing address. No more than two (2) addresses shall be given by each party to the lease, regardless of the numbers involved.

(18) Assessment Work

During the term of this lease agreement and on or before June first of each year commencing during the assessment year 1980, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to furnish Lessor with Notice of Completion or Non-completion thereof by such date, and Lessee shall prepare and report all proper affidavits, notices and other documents required by law to evidence the performance of such annual assessment work. Failure of Lessee to perform such assessment work within the time provided shall constitute a default of the agreement and subject the Lessee to forfeiture as provided for herein. Lessor shall have the right to complete the assessment work if Lessee is in default of this paragraph, and Lessee shall be liable to pay said amount to Lessor upon being billed therefor.

(19) Quit Claim Deed

Lessee agrees to execute and deliver to Lessor's attorney on the execution of this Lease Agreement, a quit claim deed conveying Lessee's interest herein to Lessor. Said attorney is hereby authorized to record same in the event Lessee fails to make the payments required in paragraph (2)(a)(b). After the payments required in paragraph (2)(a)(b), Lessor's attorney shall redeliver to Lessee the quit claim deed referred to in this paragraph, and thereafter all defaults on the part of Lessee shall be handled in accordance with the following paragraph of this Lease Agreement.

(20) Default

If for any reason there should be a default on the part of Lessee and Lessee shall fail or refuse to comply with any of the terms or provisions hereof, after the payment of payments required in paragraph (2)(a)(b), then at the option of Lessor, Lessor may give notice in writing to Lessee of such default, specifying the nature and character thereof, and unless the default be corrected within fifteen (15) days after the notice has been postmarked in the United States mail addressed to Lessee in accordance with the notice clause of this Lease Agreement, then at the option of Lessor, this contract and all rights hereunder of Lessee shall be terminated and Lessee shall quietly and peaceably surrender the premises unto Lessor.

(21) Right and Option to Purchase

In further consideration of the contract herein specified to be kept and performed by Lessee, the Lessor does hereby give and grant unto the Lessee the sole, exclusive and irrevocable right and option to purchase the whole of the leased premises after the payments required in paragraphs (2)(a)(b)(c) and (d) for the purchase price in the amount of Ten Million Dollars (\$10,000,000.00) in accordance with paragraph (2), time being of the essence of this agreement as to such payment. Each payment or rental payment made to the Lessor by the Lessee, in accordance with the lease hereinabove provided, shall be applied against and be credited upon the said purchase price. This option shall be exercised by Lessee giving Lessor written notice of such intent. Thereafter, an escrow shall be established at Security Escrow in Phoenix, Arizona, which shall be done as soon as practically possible. The unpaid balance of the purchase price shall be evidenced by a note and secured by a deed or trust, with each party to share the cost of escrow in accordance with standard practices.

(22) Title

Lessor represents and warrants that the area covered by said mining claims, and each of them, has been and is properly and validly located under the mining laws of the United States of America, and the State in which said property is located, and will deliver to

*J. M. Tase*  
124-80

Lessee upon the execution of this agreement, copies of original location notices and all documents affecting title to such claims; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are in good standing, existing and valid at the date hereof, and are free and clear of all liens, encumbrances and claims arising by, through or under Lessor, except only rights reserved to the United States in respect of unpatented mining claims generally.

(23) Force Mejeure

In the event that any party or parties hereto is rendered unable, wholly or in part, by Force Mejeure to carry out his or their obligations under this agreement, other than the obligation to make payments of amounts due hereunder, such party's or parties' giving notice and reasonable full particulars of such Force Mejeure in writing or by telegraph to the other party or parties hereto within a reasonable time after the occurrence of the cause relied upon, the obligations of the party giving said notice, so far as they are affected by such Force Mejeure, shall be suspended during the continuance of any inability so cause, but for no longer period; and the cause of the Force Mejeure as far as possible shall be remedied with all reasonable dispatch.

The term "Force Mejeure" as employed herein shall mean an act of God, strike, lockout or other industrial disturbance, act of the public enemy, war, blockade, riot, lightening, fire, storm, flood, explosion, governmental restraint and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party or parties claiming suspension.

The settlement of strikes, lockouts and other labor difficulty shall be entirely within the discretion of the party or parties having the difficulty. The above requirement that the cause of the Force Mejeure shall be remedied with all reasonable dispatch, shall not require the settlement of strikes, lockouts or other labor difficulty by acceding to the demands of opponents therein when such course is inadvisable in the discretion of the party or parties having the difficulty.

(24) Tonnage Requirements

Lessee agrees to be in operation in not more than one hundred and eighty (180) days and processing not less than eight hundred (800) tons per day from date of contract based on a five (5) day week, and twenty (20) day month at sixteen thousand (16,000) tons per month on a year average of "In Place" product of placer gravel tonnage of two hundred and eight thousand (208,000) tons per year, and Lessor accepts this formula of tonnage handled from or on the properties on a yearly average.

(25) Mineral Representations

Lessee acknowledges that it has inspected the subject property, made their own evaluations through their agents/employees as to the value of the property described herein, and further, Lessee acknowledges that they have not relied on any representations, warranties, comments, reports or other communications which may have been made by Lessor as to the quality/quantity of any materials contained in the subject property.

(26) First Right of Refusal

Lessor hereby gives to Lessee the "Right of First Refusal" for the seven hundred and forty (740) acres not included in the one thousand nine hundred forty (1940) acres of the "Dorothy B" Placer claims by taking the place of the present Lessee at that point or condition in the event of their default and/or release.

(27) No Implied Agreements

Except as stated herein, the entire agreement of the parties shall be deemed expressed herein. There shall be no implied covenants, terms or conditions, except that the usual covenant of quiet enjoyment shall be available to Lessee.

(28) Agreement Binding

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

(29) Attorneys Fees

In any suit which may be brought by either party to

*Original*

SECURITY ESCROWS OF ARIZONA

enforce this agreement or any part hereof, or to recover damages for the breach hereof, the Court shall award a reasonable amount as and for attorneys' fees to the prevailing party, whether or not there was, in fact, a breach.

(30) Payments Prior to Exercise of Option

All payment until the option is exercised shall be paid to SECURITY ESCROWS OF ARIZONA, or such other nominee as agreed to by parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year first above written.

LESSOR:

*Edwin H. Braatelian*  
*Dorothy S. Braatelian*  
\_\_\_\_\_  
Edwin H. Braatelian,  
by Dorothy S. Braatelian, Attorney in Fact

*Dorothy S. Braatelian*  
\_\_\_\_\_  
Dorothy S. Braatelian

LESSEE:

*Cactus Mineral Co.*  
BY: *John V. Whelan*  
\_\_\_\_\_  
Chairman of the Board

BY: *John V. Whelan*  
\_\_\_\_\_  
With Power of attorney

*Original*

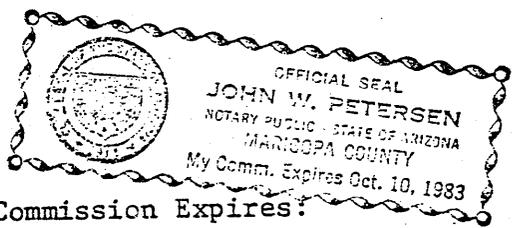
SECURITY ESCROWS OF ARIZONA

STATE OF ARIZONA )  
 )  
COUNTY OF MARICOPA ) SS:

*JP Petersen*  
1-24-80

On this the 24 day of January, 1980, before me, the undersigned Notary Public, personally appeared Dorothy S. Braatelian, as Lessor and as Attorney in Fact for Edwin H. Braatelian, Lessor, and John V. Whelan and \_\_\_\_\_, as Lessee, who acknowledged themselves to be the same and acknowledged to me that they executed the attached and foregoing instrument as their free and voluntary act and deed and for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and date hereabove written.



My Commission Expires:

*John W. Petersen*  
\_\_\_\_\_  
NOTARY PUBLIC

STATE OF ARIZONA     )  
                              )   ss:  
County of Maricopa    )

On this the 37 day of January, 1980, before me,  
the undersigned Notary Public, personally appeared EDWIN H.  
BRAATELIEN, known to me to be the person who signed the fore-  
going instrument, for the purposes therein expressed and set  
forth.

IN WITNESS WHEREOF, I have hereunto set my hand and  
official seal on the day and date hereabove written.

Louise E. Nichols  
Notary Public

My Commission Expires:

April 10, 1980

ADDENDUM

THIS ADDENDUM, made and entered by and between BRAATELIENS and CACTUS MINERAL COMPANY (and Arizona Corporation to be formed), to that certain agreement dated \_\_\_\_\_, attached hereto, concerning the "DOROTHY B" mining claims:

W I T N E S S E T H

The parties hereto mutually agree that NOEL FISHER AND HAROLD YENERICH, AND DAVE LACKEY OF QUALITY HOUSE realty and investment company acting as finders for the property, are due Ten (10%) percent of the moneys received by BRAATELIENS, which is to be didided equally between them.

In this regard, the Escrow Agent is hereby directed to deduct said 10% of each payment, and to mail one-half to Yenerich Realty and one-half to Quality House Realty, their heirs, executors, successors in interest, or assigns. The remaining ninty (90%) percent of each payment shall be mailed to the Braateliens, by sending one-half thereof to EDWIN H. BRAATELIEN and one-half to DOROTHY S. BRAATELIEN, in separate checks. Or forty five (45%) percent to each.

