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PRIMARY NAME: NEW DEAL CLAIMS

ALTERNATE NAMES:

DIAMOND BUTTE MINING COMPANY
HOUDON

GILA COUNTY MILS NUMBER: 440

LOCATION: TOWNSHIP 9 N RANGE 12 E SECTION 1 QUARTER SW
LATITUDE: N 34DEG 08MIN 55SEC LONGITUDE: W 111DEG 04MIN 50SEC
TOPO MAP NAME: DIAMOND BUTTE - 7.5 MIN

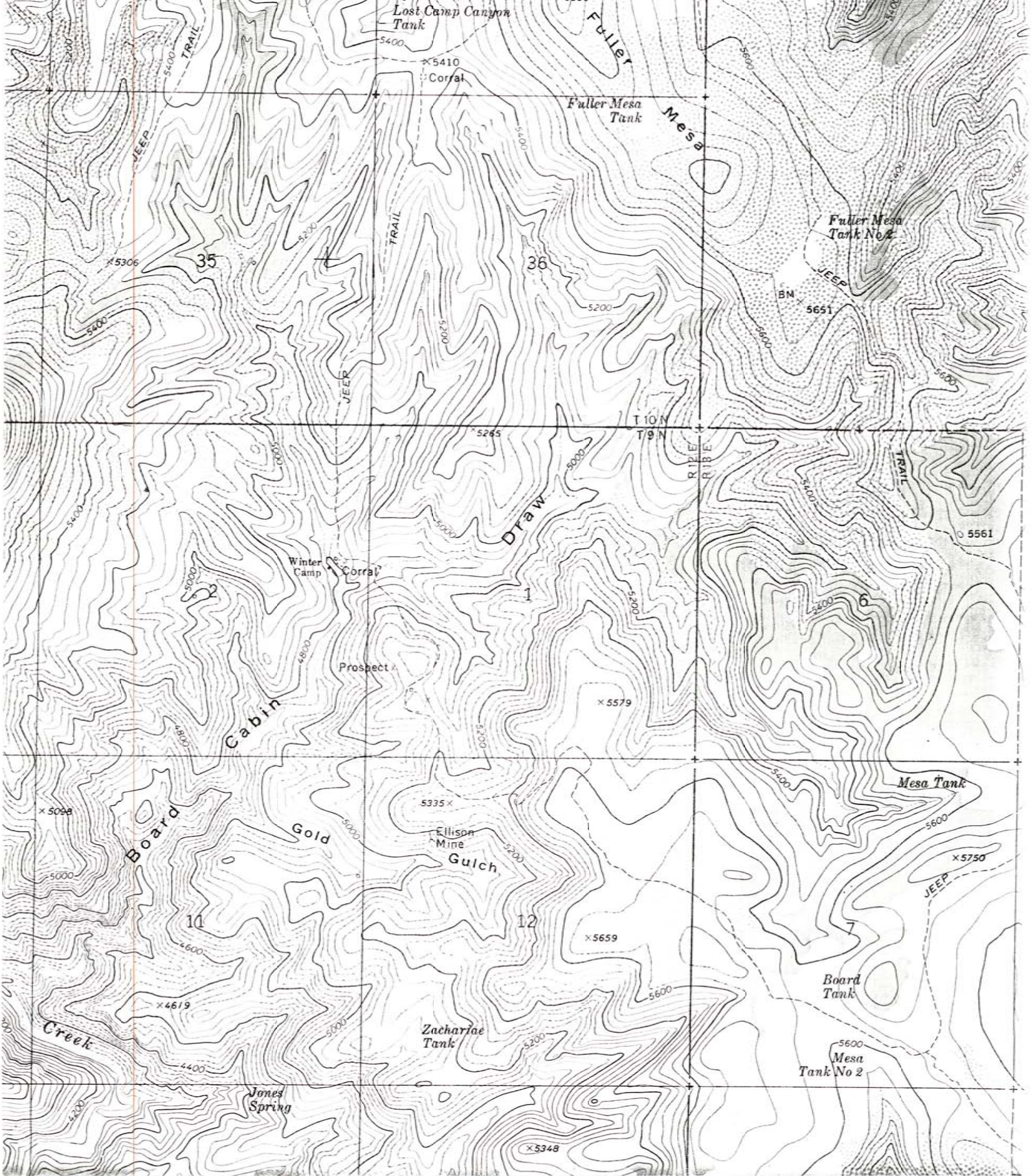
CURRENT STATUS: EXP PROSPECT

COMMODITY:

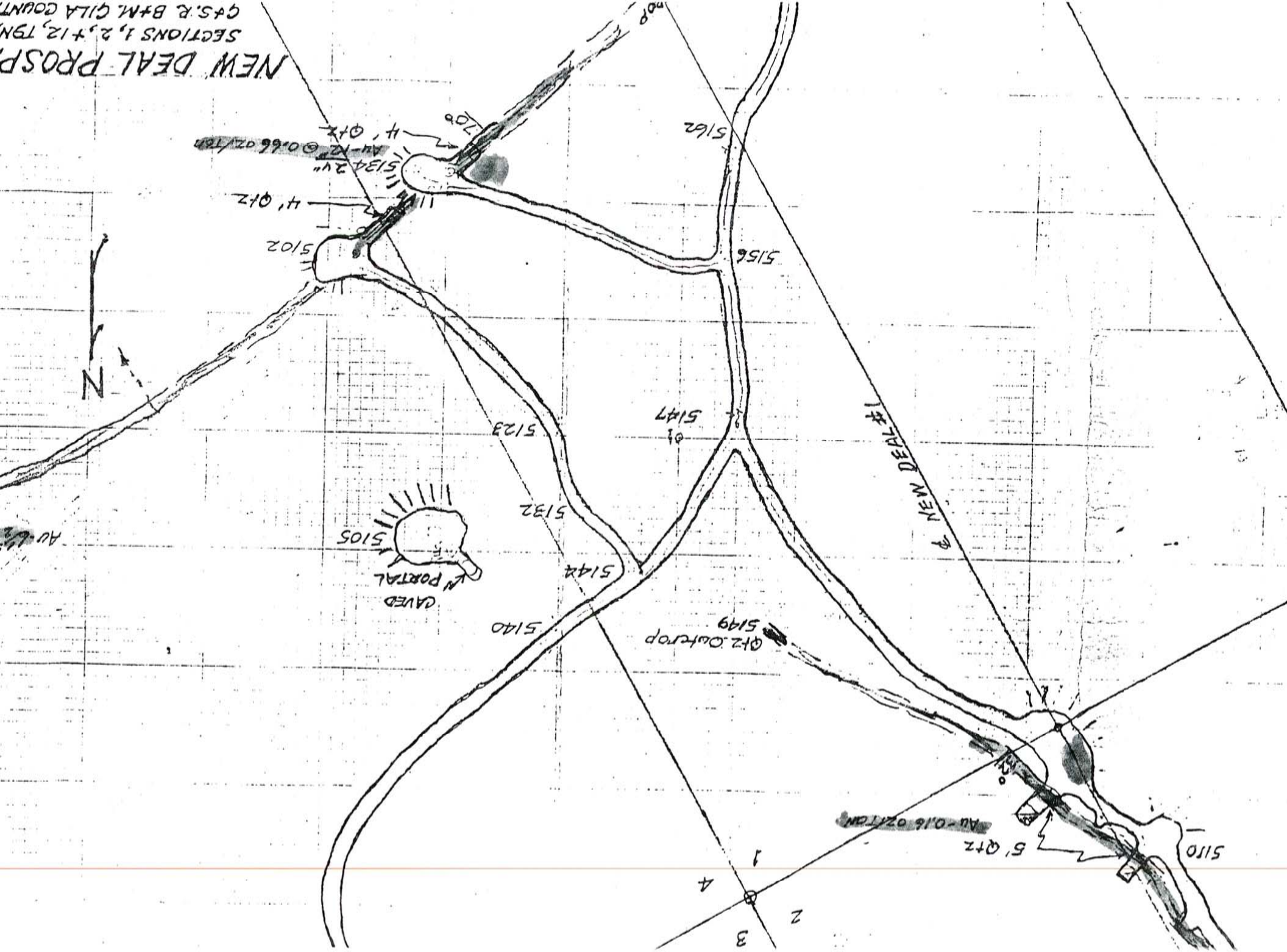
COPPER
GOLD
SILVER

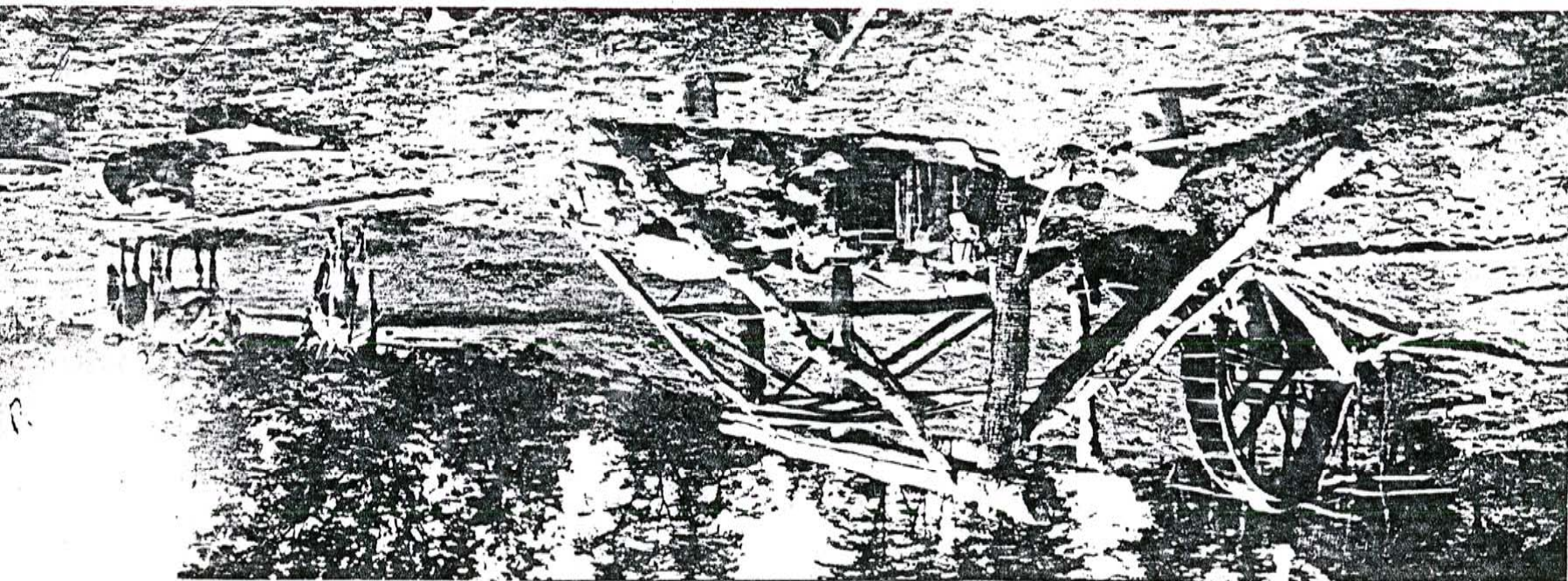
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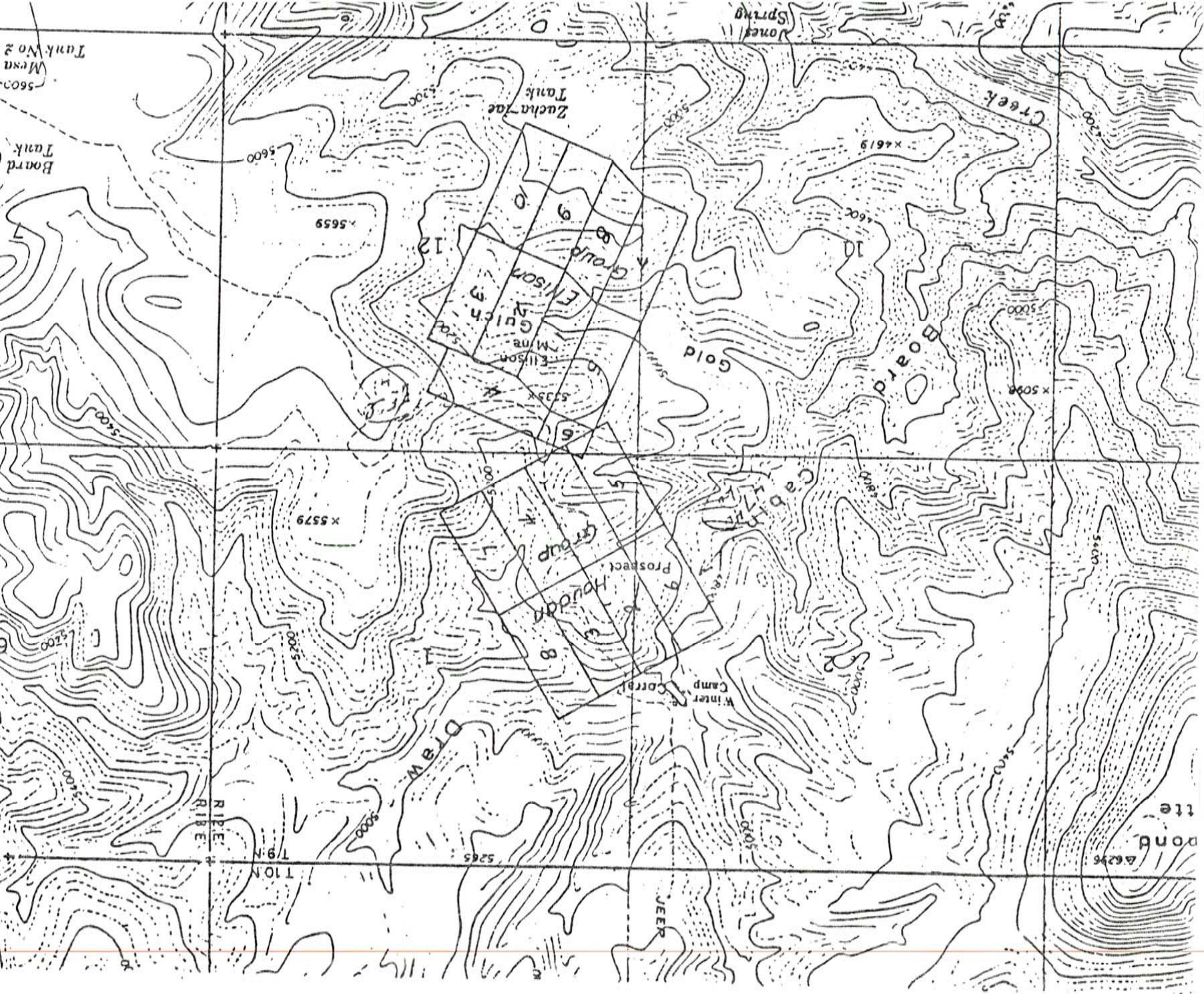
ADMMR NEW DEAL CLAIMS FILE

