



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

The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

ACCESS STATEMENT

These digitized collections are accessible for purposes of education and research. We have indicated what we know about copyright and rights of privacy, publicity, or trademark. Due to the nature of archival collections, we are not always able to identify this information. We are eager to hear from any rights owners, so that we may obtain accurate information. Upon request, we will remove material from public view while we address a rights issue.

CONSTRAINTS STATEMENT

The Arizona Geological Survey does not claim to control all rights for all materials in its collection. These rights include, but are not limited to: copyright, privacy rights, and cultural protection rights. The User hereby assumes all responsibility for obtaining any rights to use the material in excess of "fair use."

The Survey makes no intellectual property claims to the products created by individual authors in the manuscript collections, except when the author deeded those rights to the Survey or when those authors were employed by the State of Arizona and created intellectual products as a function of their official duties. The Survey does maintain property rights to the physical and digital representations of the works.

QUALITY STATEMENT

The Arizona Geological Survey is not responsible for the accuracy of the records, information, or opinions that may be contained in the files. The Survey collects, catalogs, and archives data on mineral properties regardless of its views of the veracity or accuracy of those data.

03/18/88

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: STRAY ELEPHANT

ALTERNATE NAMES:

S E CLAIMS
GONZALES WASH

LA PAZ COUNTY MILS NUMBER: 819

LOCATION: TOWNSHIP 4 N RANGE 20 W SECTION 32 QUARTER S2
LATITUDE: N 33DEG 37MIN SEC LONGITUDE: W 114DEG 18MIN SEC
TOPO MAP NAME: MIDDLE CAMP MTN - 7.5 MIN

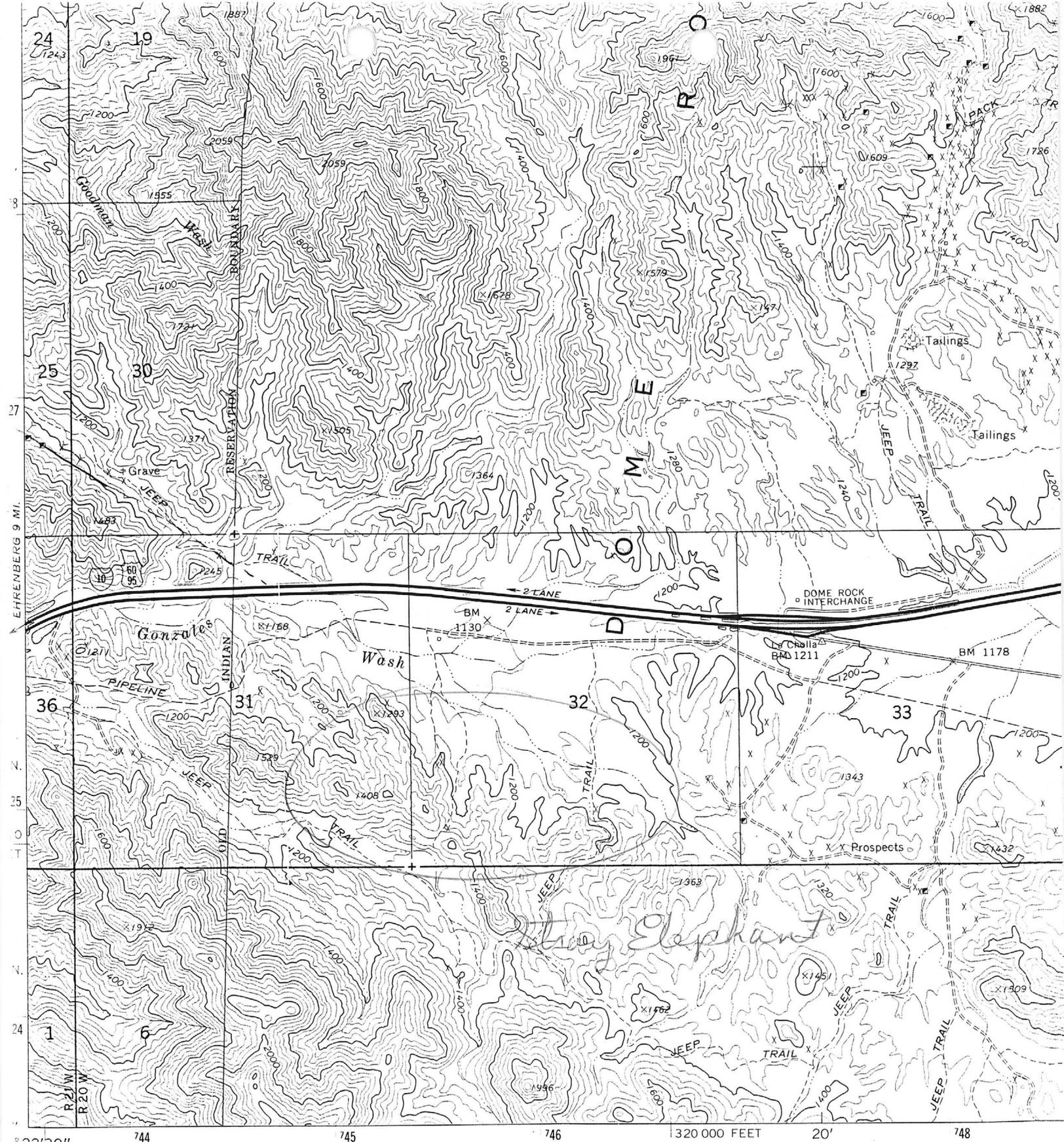
CURRENT STATUS:

COMMODITY:

GOLD
COPPER

BIBLIOGRAPHY:

ADMMR STRAY ELEPHANT FILE
CLAIMS EXTEND INTO SEC 31 SE - SEE SCOTT-WEAVER COPPER



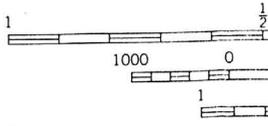
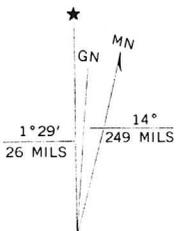
Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography by photogrammetric methods from aerial photographs taken 1970. Field checked 1971

Projection and 10,000-foot grid ticks: Arizona coordinate system, west zone (transverse Mercator)
 1000-meter Universal Transverse Mercator grid ticks, zone 11, shown in blue. 1927 North American datum

Where omitted, land lines have not been established



UTM GRID AND 1971 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

STRAY ELEPHANT (LA LAZ)
SCOTT WEAVER (P)

October 24, 1989; Revised January 25, March 3, 1990

James D. Loghry
Consulting Geologist
2121 E. Monte Vista Dr.
Tucson, AZ 85719
(602) 323-2945

Walter E. Heinrichs
Heinrichs GEOEXploration
P.O. Box 5964
Tucson, Arizona 85703-0964
(602) 623-0578

Stray Elephant Copper Deposit
La Paz County, AZ

Location and Ownership

The Stray Elephant copper deposit lies within the west block of the SE Claim group, the SE 23-52, and SE 57-62 claims, AMC Nos. 105436 - 105471, a block of 36 contiguous claims largely in Section 31, T4N, R20W, and Section 6, T3N, R20W (see enclosed maps), part of a group of 78 contiguous SE Claims. The east block of 42 claims covers an area with potential for large, low grade gold deposits, access roads that would support the copper operations, areas suitable for leach pads and SX-EW plant and a possible water supply. The claims are in the Middle Camp - Oro Fino mining district in the south Dome Rock Mountains, La Paz County, Arizona, along and south of Interstate 10, 7 - 8 miles west of Quartzsite, Arizona and about 13 miles east of Blythe, California (USGS Middle Camp Mountain 7.5' Quadrangle).