Dated this 26 day of January, 1980

Edwin H. Braatelian  
EDWIN H. BRAATELIEN (Seller)

Dorothy S. Braatelian  
DOROTHY S. BRAATELIEN (Seller)

CACTUS MINERAL Company,

by Dave Lackey

May 14, 1981

ACCESSIBILITY

The property is accessible by automobile over a good road (graveled)

The distance by automobile from Phoenix over U. S. National Highway is 200 miles. The Southern Pacific Railroad makes connection at Powie, Arizona, with main line trains from Phoenix, Los Angeles, San Francisco, and all points west, and El Paso, New Orleans and all points east.

CLIMATE

Climatic conditions are favorable for hydraulic operation throughout the entire year, being moderate and agreeable, except in the months of June, July and August, when the sun becomes very warm during the day, although not oppressive, with pleasant, cool evenings. Much more endurable than the heat of eastern cities.

## GEOLOGY

The geology of this region is fully described in professional paper "Morenci and Clifton Quadrangle", by Waldemar Lindgren. It being so thorough and painstaking that it seems of little use to revamp any of its contents. I therefore shall quote excerpts from his report.

GENERAL CHARACTER AND DISTRIBUTION, "The boulders of the conglomerate are of local origin, and their derivation from particular mountain flanks is often indicated by the slopes of the beds. Its cement is calcareous. Interbedded with its layers of lightly coherent sand and of trass and sheets of basalt; The latter, in some cliffs, predominating over the conglomerate. Beginning at the mouth of Creek below which point their distinctive character are lost, they follow the River for more than one hundred miles toward its source. Below

Creek it merges insensibly with the detritus of Pueblo Viejo Desert. It is, indeed, one of the "Quaternary Gravels" of the desert interior, and is distinguished from its family

only by the fact that the water-courses which cross it are sinking themselves into it and destroying it instead of adding to its depth. The material of the river formation consists almost exclusively of coarse subangular gravels, appearing more or less distinctly stratified by non-persisting streaks of lenses of sand, and containing fragments of all of the older rocks of the mountains. In most places Basalts and rhyolites predominate, as is natural when we consider that at the time when these deposits were being accumulated, a much larger part of the quadangle was covered by volcanic flow than at present. Other rocks may, however, locally predominate; thus, for instance, below the area of porphyry, a few miles southwest, where the gravels consist almost exclusively of coarse diorite-porphyry, often indeed, difficult to distinguish from the deeply weathered outcrops of the same rock. Along the lower part of Eagle Creek Volcanic rocks are extremely abundant in the conglomerate, and the dividing line between this and the underlying basaltic and rhyolitic tuffs in places become indistinct. Along the River from the mouth of Creek to the mouth of Creek, the erosion has in many places produced steep or nearly perpendicular bluffs of conglomerate usually pitted by reason of the gradular weathering out of the larger pebbles. Where volcanic rocks predominate, the conglomerate is often well cemented. The color of the conglomerate is reddish to grayish white, especially in places where long-continued exposure has had opportunity to oxidize the iron.

Mode of Deposition. --- The conglomerate is unquestionable of fluviatile origin, and was deposited during an epoch in which the lower reaches of the river gradually lost their eroding and transporting powers, while disintegration progressed rapidly in the mountains. Especially was it active among the loose masses of lava, which then covered so much of the quadrangle, from which intermittently torrential streams brought down vast masses of crumbling rocks. The climatic conditions were then probably very similar to what they are at present. The volcanic outbursts of the tertiary took place under conditions of active erosion, the different flows being often deeply dissected before the eruption of the next mass. This epoch of erosion doubtless continued for a short time after the close of the igneous activity, for we find the conglomerate on an uneven, and in places, deeply dissected surface. As far as is known, the Conglomerate has not been warped or dislocated by faulting in this area, though studies extended over a wider field may vary possibly modify this conclusion.

#### TERRACE GRAVELS

Between X and X Creek (see Map) on the northwest side of the river from 50 to 200 feet above the stream in its lower course, we find a large acreage of auriferous gravel, deposited in four distinct terraces. The deposition of the gravel in terraces would indicate a temporary check in the erosive power of the stream, much later than the Conglomerates.

CHARACTER AND SOURCE OF TERRACE GRAVELS

The terraces gravels are of auriferous origin, deposited by erosive agents, and, being a much later flow than the conglomerate.. These gravels no doubt are part of a remnant of an old ancient river channel. The channel may be traced by its exposed rim in several places. All boulders and stratas of gravel have a slight dip of 10 degrees to the northwest, where as the conglomerate dips 20 degrees southwest. These gravels indicate a temporary check in their erosive power, due no doubt to the erosion gradually declining in intensity, thus forming the many terraces. The Gold being of ancient origin, being derived from disintegration of the immeasurable gold-bearing quartz veins in the ingenous rocks of post-paleozoic age.

The gravels consists of average size boulders, from the size of a bucket to that occasionally of a large barrel, and sand of a very loose nature, all washed smooth and well rounded. No pipe clay or cemented gravel is to be found of any consequence, except, occasionally now and then I observed a thin layer of about two feet in thickness of gravel cemented by some corbonate of lime with oxide of iron which, when coming in contact with water disintergrates instantly.

The gravels, as shown deposited by an old ancient river channel in the form of terraces, never eroded into the bed of the river. The old river channel makes a swing northwest along the north bank of Y creek, thence disappearing underneath a heavy wash. The gravels in the river bed are largely composed of detritus materials and of rocks found in the conglomerate.

\*\*\*\*\*

I, have refered to the geology and character of the gravels, as reported in the F.H. Vahrenkamp report of 1930, and agree with his findings. In reference to the work done by him, I also agree with him on the work and testing done by him. I do point out that the positive yardage will differ slightly as he is known to be conservative in the extreme.

I, recommend that extensive exploratory work be done before a positive yardage and evaluation of the property in its entirety can be established. Shafts would be the most practical, since the depth should reach up to 200 feet in place, to determine the depth to bedrock, and if or not the "Gravels" do reach to that depth.

When, we accept the yardage determined by F.H. Vanhrenkamp, which are verifiable, we find, and I Quote, " The terrace 50 feet above the water level of the River, covering 640 acres of mining ground, and containing a total of 17,017,000 cu. yards of gravel.

The second terrace 90 feet above the water level containing approximately 480 acres of minning ground, and approximately 58,905,000 cubic yards of gravel. The balance of the 960 acres containing 45,760,000 cubic yards of undetermined values"  
End Quote..

There is also an additional 620 acres in The — properties not taken into or reported on the Vanhrenkamp report that should have research and exploratory work done on them to establish the value and yardage.

AS per the Vanhrenkamp report:

17,017,000	cu yds	positive
58,905,000	cu yds	"
<u>75,922,000</u>	cu yds	"

45,760,000 cu yds @ estimated value

Plus another 620 acres which has not been taken into consideration at this time.

The yardage, as described totals to a grand total of 121,682,000 cubic yards.

The 45,760,000 cubic yards is potential gravel, that must have further work done to determine its true value. However, I am certain that it will be equal or, at least one fourth the value found in the positive gravel and therefore, include the  $\frac{1}{4}$  price in the following computations. I feel the one fourth is quite conservative.

Using the Vahrenkamp figures and adapting to days Gold price, the following gives a conservative value for the above listed properties.

Using \$480.00 per troy ounce of Gold as our price standard, we find that each cubic yard of gravel has a "FREE GOLD" value of \$23.00 per cubic yard.

We have found that the Gold has assayed at 81 percent purity, there is silver and platinum in with the Gold. Using the 81 percent purity our value is \$388.88 per troy ounce.

One cubic yard weighs approximately 2600 lbs and yields approximately 0.0592 troy ounces of Gold

$\$480.00 \times 81$  percent purity equals \$388.80 per troy ounce

$\$388.80 \times 0.0592$  Equals \$23.01696

In addition to the above "Free Gold" I have found that the Black Sands carry approximately fourteen (14) troy ounces of Gold per ton of black sand that must be extracted by a method or methods other than the normal Amalgamation process. The fourteen ounces is also a conservative figure.

In addition to the above Free gold and the fourteen ounces of gold that cannot be seen, they also contain other high values in the following.

Platinum, Iridium, Osmium, Zircon, Monasite, Titanium, Silicon, Silver, Magnesium, and other metals or metal oxide.

The values of these metals have not been determined to date. However the gold alone represents a vast dollar amount. This calculation is done on the basis of 200 pounds of black sand per cubic yard of gravel as follows;

10 cubic yards of gravel produces one ton of Black sand. Thus; 10 cu. yds. X 200 lbs equals 2,000 lbs of black sand. or one ton.

BLACK SAND

One ton of Black Sand equals 14 troy ounces gold.  
14 troy ounces per ton X \$388.80 = \$5,443.20 per ton.

Or 5,443.20 divide by 10 cu yds equals \$544.32 per cubic yard of gravel. Therefore the positive gravels have a value of \$544.00 plus free gold of \$23.00 or a total value of \$567.00 per cubic yard in gold alone.

75,922,000 cu yds. X \$567.00 equals \$43,047,774,000.00

45,760,000 cu yds @ one fourth or \$141.75 estimated value 6,486,480,000.00

Total Value

\$49,534,254,000.00

Plus the values of the other metals and/or metal oxides in the black sands.

These figures are based upon the F.H. Vahrenkamp report, and the research work done by myself in the month of April, 1981.