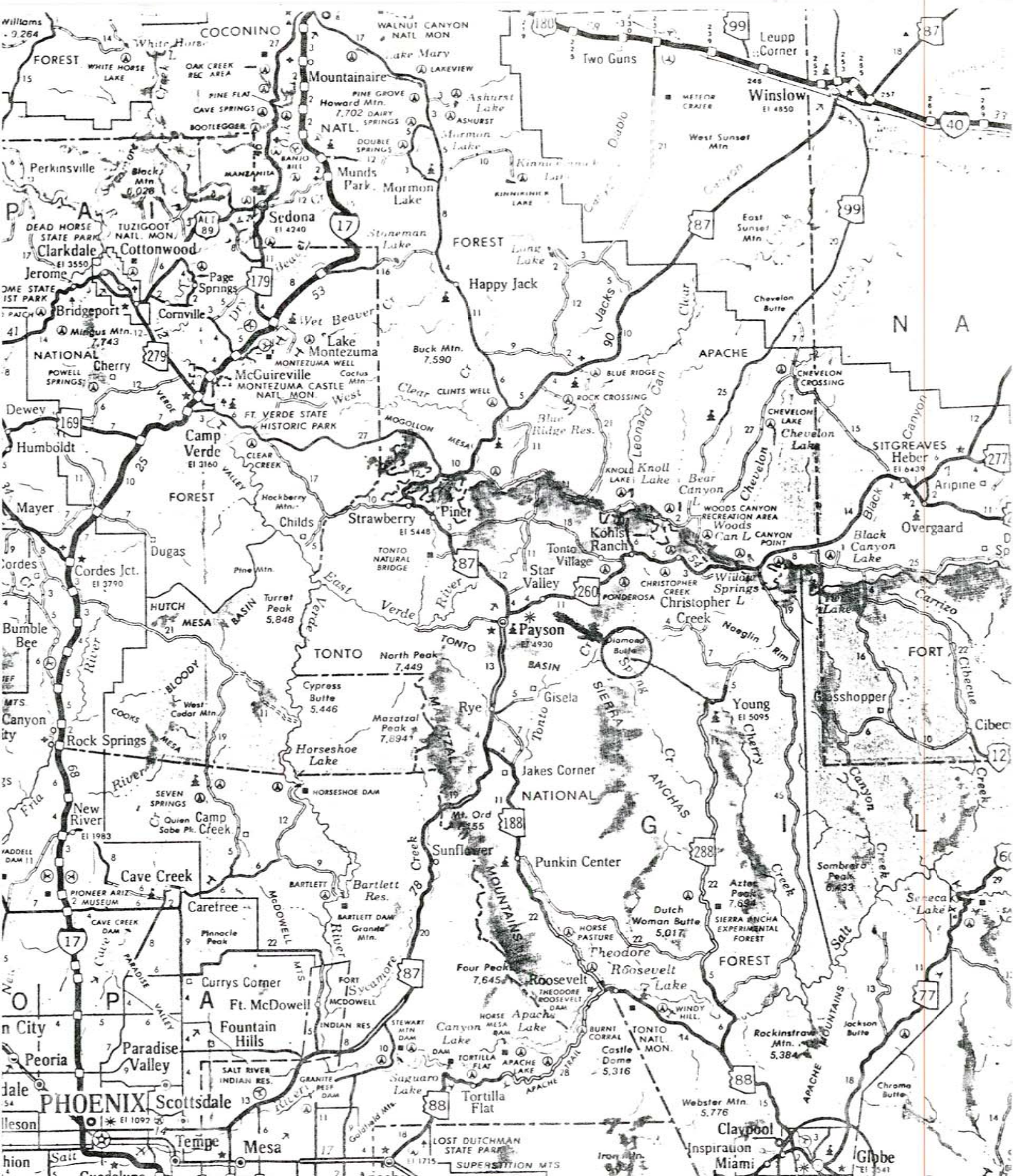


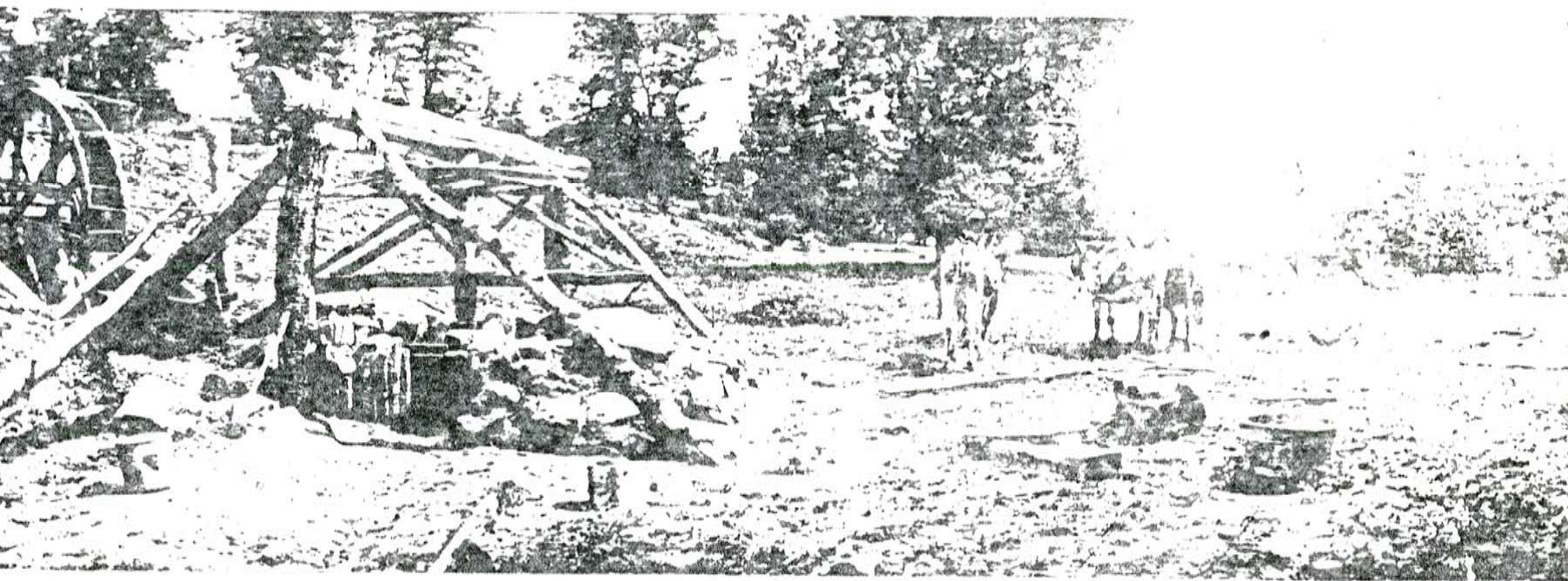
NEW DEAL PROSP.
SECTIONS 1, 2, + 12, 19N
Q+S.R. B+M. QILA COUNT