The property offers easy access, nearby electric power and natural gas. Water supply would come from wells to be drilled on the property or from a well to be drilled or leased in the Colorado River valley about 5 miles westerly. There appears to be a light power line 0.7 miles north of Outcrop Hill along I-10 but the closest heavy duty power is about 3 miles west and two big water wells are at the Beacon service station and a truck factory at Tom Wells Road 4.6 road miles away, west of the property.

The claim owners, each owning an equal undivided 25% interest in the SE Claims are:

- 1) Heinrichs GEOEXploration Company, an Arizona Corporation, Walter E. Heinrichs, President, located at 810 West Grant Rd., Tucson, Arizona 85705; mailing address P.O. Box 5964, Tucson, Arizona 85703-0964, which addresses shall serve as the claimowners' address;
- 2) William C. Hirt, a single man, residing at 639 South 500 East, Salt Lake City, Utah 84102;
- 3) James D. Loghry and Margaret R. Loghry, husband and wife, residing at 2121 East Monte Vista Dr., Tucson, Arizona 85719;
- 4) Richard J. Lundin and Vicki J. Lundin, husband and wife, residing at 372 Hackberry Circle, Prescott, Arizona 86303.

Property History

The property was originally located in 1906 by Miguel Apodoes (spell?), later by Beggs and McIntyre who did shallow surface exploration and drove an adit and winze in the 1920's when the property was known as the Weaver mine. After the death of Beggs, Ben Scott located the property and it came to be called the Scott-Weaver mine.

Royal Investment Company - 1956

Royal Investment Corporation optioned the property from Scott and explored it in 1956 under the direction of E. Ross Householder, a well-known Kingman consulting registered mining engineer. Householder's reports (9/29/56, 12/19/56) and a claim map, scale 1"=600', showing drill hole locations are on file at the Arizona Department of Mines and Mineral Resources, Phoenix. Householder surveyed four of the claims as if for patent, registered with the BLM as Survey 4646. None of the claims were ever patented.

Most of the work was done on and around "Outcrop Hill", the west end, about 1500 feet of the copper deposit now known to be more than 4200 feet long. Royal dug and sampled numerous trenches, sampled ore grade material in the adit and winze, made at least two carload smelter shipments of oxide copper ore and drilled 4 vertical diamond drill holes (referred to as the "H" holes). Householder reported: 21 bulk samples taken from trenches, underground workings and outcrops that averaged 1.85% Cu; two car loads, 104 tons, that assayed 1.1% and 2.1% Cu, average 1.62% Cu; DDH No. 1, 0-101 feet, 0-24 feet lost, 24-101 feet (77 feet) average 1.02% Cu; DDH No. 2, 0-130 feet average 1.15% Cu; DDH No. 3, drilled a short distance north of the copper deposit on the south edge of Hancock Wash (our name for the unnamed arroyo) was assayed to 102 feet, has three composite sample assays - 1-49' 0.2% Cu, 49-82' 0.1% Cu, 82-102' Trace Cu; DDH No. 4, 0-156 feet average 1.4% Cu, bottomed in 3.7% Cu. When assayed, gold and silver values in the deposit were found ranging from 0.002 - 0.02 OPT Au and 0.1 - 1.2 OPT Ag. One of the higher grade surface samples taken from the #1 access road (near H-1 drill hole?) assayed 3.41% Cu, 0.02 opt Au and 1.2 opt Ag. Householder reported that the copper deposit is over 3900 feet long. From the above sampling program Householder assumed an average grade of 1.58% Cu for the entire deposit and 375,000 tons of positive and probable ore, 720,000 tons of possible ore plus 2,500,000 tons of expectant ore, totalling 3,595,000 tons. He recommended more core drilling which he believed would double those reserves. The recommended drilling was never accomplished.

Kerr McGee/Hancock Oil - 1960 - 1975

The property was further explored and developed by Hancock Oil Company in the 1960's. Burton Hancock apparently purchased the property from Ben Scott, continued surface exploration work and drilled one rotary hole S-1 in Hancock Wash beyond the east

outcrop of the copper deposit, results unknown. Kerr McGee staked most of the district and leased the Hancock property in 1973-75, as part of a large porphyry copper exploration project, drilling 6 diamond drill holes, Q-1 - Q-6 in the vicinity of the Stray Elephant copper deposit. Q-1 is a vertical hole within the deposit which cut 190 feet of ore grade copper, the upper 110 feet being oxide copper ore. Q-3 is a vertical hole on the north boundary of the deposit which found chalcopyrite ore. The others are outside of the Stray Elephant copper deposit, Q-6 being an angle hole in Hancock Wash directed under the deposit. Q-2 is a vertical hole north of the deposit near Q-6. Q-4 is an angle hole drilled near the middle segment of the deposit which is buried under 20 to 35 feet of sand and gravel in Hancock Wash that missed the deposit. Q-5 is an angle hole that never reached the deposit. Kerr McGee personnel felt that the potential of the Stray Elephant copper deposit as known at the time was 15,000,000 to 20,000,000 tons of ore-grade copper mineralization at or near the surface in Hancock Wash. They thought that the deposit might be part of a much larger concealed porphyry copper ore body, so most of their holes were drilled outside and beneath the deposit, in an effort to expand it or discover its possible buried extensions. Vertical DDH Q-1 was drilled on a pad within an open cut in the deposit on the north side of Outcrop Hill, cut 0-110 feet of 0.52% Cu as the copper oxides chrysocolla and lesser malachite and brochantite and 110-190 feet of 0.82% Cu as chalcopyrite, a combined 190 feet of 0.65% Cu; also at 410-440 feet, 30 feet of 0.86% Cu as chalcopyrite. Vertical DDH Q-3, in the wash immediately north of the exposed oxide copper deposit, found about 203 feet of quartz monzonite containing 0.43% Cu as chalcopyrite at 190-400 feet. Adjacent holes DDH H-2 and Cyprus RDH SE-3 were in oxide copper ore.

The property came open after Burton Hancock's death and the present owners staked the SE Claims in 1980 and 1982. The claims are in good standing and there are no valid prior lode or placer claims within the SE claim group.

Amoco Minerals - 1983

In 1983, Amoco Minerals optioned the SE Claims, did a limited amount of geologic mapping and geochemical sampling and on August 22, 1983, drilled one 150 foot diamond drill hole (SE-1) in the silicified zone a short distance north of the alluvium-buried contact of the Stray Elephant copper deposit solely to fulfill assessment work requirements. They seemed to have selected a convenient site that required no cat work and made no attempt to drill the copper ore on Outcrop Hill. From 10 - 150 feet, the hole averaged 47 ppm Cu, 0.2 ppm Au and 1 ppm Ag. Because of its location, this hole has no bearing on the copper ore potential of the SE copper deposit. It is close to, but just north of the copper deposit. In November, 1983, Fuller, under the direction of F. Mack of Amoco collected 18 rock chip samples (F 2633 - F 2650), 11 of them (F 2637 - F 2647, range 485 - >10,000 ppm Cu, average >3663 ppm Cu) from leached outcrops in the copper deposit

of Outcrop Hill (see 1" = 200' topographic map). Using a cutoff of 0.2% Cu, which excludes four samples, seven samples ranged from 2800 to >10,000 ppm Cu, averaging 5343 ppm or 0.53% Cu. Amoco dropped the lease abruptly in January, 1984 when budget cuts demolished their hardrock exploration program and dismembered their minerals exploration department.

Cyprus Metals Company - 1988

In November, 1987, Dr. William Rehrig, President of Applied Geologic Studies, Inc. (AGS), a Denver consulting firm, examined the Stray Elephant copper deposit for client Cyprus Metals Company. At that time, Cyprus was looking for copper oxide deposits with a potential greater than 5,000,000 tons @ 0.5% Cu, or 50,000,000 pounds of copper. Cyprus felt that they could make a substantial profit from heap leaching and using portable SX-EW plants on such deposits. At that time Cyprus management agreed with Dr. Rehrig that the Stray Elephant met their requirements and optioned the property February 23, 1988. The prospect was assigned to the engineers of Cyprus Metals Development, Green Valley, Arizona, who were engaged in examining mines and buying ore reserves and plants. They were not interested in exploring the Stray Elephant or any pre-development property no matter how appealing and tried to skuttle the project. James Compton, President of Cyprus Metals insisted that they follow through with a drilling program and in May, 1988, they reluctantly ordered AGS to start work on the property with no advance preparation, limited time and a very small budget.