TESTING OF GRAVEL AND SAMPLING

Having ascertained the approximate yardage, and the character of the gravel, the next important phase is the values in free gold per cubic yard. The only method of testing and sampling gravel property is by rocker, the pan, or the sluice. I employed all three methods in my sampling. The best locations for my sampling was to start on the different pits, shafts, old and new, open cuts, group them, and find the average.

The gravel was taken at different heights, all along the top of the FIRST TERRACE in open pits and shafts from six (6) to thirty (30) feet in depth, and all along the face of banks in cuts from six (6) feet in width to thirty (30) feet in height, were cut vertically in the different strata.

From three (3) to twelve (12) pans were taken in each pit and shaft; and from one half ( $\frac{1}{2}$ ) cubic yard to as many as two (2) cubic yards of gravel were taken from pits, shafts, and cuts, and washed by rocker or sluiced, exclusive of bedrock. All samples were taken in a box measuring one cubic yard or 3'x9' x1'. This box was filled with gravel and boulders; allowance being made for the volume of the boulders; then washed either by rocker or through the sluice box containing riffles. The free gold was then separated by amalgamation from the "black sands"; weighed on special gold scales, and values calculated, using for unit value per milligram the fineness of the gold as per mint receipts. The acreage has been determined by measurements, spaced and the average of which has been found to be as follows.

Approximate length	--	11,220 feet
"	width --	1,820 feet
"	depth---	30 feet

According to these figures, we find the deposit on the second terrace contains approximately 58,905,000 cubic yards of gold bearing gravel, having a gold value as previously stated. THIRD TERRACE, not enough work has been done to determine any positive or probable value of this ground. The same method should be adopted in prospecting by shafts, pits and cuts; my time being limited, it could not be done. I nevertheless "panned" and "rocked" in many places, the results obtained were the same, as on the FIRST and second terraces, and in several places I obtained as many as forty-three (43) colors to the pan, and from the size of the colors the value of the ground, should be more than the original figure. Although I can not include it as pay gravel, therefore will place it in the doubtful column until such time when it has been fully prospected. In the event it should be found that the nine hundred and sixty (960) acres contain pay gravel throughout, it adds an additional 45,760,000 cubic yards. I have every reason to believe it will.

#### "BLACK SANDS"

In addition to free gold, many of the ancient river beds carry "black Sand" concentrates which contains considerable quantities of platinum, Iridium, Osmium, Zircon, Monasite, and other metals or metallic oxides. In former years of hydraulic placer mining and dredge mining, these were thrown away with the tailings; whereas; the "black sand" and sand products would in many cases be of much value.

In order to thoroughly sample a large body of gravel to ascertain the exact amount of "black sand" concentrates to the cubic yard of gravel, is a very

Difficult problem, due to the great variation of the deposit. Near the surface the metal content usually is exceedingly low, and becomes richer as we near the bedrock; therefore, the metal content has to be gauged by mechanical separation of large samples. It must be remembered that, roughly speaking, a drill sample will only represent something like one part in 200,000 to one part in 1,000,000 of the body of material to be worked. (Dredging for Gold in Calif. by D'Arcy weatherbe.)

The sampling of tailings is even more difficult. The difference of opinion on the subject is an added proof of the well known difficulties of correct sampling and of the great variation of the personal equations in this work.

I do not consider that sufficient or detailed tests have been made to form a definite conclusion as to the Gold values per ton of "Black Sands" concentrates available per cubic yard of gravel, until a more complete working test on a larger scale has been made. The purpose of my examination is merely to obtain data as to the advisability of saving the "Black Sand concentrates; and judging from test made, and from past experiences on similar gravel deposits, the Black Sand concentrates found in this property represents a by-product of considerable value.

The results of the tests are most surprising. The total weight of "BLACK SAND" concentrates recovered by sluicing and rocker test amount to two hundred (200) pounds of black sand per cubic yard. The "Black Sand" in this location are extremely rare of their kind. I mention them as they are of great commercial importance.

The losses in precious metals in the metallurgical end of the placer mining is unknown. In many cases, the Gold is so extremely fine that much of it is lost, even under the most favorable conditions possible, under the old Gold saving devices.

I, find that the "Free Gold" on the Claims runs from microscopic to flakes one eighth inch wide. A few larger nuggets have been found.

Other samples ranged from 750 Pounds of black sand to as little as 5 pounds. Black Sands equal about 200 pounds per cubic yard of auriferous gravels. The Black sand contain approximately eight and one half (8½) ounces of free Gold per ton, with an additional fourteen (14) ounces per ton of complex Gold. Also by testing along the River test samples were taken at 1 foot, 2 feet, 3 feet, 4 feet, and 5 feet, and included gravel, sand and black sands. The results were as follows:

1ft. depth..	trace of gold
2ft. depth..	3 Ounces gold per ton
2½ ft. depth.	10 ounces gold per ton
3 ft. depth.	5 ounces gold per ton
4 ft. depth	3 ounces gold per ton
5 ft. depth	5 ounces gold per ton from bank area.

The above samples were taken out of the high water area and are obviously new wash materials and not a part of the ancient deposit.

Test with the H.&B. table on the tailings from the previous operations .....

500 lbs of black sand tailings = 0.1 oz free gold.

In my opinion the H & B table should be an integral part of any placer operation.

METHOD OF ASSAY

1. Fire assay

- 31.1 grams of ore
- 31.1 grams of p.b.o. (Litharge reagent grade)
- 40.0 grams borax
- 40.0 grams of soda ash (dense)
- 10.0 grams of Lime Ca o
- 3.0 grams silica
- 4.0 grams flour

2. Atomic Absorption

3. Wet Assay.. using Aqua Regia and precipitating  
with Oxalic Acid

4. amalgamation

Emission Spectrometry to ascertain other metals and metal oxides.

The above assay methods resulted in the following:

GOLD (au) Free	.0592	oz per cu. yd. (average)
BLACK SAND Gold (au)	14	oz per ton
Silver	0.30	oz per ton
Platinum	0.10	oz per ton

However, the platinum increases nearer bedrock as does the gold.

Sampling and testing in April, 1981 was conducted as follows:

Using the H & B "gold recovery table", approximately 2.5 ton of black sands were passed across the H & B table resulting in a recovery of 86 grams of gold silver and platinum, ranging in size from 100 minus to 20 plus.

Gold (au) @ 81% pure	78.15	%
Silver (ag) @ 90.0 fine	16.0	%
Platinum (pt) @ 87% pure	4.85	%
Non metallic	1.0	%

#### METHOD OF OPERATION

Due to advanced techniques since Mr. Vahrenkamp's report we shall consider methods other than Hydraulic mining.

#### EQUIPMENT FOR RECOVERY of metals

1. Dragline or hydraboe with 3 yard bucket
2. Grizzly
3. Trommel
4. Micronizer (mill) capable of reducing to 250 minus for floatation.
5. Sluice
6. Hopper
7. Conveyors
8. Amalgamators
9. Concentrating tables and finishing tables  
(A) Floatation cells for the flow and sub-micron sized gold.
10. Dryers
11. Storage area for concentrated black sand after free gold has been removed held for futher disposition.

This equipment can be leased or purchased. Since the gold found in the auriferous gravels run from invisible to sub-nicron particles several inline methods will have to be employed for the greatest metal recovery.

Water can be taken out of the River, used in the mining operation then run into settling ponds and recycled. This will eleminate silt running back into the river. There are water rights that are assigned to the mining claims.

Municipal water is on the property and could be used either for domestic or for mining.

There is no power lines to the property, therefore, privately owned generating units would have to be brought in.

The property is only 15 miles from the City where adequate housing, food, and work forces are available

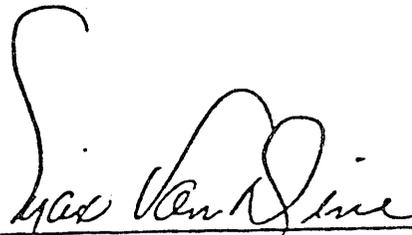
CONCLUSION:

More testing must be done to determine the values of the questionable yardage, in particular, 960 acres containing 45,760,000 cubic yards of gravel, plus the additional 620 acres not reported in the Vahrenkamp report.

These properties are rich in minerals and are rare in their kind.

These gravels contain all natural advantages for economical operation, ease of access, and will pay good dividends under competent management.

This property in my opinion is worthy of capital investment.



---

Max Van Dine

Mining Engineer

Dated May 14, 1981.

# Arizona Testing Laboratories

817 West Madison · Phoenix, Arizona 85007 · Telephone 254-6181

For:

Date: October 31, 1980

Lab. No.:

Sample: Ore

Marked: see below

Received: October 29, 1980

Submitted by:

## REPORT OF LABORATORY TESTS

### Results of Assays

<u>Sample</u>	<u>Gold, troy oz/ ton</u>
#1 Black sand, as received	3.9
#2 Black sand, as received	2.6
#3 Black sand, as received	3.2
#1 Residue, pulverized to -200	0.35
#2 Residue, pulverized to -200	0.34
#3 Residue, pulverized to -200	0.40

Note: All analyses were performed after a digestion in aqua regia. The black sand samples which were digested as received were partially dissolved by the acid, the amount dissolved being 23%, 15% and 15%, respectively.

Recovery of the gold in the as-received samples may have been higher had smaller samples been used in the digestion, as the aqua regia solution may have been depleted by dissolving the bulk of the sample, which was iron. The recovery is approximately 90% according to these analyses.