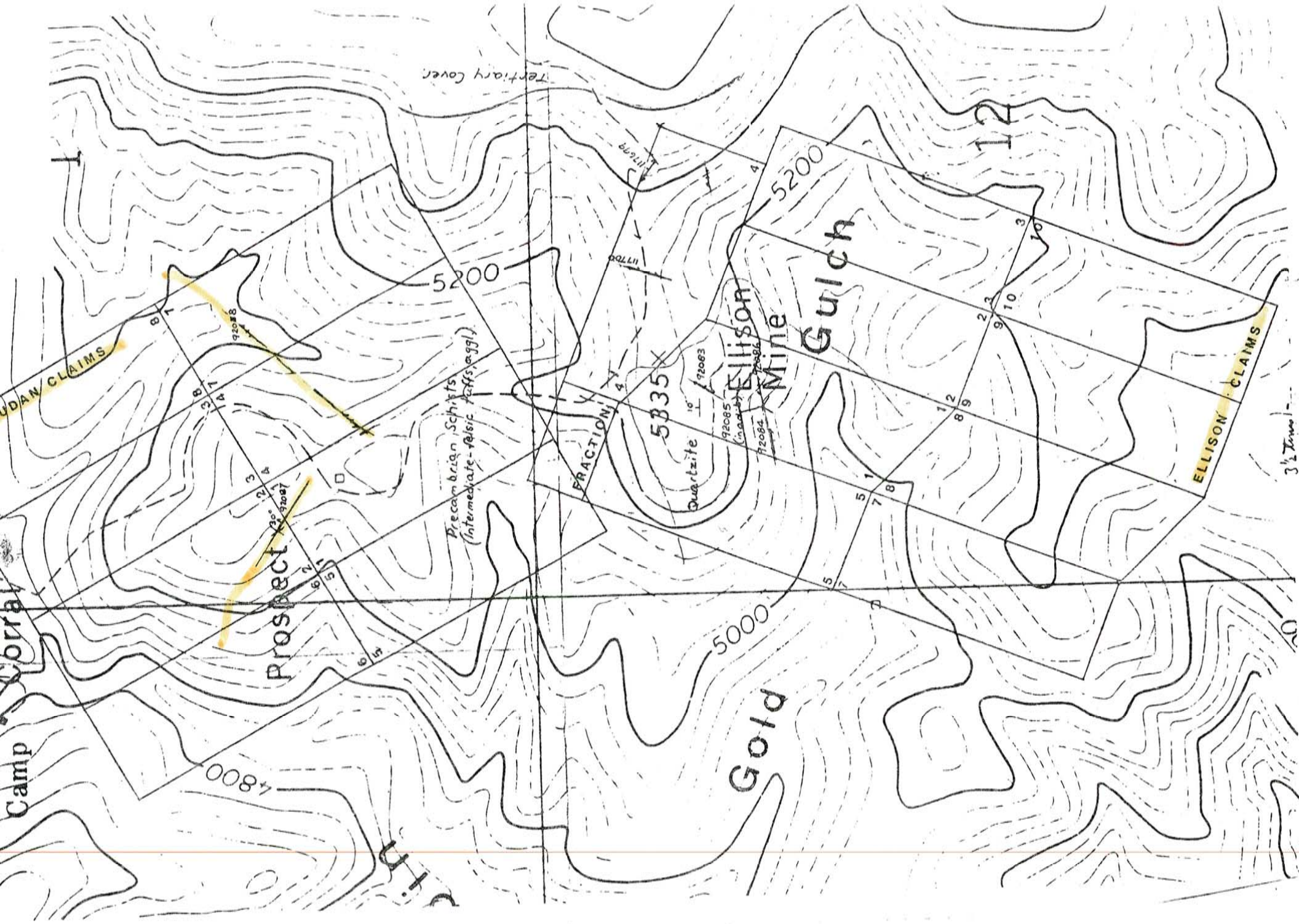




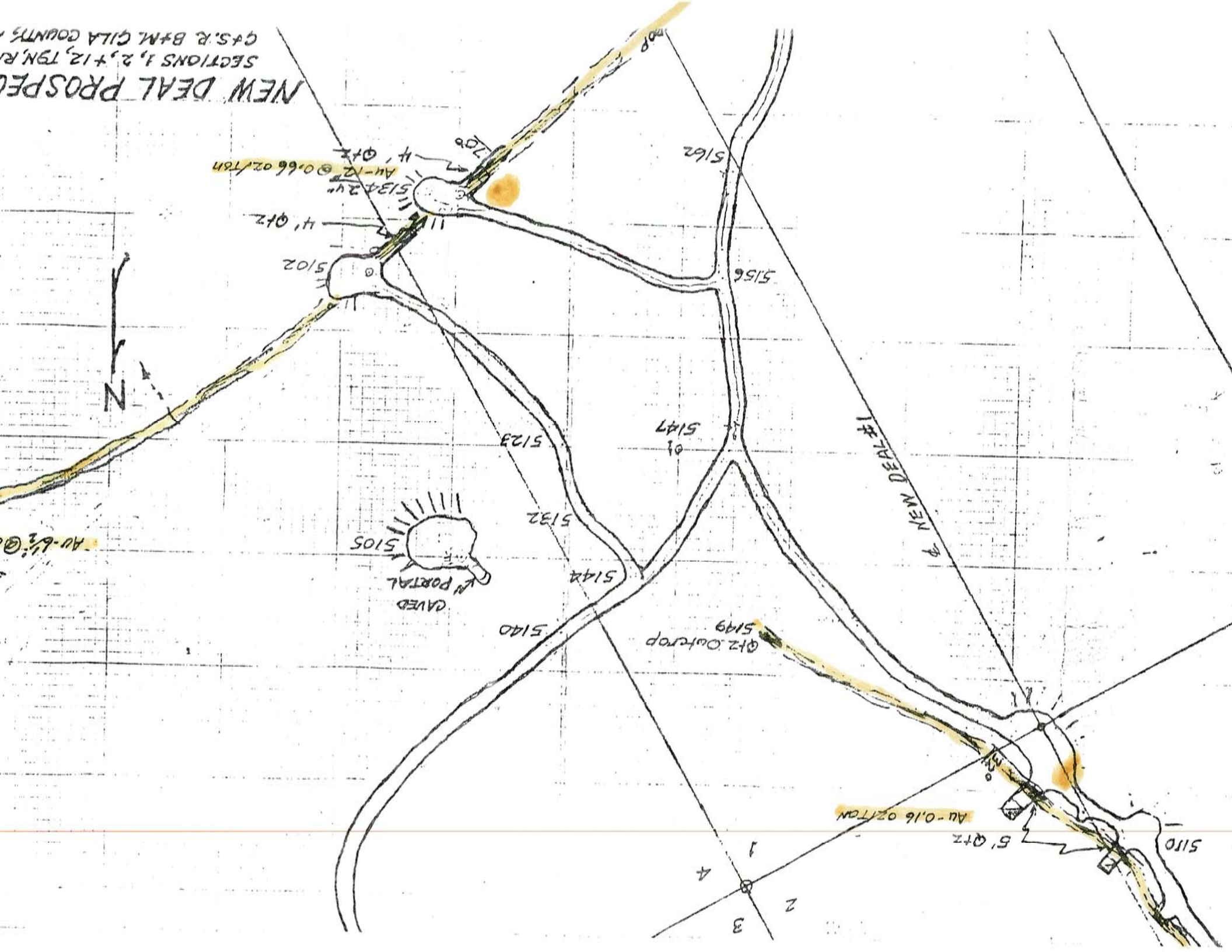


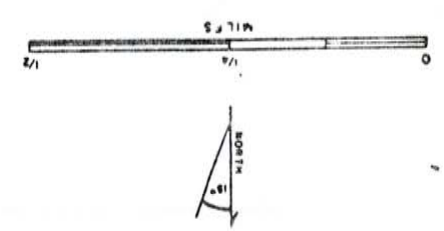
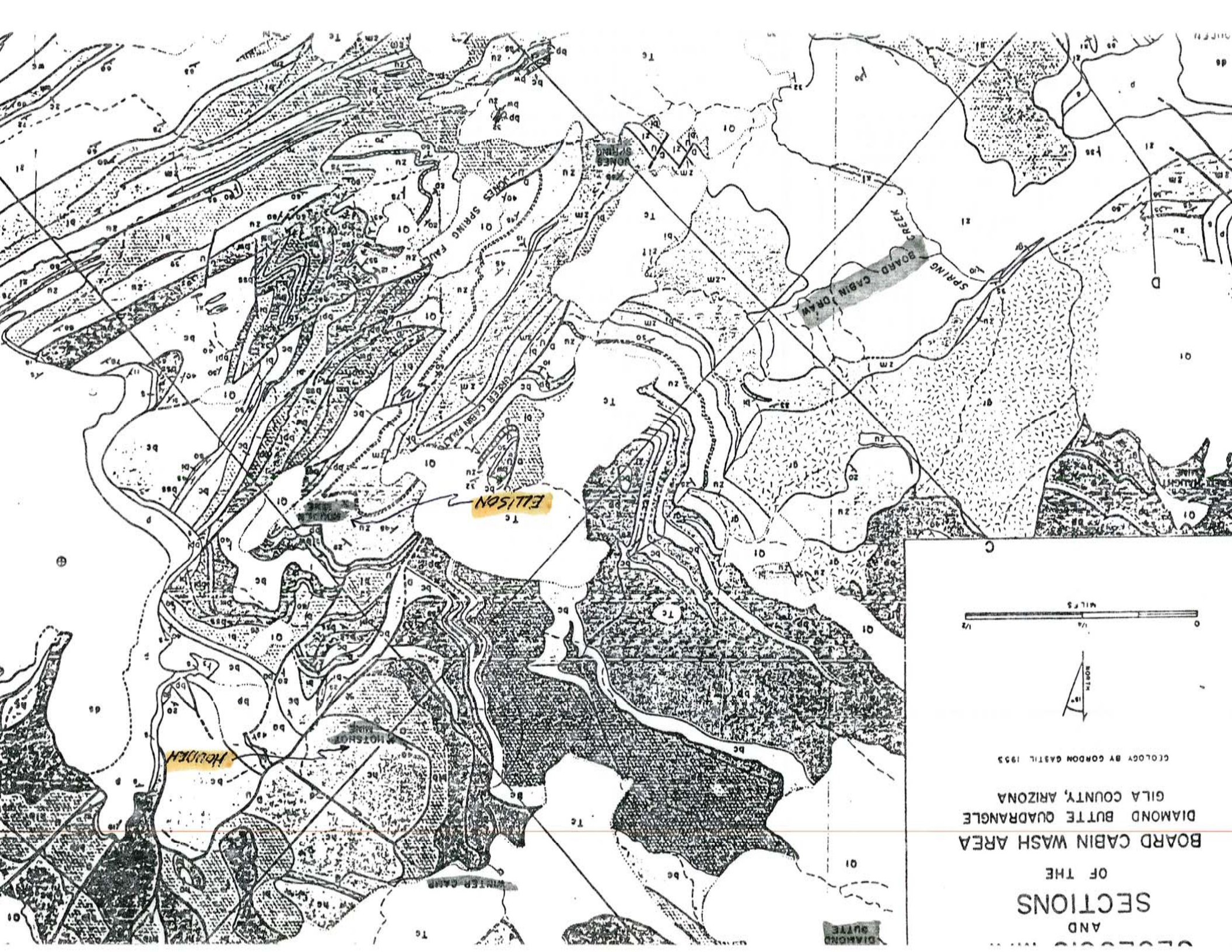
GOLD ARRASTRA ON WALNUT CREEK

This picture was taken in 1902 by Governor Hunt's sister who had a financial interest in the Ellison Mine. Ore from the Houden Mine was also processed here. Ore was moved 4 miles by pack horses from the mines. Only rock with visible gold was processed.

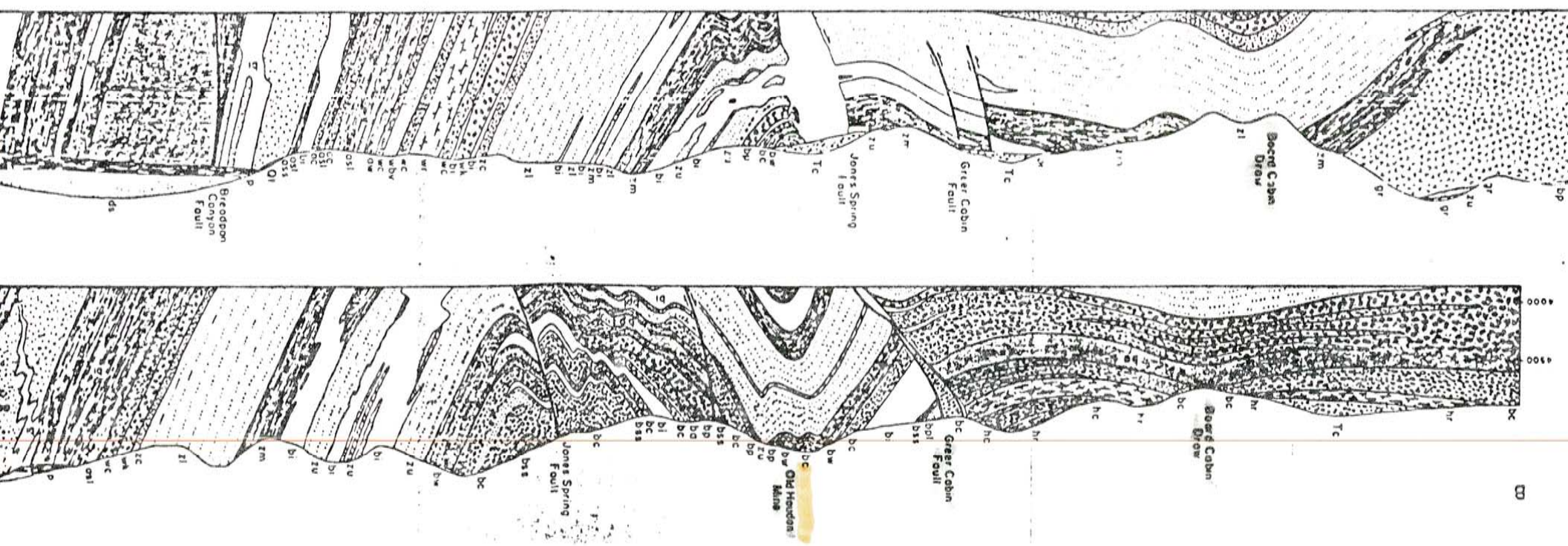


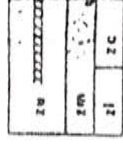
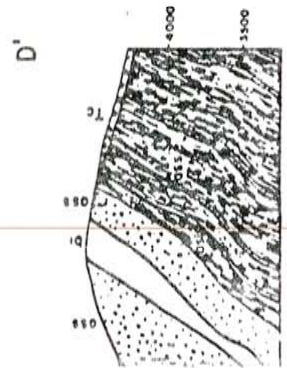
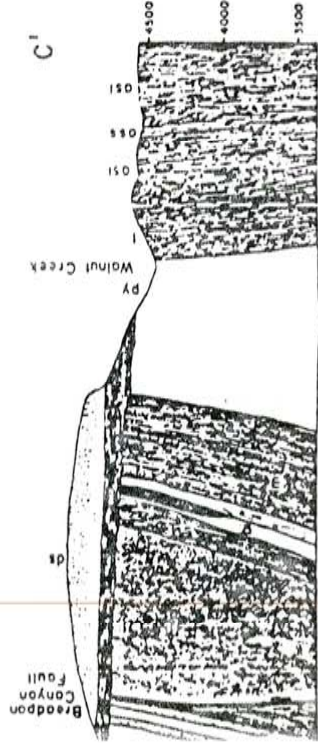
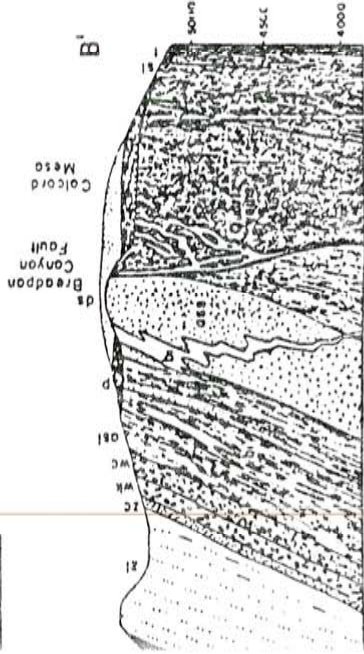
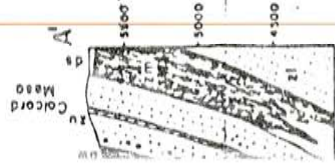
NEW DEAL PROSPECT
SECTIONS 1, 2, + 12, 19N, R. 1E
GAS. R. B+M GILA COUNTY, AZ





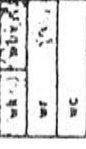
SECTIONS
AND
OF THE
BOARD CABIN WASH AREA
DIAMOND BUTTE QUADRANGLE
GILA COUNTY, ARIZONA
GEOLOGY BY GORDON GASTIL 1953



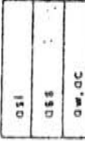


Houden formation
zw upper quartzite
zm middle member
zl lower quartzite
zc basal conglomerate

slight
unconformity

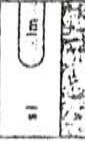


Flying W formation
wk keratophyre
wbv basic volcanic rock
wr rhyolite
wc conglomerate



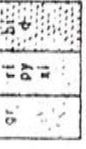
Alder formation
asl slate
ass quartzite
aw wacke
ac conglomerate

fault
contact



Unassigned
(possibly older than Alder Formation)
sl slate
lm limestone
v basic volcanic flows and tuff

intrusive
contact



Intrusive Rocks
qr granophyre
ri rhyolite
py pyroxenite
xi altered beyond recognition
bi basic volcanic rock
d diabase dike - early Paleozoic(?)