Dr. Rehrig assigned consulting geologist Dr. David Wahl to the project. Wahl did a fine job in spite of the limitations forced by Cyprus Metals Development. He examined the property for the first time with me and Rehrig on a hot May 4th. Within two weeks he collected surface samples and prepared a map of the west half of the copper zone, did the necessary BLM permitting, hired contractor Hollis Ramsey of Parker to rebuild old trails and construct new trails and drill sites he had selected for a mobile reverse circulation drill rig AGS had contracted for. It turned out that the driller was not licensed to operate in Arizona and Cyprus Development would not allow AGS the time to find another reverse circulation rig, but insisted that a large truck mounted rotary drill of Ventures Drilling Company be employed immediately, even though it had limited angle hole capability and was too large to get on the critical sites on Outcrop Hill, where the largest tonnage potential appeared to be.

Wahl's 16 surface samples in the copper deposit range 0.08-1.76% total Cu, averaging 0.55% total Cu. Using a 0.2% Cu cutoff, 11 samples average 0.74% Cu. Eleven samples with acid soluble copper assays range 0.08-1.58% A.S. Cu. With a 0.2% Cu cutoff, 9 samples range 0.37-1.58 A.S. Cu and average 0.70% A.S. Cu.

From June 3 thru June 11, 1988, 8 rotary percussion drill holes, SE-1 - 8, ranging from 155 to 350 feet for a total footage of

Table 1. Cyprus 1988 Rotary Drill Holes - SE Copper Claims

<u>RDH No.</u>	<u>Feet</u>	<u>% Cu</u>	<u>% A.S.</u>	<u>Geology-Minerals</u>
SE-1	0-140	.39	.31	Schist, Granite 0-125;
	0-100	.20	.16	
-90	100-140	.81	.66	Schist, 125-300;
300'	140-155	.14		FeOx, chrys 0-130; Do+Py,
	155-200	.032		Cc, Cp 130-165; Py, Cc, Cp, local
	200-300	NO ASSAY		FeOx 165-245; Py, Cp, Cc 245-300 Water Table 135'
SE-2	0-40	.42	.36	Schist 0-200; FeOx, Chrys 0-40;
-90	15-30	.65	.52	FeOx, Cc 40-100; FeOx 100-125;
200'	40-115	.037	.015	Py, CuOx min'ls 125-200
	115-200	.011		Water Table 175'
SE-3	0-50	.40	.34	Oxide Ore Gran, Sch 0-25;
-57	50-100	.29	.05	Sulfide Sch 25-180;
180'	100-110	.08		FeOx, Chrys 0-80; Py, Cp, local
	110-180	NO ASSAY		FeOx 80-140; Py, rare Cp 140-180 Water Table 160'
SE-4	0-145	.49	.36	Granite 0-80; Schist, local
-90	40-145	.64	.48	granite 80-225; FeOx 0-225;
225'	145-175	.10		Chrys 0-160; Py, local Cp
	175-200	.03		120-195; Water Table 100'
	200-225	NO ASSAY		
SE-5	0-125	NO ASSAY		Gran 0-215; Gran, Sch, Qtz,
-59	125-220	.014		215-280; Gran 280-330; Gran, Qtz
350'	220-300	.15		Sch 280-350; FeOx 0-160; FeOx,
	270-280	.30		Py 160-225; Do + Cp 225-285;
	300-350	NO ASSAY		Py, Cp, Cc, local FeOx 285-350; Water Table 95'
SE-6	0-55	.033		Leached Capping, Granite, FeOx
-90	55-190	.59		Granite, Schist? 90-100';
250'	55-120	.92	.82	Granite, 100-185'
	120-160	.07		Leached Capping, 120-160';
	160-190	.65	.51	Cc, 140-160', Water Table 155'
	190-250	.046		Schist, 185-250' Py, FeOx, 185-205'
SE-7	0-125	.042		Gran 0-60; Gran, sch 60-70;
-90	125-155	.09		Gran 70-85; Sch, Gran 85-100;
155'				FeOx 0-85; FeOx, Py 85-140;
				Sch 100-115; Sch, Gran 115-155;
				Py, Cp, FeOx 125-140; Py, Cp, Cc 140-155; Water Table 155'.
SE-8	0-95	.47	.44	Gran 0-65; Sch 65-250;
-63	95-115	.153		FeOx, chrys 0-115; Py, Cp 110-
250'	115-130	.047		250; Water Table 105'.
	130-145	.233		
	145-175	.075		
	175-205	.037		
	205-250	.019		

1910 feet, were drilled by the Ventures Drilling Company of Tucson under Wahl's supervision. Five were vertical holes; three were angle holes directed S80W or S120W at -57-63°. They are scattered along 2600 feet of the copper deposit, 300 to 1,130 feet apart. Six of the 8 holes cut ore grade copper oxide and sulfide mineralization. Drill hole SE-5 missed the ore body because it passes below the ore intercepts of Kerr McGee DDH Q-1 and DDH H-1. Drill hole SE-7 is a vertical hole that cut 155 feet of well-altered and mineralized granite (phyllic-altered quartz monzonite porphyry) and schist with anomalous copper values. I suspect that the ore will be found by drilling a short distance south of RDH SE-7. The best hole of the program, RDH SE-6 is 350 feet east of SE-7 and the outcrops along the interval between the two holes are well-altered leached cappings with local oxide copper mineralization. It is unfortunate that Cyprus did not elect to offset drill SE-6 because the largest potential for tonnage and grade is there, in the east block of the Stray Elephant copper deposit, buried under the alluvium of Hancock Wash. Geology, mineralization, total copper and acid soluble copper assays are summarized in Table 1, p. 4a.

A cursory inspection of Wahl's cross sections drawn on the ore holes suggests the presence of a copper zone 50 to 100 feet wide, controlled by and spreading out from two well-mineralized vein-faults dipping northerly at 60-70°. The widths of the deposit are actually much greater. On Outcrop Hill, the partly exposed deposit is about 200 feet to 400 feet wide. In the east target area, outcrops on both sides of the wash suggest possible widths of 600 to 900 feet. The Cyprus angle holes appear to have penetrated a zone of cupiferous veins and veinlets 50-100 feet wide, but the angles of the holes drilled from the low elevation of Hancock Wash were too steep to demonstrate the true widths of the deposit. They did not test the broader surface and near-surface copper oxide deposit that promises substantial open pit tonnage.

At the conclusion of the preliminary program, we understand that AGS personnel reported to Cyprus that the deposit has a resource of about 5,000,000 tons of material greater than 0.5% Cu, and recommended more drilling to prove up ore reserves. Cyprus Development personnel replied that they had doubled their original tonnage and grade requirements and were not interested in any further testing of the Stray Elephant deposit. We were advised that Cyprus would be dropping the option in a letter of July 14, 1988 and the contract expired August 15, 1988.