Respectfully submitted,

ARIZONA TESTING LABORATORIES



Steven Hankins

# Arizona Testing Laboratories

815 West Madison · Phoenix, Arizona 85007 · Telephone 254-6181

*my Grand daughter had it over for me.*

For:

Phoenix, Arizona

Date: November 5, 1980

Lab. No.: ~~210~~

Received: 11-3-80

Marked: No Mark

Submitted by: same

*taken from tails from table*

## REPORT OF QUALITATIVE SPECTROGRAPHIC EXAMINATION

<u>ELEMENT</u>	<u>APPROXIMATE PERCENT</u>
Boron	0.01
Silicon	Intermediate Constituent
Aluminum	2.0 <i>40 lbs x .75</i> = 30.00
Manganese	0.08
Magnesium	0.4 <i>8 lbs x 125<sup>00</sup></i> = 1,000.00
Chromium	0.01
Copper	0.04
Iron	Major Constituent
Beryllium	0.001
Calcium	0.5 <i>10 lbs</i>
Sodium	1.0
Vanadium	0.01
Zinc	0.5 <i>10 lbs</i>
Titanium	0.7 <i>14 lbs x 10<sup>00</sup></i> = 140.00
Zirconium	0.5 <i>10 lbs</i>
Potassium	0.05

*Silver cont. about 4 oz per ton @ 20<sup>00</sup> = 80.00*

Respectfully submitted,

ARIZONA TESTING LABORATORIES

*Claude E. McLean, Jr.*

Claude E. McLean, Jr.

# PRE MET EX Precious Metals Exploration

3830 E. 40th Street • Tucson, Arizona 85713 • Phone (602) 747-8486

## EVALUATION OF THE "NEEL PLACER"

Pits, excavated to 10 feet in depth, were done by back hoe. Samples were taken at 5' intervals from the surface to Gila conglomerate bedrock. The present surface is 30 feet above bedrock and samples were obtained by planing pits to intercept the different horizons. Samples were removed to Tucson and processed in a manner that would be used for production.

The nature of the placer gravels are loose and are the result of a "wet placer", or a gravel mass deposited in a water medium. The result is concentration of the heavy media fraction, gold, and black sand at, or near, bedrock.

In the "Neel Placers" the top 10 feet is virtually barren of gold. An increase in gold occurs at the 10' level and increases to bedrock.

Results of analysis are as follows:

All values are computed at \$600.00 oz. gold.

0 - 10' Trace gold usually<sub>3</sub> in very small dimensions - containing \$.01 yd<sup>3</sup> avge.

10' - 20' Gold in small particles increasing with depth - containing \$5.68 yd<sup>3</sup> avge.

20' - 30' Gold particles increasing in size and number - containing \$12.73 yd<sup>3</sup> avge.

2/15/80

Victor W. Livingston, B.S.G.E.



Legal Reference		File Code	Serial Number
Mining Claim Location		P.L. 359	28.0
			035762
Name and Mailing Address			
Edwin H. Braatelian Sr. Dorothy S. Braatelian 1312 W. Flower Phoenix, Arizona			
Description of Land			
<u>Gila Mining District, Graham County</u> T. 6 S., R. 28 E.:			
Sec. 17: SE $\frac{1}{4}$ SE $\frac{1}{4}$ 17: SW $\frac{1}{4}$ SE $\frac{1}{4}$ 17: SE $\frac{1}{4}$ SW $\frac{1}{4}$ 17: SW $\frac{1}{4}$ SW $\frac{1}{4}$ 17: NE $\frac{1}{4}$ SE $\frac{1}{4}$ 17: NW $\frac{1}{4}$ SE $\frac{1}{4}$ 17: NE $\frac{1}{4}$ SW $\frac{1}{4}$ 17: NW $\frac{1}{4}$ SW $\frac{1}{4}$ 17: SE $\frac{1}{4}$ NE $\frac{1}{4}$ 17: SW $\frac{1}{4}$ NE $\frac{1}{4}$ 17: SE $\frac{1}{4}$ NW $\frac{1}{4}$ 17: SW $\frac{1}{4}$ NW $\frac{1}{4}$		Placer Claims: 1-Dorothy B #37 2-Dorothy B #38 3-Dorothy B #39 4-Dorothy B #40 5-Dorothy B #41 6-Dorothy B #42 7-Dorothy B #43 8-Dorothy B #44 9-Dorothy B #45 10-Dorothy B #46 11-Dorothy B #47 12-Dorothy B #48	
(cont. page 1-A)			
DATE OF ACTION		ACTION TAKEN	
Mar. 23, 1966		Notices of mining locations filed.	
MAR 25 1966		REPORTS REQUESTED <i>FRC: Dist 4.</i>	
Apr. 4, 1966		District 4 report received.	
MAY 31 1966		REPORTS RECEIVED <i>FRC</i>	
June 2, 1966		Claimant notified placer mining operations permissible.	
Dec. 27, 1968		Claimant notified Power site withdrawal revoked and no need to submit statement of assessment work. Closed.	
MAY 15 1969		FRC DENVER Acc. # <i>69A785</i> Gr. # <i>49</i> Box # <i>74981</i>	

Robert E. Craig

MINING CONSULTANT

11844 ART STREET  
SUN VALLEY, CALIF.

Analysis No. 6894

July 10, 1966

Samples submitted by;  
W. J. Mason  
3900 E. Fremont St.  
Las Vegas, Nevada.

Au - Gold 2.788 oz. per ton  
Ag - Silver .47 oz. per ton

Sample No. #1 Non-Magnetic

= \$97.58 per ton  
= 61¢ per ton

Au - Gold .984 oz. per ton  
Ag - Silver .33 oz. per ton

Sample No. #1 Magnetic

= \$34.44 per ton  
= 43¢ per ton

Au - Gold 3.043 oz. per ton  
Ag - Silver .85 oz. per ton

Sample No. No 2 Non-Magnetic

= \$106.51 per ton  
= \$1.10 per ton

Au - Gold .601 oz. per ton  
Ag - Silver .20 oz. per ton

Sample No. No. 2 Magnetic

= \$21.04 per ton  
= 26¢ per ton

Gold @\$35.00 per oz.  
Silver @\$1.29 per oz.

Analysis and report, by

*Robert E. Craig*

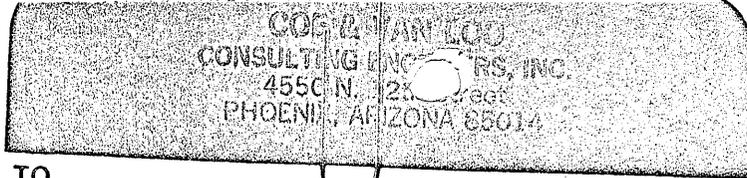
Robert E. Craig

(NOTE) Platinum Group Metals present in sample No. #2  
Non-Magnetic.

*What yardage do these analysis represent?  
Gn.*



COE & VAN LOO  
CONSULTING ENGINEERS INC.  
ENGINEERING - PLANNING

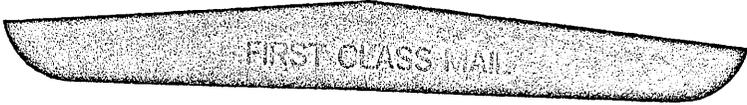


TO

Mr. David Lackey  
Quality House Realty & Investment  
101 W. Almeria  
Phoenix, AZ 85003

.S.  
.A.  
.S.

January 29, 1980



Mr. David Lackey  
Quality House Realty & Investment  
101 W. Almeria  
Phoenix, Arizona 85003

Re: T6S - R28

Dear Mr. Lackey:

According to records filed with the Bureau of Land Management, Arizona Office, the claims shown on the attached sheet are current.

The Placer claims in which you are interested are shown conflicting with lode and mill sites staked by Inspiration Copper Company along the eastern border of the property. The attached copies of pages from Verity and Smith (page 29) describe the rights of Lode Locations.

The fee for our services for providing this Land Status Map is \$200.00. Your prompt payment will be greatly appreciated.

I hope this meets with your requirements. If we can be of further assistance, feel free to contact us.

Sincerely,

COE & VAN LOO  
Consulting Engineers, Inc.

  
H. Mason Coggin, P.E. & L.S.  
Senior Vice President - Mining

HMC:do  
Encl.

261-3706

IN REPLY REFER TO



# United States Department of the Interior

A MC 42716 thru  
A MC 42780 (952)

## BUREAU OF LAND MANAGEMENT

ARIZONA STATE OFFICE  
2400 VALLEY BANK CENTER  
PHOENIX, ARIZONA 85073

June 7, 1979

Dorothy S. Braatelian  
Edwin H. Braatelian  
5602 S. 41st Ave.  
Phoenix, Arizona 85041

Dear Mr. & Mrs. Braatelian:

This letter is to identify the serial numbers we have assigned to your mining claim location notices filed in this office on May 29, 1979.