Strike and dip of bedding
⊕
Bedding dip less than 5°
↔
Syncline and anticline axes

Faults — U upthrown side D downthrown side
breccia zone
D downthrown side

observed concealed hypothetical
Formation contact

Boundaries of unconsolidated
Tertiary and Quaternary deposits

* Mineral prospect

OLDER PRECAMBRIAN

RECONNAISSANCE
REPORT
ON
NEW DEAL MINING CLAIMS
SPRING CREEK MINING DISTRICT
GILA COUNTY, ARIZONA



Property

The property consists of 8 unpatented mining claims known as the "New Deal" numbers 1 through 8 inclusive, recorded in Docket 492, pages 887-890, Docket 497, pages 62-73, and Docket 560, pages 779-781 in the Gila County Record of Mines. Bureau of Land Management registration numbers are: AMC 94490-94491, 102079-102082 and 161357-161358.

Location

The New Deal Group is located in the Spring Creek Mining District in the Northern end of the Sierra Ancha Mountains in Sections 1, 2, and 12, T 9 N, R 12 E, Gila and Salt River Meridian, Gila County, Arizona. The property is located 10 miles west of Young, the nearest town, and 88 miles from Globe, the nearest shipping point.

History

Local residents claim that the mine was first operated before 1897 by the owner, Mr. Houdon who was ambushed and killed by Indians. Later in the 30s the property was sporadically operated by unknown parties with unrecorded results, however, they left two piles of reject ore that indicates the minimum tenor of the ore encountered. The only remnants of early operations are a crumbling hoist house and ore bin. Scraps of mill machinery are scattered in the vicinity. A caved incline shaft and several open cuts were excavated for a distance of 500 feet along a quartz outcrop which strikes about N40W and dips about 32 degrees northeast. Another vein system about 1000 feet southeast of the shaft was prospected by two open cuts exposing a good grade of gold ore as evidenced by the stockpile at the site. This vein strikes about N45E to N60E and dips about 70 degrees east. The outcrop can be traced for 600 feet.

Geology

The entire mine area is of steep relief with block faulting and deep erosional channels creating steep alluvial slopes and cliff forming quartzite and conglomerate members. The prevailing country rock is Pinal schist of Pre-Cambrian age. The schist is predominantly quartzitic phasing into a chloritic greenstone. Quartz and Rhyolite intrusives are predominant and control the ore mineralization. The quartz and rhyolite veins blend and separate indicating that they

quartz was in place and solidified. of the rhyolite, however both contain gold mineralization. Vein minerals are quartz, pyrite, hematite, limonite, jarosite, chalcopyrite, galena, free gold, and gold in combination with sulfides. Some copper carbonates are present in small amounts.

Ore Reserves

Until the inclined shaft is re-opened to allow access to the underground workings on the inclined vein, and some exploratory drilling or drifting on the vertical vein, it is difficult to project ore reserves, however some inferences can be drawn from the evidence at hand. The inclined vein is exposed for 500 feet varying from 30 to 60 inches in width. Channel and grab samples from the test pits and stockpiles give assays from .08 to .88 oz./ton of gold. The near vertical vein was sampled in the same manner for an outcrop distance of 600 feet with assays ranging from .20 to .90 oz./ton. Below is a ball park estimate of the potential of these two veins

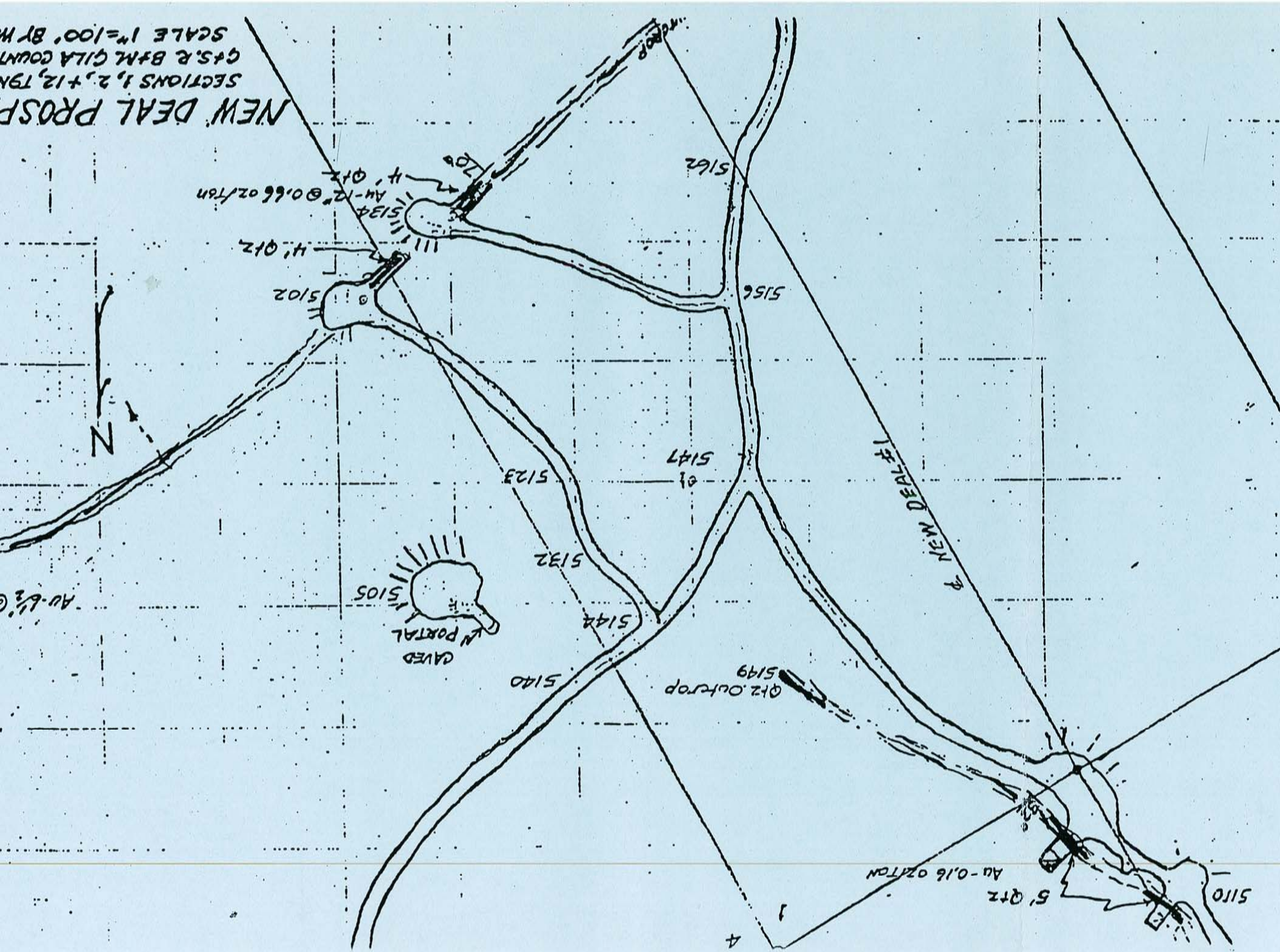
| | Inclined vein | Vertical vein |
|---------------------------|---------------|---------------|
| Vein dimensions-ft. | 4 x 500 x 200 | 5 x 600 x 200 |
| Cubic volume-cu. ft. | 400,000 | 600,000 |
| Tons of ore | 33,333 | 50,000 |
| Ore grade-oz./ton | 0.16 | 0.25 |
| Gold price (Current 5/82) | 333 | 333 |
| Value per ton. | 53.28 | 83.25 |
| Reserve value | \$1,775,982 | \$4,162,500 |

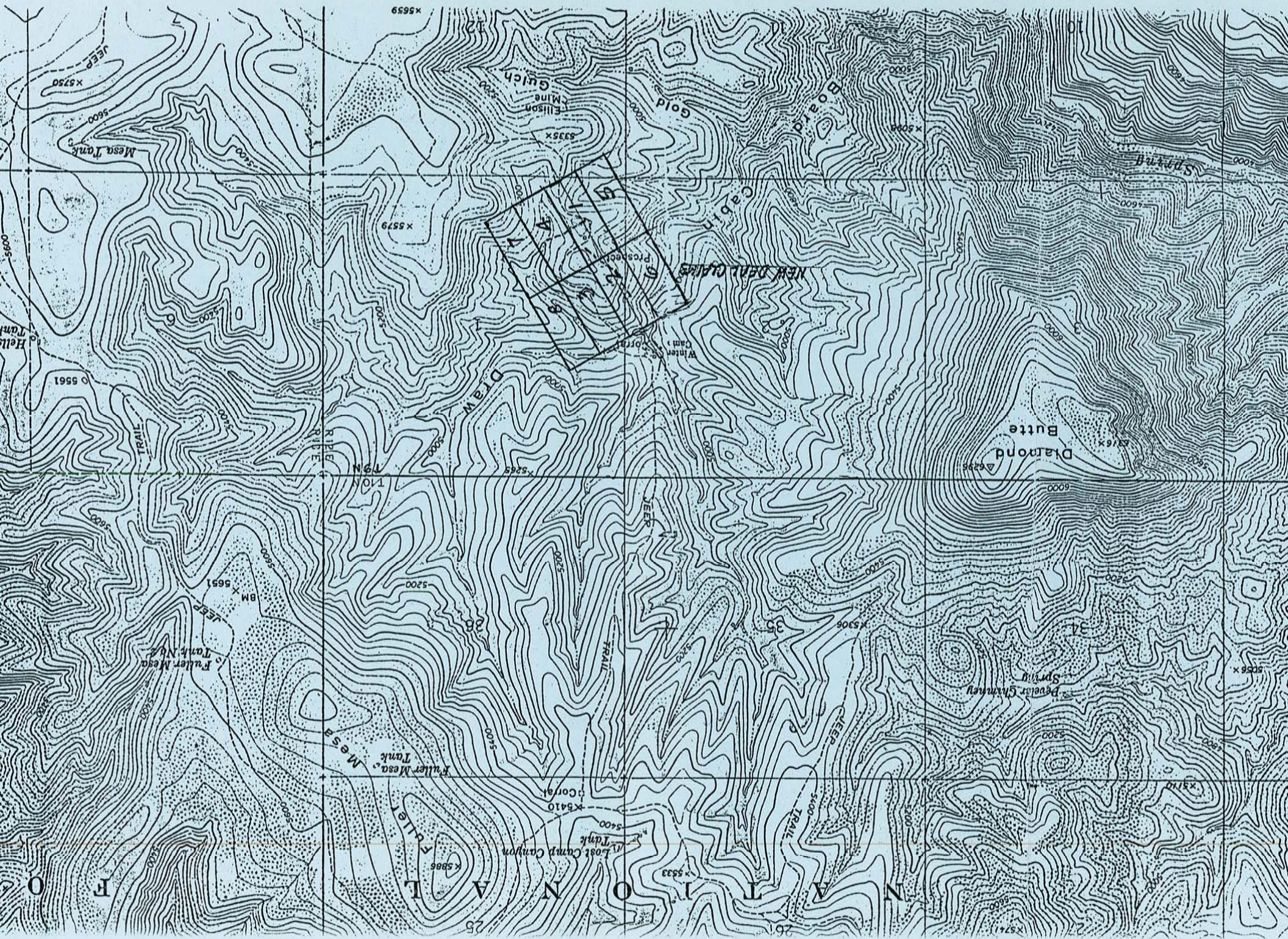
Development of this property to depth would increase this estimate many times.