Geology and Ore Potential

The Stray Elephant copper deposit occurs in a steep northerly dipping N60-70W reverse fault zone along the contact of a strongly altered quartz monzonite porphyry stock and Jurassic metavolcanic schists and metasediments. The higher grade copper ores occur in the schists, although there is one grade

mineralization in the quartz monzonite as well. On Outcrop Hill the oxide copper minerals chrysocolla, black copper oxides (tenorite, etc.), copper pitch, cupriferous limonite and minor malachite are most abundant in several west-northwesterly vein-faults dipping 90 to 70 degrees north. There is also indigenous "live" hematite after chalcocite in some of the leached cappings on Outcrop Hill. The copper oxides spread out widely from the major structures in dark mafic mineral-rich flows and abundant low angle fractures and foliae. Judging from indigenous limonites and copper pitch, the primary copper sulfides, mostly chalcopyrite, occurred in the same sites, but less widely dispersed. Copper ores, mostly chrysocolla and minor copper pitch after chalcopyrite, also occur in later vertical N50E quartz veins which cut across the earlier west-northwesterly vein-faults. Much of the deposit is concealed under the shallow alluvium of Hancock Wash, but outcrops of strong oxide copper mineralization and associated silicification and limonites (leached capping) can be observed over a length of more than 4200 feet. Refer to B. Leedy's 1" = 1000' Kerr McGee (February, 1975) geology and alteration map for an independent survey. This map shows a zone of strong pyritic alteration and copper mineralization that is half concealed by alluvium of Hancock Wash extending for 5000 feet and a 6000 foot long exploration target is suggested.

The prospect area to be explored is over a mile long. Only a small amount of surface copper mineralization has been found west of the Stray Elephant property on the State-owned east half of Section 36, but the mineralized system continues into it and has been but lightly prospected. We believe it has some potential for ore and should be re-examined by any party leasing the SE Claims. The west or northwest zone of ore grade copper oxide mineralization is about 1500 feet long, located on Outcrop Hill and lower ground west of the hill where it is largely concealed by talus. A middle block of prospective ground 1,100 feet long, completely covered by the sand and gravel of Hancock Wash has been prospected by only two drill holes, DDH Q-4 and RDH SE-7. I am certain that there is a substantial tonnage of oxide copper ore concealed in the middle block. To the east the copper zone is largely covered by the shallow alluvium of Hancock Wash and a covered extension is assured by RDH SE-6, copper oxides in outcrops and large areas of leached capping. My impression is that the alluvium in the wash is underlain by leached capping, suggesting a large amount of copper oxide mineralization below. The high grade and description of the ore in Drill hole SE-6 and the cappings suggest that we are dealing with enriched chalcocite deposits that have been oxidized to chrysocolla in the Eastern Target area. The Eastern Target area that needs to be explored by drilling is at least 2,000 feet long and 600 to 900 feet wide. The largest ore potential on the property is obviously here, but SE-6 is the only drill hole. The best known section of the property is the ore grade copper deposit on and west of Outcrop Hill. It appears to be 1500 feet long and 200-400 feet wide.

Possible Ore Reserves - Outcrop Hill

Since this report was originally written in January, 1989, I have had time to study the Cyprus data (D. Wahl, 1988) and draw some conclusions as to possible ore reserves and potential of the Stray Elephant copper deposit. On Wahl's 1"=200' Drill Hole Location Map, I have drawn the approximate limits of significant copper oxide mineralization and plotted areas of probable oxide copper ore on Wahl's cross sections. During recent trips to the property, I concluded that the deposit is larger. Wahl's map is in part a sketch map and it will be necessary to survey the drill hole locations and ore limits more accurately. In the calculations, the Outcrop Hill deposit (west or northwest zone) is considered to be 1480 feet long and 200 to 400 feet wide, with 7 blocks of possible ore defined by Wahl's drill hole cross sections. That portion of the ore deposit which outcrops could be considered to be probable or proven ore, but I have not broken it out from the total reserves in the west or Outcrop Hill block.

The RDH SE 2 possible ore cross section has at least 20,000 sq ft; SE 1, 36,000 sq ft; SE 5, 36,000 sq ft; SE 3, 54,000 sq ft; SE 8, 36,000 sq ft; SE 4, 27,000 sq ft.

From West to East (12.5 cu ft/ton factor):

				% Cu	%ASCu
1)	0 - RDH SE 2	350' X 20,000 sq ft	560,000 tons	.42	.36
2)	SE 2 - SE 1	350' X 45,000 sq ft	784,000 tons	.70	.33
3)	SE 1 - SE 5	180 X 36,000 sq ft	518,400 tons	.43	.36
4)	SE 5 - SE 3	200' X 45,000 sq ft	720,000 tons	.70	.38
5)	SE 3 - SE 8	160' X 45,000 sq ft	576,000 tons	.74	.40
6)	SE 8 - SE 4	170' X 31,500 sq ft	428,400 tons	.56	.36
7)	SE 4 - 1480W	70' X 27,000 sq ft	151,200 tons	.49	.36
	Total Possible Reserves		3,738,000 tons	.60	.36

It is recognized that there are not enough samples, nor are they widely and well enough distributed in each block to propose a reliable weighted average grade. However, the 0.60% Cu weighted average is supported by the 0.64% Cu arithmetic mean of 220 reported and located surface and drill hole samples. If all of Householder's 21 bulk samples were included, the average grade would be higher. Arithmetic averages of surface and drill hole samples are discussed below.

Average grade of oxide copper reserves is expected to exceed 0.5% Cu. This conclusion is based on a compilation of 220 surface and

drill hole assays from Outcrop Hill and RDH SE-6 (the only hole in the East Target) which range from 0.03% thru 3.70% Cu and average 0.64% Cu. Average assay of 122 of those samples assayed for "Acid Soluble" Cu is 0.43% A.S. Cu (range 0.01 - 2.95% A.S. Cu). With a 0.2% Cu cutoff, 175 of the 220 samples average 0.77% Cu, and 87 samples average 0.56% A.S. Cu. With a 0.1% Cu cutoff, judged to be reasonable at >85 cents/lb. copper, 202 of the 220 samples average 0.69% Cu, and 104 samples average 0.50% A.S. Cu.

Most of the samples taken to date are from Outcrop Hill and vicinity, the west end of the deposit. Until more data are available, they represent the possible grade of the 3,738,000 tons of possible reserves in blocks 1 thru 7 referred to above. In the west reserve area, 194 samples range from 0.03 thru 3.70% Cu and average 0.64% Cu. 104 samples range from 0.01 - 1.73% A.S. Cu, averaging 0.38% Cu. With a 0.2% Cu cutoff, 175 samples average 0.77% Cu, and 87 samples average 0.56% A.S. Cu. With a 0.1% Cu cutoff, 184 samples average 0.67% Cu, and 86 samples average 0.45% A.S. Cu.

It should be mentioned that the "acid soluble" or "cold copper" assays are considerably lower than the amounts of copper we can expect to recover by leaching and solvent extraction. Bottle roll tests of Cyprus SE drill hole cuttings by Metcon Research (September 8, 1989) support this view. Recoveries from three low grade (0.09 - 0.16% Cu) samples ranged from 60% to 88% and recoveries from the four higher grade (0.36 - 0.54% Cu) samples ranged from 86% - 96%, and recoveries from the 7 samples averaged 82%. Total recoveries after repeated rinse cycles of heaped, crushed ore are expected to be higher, possibly as much as 90% of total copper content.

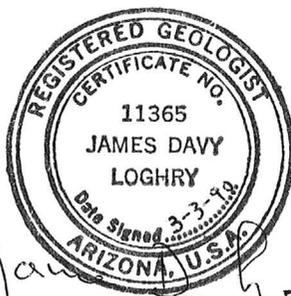
The 3.7 million tons proposed occupy only 1/3 of the known length of the copper zone, so one could consider a total potential reserve of 11 million tons, triple the possible reserves of Outcrop Hill. However, drill holes Q-4 and SE-7 found no ore, although it is probably present in their vicinity, so a very conservative estimate of the potential is at least 7.5 million tons, double the possible reserves of Outcrop Hill.