<u>Serial Number</u>	<u>Name of Claim</u>
A MC 42716	Dorothy B
A MC 42717	Dorothy B #1-A
A MC 42718	Dorothy B #2-B
A MC 42719	Dorothy B #3-C
A MC 42720	Dorothy B #4-D
A MC 42721 thru	Dorothy B #5 thru #12
A MC 42728	
A MC 42729 thru	Dorothy B #14 thru #28
A MC 42743	
A MC 42744 thru	Dorothy B #53 thru #68
A MC 42759	
<del>A MC 42760</del>	1 - Dorothy B #37
A MC 42761	2 - Dorothy B #38
A MC 42762	3 - Dorothy B #39
A MC 42763	4 - Dorothy B #40
A MC 42764	5 - Dorothy B #41
A MC 42765	6 - Dorothy B #42
A MC 42766	7 - Dorothy B #43
A MC 42767	8 - Dorothy B #44
A MC 42768	9 - Dorothy B #45
A MC 42769	10 - Dorothy B #46
A MC 42770	11 - Dorothy B #47
A MC 42771	12 - Dorothy B #48
A MC 42772	13 - Dorothy B #49
A MC 42773	14 - Dorothy B #50
A MC 42774	15 - Dorothy B #51
A MC 42775	16 - Dorothy B #52

Serial Number

Name of Claim

A MC 42776  
A MC 42777  
A MC 42778  
A MC 42779  
A MC 42780

B & B Minning Co. 1  
B & B 2  
B & B Minning Co. 3  
B & B 4  
B & B Minning Claim 5

Please refer to the claim names and the respective serial numbers in any future correspondence.

Enclosed is a chart showing requirements for filing affidavits of assessment work or notice of intention to hold mining claims.

Sincerely yours,



Chief, Branch of Records  
and Data Management

Enclosure

MINING LEASE

THIS MINING LEASE, made and entered into this 2nd day of January, 1980, by and between EDWIN H. BRAATELIEN, a divorced man, DOROTHY S. BRAATELIEN, a divorced woman, hereafter called the LESSOR, and BILL COTTEN, a married man, hereinafter called the LESSEE.

W I T N E S S E T H :

The Lessor, for and in consideration of the royalties and payments hereinafter expressed, and by the Lessee to be kept and performed, hereby leases, demises, and lets to the Lessee the whole of the mining property situated in Graham County, Arizona, and described as follows:

Located in Township 6 South, Range 28 East of Gila and Salt River Basin Base Meridian, in Graham County, Arizona.

BC JB

N $\frac{1}{2}$  of the N $\frac{1}{2}$  of Sec. 28

Plus NW $\frac{1}{4}$  of the NW $\frac{1}{4}$  of Section 27

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

(1) Term

The term of this lease shall commence upon the date this agreement is fully executed by Lessee and shall continue for thirty (30) years and one (1) month.

(2) Rental

In consideration for the above lease, the Lessee agrees to pay the Lessor the following payments:

100.00. <sup>DB BC</sup> → (a) Upon execution of this agreement

(b) A minimum payment of \$1,000 on the 1st day of each month starting on February 1st, 1980.

If and when minerals are produced from said premises, Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net mill or smelter returns on all ores mined and shipped as raw ore from said property. By "net mill or smelter returns" is meant the amount received from the mill, smelter or other purchaser or ore upon the sale of such ores after the mill, smelter, or other purchaser deducts from the gross value thereof the cost of milling, smelting and railroad or truck freight or haulage charges from the loading point to mill or smelter. The Lessee shall pay the costs of loading the ore and all mining charges upon all concentrates produced from ore mined from said premises and shipped from any mill operated by the Lessee, and the Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net smelter returns received upon the

sale of such concentrates. The Lessee shall not sell or dispose of any ore or concentrate to anyone other than a customarily accepted and responsible agency normally engaged in the business of buying such ore or concentrate, unless the sales price is equal to or more than the value of such ore or concentrate established by the afternoon London Dealers Market quote reported in the Wall Street Journal daily. In the event ore or concentrates are held by Lessee and not sold, Lessee shall pay to Lessor ten percent (10%) of its value thereof as required in this paragraph based on the price per ounce quoted by the afternoon London Dealers Market as of the day said ores or concentrates are moved from the property.

(3) Place of Payment

All payments to be made under this lease shall be made to Lessor in lawful money of the United States, mailed to the address given below for notice to Lessor, or at such other place or places as Lessor shall notify Lessee from time to time. Lessee's check shall constitute lawful money.

(4) Working of Property

Lessee, when developing or working the property, shall do so in a miner-like fashion and in a manner consistent with good and

economical mining practices. When it mills or causes to be milled or smelted the ores and materials so extracted, it shall do so in a manner necessary to the economical reduction and/or treatment thereof and so as to reasonably produce the greatest amount of return.

(5) Possession and Control of Mining Property

Lessee shall have, and is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of the mining property and the whole and every part thereof, and to investigate, drill, explore, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto; and to mine, extract, and remove from the mining property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell, or otherwise dispose of the same and receive the full proceeds therefrom subject to the obligation to pay royalties contained in paragraph (2) hereof; to erect, construct, use and maintain thereon and therein such roads, buildings, structures, machinery and equipment as may be required by Lessee for the conduct of its exploration, development, mining and milling operations; to remove ores, water, air, waste, and materials therefrom, and to carry on its general mining operations pertaining to said mining property.

(6) Use of Adjacent Properties

The Lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and

workings on other properties and to remove ores, waste, water and other materials from other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

(7) Inspection

The duly authorized representatives of Lessor shall be permitted to enter on the mining property and the workings thereon of Lessee at all reasonable times for the purpose of inspection, but shall enter upon said mining property at Lessor's risk and so as not to hinder unreasonably the operations of Lessee; and Lessor shall indemnify and hold harmless Lessee for any damage claim or demand by reason of injury to or the presence of Lessor, or their agents or representatives, or any of them, on said property or the approaches thereto.

(8) Removal of Equipment, Etc., by Lessee

Lessee shall have, and it is hereby given and granted, one hundred and eighty (180) days after a valid forfeiture, surrender, or other termination of this lease, to remove from the mining property all warehouse stock, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars, and any and all other machinery, trade fixtures and equipment, erected or placed in or upon

said property by it, together with all ore broken in stopes or workings except mine and timber in place and permanent improvements.

(9) Liens and Notices of Non-Responsibility

Lessee agrees to keep the property at all times free and clear of all liens, charges and encumbrances of any and every nature and description, done, made or caused by it, and to pay all indebtedness and liabilities incurred by or for Lessee which may or might become a lien, charge or encumbrance against the property before such indebtedness and liabilities shall become a lien, charge or encumbrance, and Lessor may always post upon the demised premises and keep posted thereon in a conspicuous place a notice of non-responsibility prepared by Lessor. Lessee will, in the event such notice is destroyed or has been removed, upon finding same, notify Lessor.

(10) Compliance with Laws

Lessee shall so conduct itself with respect to the property and its development and operation as to fully comply in every respect with the applicable laws of the State of Arizona and the United States of America and all pertinent and applicable regulations of any governmental agency or body having jurisdiction.

(11) Compensation Insurance

Lessee shall place in effect and maintain in full force and effect during the term such Workman's Compensation Insurance as is required by the Laws of Arizona.

(180) days after such termination, deliver to Lessor a copy of all drilling logs, portions of drill cores not used for testing, maps and other factual data which Lessee has prepared in connection with its exploration and development of the mining property under this lease; provided however, Lessee shall have no liability on account of any such information received or acted on by Lessor.

(15) Taxes

Lessee shall pay all taxes and assessments hereafter levied or assessed against or on account or because of the leased property and all personal property of Lessee on the leased property at any time during the term or any ore or other material on or removed therefrom. Such payments shall be made upon direct or indirect receipt of statement from the appropriate governmental authority or officer (however addressed).

(16) Assignment

This lease may be assigned by Lessee at any time and from time to time by giving written notice of such assignment and shall be binding upon and inure to the benefit of the heirs, estates, administrators, executors, successors and assigns. No such assignment shall be valid without the assignee agreeing to be bound by the terms of this agreement.

(17) Notices

All notices, statements, demands, accounts, reports, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this lease by either party to the other shall be in writing and shall be given or served upon the other party as follows:

(12) Yielding Up

In the event of the termination of this lease, for any cause whatsoever, then and in that event Lessee shall and will peaceably surrender and yield up the leased property to the Lessor, free and clear of any and all liens, charges and encumbrances done, made or caused by the Lessee. Drill, mining and other roads, sites, and excavations need not be restored or filled, but shall be left in safe condition.

(13) Surrender and Termination of Lease

Lessee shall have and is hereby given the unconditional right and privilege to discontinue operations on the property and to unconditionally abandon the same and cancel and terminate the lease by written notice given to Lessor accompanied by a written surrender and delivery up of the same to Lessor. Thereupon the lease shall terminate for all purposes and neither party shall be liable to the other for any future act or payment which may otherwise have become due or accrue hereunder; provided, however, that any such cancellation and termination of the lease shall not relieve Lessee of its obligations hereunder which have accrued or become due and payable prior thereto.

(14) Data

Upon the termination of this lease, Lessee agrees that it will, within a reasonable time but not to exceed one hundred and eighty

They may be hand delivered to the party addressed or may be sent by certified or registered mail, return receipt requested and with postage fully prepaid and addressed to the party at the mailing address given opposite the party's name signed in execution hereof. When so hand delivered or mailed, the document shall be conclusively presumed to have been received. The mailing address may be changed from time to time by written notice given the other party stating the full and complete new mailing address. No more than two addresses shall be given by each party to the lease, regardless of the numbers involved.

(18) Assessment Work

During the term of this lease agreement and on or before June 1st of each year commencing during the assessment year 1980, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to furnish Lessor with Notice of Completion or Non-completion thereof by such date, and Lessee shall prepare and report all proper affidavits, notices and other documents required by law to evidence the performance of such annual assessment work. Failure of Lessee to perform such assessment work within the time provided shall constitute a default of the agreement and subject the Lessee to forfeiture as provided for herein. Lessor shall have the right to complete the assessment work if Lessee is in default of this paragraph, and Lessee shall be liable to pay said amount to Lessor upon being billed therefor.