Development Objectives

Re-opening the shaft would disclose the underground workings and permit sampling and mapping of the existing mine and provide the data necessary to plan the mining operation and scope of future work. Driving the adit to explore the vertical vein will produce immediate ore for stockpiling or sale as smelter flux and will give access to the ore body for overhead ore extraction and vertical development. When the indicated tonnage and grade have been proven sufficient to support a concentrating facility, this phase of the program may proceed with confidence. Other gold properties nearby would produce additional ore to increase the feasibility of a custom mill.

NEW DEAL PROSP
SECTIONS 1, 2, +12, 19N
C+S.R. B+M GILA COUNT
SCALE 1"=100' BY H





RRB WR 1/23/81: Silver Bullet Inc, Westminster, Canada and Young, Az. (green card) have option on the New Deal Claims, Sec. 1, 2 and 12 T9N R12E (Diamond Butte Quad), Gila County. Ken Phillips and Mason Coggin visited the property January 23 at Mr. Behren's request.

KAP WR 9/12/81: Nicky Brite Mines, Inc, Robert W. Johnson, President is reported to be evaluating the New Deal Claims (1-6) in the Spring Creek District. The claims are reported to be owned by William W. Sorsen, Tyree Trobaugh and Clifford E. Konczalk. The claims are located in Sec. 1, 2, and 12.

MG WR 5/21/82: Mr. Bill Sorsen, registered mining consultant, 7770 Sunset Dr., Globe, AZ 85501, phone 425-4096, was in to ask for information on the Houdon mine in the Spring Creek mining district of Gila County. The mine is in the SW $\frac{1}{4}$, Sec.1, T9N R12E. Mr. Sorsen owns the mine and the New Deal 1-8 claim group covering the area. Although neither Department office has a file on the Houdon mine, the Phoenix office does have a file on the Diamond Butte Mining Co.; Diamond Butte is 1-2 miles west of the Houdon. I copied a report written by Mr. Sorsen on the Houdon mine and sent a copy to the Phoenix office. The mine location corresponds with MILS #440, which is Diamond Butte Mining Company.

KAP WR 8/24/84: Knox Deluce, a consultant, reported he is being hired to do a feasibility study for the Houdon Mine west of Young in Gila County. Although the name Houdon has been heard of, no location or property by such a name has been pinpointed. Neither are there claims by such a name on the BLM microfiche. There is a site known as "Houdon Cabin" in Sec 22, T9N R13E on the Buzzard Roost Mesa 7.5 quadrangle.

NJN WR 11/6/87: Rick Dutka, a consultant with Ovaltecs Consultants Inc of Ontario, visited and reported he is looking at the Houdin (New Deal - file) and Ellison (file) Gila County for a Canadian client called Butte Resources. When he is finished with his report he will send us a copy.

August 28, 1991

RECEIVED

SEP 01 1991

Leroy Kissinger, Director
Arizona Dept. of Mines and Minerals Resources
251 W. Washington
Phoenix, Arizona

Dear Leroy,

Your recent comments in Paydirt echo my feelings exactly. I think you did an excellent job of describing the problem and its consequences. The general public does not realize that all wealth is extracted from the earth in the form of minerals, fuel, wood products and food. It would be impossible to support a wage earning public on service industries alone. I hope to see some of your philosophy expressed in the form of editorials in the news magazines and other media.

I am enclosing a brief reconnaissance report on a gold property in a more or less virgin area, in that it has never been drilled, although many surface outcrops show evidence of gold and other precious metals.

The Diamond Butte Quadrangle was mapped by Gordon Gastil of Columbia University in 1945. This report does an excellent job of detailing the structural geology of the area. Both lode and placer gold are in evidence for a distance of five miles or more on the Spring Creek drainage immediately south of Diamond Butte. The Ellison and Houden mines were operated in 1902 to 1906 and again just before WW2. The Spring Creek mine to the west is still open for inspection and exposes 600 feet of underground development and stoping.

My brief report on the Sanchez Copper near Safford was on file in your Tucson office where it was observed by Dick Moores who subsequently leased the mine for AZCO. For some reason I was unsuccessful in interesting any of our Arizona Copper companies in the property until after AZCO got control. Now they all want it.

Anything you can do to direct the attention of exploration groups to our area would be appreciated.

Yours truly,



RECONNAISSANCE
REPORT
OF
NEW DEAL MINING CLAIMS
SPRING CREEK MINING DISTRICT
GILA COUNTY, ARIZONA



Property

This property is known as the old "Houden Mine" and consists of 12 unpatented lode mining claims called "New Deal" numbers 1-12, recorded in Docket 599, pages 145-148, Docket 497, pages 62-74, Docket 560, pages 779-781, and Docket 709- pages 778-784, in the Gila County Record of Mines, Bureau of Land Management registration numbers are: AMC 208020- 208021, 102079-102082, 161357- 161358, 272290-272293.

Location

The New Deal Group is located in the Spring Creek Mining District in the northern end of the Sierra Ancha Mountains in Sections 1, 2, and 12, T9N, R12E, Gila and Salt River Meridian, Gila County, Arizona. The property is located 8 miles west of Young, Arizona, the nearest town, and 74 miles north of Globe, Arizona and the closest smelter operated by Cyprus Miami Mines.

History

Local residents claim that the mine was operated in 1897 by the owner, Alex Houden, who processed the ore in a crude arrastra where Walnut Creek joins Spring Creek. Alex was ambushed and killed by unknown parties. The property was idle until the late 30s, when Ed Phelan built a small gravity mill at the site and did extensive underground development. The mine was shut down during the war and has not been active since. Phelan left two piles of reject ore that assay 0.25 and 0.65 oz. gold per ton. Surface outcrop samples assay from 0.16 to 0.86 oz. gold per ton.

A caved incline shaft and several open cuts expose the vein for 500 feet along a quartz outcrop which strikes about N40W and dips 32 degrees Northeast. Another vein system about 1000 feet Southeast of the shaft was prospected by open cuts and exposes a good grade of ore as evidenced by the stockpile at the site. This vein strikes about N45E and dips about 70 degrees East. The outcrop is exposed for 600 feet and varies in width from 5 to 50 feet.

Geology

The entire mine area is of steep relief with folding, faulting, and deep erosional channels creating steep alluvial slopes and cliff forming members of metasediments and meta volcanics. Precambrian quartzites of the Apache Series are prominent. Pillow volcanics and schists are invaded by prominent quartz veins in the mine area.

Some brecciated wall rock is included in the vein contacts and portions of the vein quartz are oxidized to dark red due to the presence of sulfides. Vein minerals are quartz, pyrite, hematite, limonite, jarosite, specularite, free gold and gold in combination with sulfides. Some copper carbonates are present in small amounts. The vein structures are very prominent and obviously intersect at depth, making an ideal exploration target.

Exploration and Development Objectives.

An economical approach to exploration of this property would be pneumatic drilling with an airtrac to a depth of 100 feet or less to determine continuity and position of the vein structures. Drill cuttings could be panned to select samples for assay. If the outcome of this preliminary drilling indicates a a feasible core drilling program, it could be initiated with confidence.

Preliminary development vein material could be shipped for smelter flux or stockpiled for future processing or heap leached. Other gold properties on the Spring Creek drainage nearby would provide additional ore for custom processing. None of the local prospects has ever been explored by drilling however numerous surface occurrences indicate the probability of commercial orebodies at depth. Local claim owners are eager to have their properties explored and realize that a drilling program is needed to confirm their expectations.

Inquiries should be addressed to:

Wm. W. Sorsen
770 Sunset Drive
Globe, AZ. 85501
Tel. 602 425 4096

or

Clifford Konczak
762 Cherry Ave.
Globe, AZ. 85501
Tel. 602 425 2288

2. The SW corner of the claim is 3180 feet in a S44-30W direction to a survey monument or permanent natural object described as SW Cor. Sec. 1, T9N, R12E
3. The type of location monument is a 2"x2"x4' post
- The type of corner and end monuments are 2"x2"x4' posts
4. The bearing and distance between the corners of the claim are beginning at the SW corner of the claim, 600 feet in a N60E direction to the SE corner, then 1500 feet in a N30W direction to the NE corner, then 600 feet in a S60W direction to the NW corner, then 1500 feet in a S30E direction to the point of beginning.