The east or southeast target area has one drill hole, SE-6, which cut 0.81% Cu at 55-115 feet and 0.7% Cu at 160-180 feet, with limonitic leached capping above and between the oxide ore zones. The 125 foot thick combined ore grade section of this hole (55'-180' average 0.62% Cu) and the more than 600 foot width suggested by mineralized exposures on both sides of the wash over a 2,000 foot length suggest an exploration potential of over 6,000,000 tons in the East Target, half of the ore that could fit into that volume. The central buried zone has a potential for 2,000,000 to 3,500,000 tons. Combined with the west or Outcrop Hill zone, the Stray Elephant copper deposit has a potential of 11,000,000 to 13,000,000 tons of oxide copper ore.

Conclusions and Recommendations

Preliminary mapping, surface sampling and drilling show that the Stray Elephant copper deposit has a potential for over 11,000,000 tons of oxide copper ore with a grade exceeding 0.5% Cu. Possible and probable reserves in the west or Outcrop Hill block are 3,700,000 tons @ 0.60% Cu. Once confirmed by additional diamond drilling, assaying and metallurgical testing, the west block reserves will support a 5 (4.75) year open pit mining operation at a 3,000 ton per day mining rate five days per week. Assuming 83% total recovery, or 10 lbs. copper per ton, 37,000,000 lbs. of copper could be mined from the west block, an average production rate of 7,790,000 lbs. per year. The mined ore would be crushed to an optimum size to be determined by column tests and leached in heaps constructed as close to the deposit as possible, using inexpensive sulfuric acid delivered from California. Copper would be extracted from solution in a "portable" SX plant and crystallized as copper sulfate. Some of the copper sulfate can probably be marketed at a premium price, well above the COMEX price for the contained copper, but most of it would be sold to Arizona copper smelters or an SX-EW facility at a discount to the COMEX price. The operation might justify construction of an EW plant and production of cathode copper if reserves exceeding 8,000,000 tons @ >0.50% Cu were established at an early stage.

Recommendations for detailed mapping and drilling of the copper deposit and plant sites will follow as time permits.



James D. Loghry

James D. Loghry
James D. Loghry

Nyal Niemath

AZ

06/20/02

Wm E. Hirt's permanent address is:
1027 So., 900 E., Salt Lake City, UT 84105. Temporary
address is % Lee Hotel, 390 S. Main, St., Yuma, AZ
85364, phone 760/572-2577. Utah phone is: 610/495-9396.
email is: billhirt@juno.com.

last address I have for Rich Lundin is P.O.
Box 5162 - 83 So. Stewart St., Suite 302, Sonoma,
CA 95370. Office phone: 209/536-1772. Cellphone:
209/770-1773. Fax: 209/536-0598. Email:
wri01@mlode.com.

Heinrichs GEOEXploration, Co.

by: Walter Heinrichs, Jr., Pres.

Heinrichs GEOEXploration, Company
6210 E. 2nd St.
Tucson, AZ 85711-1606
Phone & Fax 520/745-9206, email: waltrose7@aol.com

06/20/02

Nyal Niemuth, ME Re: SE Claims, La Paz County
Dept. of Mines & Mineral Resources
1502 W. Washington
Phoenix, AZ 85007

Dear Nyal: Heinrichs GEOEX passed title of 20 claims, centered over main surface show, 10 to Wm. C. Hirt of Salt Lake City, UT and Yuma, AZ and 10 to Rich Lundin of Sonora(?) California. Remaining 58 claims were formally abandoned. Records of these actions are recorded on 08/28/2000, in La Paz County Recorder's office, and 12 Dec. 2000 in BLM, Mining Records office, in Phoenix.

Annual labor was done on or before last 1 Sept 2001, on the 20 claims still held, so, they are still valid.

To my knowledge, there are no active leases. James Foghry may still be silently involved?

Arizona Copper Reserves and Resources
Compiled by the Arizona Dept. Mines and Mineral Resources

Printed: 06/27/2002
Last Updated: 06/26/2002

STRAY ELEPHANT

Alternate name(s):

S E Claims, Gonzales Wash

Company:

William C. Hirt (& Rich Lundin)
1027 South 900 East
Salt Lake City, UT 84105
610-495-9896
billhirt@juno.com

Location:

Township 4 N Range 20 W Sec. 31,32
Latitude/Longitude: 33.65 114.35
8 miles west of Quartzite

Mineralization type and reserve/resource:

Type	Tons (millions)	Grade (%)	
Mixed	2.0	0.6	TCu

Reserve information and sources:

ASCu grade is about 0.36%. Oxide ore contains fine grained sulfides.
Additional 5 million tons of +0.50% ASCu probable.
James Loughry personal communication, update from drilling program. 1989 report by
James Loughry in ADMMR Stray Elephant file, Also see Scott Weaver file.

Comments:

Leased to Western International Exp.LTD., reports Northern Miner 2/15/93.

Arizona Copper Reserves and Resources
Compiled by the Arizona Dept. Mines and Mineral Resources

Printed: 06/27/2002
Last Updated: 01/01/1994

STRAY ELEPHANT

Alternate name(s):

S E Claims, Gonzales Wash

Company:

Heinrichs GEO Expl. Co.
P. O. Box 5964
Tucson, AZ 85703-0964
520-623-0578

Location:

Township 4 N Range 20 W Sec. 31,32
Latitude/Longitude: 33.65 114.35
8 miles west of Quartzite

Mineralization type and reserve/resource:

Type	Tons (millions)	Grade (%)	
Mixed	2.0	0.6	TCu

Reserve information and sources:

ASCu grade is about 0.36%. Oxide ore contains fine grained sulfides.

Additional 5 million tons of +0.50% ASCu probable.

James Loughry personal communication, update from drilling program. 1989 report by James Loughry in ADMMR Stray Elephant file, Also see Scott Weaver file.

Comments:

Leased to Western International Exp.LTD., reports Northern Miner 2/15/93.

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

1. Information from: Rich Lundin (c)

Company: Wombat Mining

Address: 372 Hackberry Circle

Prescott, AZ 86302

2. Phone: 778-6222

3. Mine: STRAY ELEPHANT

4. ADMMR Mine File: Same

5. County: La Paz

6. Summary of information received, comments, etc.:

Mr. Lundin reports that during May and June Cyprus Minerals drilled 7 holes on the western portion of the property. The target was rumored to be 5 million tons of 1% copper. Inco was reported as drilling 19 holes earlier on the eastern portion.

Date: September 23, 1988

Nyal J. Niemuth, Mining Engineer

SUGARLOAF BUTTE ALUNITE

LA PAZ COUNTY

NJN WR 1/16/87: Rich Lundin (c) reported that Heinrichs Geophysics (c) Jim Longhry and himself have done work at the Sugarloaf Butte Alunite (file) La Paz County which they call their Stray Elephant project. Work has been done on a circular fracture zone consisting of extensive quartz sericite, alunite alteration of Mesozoic gneiss and cataclasts and intermediate tertiary volcanics that contain anomalous gold values. Two years ago West Wood Oil & Gas conducted a 26-hole rotary drilling project which indicated a large zone containing .026 oz/ton Au. Norman E. Dausinger, 9331 E. Magdalena, Tucson, Arizona 85710, 297-5993 was in charge of this work.

NJN WR 7/17/87: Walter Heinrichs (card) added the following 4 digits to his zip code, 0964. His current address is: Heinrichs Geo Exploration Co., 810 West Grant Road, P O Box 5964, Tucson, Arizona 85703-0964, phone 623-0578. He provided reports on the stray Elephant (Sugarloaf Butte Alunite - file) La Paz County and the Old Commanche, MILS 126A, Mohave County.

HM WR 1/2/88: Norman E. Dausinger Jr. (card) a geologist in a partnership agreement with Westworld Inc of Houston, TX was contacted regarding the Sugarloaf Peak Project in La Paz County. The property was optioned to AMSELCO in 1984. AMSELCO drilled 14 mostly shallow, rotary angle holes, then terminated the agreement in September 1985. Three holes reportedly intercepted 250 feet of massive phyllosilicate with quartz intercalations in Sec 3, T20N R20W. Another hole just south of Sugarloaf Peak was reported to have cut very fine white sericite for an equal distance. File data is being compiled on these occurrences.