(19) Deed

Lessee agrees to execute agreement covering Lessors Right of Egress and agrees providing roadways and pipelines to balance of Lessors property.

(20) Default

If for any reason there should be a default on the part of Lessee and Lessee shall fail or refuse to comply with any of the terms or provisions hereof, (after the payment of payments required in paragraph (2) (a) (b), then at the option of Lessor, Lessor may give notice in writing to Lessee of such default, specifying the nature and character thereof, and unless the default be corrected within thirty (30) days after the notice has been postmarked in the United States mail addressed to Lessee in accordance with the notice clause of this Lease Agreement, than at the option of Lessor, this contract and all rights hereunder of Lessee shall be terminated and Lessee shall quietly and peaceably surrender the premises unto Lessor.

(21) Right and Option to Purchase

In further consideration of the contract herein specified to be kept and performed by Lessee, the Lessor does hereby give and grant

unto the Lessee the sole, exclusive and irrevocable right and option to purchase the whole of the leased premises after the payments required in paragraphs 2(a) and (b) for the purchase price in the amount of FIVE MILLION DOLLARS (\$5,000,000.00) in accordance with paragraph 2, time being of the essence of this agreement as to such payment. Each payment or rental payment made to the Lessor by the Lessee, in accordance with the lease hereinabove provided, shall be applied against and be credited upon the said purchase price. This option shall be exercised by Lessee giving Lessor written notice of such intent.

(22) Title

Lessor represents and warrants that the area covered by said mining claims, and each of them, has been and is properly and validly located under the mining laws of the United States of America, and the State in which said property is located, and will deliver to Lessee upon the execution of this agreement, copies of original location notices and all document affecting title to such claims; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are in good standing, existing and valid at the date hereof, and are free and

clear of all liens, encumbrances and claims arising by, through or under Lessor, except only rights reserved to the United States in respect of unpatented mining claims generally.

(23) Mineral Representations

Lessee acknowledges that it has inspected the subject property, made their own evaluations through their agents/employees as to the value of the property described herein, and further, Lessee acknowledges that they have not relied on any representations, warranties, comments, reports, or other communications which may have been made by Lessor as to the quality/quantity of any materials contained in the subject property.

(24) No Implied Agreements

Except as stated herein, the entire agreement of the parties shall be deemed expressed herein. There shall be no implied covenants, terms or conditions, except that the usual covenant of quiet enjoyment shall be available to Lessee.

(25) Agreement Binding

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

(26) Attorneys Fees

In any suit which may be brought by either party to enforce this agreement or any part hereof, or to recover damages for the breach hereof, the court shall award a reasonable amount as and for attorneys'

fees to the prevailing party, whether or not there was in fact a breach.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year above written.

LESSOR:

1725 West Van Buren  
Phoenix, Arizona 85007

Dorothy S. Braateliën  
Edwin H. Braateliën  
DOROTHY S. BRAATELIEN ATTORNEY-IN-FACT

5602 South 41st Avenue  
Phoenix, Arizona 85041

Dorothy S. Braateliën  
Dorothy S. Braateliën  
Lessor

10755 Jeremy Dr.  
California City, CA 93505

By Bill Cotten  
Bill Cotten Lessee

JAN 2, 80  
Appeared before me in person Bill COTTON,  
DOROTHY S. BRAATELIEN AND DOROTHY S. BRAATELIEN  
AS ATTORNEY-IN-FACT FOR EDWIN H. BRAATELIEN

my commission expires  
Aug 3, 1983

Mafine Bualys  
NOTARY

MINING LEASE

THIS MINING LEASE, made and entered into this 2nd day of January, 1980, by and between EDWIN H. BRAATELIEN, a divorced man, DOROTHY S. BRAATELIEN, a divorced woman, hereafter called the LESSOR, and BILL COTTEN, a married man, hereinafter called the LESSEE.

W I T N E S S E T H :

The Lessor, for and in consideration of the royalties and payments hereinafter expressed, and by the Lessee to be kept and performed, hereby leases, demises, and lets to the Lessee the whole of the mining property situated in Graham County, Arizona, and described as follows:

Located in Township 6 South, Range 28 East of Gila and Salt River Basin Base Meridian, in Graham County, Arizona.

S $\frac{1}{2}$  of the S $\frac{1}{2}$  of Sec. 21

Plus SW $\frac{1}{4}$  of the SW $\frac{1}{4}$  of Sec. 22

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

(1) Term

The term of this lease shall commence upon the date this agreement is fully executed by Lessee and shall continue for thirty (30) years and one (1) month.

(2) Rental

In consideration for the above lease, the Lessee agrees to pay the Lessor the following payments:

100.00 - BL ← (a) Upon execution of this agreement  
DB.

(b) A minimum payment of \$1,000 on the 1st day of each month starting on February 1st, 1980.

If and when minerals are produced from said premises, Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net mill or smelter returns on all ores mined and shipped as raw ore from said property. By "net mill or smelter returns" is meant the amount received from the mill, smelter or other purchaser or ore upon the sale of such ores after the mill, smelter, or other purchaser deducts from the gross value thereof the cost of milling, smelting and railroad or truck freight or haulage charges from the loading point to mill or smelter. The Lessee shall pay the costs of loading the ore and all mining charges upon all concentrates produced from ore mined from said premises and shipped from any mill operated by the Lessee, and the Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net smelter returns received upon the

sale of such concentrates. The Lessee shall not sell or dispose of any ore or concentrate to anyone other than a customarily accepted and responsible agency normally engaged in the business of buying such ore or concentrate, unless the sales price is equal to or more than the value of such ore or concentrate established by the afternoon London Dealers Market quote reported in the Wall Street Journal daily. In the event ore or concentrates are held by Lessee and not sold, Lessee shall pay to Lessor ten percent (10%) of its value thereof as required in this paragraph based on the price per ounce quoted by the afternoon London Dealers Market as of the day said ores or concentrates are moved from the property.

(3) Place of Payment

All payments to be made under this lease shall be made to Lessor in lawful money of the United States, mailed to the address given below for notice to Lessor, or at such other place or places as Lessor shall notify Lessee from time to time. Lessee's check shall constitute lawful money.

(4) Working of Property

Lessee, when developing or working the property, shall do so in a miner-like fashion and in a manner consistent with good and

economical mining practices. When it mills or causes to be milled or smelted the ores and materials so extracted, it shall do so in a manner necessary to the economical reduction and/or treatment thereof and so as to reasonably produce the greatest amount of return.

(5) Possession and Control of Mining Property

Lessee shall have, and is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of the mining property and the whole and every part thereof, and to investigate, drill, explore, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto; and to mine, extract, and remove from the mining property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell, or otherwise dispose of the same and receive the full proceeds therefrom subject to the obligation to pay royalties contained in paragraph (2) hereof; to erect, construct, use and maintain thereon and therein such roads, buildings, structures, machinery and equipment as may be required by Lessee for the conduct of its exploration, development, mining and milling operations; to remove ores, water, air, waste, and materials therefrom, and to carry on its general mining operations pertaining to said mining property.

(6) Use of Adjacent Properties

The Lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and

workings on other properties and to remove ores, waste, water and other materials from other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

(7) Inspection

The duly authorized representatives of Lessor shall be permitted to enter on the mining property and the workings thereon of Lessee at all reasonable times for the purpose of inspection, but shall enter upon said mining property at Lessor's risk and so as not to hinder unreasonably the operations of Lessee; and Lessor shall indemnify and hold harmless Lessee for any damage claim or demand by reason of injury to or the presence of Lessor, or their agents or representatives, or any of them, on said property or the approaches thereto.

(8) Removal of Equipment, Etc., by Lessee

Lessee shall have, and it is hereby given and granted, one hundred and eighty (180) days after a valid forfeiture, surrender, or other termination of this lease, to remove from the mining property all warehouse stock, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars, and any and all other machinery, trade fixtures and equipment, erected or placed in or upon

said property by it, together with all ore broken in stopes or workings except mine and timber in place and permanent improvements.

(9) Liens and Notices of Non-Responsibility

Lessee agrees to keep the property at all times free and clear of all liens, charges and encumbrances of any and every nature and description, done, made or caused by it, and to pay all indebtedness and liabilities incurred by or for Lessee which may or might become a lien, charge or encumbrance against the property before such indebtedness and liabilities shall become a lien, charge or encumbrance, and Lessor may always post upon the demised premises and keep posted thereon in a conspicuous place a notice of non-responsibility prepared by Lessor. Lessee will, in the event such notice is destroyed or has been removed, upon finding same, notify Lessor.

(10) Compliance with Laws

Lessee shall so conduct itself with respect to the property and its development and operation as to fully comply in every respect with the applicable laws of the State of Arizona and the United States of America and all pertinent and applicable regulations of any governmental agency or body having jurisdiction.

(11) Compensation Insurance

Lessee shall place in effect and maintain in full force and effect during the term such Workman's Compensation Insurance as is required by the Laws of Arizona.

(12) Yielding Up

In the event of the termination of this lease, for any cause whatsoever, then and in that event Lessee shall and will peaceably surrender and yield up the leased property to the Lessor, free and clear of any and all liens, charges and encumbrances done, made or caused by the Lessee. Drill, mining and other roads, sites, and excavations need not be restored or filled, but shall be left in safe condition.