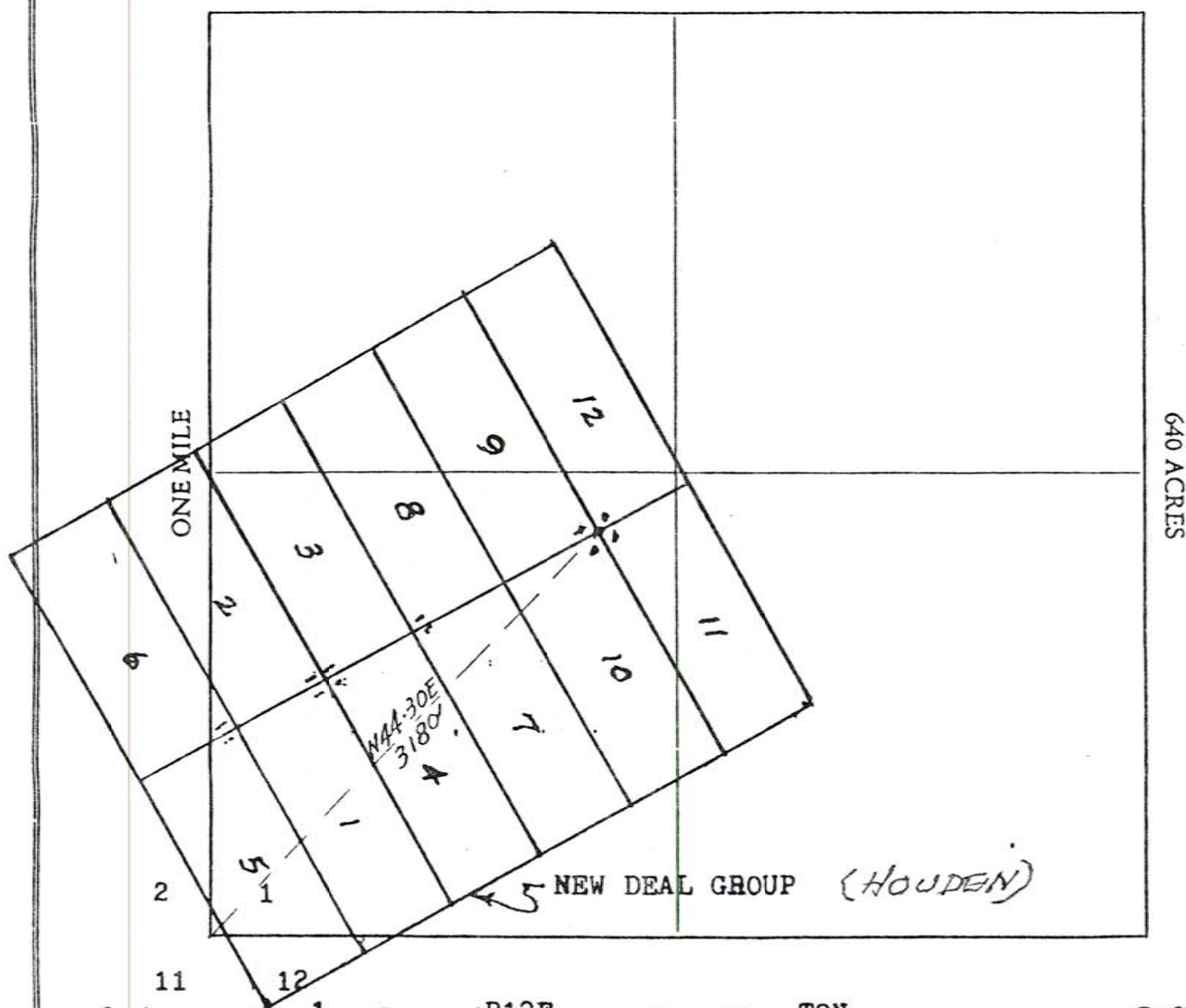
MAP

One inch = One thousand feet

North Arrow



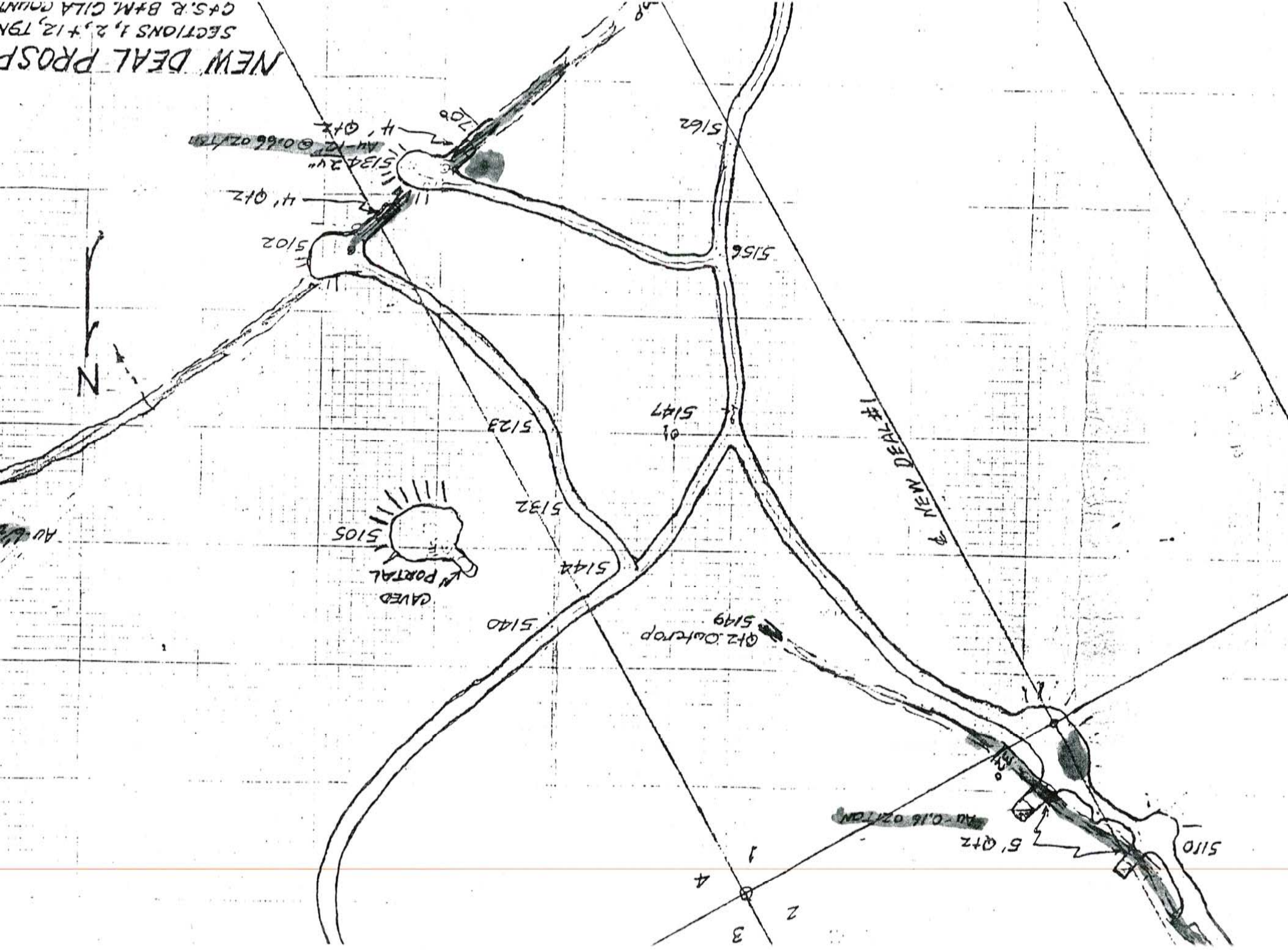
ONE MILE



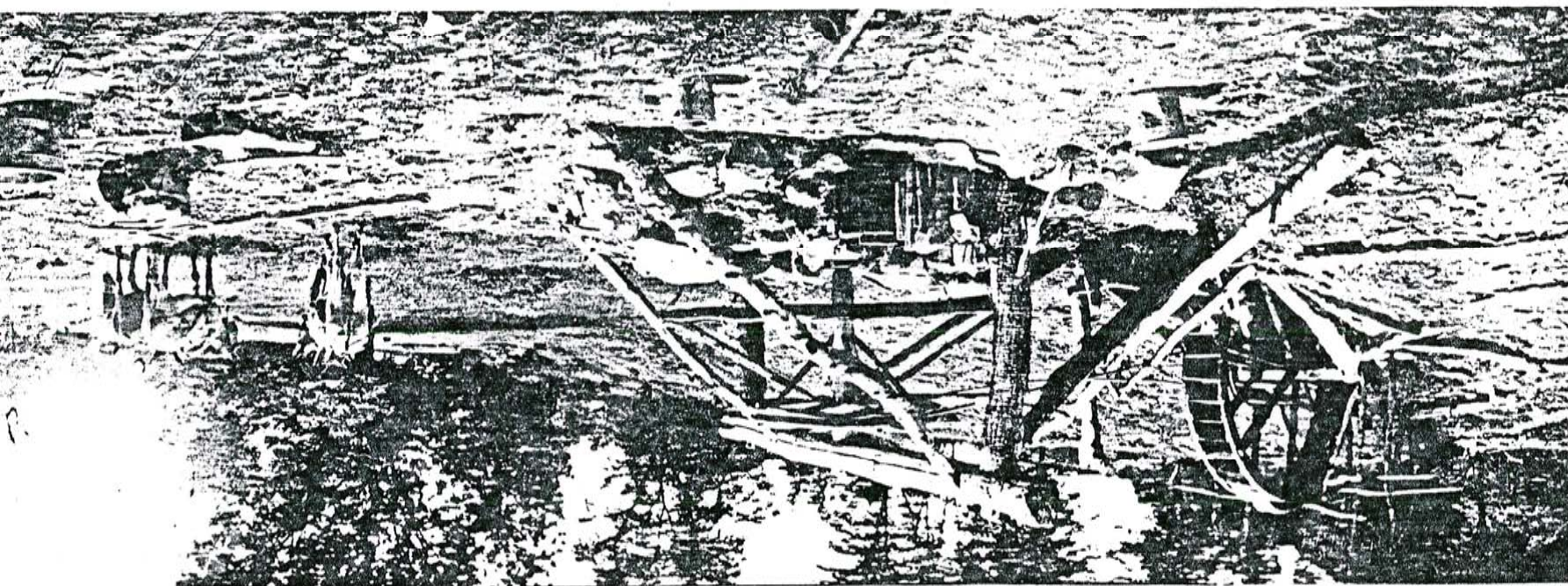
Section 1 Range R12E Township T9N G&SRB&M

Date June 15, 1987

NEW DEAL PROSP
SECTIONS 1, 2, + 12, 19N
C+S.R. B+M. CILA



HOUDEN AR1 5584-1898



RECONNAISSANCE
REPORT
OF
NEW DEAL MINING CLAIMS
HOUDEN MINE
SPRING CREEK MINING DISTRICT
GILA COUNTY, ARIZONA

New Deal Unpatented Claims

Spring Creek Mining District, Gila County

Arizona

Property

The property consists of 12 unpatented lode mining claims known as the "New Deal" numbers 1-12 as follows:

| <u>Name of Claim</u> | <u>Docket</u> | <u>Page</u> | <u>BLM Serial No.</u> |
|----------------------|---------------|-------------|-----------------------|
| New Deal NO. 1 | 599 | 147 | AMC 208020 |
| New Deal No. 2 | 599 | 145 | AMC 208021 |
| New Deal No. 3 | 497 | 66 | AMC 102079 |
| New Deal No. 4 | 497 | 68 | AMC 102080 |
| New Deal No. 5 | 497 | 70 | AMC 102081 |
| New Deal No. 6 | 497 | 72 | AMC 102082 |
| New Deal No. 7 | 560 | 781 | AMC 161357 |
| New Deal No. 8 | 560 | 779 | AMC 161358 |
| New Deal No. 9 | 709 | 777-778 | AMC 277290 |
| New Deal No. 10 | 709 | 779-780 | AMC 277291 |
| New Deal No. 11 | 709 | 781-782 | AMC 277292 |
| New Deal No. 12 | 709 | 783-784 | AMC 277293 |

The claims listed above are recorded in the office of The Recorder of Gila County, Arizona.

Location

The New Deal Group is located in the Spring Creek Mining District in the Northern end of the Sierra Ancha Mountains in Sections 1, 2, and 12, T9N, R12E, Gila and Salt River Meridian, Gila County, Arizona. The property is located 11 miles west of Young, AZ. adjacent to Diamond Butten and 74 miles north of Globe, the nearest smelter.

History

Local residents claim that the mine was first operated in 1899 by the owner, Alex Houden who was ambushed and killed by unknown parties. Later the property was operated by Ed Phelan in the late 30s who left two piles of reject ore that assay 0.25 oz. gold per ton and 0.66 oz. per ton. Surface outcrop samples assay from 0.16 to 0.86 oz. gold per ton.

A caved incline shaft and several open cuts expose the vein for 500 feet along a quartz outcrop which strikes about N40W and dips 32 degrees NE. Another vein system about 1000 feet SE of the shaft was prospected by open cuts and exposed a good grade of ore as evidenced by a stockpile at the site. This vein strikes about N45E and dips about 70 degrees E. The outcrop can be traced for 600 feet and varies from 5 feet to 40 feet in width.

Geology

The entire mine area is of steep relief with block faulting and deep erosional channels creating steep alluvial slopes and cliff forming members of quartzites and conglomerates of the Pre Cambrian Apache Series. Pillow volcanics and meta sediments were intruded by quartz veins in the mine area. Some brecciated wall rock is included in the vein contacts and portions of the vein quartz are stained dark red due to the oxidation of sulfides. Vein minerals are quartz, pyrite, hematite, limonite, jarosite, free gold, and gold in combination with sulfides. Some copper carbonates are present in small amounts.

Exploration and Development Objectives

The vein structures are prominent and relatively simple to project which suggests a preliminary pneumatic drilling program wherein drill cuttings would be examined by panning and assayed where appropriate. An airtrac drill capable of drilling to a depth of 100 feet could be employed for a preliminary assessment of the veins. Angle and vertical holes could be used to delineate and evaluate the veins before physical development is commenced.

If the air drill holes indicate a commercial deposit, core drilling could be employed to prospect at greater depth.

Preliminary development vein material could be shipped for smelter silica flux or stockpiled for future processing to recover the gold.

Other gold properties nearby would produce additional ore to increase the feasibility of a recovery plant.

Inquiries should be addressed to:

William W. Sorsen
770 Sunset Drive
Globe, AZ 85501
Tel. 602 425 4096

or Clifford Konczak
762 Cherry Ave.
Globe, AZ 85501
Tel. 602 425 2288

at the request of Tyree Trobaugh

When recorded mail to:

Tyree Trobaugh
680 S. Third St.
Globe, AZ 85501
425-2639 Pissup

Witness my hand and official seal.

MARY V. DE PAOLI

County Recorder

By Carolyn Morales

Deputy Recorder

MICROFILMED

COMPARED

Fee: \$

5.00 4.00

8:20

C & H 459

QUIT-CLAIM DEED

For the consideration of One Dollars, and other valuable considerations, I or we,

hereby quit-claim to William W. Sonner and Clifford Konczak

all right, title, or interest in the following real property situated in Gila
County, State of Arizona:

| <u>Name of Claim</u> | <u>Docket</u> | <u>Page</u> | <u>BLM Serial No.</u> |
|------------------------|---------------|----------------|-----------------------|
| <u>New Deal No. 1</u> | <u>599</u> | <u>147</u> | <u>AMC 208020</u> |
| <u>New Deal No. 2</u> | <u>599</u> | <u>145</u> | <u>AMC 208021</u> |
| <u>New Deal No. 3</u> | <u>497</u> | <u>66</u> | <u>AMC 102079</u> |
| <u>New Deal No. 4</u> | <u>497</u> | <u>68</u> | <u>AMC 102080</u> |
| <u>New Deal No. 5</u> | <u>497</u> | <u>70</u> | <u>AMC 102081</u> |
| <u>New Deal No. 6</u> | <u>497</u> | <u>72</u> | <u>AMC 102082</u> |
| <u>New Deal No. 7</u> | <u>560</u> | <u>731</u> | <u>AMC 161357</u> |
| <u>New Deal No. 8</u> | <u>560</u> | <u>779</u> | <u>AMC 161358</u> |
| <u>New Deal No. 9</u> | <u>709</u> | <u>777-778</u> | <u>AMC 277290</u> |
| <u>New Deal No. 10</u> | <u>709</u> | <u>779-780</u> | <u>AMC 277291</u> |
| <u>New Deal No. 11</u> | <u>709</u> | <u>781-782</u> | <u>AMC 277292</u> |
| <u>New Deal No. 12</u> | <u>709</u> | <u>783-784</u> | <u>AMC 277293</u> |

John Trobaugh
John Trobaugh

Roy Keith Trobaugh
Roy Keith Trobaugh

Date Apr 4 1988

Charles D. Withers
Charles D. Withers

STATE OF ARIZONA

County of Gila

} SS.