HM WR 1/2/88: The Sugarloaf Peak Project was originally and still is, for the most part, a disseminated gold prospect. Widely spaced drilling by Westworld Inc. in 1983 intercepted relatively thick zones of subeconomic gold mineralization in the phyllosilicate altered schist. Mr. Dausinger (card) reports that he has recently entered into an agreement with Newmont Exploration Ltd, Tucson, AZ to further explore the property. ADMMR personnel brought the prospect to the attention of Newmont and encouraged the agreement. File data will be added in coming weeks.

KAP WR 2/5/88: Chuck Bottdorf, Geologist, BLM, Yuma District, reported he has received an operating plan from Newmont Exploration to drill 50 holes on the Stray Elephant (Sugarloaf Butte Alunite) file, La Paz County. Newmont is on the property as a result of an agreement with West World Minerals, Inc.

STRAY ELEPHANT

LA PAZ COUNTY

HM WR 2/6/88: Norm Dausinger (card) provided drill log and assay data to add to the Sugarloaf Butte Alunite file MILS #258, La Paz County AKA Sugarloaf Peak Project. The AKA Stray Elephant is incorrect. The Stray Elephant, AKA S E Group or Gonzales Wash prospect lies to the west in T4N R20W Sec 32, S $\frac{1}{2}$ and in Sec 31 SE $\frac{1}{4}$. The Stray Elephant is owned by W. Hienrichs while the Sugarloaf Butte is owned by Westworld Inc. & N. Dausinger.

KAP WR 4/15/88: Rich Lundin reported that American Copper - Nickel has drilled his (et al) Stray Elephant (file) property, La Paz County.

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine Oro Fino Area Date October 10, 1963
District Dome Rock (La Paz-Quartzsite) Dist., Engineer Lewis A. Smith
Yuma Co.
Subject: Conferences with F.C. Metler and E.R. Metler and visit to claims.

Since the last visit Metler Bros. Drilling Co. have drilled 3 holes for Congden & Carey Mineral Exploration Co. of Denver. Two holes reached 400 feet and one reached 1088 feet. Drilling is done with a Joy Mfg. Co. No. 22 drill, using an NX bit that yields a 2 1/8 inch core. According to Metler, a core recovery of 99 per cent was made. Friedman, geologist, is in charge, but he was away. Metler also reported that so far as he knew considerable pyrite had been encountered, but very little evident copper. The oxidized capping where observed indicated pyrite with very local copper indications. The drilling was based upon an anomaly (geophysical) and strong alteration conditions.

Metler Bros. Drilling Co. (composed of E.R. and F.C. Metler) operates out of Tucson (2929 S. 4th Ave.). One more 500 foot hole is projected and this, in lieu of results and financial difficulties, may probably be the last. The Metlers were moving onto the new site at the time of the visit.

According to the Arizona Bureau of Mines Yuma County map, the area west of Quartzsite consists of schist that is bordered on the south by a major fault that trends approximately 65-70 degrees W. The west half of this fault exposure is bordered on the south by gneiss. The east half is bordered on the south by Mesozoic sediments (shale, sandstone and limestone locally metamorphosed). On the north of this east portion is a triangular body of sediments that are bordered by a short fault segment that trends EW. Two to three miles N of this major fault is a second major fault that, according to the map, lies wholly in the schist and which is nearly parallel to the first major fault. (The map does not designate the up and down throws of any of the faults.) However, the area between the fault is severely fractured and strongly saturated by pyritic limonite. It is also cut by numerous veins and small lenses of quartz that are generally transverse to the faults and the schistosity. The schist is cut locally by a few bands of siliceous rock that may be rhyolite or fine grained granite. One of these crosses the Wood claims, and the area being drilled by Congdon & Carey. Local granitic dikes and small irregular masses occur along the short fault segment that borders the inserted triangular sedimentary block. North of the "North" major fault an irregular band of schist, similar to that between the two faults, butts against a large and irregular band of granitic rocks that comprise much of the north segment of the Dome Rock Mountains. The severe shattering in the zone between the faults and the accompanying strong kaolinitic alteration have influenced the formation of the pass through the Dome Rock Mountains by forming a zone of comparative weakness to erosional agencies. It is also strongly possible that the area between the two major faults may have been downdropped somewhat. Shearing more or less parallel to the schistosity is common, but few major shear planes were seen. Uranium (orangite) was present in the west part of the zone and the Strange silica deposit is near to the west exit from the zone. The transverse quartz lenses and veins all contain limonite saturated vugs and fracture coats, both of which may contain a little gold. It is probable that the weathering (kaolinization) and erosion of these and the schist may have created the Middle Camp, La Cholla and Oro Fino placer deposits, at least to a large degree. The limonite appears to have been derived in the main from pyrite that

Oro Fino Area(continued)

originally may have contained the gold. Test holes sunk in the zone recently showed a very good pyrite content and reportedly little copper. According to Wood his test holes encountered pyrite, some concentrated, at as little as 60-80 feet below the surface. Kaolinization appears to be very prevalent with the pyrite, as well as in the gossan. Silicification seems to be less extensive being localized (excluding the quartz veins and lenses) in bands along the schist laminae or narrow shear planes. The schist north of the north fault appears to be somewhat less altered and broken up, but also contains quartz veins and lenses.

15

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

FILED
JUN 25 1963

Mine ORO FINO PLACERS AREA

Date 6/6/63

District LA-PAZ QUARTZSITE, YUMA COUNTY

Engineer LEWIS A. SMITH

Subject: Visit with William Lundby, Geologist.

PROPERTY: 38 claims.

LOCATION: Approx. S 31-33, T4N, R20W.

OPERATOR: Congdon and Carey, Mineral Explorations, 1st National Bank Bldg., Denver 2, Colo. (AM6-1114).

MINERAL: Copper.

WORK: Drilling is in progress with a Boyles Canada Drill. The core is 2 1/8 inches in diameter (N X bit) and it is planned to go down for several hundred feet. The drilling was contracted to Metler Co. Two holes have been sunk to date and these have given interesting results. According to John Woods, drilling on the Woods Claims to the SE of the Oro Fino penetrated 60 feet of oxidized copper and nearly 100 feet of sulphides (chalcopyrite and pyrite). This hole was not finished because of drilling troubles. Other work on the Oro Fino Group consists of old pits and trenches that were mostly sunk by placer miners during earlier placer operations and by Wm. Keiser on part of the Middle Camp placer ground. A few bulldozer drill sites were made and connecting roads built.

GEOLOGY: The mineralized area lies in an oval-shaped form approximately 2 1/2 - 3 miles long by 1 - 1 1/2 miles wide. The principal rocks are schists, locally cut by diorite porphyry dikes or masses. Both rocks were later cut by quartz veins, lenses, or masses; some veins look like pegmatites. The mineralized zone is stained brown to brown-yellow by limonite that appears to have been derived from pyrite with appreciable copper. Oxidized copper indications at least at the surface are meagre. However below the whipped-out surface zone the copper oxides are reported to come in. Generally according to Scott, Woods, and others the oxidized copper zone relatively thin (60-90 feet). Little or no Chalcocite has been reported by these people, the oxidized zone merging directly with primary sulphides in a few observed cases. This sort of data is as yet unavailable as far as present drilling is concerned.

The schist in this area trends E-W to NW-SW and dips N at about 30-40 degrees. It is strongly kaolinized in the mineralized area. The mineralized area was flown and electrically tested, yielding an anomale. The major transverse fracture pattern closely spaced though somewhat indefinite appears to be NE-SW to E-W. The second pattern usually trends more to the NW SE. These are strong breaks and are apparently typical Basin and Range shears, or block faults. These have had strong horizontal components and may have been responsible for the lack of consistency in the schist attitudes in the Dome Rock Mountains. They have apparently divided the range in echelon segments. A cluster of the NE -SW fractures, possibly more closely spaced than usual, have probably formed the mineralization locus.