(13) Surrender and Termination of Lease

Lessee shall have and is hereby given the unconditional right and privilege to discontinue operations on the property and to unconditionally abandon the same and cancel and terminate the lease by written notice given to Lessor accompanied by a written surrender and delivery up of the same to Lessor. Thereupon the lease shall terminate for all purposes and neither party shall be liable to the other for any future act or payment which may otherwise have become due or accrue hereunder; provided, however, that any such cancellation and termination of the lease shall not relieve Lessee of its obligations hereunder which have accrued or become due and payable prior thereto.

(14) Data

Upon the termination of this lease, Lessee agrees that it will, within a reasonable time but not to exceed one hundred and eighty

(180) days after such termination, deliver to Lessor a copy of all drilling logs, portions of drill cores not used for testing, maps and other factual data which Lessee has prepared in connection with its exploration and development of the mining property under this lease; provided however, Lessee shall have no liability on account of any such information received or acted on by Lessor.

(15) Taxes

Lessee shall pay all taxes and assessments hereafter levied or assessed against or on account or because of the leased property and all personal property of Lessee on the leased property at any time during the term or any ore or other material on or removed therefrom. Such payments shall be made upon direct or indirect receipt of statement from the appropriate governmental authority or officer (however addressed).

(16) Assignment

This lease may be assigned by Lessee at any time and from time to time by giving written notice of such assignment and shall be binding upon and inure to the benefit of the heirs, estates, administrators, executors, successors and assigns. No such assignment shall be valid without the assignee agreeing to be bound by the terms of this agreement.

(17) Notices

All notices, statements, demands, accounts, reports, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this lease by either party to the other shall be in writing and shall be given or served upon the other party as follows:

They may be hand delivered to the party addressed or may be sent by certified or registered mail, return receipt requested and with postage fully prepaid and addressed to the party at the mailing address given opposite the party's name signed in execution hereof. When so hand delivered or mailed, the document shall be conclusively presumed to have been received. The mailing address may be changed from time to time by written notice given the other party stating the full and complete new mailing address. No more than two addresses shall be given by each party to the lease, regardless of the numbers involved.

(18) Assessment Work

During the term of this lease agreement and on or before June 1st of each year commencing during the assessment year 1980, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to furnish Lessor with Notice of Completion or Non-completion thereof by such date, and Lessee shall prepare and report all proper affidavits, notices and other documents required by law to evidence the performance of such annual assessment work. Failure of Lessee to perform such assessment work within the time provided shall constitute a default of the agreement and subject the Lessee to forfeiture as provided for herein. Lessor shall have the right to complete the assessment work if Lessee is in default of this paragraph, and Lessee shall be liable to pay said amount to Lessor upon being billed therefor.

(19) Deed

Lessee agrees to execute agreement covering Lessors Right of Engress and agrees providing roadways and pipelines to balance of Lessors property.

(20) Default

If for any reason there should be a default on the part of Lessee and Lessee shall fail or refuse to comply with any of the terms or provisions hereof, (after the payment of payments required in paragraph (2) (a) (b), then at the option of Lessor, Lessor may give notice in writing to Lessee of such default, specifying the nature and character thereof, and unless the default be corrected within thirty (30) days after the notice has been postmarked in the United States mail addressed to Lessee in accordance with the notice clause of this Lease Agreement, than at the option of Lessor, this contract and all rights hereunder of Lessee shall be terminated and Lessee shall quietly and peaceably surrender the premises unto Lessor.

(21) Right and Option to Purchase

In further consideration of the contract herein specified to be kept and performed by Lessee, the Lessor does hereby give and grant

unto the Lessee the sole, exclusive and irrevocable right and option to purchase the whole of the leased premises after the payments required in paragraphs 2(a) and (b) for the purchase price in the amount of FIVE MILLION DOLLARS (\$5,000,000.00) in accordance with paragraph 2, time being of the essence of this agreement as to such payment. Each payment or rental payment made to the Lessor by the Lessee, in accordance with the lease hereinabove provided, shall be applied against and be credited upon the said purchase price. This option shall be exercised by Lessee giving Lessor written notice of such intent.

(22) Title

Lessor represents and warrants that the area covered by said mining claims, and each of them, has been and is properly and validly located under the mining laws of the United States of America, and the State in which said property is located, and will deliver to Lessee upon the execution of this agreement, copies of original location notices and all document affecting title to such claims; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are in good standing, existing and valid at the date hereof, and are free and

clear of all liens, encumbrances and claims arising by, through or under Lessor, except only rights reserved to the United States in respect of unpatented mining claims generally.

(23) Mineral Representations

Lessee acknowledges that it has inspected the subject property, made their own evaluations through their agents/employees as to the value of the property described herein, and further, Lessee acknowledges that they have not relied on any representations, warranties, comments, reports, or other communications which may have been made by Lessor as to the quality/quantity of any materials contained in the subject property.

(24) No Implied Agreements

Except as stated herein, the entire agreement of the parties shall be deemed expressed herein. There shall be no implied covenants, terms or conditions, except that the usual covenant of quiet enjoyment shall be available to Lessee.

(25) Agreement Binding

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

(26) Attorneys Fees

In any suit which may be brought by either party to enforce this agreement or any part hereof, or to recover damages for the breach hereof, the court shall award a reasonable amount as and for attorneys'

fees to the prevailing party, whether or not there was in fact a breach.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year above written.

LESSOR:

1725 West Van Buren  
Phoenix, Arizona 85007

Dorothy S. Braateliën  
Edwin H. Braateliën

By DOROTHY S. BRAATELIËN - ATTORNEY-IN-FACT

5602 South 41st Avenue  
Phoenix, Arizona 85041

Dorothy S. Braateliën  
Dorothy S. Braateliën

Lessor

10755 Jeremy Dr.  
California City, CA 93505

By Bill Cotten  
Bill Cotten Lessee

Appeared before me Bill COTTON, DOROTHY S. BRAATELIËN  
AND DOROTHY S. BRAATELIËN - ATTORNEY-IN-FACT for  
Edwin H. BRAATELIËN, IN PERSON

My commission expires  
Aug 3, 1983

Mapie Bridges  
NOTARY

MINING LEASE

# 3

THIS MINING LEASE, made and entered into this 2 day of January, 1980, by and between EDWIN H. BRAATELIEN, a divorced man, DOROTHY S. BRAATELIEN, a divorced woman, hereafter called the LESSOR, and BILL COTTEN, a married man, hereinafter called the LESSEE.

W I T N E S S E T H :

The Lessor, for and in consideration of the royalties and payments hereinafter expressed, and by the Lessee to be kept and performed, hereby leases, demises, and lets to the Lessee the whole of the mining property situated in Graham County, Arizona, and described as follows:

N $\frac{1}{2}$  of S $\frac{1}{2}$  of Sec. 21

Plus NW $\frac{1}{4}$  of SW $\frac{1}{4}$  of Sec. 22

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

(1) Term

The term of this lease shall commence upon the date this agreement is fully executed by Lessee and shall continue for thirty (30) years and one (1) month.

(2) Rental

In consideration for the above lease, the Lessee agrees to pay the Lessor the following payments:

*FB #100.00 JC*

(a) Upon execution of this agreement

(b) A minimum payment of \$1,000 on the 1st day of each month starting on February 1st, 1980.

If and when minerals are produced from said premises, Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net mill or smelter returns on all ores mined and shipped as raw ore from said property. By "net mill or smelter returns" is meant the amount received from the mill, smelter or other purchaser or ore upon the sale of such ores after the mill, smelter, or other purchaser deducts from the gross value thereof the cost of milling, smelting and railroad or truck freight or haulage charges from the loading point to mill or smelter. The Lessee shall pay the costs of loading the ore and all mining charges upon all concentrates produced from ore mined from said premises and shipped from any mill operated by the Lessee, and the Lessee shall pay to the Lessor a royalty of ten percent (10%) of the net smelter returns received upon the

sale of such concentrates. The Lessee shall not sell or dispose of any ore or concentrate to anyone other than a customarily accepted and responsible agency normally engaged in the business of buying such ore or concentrate, unless the sales price is equal to or more than the value of such ore or concentrate established by the afternoon London Dealers Market quote reported in the Wall Street Journal daily. In the event ore or concentrates are held by Lessee and not sold, Lessee shall pay to Lessor ten percent (10%) of its value thereof as required in this paragraph based on the price per ounce quoted by the afternoon London Dealers Market as of the day said ores or concentrates are moved from the property.

(3) Place of Payment

All payments to be made under this lease shall be made to Lessor in lawful money of the United States, mailed to the address given below for notice to Lessor, or at such other place or places as Lessor shall notify Lessee from time to time. Lessee's check shall constitute lawful money.

(4) Working of Property

Lessee, when developing or working the property, shall do so in a miner-like fashion and in a manner consistent with good and

economical mining practices. When it mills or causes to be milled or smelted the ores and materials so extracted, it shall do so in a manner necessary to the economical reduction and/or treatment thereof and so as to reasonably produce the greatest amount of return.