Tyree Trobaugh
Tyree Trobaugh

This instrument was acknowledged before me this 4 day of April, 1988, by

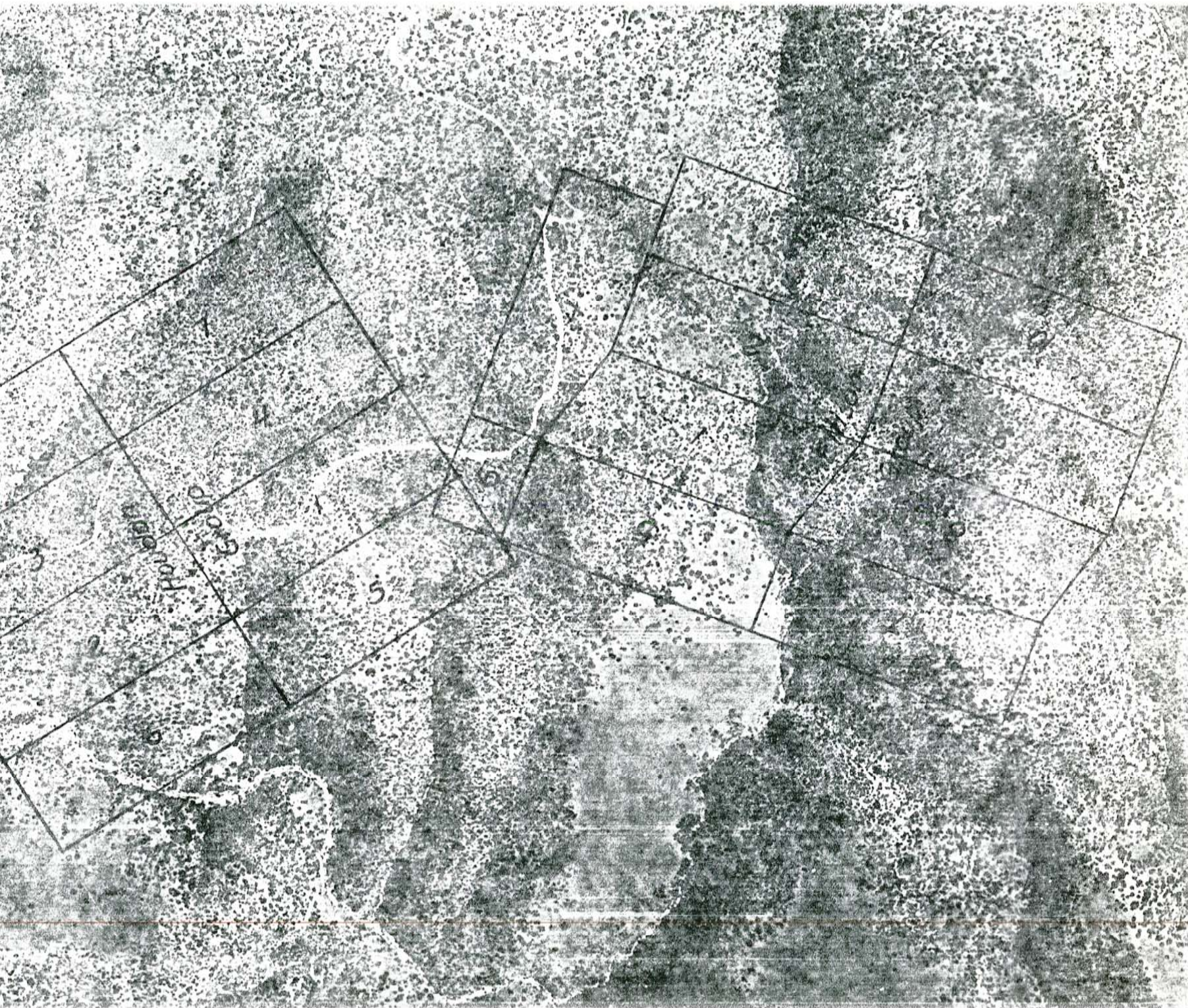
J. Trobaugh, R. K. Trobaugh, C. D. Withers, T. Trobaugh

My commission expires

Feb 22, 1991

[Signature]
Notary Public

| SAMPLE NUMBER | ELEMENT UNITS | AG OPT | AU OPT | SAMPLE NUMBER | ELEMENT UNITS | AG OPT | AU OPT |
|------------------|------------------|-----------|-----------|------------------------|------------------|-----------|-----------|
| * ELLISON MINE | | | | * HOUDEN CLAIMS MAP #2 | | | |
| EA 1118 | | | 0.125 | 86 1106 | | | 0.002 |
| EA 1119 | | | 0.112 | 86 1107 | | | 0.002 |
| EA 1120 | | | 0.710 | 86 1108 | | | 0.003 |
| EA 1121 | | 0.07 | 0.005 | 86 1109 | | | 0.004 |
| EA 1122 | | 0.02 | 0.004 | 86 1110 | | | 0.007 |
| EA 1123 | | | 0.003 | 86 1111 | | | <0.001 |
| EA 1124 | | | 0.013 | 86 1112 | | | 0.375 |
| EA 1125 | | | 0.011 | 86 1113 | | | 0.003 |
| EA 1126 | | | 0.500 | 86 1114 | | | 0.001 |
| EA 1127 | | | 0.004 | 86 1115 | | | 0.001 |
| EA 1128 | | | 0.428 | 86 1116 | | | 0.001 |
| 86 1076 | | | 0.001 | 86 1117 | | | 0.001 |
| 86 1077 | | | 0.002 | | | | |
| 86 1078 | | | 0.001 | | | | |
| 86 1079 | | | <0.001 | | | | |
| 86 1080 | | | 0.039 | | | | |
| 86 1081 | | | 0.004 | | | | |
| 86 1082 | | | 0.001 | | | | |
| 86 1083 | | | 0.002 | | | | |
| 86 1084 | | | <0.001 | | | | |
| 86 1085 | | | 0.001 | | | | |
| 86 1086 | | | 0.001 | | | | |
| 86 1087 | | | 0.004 | | | | |
| 86 1088 | | | 0.001 | | | | |
| 86 1089 | | | <0.001 | | | | |
| 86 1090 | | | <0.001 | | | | |
| 86 1091 | | | 0.013 | | | | |
| 86 1092 | | | 0.012 | | | | |
| 86 1093 | | 0.17 | 0.027 | | | | |
| 86 1094 | | 0.15 | 0.005 | | | | |
| 86 1095 | | | 0.06 | 0.383 | | | |
| 86 1096 | | 0.27 | 0.038 | | | | |
| 86 1097 | | 0.12 | 0.006 | | | | |
| 86 1098 | | 0.13 | 0.007 | | | | |
| 86 1099 | | 0.13 | 2.340 | | | | |
| 86 1101 | | | 0.019 | | | | |
| 86 1102 | | | 0.004 | | | | |
| 86 1103 | | | 0.010 | | | | |
| 86 1104 | | | 0.008 | | | | |
| 86 1105 | | | <0.001 | | | | |



to us Buyer .
WITNESSETH: That the Owner in consideration of One Thousand Dollars (\$1,000.00) to be paid upon execution of this agreement and the Buyer paying the additional payments as set forth below and the mutual covenants, terms and conditions herein contained, Owner grants to Buyer the right to purchase from Owner for the price and on the conditions herein set forth all right, title and interest the Owner may have in the six (6) New Deal Mining Claims in the Spring Creek Mining District, hereinafter referred to as "Mining Property".

Said New Deal Mining Property consists of the New Deal #'s 1-6 inclusive recorded in Docket 492, Pages 887-890 and Docket 497, Pages 62-73 in the Gila County, Arizona, Records of Mines at Globe, Arizona, and are at the northern end of the Sierra Ancha Mountains in Sections 1, 2 and 12, TWP 9N, Rge 12E, Gila and Salt River Base and Meridian, Gila County, State of Arizona, eight (8) miles west of Young and eighty-eight (88) miles northerly from Globe.

TITLE - Owner represents that it has performed all acts and taken all precautions dictated by ordinary prudence to protect and maintain its title to said mining claims and Owner has no knowledge of any location work or conflicting mining claims that might adversely affect Owner's title to said mining claims.

To the best of their knowledge, all of the mining claims included in this agreement are validly located in accordance with all applicable Federal and State laws and are in good standing.

All mining claims and all real and personal property appurtenant thereto set forth in Exhibit "A" are free and clear of all liens, encumbrances or adverse claims of any kind or nature.

ROYALTIES - Buyer agrees to pay to Owner on or before the 20th day of each month a minimum advance royalty of One Thousand Dollars (\$1,000.00) per month for the first six (6) months of this agreement, and Two Thousand Dollars (\$2,000.00) per month for the subsequent five (5) months thereafter and Eighty-Four Thousand Dollars (\$84,000.00) at the beginning of the 12th month and One Hundred Thousand Dollars (\$100,000.00) per year at the end of the 2nd and 3rd year until such time as a total of Three Hundred Thousand Dollars (\$300,000.00) has been paid to the Owner through royalty payments including both minimum and actual royalties or payments, as specifically set forth in the Table below:

TABLE

| | <u>Per Month</u> | <u>Total</u> |
|---|------------------|---------------------|
| On the signing of this agreement and on the 20th day of May, June, July, August and September, 1980 | \$1,000.00 | \$6,000.00 |
| On the 20th day of October, November, December, 1980 and January and February, 1981 | \$2,000.00 | \$10,000.00 |
| On the 20th day of March, 1981 | \$84,000.00 | \$84,000.00 |
| On the 20th day of March, 1982 | \$100,000.00 | \$100,000.00 |
| On the 20th day of March, 1983 | \$100,000.00 | \$100,000.00 |
| | <u>TOTAL</u> | <u>\$300,000.00</u> |

Buyer agrees to pay as actual royalty ten (10%) per cent of the gross value of all gold or other minerals recovered from said mining property on the 20th day of the month following receipt of payment for the sale of said mineral. All such actual royalty payments paid shall apply upon and decrease the above listed minimum royalties and payments.

There is no obligation upon the Buyer to pay the Owner any of the above listed minimum royalties or payments in the event actual royalty payment paid to Owner under this

SURFACE RIGHTS - Buyer shall have the right to use any portion of the surface necessary for mining operations and shall have the right of ingress and egress to and from said mining property over all properties owned by Owner. It is understood and agreed that the payment of any sums due hereunder is contingent upon the Owner providing routes of ingress and egress and an Environmental Impact Statement approved by any and all applicable government agencies.

ASSESSMENT WORK - Buyer shall be responsible for annual assessment work, and such work shall be done by the Buyer not later than July 1st of each year. Should Buyer fail to do said work within such time, Owner may do said work at the expense of Buyer. Buyer shall file affidavits of labor in the manner required by the Laws of the United States and the State of Arizona.

TAXES - Buyer shall pay all state and county tax assessments upon any and all structures and other improvements, machinery, equipment, tools, supplies and personal property whatsoever placed upon the premises by the Buyer. Buyer shall also pay all state and county "net proceeds" or production taxes and other taxes assessed against Buyer on account of its operations hereunder.

FORCE MAJEURE - In the event Buyer is prevented from performing this agreement by labor strikes, failure to develop water (providing that Buyer diligently pursues development of such water), fires, floods, explosions, riots, any unusual mining casualties, acts of severe weather conditions or other extraordinary events beyond its control, then the time of performance of this lease by Buyer shall be suspended during the continuance of such prevention of performance.

NON-LIABILITY NOTICES - Buyer agrees to post and keep posted notices of non-liability.

MINING OPERATIONS - Buyer further agrees to perform all mining operations in a minerlike manner for the safety of the miners and the preservation of said premises as a mine.