ORO FINO PLACERS

June 25, 1963

In addition to the Oro Fino placers, Congdon and Carey has located thirty-eight Coca claims and has taken an option on twenty additional claims owned by Mr. Raymond Ropp of Beaumont, California.

Letter of Thomas E. Congdon 6/25/63

*sugarloaf butte
A Onitt (f)*

COPIED FOR 10/1/84



March 1984

HEINRICH'S GEOEXPLORATION COMPANY

P.O. BOX 5964, TUCSON, ARIZONA 85703. 806 WEST GRANT ROAD. PHONE: (602) 623-0578

SE Property Summary Sheet

The SE property is in the Middle Camp-Oro Fino Mining District in the Dome Rock Mountains in La Paz County, Arizona. The property is on Interstate 10, about eight miles west of Quartzsite, Arizona and about thirteen miles east of Blythe, California. The property consists of 78 lode claims, located in sections 31, 32 and 33, T. 4 N., R. 20 W., sections 5 and 6, T. 4 N., R. 20 W., and section 36 T. 4 N., R. 21 W., totalling about 1,330 acres.

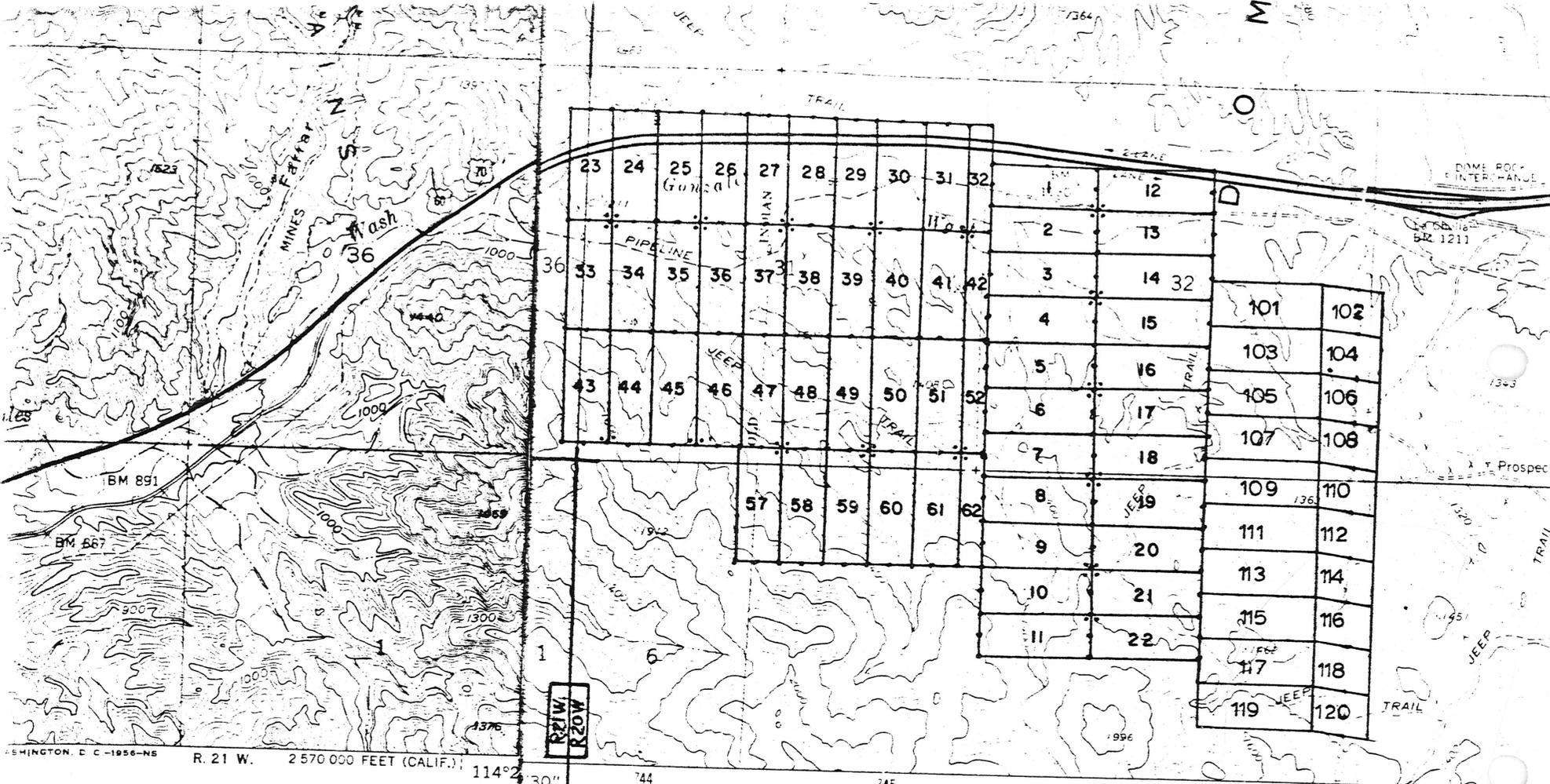
This area is shown on the Middle Camp Mountain USGS 7 1/2 minute topographic map. The claims bear US BLM Serial Numbers AMC105414 through AMC 105471 and AMC 186704 through 186723. They were staked in 1980 and 1982.

Ownership rests with four Arizona residents, each with a one quarter undivided interest. They are Walter E. Heinrichs, Jr., William C. Hirt, James D. Loghry of Tucson and Richard J. Lundin of Prescott, AZ.

The initial interest in the immediate claim area during recent times was for its porphyry copper-molybdenum potential. In this connection, during the period 1962 - 1975, mapping, sampling and rotary and diamond exploration drilling totalling approximately 18,500 feet was done by several concerns, one of them a major oil and mining company. More recently, the SE group has been re-evaluated in light of geochemical and geological data as a gold target, and the minerals division of a major oil company leased the property in 1983. This company drilled one hole required for annual labor purposes but, unfortunately, due to a sudden unexpected corporate-wide budget cut, they had to turn it back to the owners in January 1984. Results of some of the work done to date on the property are available to interested parties. We feel that the mineralization disclosed thus far warrants further investigation.

Further information may be obtained at the above address.

for map, see orig



WASHINGTON, D. C. - 1956-NE R. 21 W. 2 570 000 FEET (CALIF.) 114° 30' 74 75 76 320 000 FEET 20'

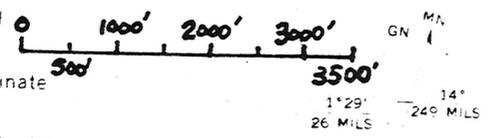
ROAD CLASSIFICATION

- Heavy-duty Light-duty
- Medium-duty Unimproved dirt
- U. S. Route State Route

LA PAZ MTN., ARIZ.—CALIF
 NW/4 DOME ROCK MTS 15' QUADRANGLE
 N3337.5—W11422.5/7.5

1955

Compiled, edited and published by the Geological Survey
 Control by USGS and USC&GS
 Topography by photogrammetric methods from aerial
 photographs taken 1970. Field checked 1971
 Projection and 10,000-foot grid ticks: Arizona coordinate
 system, west zone (transverse Mercator)
 1000-meter Universal Transverse Mercator grid ticks,
 one 11, shown in blue. 1927 North American datum
 here omitted. Land lines have not been established.