(5) Possession and Control of Mining Property

Lessee shall have, and is hereby given and granted, the right to enter into and take over immediately the sole and exclusive possession and control of the mining property and the whole and every part thereof, and to investigate, drill, explore, measure, sample, examine, test, develop, work, mine, operate, use, manage and control the same and the water and water rights appurtenant thereto; and to mine, extract, and remove from the mining property the ores and minerals therein and appurtenant and belonging thereto, and to treat, mill, ship, sell, or otherwise dispose of the same and receive the full proceeds therefrom subject to the obligation to pay royalties contained in paragraph (2) hereof; to erect, construct, use and maintain thereon and therein such roads, buildings, structures, machinery and equipment as may be required by Lessee for the conduct of its exploration, development, mining and milling operations; to remove ores, water, air, waste, and materials therefrom, and to carry on its general mining operations pertaining to said mining property.

(6) Use of Adjacent Properties

The Lessee shall have the right to remove ores, waste, water and other materials from the demised premises and to carry on general mining operations pertaining to the demised premises by means of shafts and

workings on other properties and to remove ores, waste, water and other materials from other properties on the surface of or through shafts and workings on the demised premises, but until weighed and sampled, all ores extracted and removed from the demised premises shall be kept separate from ores extracted and removed from any other properties.

(7) Inspection

The duly authorized representatives of Lessor shall be permitted to enter on the mining property and the workings thereon of Lessee at all reasonable times for the purpose of inspection, but shall enter upon said mining property at Lessor's risk and so as not to hinder unreasonably the operations of Lessee; and Lessor shall indemnify and hold harmless Lessee for any damage claim or demand by reason of injury to or the presence of Lessor, or their agents or representatives, or any of them, on said property or the approaches thereto.

(8) Removal of Equipment, Etc., by Lessee

Lessee shall have, and it is hereby given and granted, one hundred and eighty (180) days after a valid forfeiture, surrender, or other termination of this lease, to remove from the mining property all warehouse stock, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars, and any and all other machinery, trade fixtures and equipment, erected or placed in or upon

said property by it, together with all ore broken in stopes or workings except mine and timber in place and permanent improvements.

(9) Liens and Notices of Non-Responsibility

Lessee agrees to keep the property at all times free and clear of all liens, charges and encumbrances of any and every nature and description, done, made or caused by it, and to pay all indebtedness and liabilities incurred by or for Lessee which may or might become a lien, charge or encumbrance against the property before such indebtedness and liabilities shall become a lien, charge or encumbrance, and Lessor may always post upon the demised premises and keep posted thereon in a conspicuous place a notice of non-responsibility prepared by Lessor. Lessee will, in the event such notice is destroyed or has been removed, upon finding same, notify Lessor.

(10) Compliance with Laws

Lessee shall so conduct itself with respect to the property and its development and operation as to fully comply in every respect with the applicable laws of the State of Arizona and the United States of America and all pertinent and applicable regulations of any governmental agency or body having jurisdiction.

(11) Compensation Insurance

Lessee shall place in effect and maintain in full force and effect during the term such Workman's Compensation Insurance as is required by the Laws of Arizona.

(12) Yielding Up

In the event of the termination of this lease, for any cause whatsoever, then and in that event Lessee shall and will peaceably surrender and yield up the leased property to the Lessor, free and clear of any and all liens, charges and encumbrances done, made or caused by the Lessee. Drill, mining and other roads, sites, and excavations need not be restored or filled, but shall be left in safe condition.

(13) Surrender and Termination of Lease

Lessee shall have and is hereby given the unconditional right and privilege to discontinue operations on the property and to unconditionally abandon the same and cancel and terminate the lease by written notice given to Lessor accompanied by a written surrender and delivery up of the same to Lessor. Thereupon the lease shall terminate for all purposes and neither party shall be liable to the other for any future act or payment which may otherwise have become due or accrue hereunder; provided, however, that any such cancellation and termination of the lease shall not relieve Lessee of its obligations hereunder which have accrued or become due and payable prior thereto.

(14) Data

Upon the termination of this lease, Lessee agrees that it will, within a reasonable time but not to exceed one hundred and eighty

(180) days after such termination, deliver to Lessor a copy of all drilling logs, portions of drill cores not used for testing, maps and other factual data which Lessee has prepared in connection with its exploration and development of the mining property under this lease; provided however, Lessee shall have no liability on account of any such information received or acted on by Lessor.

(15) Taxes

Lessee shall pay all taxes and assessments hereafter levied or assessed against or on account or because of the leased property and all personal property of Lessee on the leased property at any time during the term or any ore or other material on or removed therefrom. Such payments shall be made upon direct or indirect receipt of statement from the appropriate governmental authority or officer (however addressed).

(16) Assignment

This lease may be assigned by Lessee at any time and from time to time by giving written notice of such assignment and shall be binding upon and inure to the benefit of the heirs, estates, administrators, executors, successors and assigns. No such assignment shall be valid without the assignee agreeing to be bound by the terms of this agreement.

(17) Notices

All notices, statements, demands, accounts, reports, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this lease by either party to the other shall be in writing and shall be given or served upon the other party as follows:

They may be hand delivered to the party addressed or may be sent by certified or registered mail, return receipt requested and with postage fully prepaid and addressed to the party at the mailing address given opposite the party's name signed in execution hereof. When so hand delivered or mailed, the document shall be conclusively presumed to have been received. The mailing address may be changed from time to time by written notice given the other party stating the full and complete new mailing address. No more than two addresses shall be given by each party to the lease, regardless of the numbers involved.

(18) Assessment Work

During the term of this lease agreement and on or before June 1st of each year commencing during the assessment year 1980, Lessee does hereby agree to perform all assessment work required to be performed upon the mining claims by law, and does further agree to furnish Lessor with Notice of Completion or Non-completion thereof by such date, and Lessee shall prepare and report all proper affidavits, notices and other documents required by law to evidence the performance of such annual assessment work. Failure of Lessee to perform such assessment work within the time provided shall constitute a default of the agreement and subject the Lessee to forfeiture as provided for herein. Lessor shall have the right to complete the assessment work if Lessee is in default of this paragraph, and Lessee shall be liable to pay said amount to Lessor upon being billed therefor.

(19) Deed

Lessee agrees to execute agreement covering Lessors Right of Egress and agrees providing roadways and pipelines to balance of Lessors property.

(20) Default

If for any reason there should be a default on the part of Lessee and Lessee shall fail or refuse to comply with any of the terms or provisions hereof, (after the payment of payments required in paragraph (2) (a) (b), then at the option of Lessor, Lessor may give notice in writing to Lessee of such default, specifying the nature and character thereof, and unless the default be corrected within thirty (30) days after the notice has been postmarked in the United States mail addressed to Lessee in accordance with the notice clause of this Lease Agreement, than at the option of Lessor, this contract and all rights hereunder of Lessee shall be terminated and Lessee shall quietly and peaceably surrender the premises unto Lessor.

(21) Right and Option to Purchase

In further consideration of the contract herein specified to be kept and performed by Lessee, the Lessor does hereby give and grant

unto the Lessee the sole, exclusive and irrevocable right and option to purchase the whole of the leased premises after the payments required in paragraphs 2(a) and (b) for the purchase price in the amount of FIVE MILLION DOLLARS (\$5,000,000.00) in accordance with paragraph 2, time being of the essence of this agreement as to such payment. Each payment or rental payment made to the Lessor by the Lessee, in accordance with the lease hereinabove provided, shall be applied against and be credited upon the said purchase price. This option shall be exercised by Lessee giving Lessor written notice of such intent.

(22) Title

Lessor represents and warrants that the area covered by said mining claims, and each of them, has been and is properly and validly located under the mining laws of the United States of America, and the State in which said property is located, and will deliver to Lessee upon the execution of this agreement, copies of original location notices and all document affecting title to such claims; that assessment work on the mining claims, and each of them, has been performed at the time, in the manner, and to the extent required by law; that the mining claims are in good standing, existing and valid at the date hereof, and are free and

clear of all liens, encumbrances and claims arising by, through or under Lessor, except only rights reserved to the United States in respect of unpatented mining claims generally.

(23) Mineral Representations

Lessee acknowledges that it has inspected the subject property, made their own evaluations through their agents/employees as to the value of the property described herein, and further, Lessee acknowledges that they have not relied on any representations, warranties, comments, reports, or other communications which may have been made by Lessor as to the quality/quantity of any materials contained in the subject property.

(24) No Implied Agreements

Except as stated herein, the entire agreement of the parties shall be deemed expressed herein. There shall be no implied covenants, terms or conditions, except that the usual covenant of quiet enjoyment shall be available to Lessee.

(25) Agreement Binding

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

(26) Attorneys Fees

In any suit which may be brought by either party to enforce this agreement or any part hereof, or to recover damages for the breach hereof, the court shall award a reasonable amount as and for attorneys'

fees to the prevailing party, whether or not there was in fact a breach.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year above written.

LESSOR:

1725 West Van Buren  
Phoenix, Arizona 85007

Dorothy S. Braatelian  
Edwin H. Braatelian  
By DOROTHY S. BRAATELIEU ATTORNEY-IN-FACT

5602 South 41st Avenue  
Phoenix, Arizona 85041

Dorothy S. Braatelian  
Dorothy S. Braatelian  
Lessor

10755 Jeremy Dr.  
California City, CA 93505

By Bill Cotten  
Bill Cotten Lessee

Appeared before me in person Bill COTTEN,  
DOROTHY S. BRAATELIEU, AND DOROTHY S. BRAATELIEU  
ATTORNEY-IN-FACT FOR EDWIN H. BRAATELIEU

My commission expires  
Aug 3, 1983

Mafine Budge  
NOTARY