RESERVATION OF TITLE TO EQUIPMENT - It is agreed that the title to all mining machinery equipment, fixtures and structures erected or placed upon said mining property and premises by Buyer shall remain the personal property of Buyer, subject to removal at his will and pleasure during the continuance of this agreement and ninety (90) days thereafter, irrespective of the manner or method of attachment to said real property. All headframes attached to the surface and all pipes, rails, ventilation tubing, electrical wiring, timber and ladders installed underground shall become the property of the Owner. If Buyer is hampered by washouts, inclement weather, or other climatic conditions from completing removal of said mining machinery and equipment within the specified time, then Owner agrees to extend the time for a reasonable period if required by Buyer. In the event that said mining machinery and equipment remains on the property after said ninety (90) day period and extensions of said period, the title to all such mining machinery and equipment shall rest in Owner.

PURCHASE RIGHTS - Owner hereby grants to Buyer the right to purchase said mining property, or any part thereof, for a purchase price of Three Hundred Thousand Dollars (\$300,000.00), and said right shall exist as long as this agreement is in effect and payments, whether minimum, actual or otherwise shall apply against and decrease said purchase price.

TERMINATION, DEFAULT AND RELEASE - Buyer may cancel or terminate this agreement upon thirty (30) days notice in writing to that effect mailed to Owner as provided under "Notice". In event of such termination, Buyer shall have the right to abandon his operation without the payment of any further sums except royalties required to be paid before the expiration of said notice period. Upon default of any of the terms of this agreement, Owner may send Buyer notice of such default and Buyer shall have thirty (30) days within which to correct said default. Upon Buyer's failure to correct said default within said thirty (30) day period, this agreement shall terminate. Upon termination of this agreement Buyer shall immediately submit to Owner a quit claim deed covering the above described mining claim or claims.

the life of this agreement within a one half mile distance from the outside boundary of the premises shall become subject to the terms and conditions thereof.

CHANGES IN AGREEMENT - None of the covenants, terms or conditions of this agreement shall in any manner be altered, waived, changed or abandoned, except by a written instrument signed by all of the parties hereto.

TRANSFERABILITY - This agreement is assignable and shall be binding upon and insure to the benefit of heirs, executors, administrators and assigns of either Owner or Buyer.

AGENT FOR OWNER - WILLIAM W. SORSEN, TYREE TROBAUGH and CLIFFORD E. KONCZAK hereby constitute and appoint WILLIAM W. SORSEN as their attorney in fact to represent them in this Mining Purchase Agreement to collect all royalties and disburse the same to them to do in their stead each and every duty or obligation that the Owner could do himself under this agreement and payment to said WILLIAM W. SORSEN will constitute full payment to WILLIAM W. SORSEN, TYREE TROBAUGH and CLIFFORD E. KONCZAK.

NOTICE - Any notice contemplated herein to be given to either party shall be in writing and shall be sufficiently given if mailed in the United States Post Office, registered or certified mail return receipt requested, if to Buyer, addressed to Buyer c/o Hale C. Tognoni, Attorney, Del Webb's TowneHouse, Suite 1260, 100 W. Clarendon, Phoenix, Arizona, 85013, and if to Owner addressed to Owner c/o William W. Sorsen, 770 Sunset Drive, Globe, Arizona, 85001.

IN TESTIMONY WHEREOF, we sign this 23 day of April, 1980.

NICKY BRITE MINES, INC.

William W. Sorsen
Owner

Tyree Trobaugh
Owner

Clifford E. Konczak
Owner

BY: Robert W. Johnson
ROBERT W. JOHNSON, President

STATE OF ARIZONA)
) ss.
COUNTY OF GILA)

On this 23rd day of April, 1980, before me personally appeared ROBERT W. JOHNSON to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

Witness my hand and official seal the day and year last above written.

My commission expires Feb. 23, 1983

Eva F. Foley
Notary Public

STATE OF ARIZONA)
) ss.
COUNTY OF GILA)

On this 23rd day of April, 1980, before me personally appeared WILLIAM W. SORSEN, TYREE TROBAUGH and CLIFFORD E. KONCZAK to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

Witness my hand and official seal the day and year last above written.

| Jim Billbe | Copper | Oxide Copper | Gold | Silver | Lead | Zinc W | MoS ₂ |
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| Ore Sample #1 Vein #1 | | | .02 | ..2 | .28 | N11 | |
| " " #2 " | | | .01 | .19 | .45 | " | |
| " " #3 " | | | .01 | .02 | .48 | " | |
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Harlen Franklin Fountain

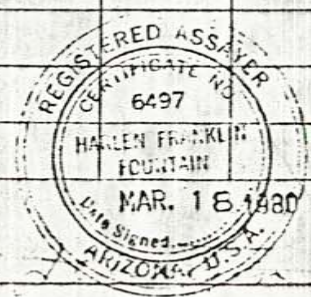
PHONE: 473-3073

CERTIFICATE OF ASSAY
FOUNTAINS ASSAY SERVICE

~~MIAMI~~, BOX ~~806~~
MIAMI, ARIZONA 85539

March 18, 1980

| | % | % | Oz/Ton | | % | % | % |
|-----------------------------------|--------|-----------------|--------|--------|------|------|------------------|
| Jim Billbe | Copper | Oxide Copper | Gold | Silver | Lead | Zinc | MoS ₂ |
| Ore Sample Vein Above Upper Tunel | | | .05 | 3.51 | | | |
| " " Tunel Across Creek | | | .12 | .04 | | | |
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Harlen Franklin Fountain

Globe, Arizona, Dec. 2, 1916.

REPORT ON SPRING CREEK AND
DIAMOND BUTTE MINING DISTRICTS,
GILA COUNTY, ARIZONA.

LOCATION.

These districts represent an acreage several miles square, sixty (60) miles North of Globe, one hundred (100) miles Southwest of Holbrook, Arizona, a station on the main line of Atchison Topeka & Santa Fe System.

WATER.

Tonto and Spring Creeks run through the greater part of these districts. Both are substantial streams at all times of the year.

FUEL.

Large quantities of small timber for this purpose are thick over the entire district. It could hardly be exhausted for ordinary mine purposes. Gallup, New Mexico, on the Santa Fe Railroad about one hundred (100) miles North of the district has enough of coal mines for furnishing coal and coke cheaper than the average, or about four dollars (\$4.00) a ton for coal and a little more for coke. This is far better than the Guer De Alene District coal and coke is hauled about one thousand (1,000) miles by rail and costs the smelters in that district eight dollars (\$8.00) and up a ton.

TIMBER.

Spring Creek and Diamond Butte Districts are heavily covered with very large size spruce, pine and ever green oak trees. The average mining district considers itself fortunate in having small growths of spruce and pine, but it is a rare instance where such large size trees of such hard timber as ever green oak can be found to exist at all, and especially growing in such enormous quantity as in Spring Creek and Diamond Butte Districts.

POWER.

In the center of these districts, and almost on the properties of the Diamond Butte Mining Company, Tonto and Spring Creek Junction in a deep canyon, which affords a most excellent dam site, affording great electric power possible.

FORMATIONS.

This entire district is unusually heavily mineralized in oxidation, and cut deeply by strong wide ledges of Porphyry, Schist, Slate, Quartzite and Calcite, perpendicular. These ledges all parallel each other on a Northwest and Southeast strike. They are easily followed for a distance of several miles. The crest of the hills or range and the axis of the same is Northwest and Southeast, which is extra favorable. The veins and vein matter between these different contacts are in good position, about vertical and being in place properly in every respect. This does not mean that East and West veins will not be found, but the former will no doubt be the stronger. At places erosion has taken away the hill side several hundred feet down, leaving these ledges stripped and easily seen to be standing in perfect vertical position for such distance.

The Porphyry ledges form the hanging walls generally in these districts. The copper veins are next the Porphyry hanging walls with splendid Quartzite ledges for hanging walls. These Quartzite ledges are very strong and twenty-five (25) or more feet wide. This Quartzite shows very strong signs of Silver mineralization. It is exactly similar to, and is generally known as "Park City Quartzite" at Park City, Utah, which has been greatly responsible for a production of nearly fifty million dollars (\$50,000,000) in Silver in the past. I have not the least doubt but that the Quartzite ledges in these districts covered by this report, will with proper development, make good Silver mines, as well as being the foot wall for the other deposits, Copper and Gold which in themselves are so strong in the districts.

The Schist and Calcite ledges which parallel all of the other ledges a distance of several thousand feet, being equally as strong and wide, are heavily oxidized. They will be responsible for a large Gold production. Where the Calcite is heavily oxidized pannings of free gold can be had, some of which is wire gold over a quarter of an inch in length. An unusually good feature exists in the different values coming in different veins, except the copper veins which also carry some gold. Another good feature in the district is that a little gold may be found in the crevices in the rugged rocks which form the bottom of Spring Creek, which at this time of the year is a little lower than usual, thereby affording such prospecting opportunity. There is not enough of this gold to make pay placer, but it proves that the gold in the ledges on the surface is easily separated from the ledges by erosion and other wear is not certainly free milling! Other parties in these districts have built a three stamp mill run by water power for free milling gold ores.

EXTRACTION.

The Silver deposits being separate in the Quartzite ledges will concentrate very nicely, as will also the Copper deposits and with the gold being free milling from all present indications, one combination plant accordingly can be cheaply erected.

The Oxidized surfaces are very similar to those of Cripple Creek, Colorado, a camp which to date has produced the enormous sum of four hundred and fifty million dollars (\$450,000,000), and still averaging a million dollars a month with ore reserves ahead for five (5) years in the larger mines. The difference however is in the great spread of Gold Porphyry at Cripple Creek without surface leads or ledges, while strictly contact deposits govern Spring Creek Diamond Butte Districts.

DIAMOND BUTTE MINING COMPANY PROPERTIES.

Situated in the very core or center of these districts, and in every way containing the mineralizations and ore bodies, which have heretofore been mentioned will be found the mining claims of this company, each fifteen hundred (1500) feet long by six hundred (600) feet wide, which I now describe as follows:

FULLER CLAIM. Strike of ledge Northwest and Southeast. Porphyry for hanging wall, Quartzite for foot wall, perpendicular. Ore body, at place of development is eighty (80) feet long, four (4) feet wide and where shaft is down about thirty-five (35) feet assays four dollars (\$4.00) in gold, four (4) ounces in silver, and twenty per cent (20%) copper. A fair ore tonnage is on the dump for shipment. On the back of this Porphyry, which forms the hanging wall, is a body of Schist two hundred (200) feet wide, which is traced Northwest and Southeast through this and the other properties for at least a mile and a half. Beyond this Schist is another body of Porphyry striking through the properties with other ledges previously described, N.W. and S.E.

CALCITE CLAIMS NO. 1 & 2.

These join the Diamond Butte Group. The Calcite ledges are heavily oxidized, carrying Copper, Silver and Gold values of importance. The hanging wall is what is commonly called Green Porphyry with Quartzite for a foot wall. The latter is highly mineralized in Silver. Additional development work on these two claims should bring very valuable results in Copper, Silver and Gold values, in large ore bodies benefited by contact deposits.

CONTACT CLAIMS NO. 1, 2, 3, 4, 5, 6, 7, & 8.

These are located in a square acreage. Nos. 5, 6, 7 & 8 are situated on the Southeast slope of Nos. 1, 2, 3, & 4. Claim numbers five (5), six (6), seven (7) and eight (8) are in Porphyry for hanging walls and Quartzite for foot walls each highly mineralized. Additional work on these last four (4) claims should develop valuable contact ore bodies.

CONTACT CLAIMS NOS. 1, 2, 3 and 4.

These form the center and at present stage of development, the most valuable. No. 1 with a Northwest and Southeast strike, Porphyry for hanging wall, Quartzite for foot wall carries a vein twenty-five (25) feet wide, three (3) feet of which, next to the Porphyry hanging wall assays Gold six dollars (\$6.00), Copper sixteen and one-half per cent (16-1/2%), and eleven (11) ounces in Silver. The entire vein twenty-five (25) feet wide assays Gold three dollars (\$3.00), Silver four (4) ounces, Copper three per cent (3%). Contact No. 2 has the same ledges in hanging and foot wall formations as No. 1. The same vein from No. 1 goes entirely through No. 2 with better values in No. 2 as follows: Gold and Silver together twelve dollars (\$12.00), Copper twenty per cent (20%), in the three foot vein next the Porphyry hanging wall. Entire vein matter in No. 2 same width as No. 1 gives same values as in No. 1. All assays per ton of two thousand (2,000) pounds. All Porphyry formations mentioned herein generally known as Green Porphyry in these districts.

CONCLUSION.

In fifteen (15) years experience examining mines, I have had the benefit of more travel and experience over a more extensive territory, than the average engineer.

I can state under the most conservative feeling, that with proper development continued, the property of the Diamond Butte Mining Company should make a great deal of money for those interested in it. Nor do I see how any of such parties can ever regret their investment.

Respectfully submitted,

H. W. Kiser. Hammond

To Diamond Butte Mining Company,

Globe, Arizona.