**MIDDLE CAMP MTN.
 QUADRANGLE**

**SE CLAIM GROUP
 YUMA COUNTY ARIZONA
 1980**

UTM GRID AND 1971 MAGNETIC NORTH
 DECLINATIONS AT CENTER OF SHEET

FOR SALE



HEINRICH'S GEOEXPLORATION COMPANY

P. O. BOX 5964, TUCSON, ARIZONA 85703, 806 WEST GRANT ROAD, PHONE: (602) 623-0578

February 9, 1982

SE Property Geological Synopsis

The SE property is in the Middle Camp - Oro Fino Mining District in Yuma County, Arizona. Past production from the district includes over 12,000 ounces of gold with 1500 ounces of contained silver from placer operations and minor production of lead, zinc, copper, gold and silver from several small lode mines.

The dominant rocks exposed within the district in the Dome Rock Mountains are Precambrian schist and granite. In the SE property area, these rocks have been intruded by a stock of probable Laramide age. Extrusion of a Tertiary quartz porphyry flow followed; outcrops of this rock are found capping Sugarloaf Peak and scattered north of I-10. Late Tertiary gravels and Quaternary alluvium lap up onto the mountains.

Porphyry copper-type alteration is well developed within the property; alteration types include propylitic, pyritic, phyllic, and potassic. The original geometric relations between the various alteration zones have been obscured by structural dislocations along faults.

Surface geochemical sampling has disclosed anomalous lead, zinc, molybdenum, bismuth, and tin values.

Primary copper mineralization (disseminated chalcopyrite now partially oxidized to various copper oxide minerals) is found on the surface in the Hancock Wash area (Hancock Wash is the large wash in the south half of section 31 T4N R20W). This mineralization is associated with a block of exposed potassic alteration.

A minimum of 18,500 feet of recorded rotary and core drilling has been carried out in the Sugarloaf Peak area by various companies; data from some of this drilling is available in addition to other reports and maps and is included in the larger body of text which is available on request. The reader's attention is drawn to DDH Q-1 through Q-6. These holes were drilled in the Hancock Wash area intercepting schist and quartz monzonite (a phase of the

See over

Laramide (?) intrusive). DDH Q-1, which was drilled mostly in schist, had intercepts of 200 feet of about 0.6% copper from the surface to a depth of about 200 feet; the copper is in the form of brochantite, chrysocolla, and malachite, partly disseminated and partly on fractures, and also disseminated and veinlet chalcopyrite. There is a further 30 feet of approximately 0.6% copper (disseminated chalcopyrite - bornite) at 400 - 430 feet. The mineralization in Q-1 is associated with sericite and biotite alteration.

DDH Q-3 intercepted 203 feet of 0.43% copper mineralization, mostly in quartz monzonite, from about 190 feet to about 400 feet of depth. The mineralization is in the form of chalcopyrite associated with phyllic alteration (quartz-sericite-pyrite).

Significant amounts of molybdenum are associated with copper mineralization intercepted in DDH Q-1 and Q-3, and probably elsewhere as well.

In DH Q-6 was found 50 feet of 0.2% copper in a faulted block of quartz monzonite. The mineralization is chalcopyrite associated with quartz-sericite-pyrite alteration and some tourmaline.

Tourmaline was noted in all of the Q holes, but most strongly in holes Q-2, Q-4, and Q-6, both disseminated and in veinlets.

Many of the earmarks of economic porphyry copper deposits found elsewhere in the Southwest are present in the Sugarloaf Peak area. These include the Pb-Zn-Mo geochemical anomalies, the well developed and widespread alteration zoning, presence of abundant alunite and tourmaline, and outcrops of disseminated copper mineralization in a potassic alteration zone. All these favorable geological characteristics indicate that more work is warranted to test for the presence of economic quantities of disseminated copper - molybdenum mineralization in the Sugarloaf Peak area.

Recent geochemical sampling and mapping (Jan.-Feb. 1982) have revealed the presence of anomalous gold values in host rocks favorable for lode gold mineralization. These results suggest the possibility of a stockwork gold deposit and/or Goldfield, Nevada - type mineralization which could have acted as a source for the placer gold mined in the early days of the district. More work is needed to define the areas of gold anomalism, favorable host rocks and to determine if potential economic targets for gold mineralization exist.

William C. Hirt
Geological Engineer
and Metallurgist

SE Property Data and Reports

(in approximate chronological order)

1. McPhar Geophysics IP and Resistivity Survey Location Map (Fig.3), undated but probably between 1962 and 1971.
2. Congden and Carey report on "Geology of the Sugarloaf Prospect, Yuma County, Arizona" with Plates II, III and IV, March 1964.
3. Report titled "Base Metal Distribution at Sugarloaf Peak, Quartzite Mining District, Yuma County, Arizona" dated August 1971, text 4 pp., with drill hole data including core logs, drill chip logs and metal ratio graphs for drill holes DDH S-1, DDH S-2, DDH S-3, DDH SL-4, DDH-SL-5, DDH SL-6, RH SL-7, RH S-8, RH S-10, RH SL-13 and DDH SL-15 (these are partly rotary and partly core holes), accompanied by map titled "Generalized Alteration - Sugarloaf Peak Area", dated August 1971 (two copies, one with outline of claim block), and also by another map (undated) entitled "Dome Rock Mtns Quad" which shows the location of the S and SL holes.
4. Assay logs for RH V-1 through RH V-15 (all rotary drill holes except for three feet of NX core on hole RH V-15), drilled in 1972.
5. Report titled "Exploration Potential of the Sugarloaf Peak Area, Quartzsite Mining District, Yuma County, Arizona" dated May 25, 1973, 12 pp., with 3 pp. cover letter, accompanied by maps:
 - a. "Alteration Map-Sugarloaf Peak Prospect", May 25, 1973.
 - b. Molybdenum Geochemical Values, Lead Geochemical Values, and Mo/Pb Ratio Maps, all of the Sugarloaf Peak Prospect, dated May 1973.
 - c. Cross Section through Sugarloaf Peak, dated May 1973.
 - d. Magnetometer Survey Profiles, dated May 1973.
6. Assay and Core Logs for DDH Q-1 through Q-6 (NX core holes drilled in 1974-75).
7. Map titled "Quartzsite Geology and Alteration" dated February 1975 showing location of Q holes.
8. Map titled "Quartzsite Project, Yuma County, Arizona" dated May 30, 1975 showing location of Q holes.
9. Undated Map showing drill hole locations and claim block outline.
10. Geologic Map of the Central Dome Rock Mountains by W. J. Crowl, 1975 (University of Arizona thesis).
11. SE Property Map 1982.

18 SE Claims

Lease-option Terms and Conditions

Purchase price: \$10,000,000 or \$5,000,000 plus perpetual NSR or equivalent royalty commencing on initial date of production in the amount of 4% on Federal lands and 2% on State lands. All payments, including production royalties, apply towards the purchase price. Payments, toward the purchase price must be structured as capital gains, not advance royalties or rentals. If either of the above alternative purchase prices are acceptable to the optionees, the owners require no term to the agreement; if not acceptable and the optionees offer a reduced price, the owners insist on a 5 year term to the agreement.

Payment Schedule

(Minimum advance royalties)

<u>Year</u>	<u>Amount</u>
1	\$6,000 in advance for the first 6 months. \$7,500 in advance for the second 6 months.
2	\$18,000 in advance.
3	\$21,000 in advance.
4 and beyond	\$24,000 in advance.

Annual labor must be performed by optionee if the claims are held beyond Feb. 1 of any year. Labor must be physical labor (dozing, drilling, mining, etc.) on the federal claims, and must be at least \$7,800 per year.

Sixty days notice is required before dropping the lease or option.

Area of interest: There will be an area of interest extending one mile from the exterior boundary of the claim/prospecting permit block. Any claims staked by either party or prospecting permits acquired shall be subject to the terms of the agreement.

Data: All factual data acquired and developed by the optionees shall be released to the owners when and if the lease is dropped. Information or reports shall be made available to the owners periodically during the term of the lease. The owners will hold these data confidential.