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1520 West Adams St.
Phoenix, AZ 85007
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The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Three R Mine

Date July 6, 1983

District Palmetto District

Engineer Clifford J. Hicks

Subject: Field Visit

In the company of Jack Pierce, Consulting Geologist, 612 Morrell Blvd., Prescott, AZ 86301, Telephone 778-3445, visited the Three R copper mine in SE¼, Section 36, T22S R15E, Palmetto District, in the Patagonia Mountains, Santa Cruz County. Some of the 21 patented and 11 unpatented claims were viewed from very poor (not quite 4-wheel drive-but close) roads in areas of very high relief in Three R Canyon and Cox Gulch and by hiking. See Cumero Canyon 7.5 min. Quadrangle. The claims are bounded on the east, north and south by ASARCO holdings. The Three R Mine ownership is as follows: One half interest held by Duane Bird and and Thomas Hall (with their wives) Nogales attorneys; one half by heirs of C. A. Pierce who are Mrs. Mary L. Pierce (¼ interest), Sallie Van Valkenburgh (1/8 interest) and Jack C. Pierce (1/8 interest). Most of our day on the property was devoted to finding old claim corners. Mr. Pierce is actively trying to sell the whole package of the congiquous patented and unpatented claims. Details concerning the mine are included in a data outline compiled and written by Mr. Pierce, A geological Review and Preliminary Precious Metal Evaluation by Mountain States Research and Development and a Master's Thesis by Paul A Handverger. Mr. Pierce kindly loanded these documents to the ADMR for copying. This has been done and copies will be mailed to the Phoenix office and one set retained in Tucson.

THREE R MINE Do Not Reproduce SANTA CRUZ COUNTY

Received the following information - McFarland & Hullinger did location work and annual assessment work in the Three R Mine area in March, April and May, 1963. Since then, a short time ago, Anaconda Co. has been given an option on the property. It is expected that the Anaconda Co. will now continue the exploration started by McFarland & Hullinger.

Memo ALJ 6-28-63

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine Three R Mine

Date September 8, 1960

District Palmetto District, Santa Cruz Co.

Engineer Axel L. Johnson

Subject: Present status - Information Herman Rhea

References: Report of June 9, 1960

Present Status: Property idle. Exploration work was suspended about 3 weeks ago (about Aug. 17), and all equipment removed. McFarland and Hullinger officials are reported to have stated that they found some ore, but not enough to warrant continuing of the exploration activities.

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Three R Mine Date June 9, 1960

District Palmetto District, Santa Cruz Co. Engineer Axel L. Johnson

Subject: Field Engineers Report. Information from George C. Davis and personal visit.

References Reports of Nov. 15, 1956 and May 22, 1956

Location About 8 miles south of Patagonia. Drive 5 miles SW of Patagonia on the Patagonia-Nogales highway. Turn left (SE) and drive 3 miles to the mine. The last mile is very rough and steep. (1 1/2 miles west of the Flux Mine).

Owners Duane Bird and C. A. Pierce, Nogales, Ariz.

Option to purchase or lease McFarland and Hullinger, Box 238, Tooele, Utah (Local address -- Box 811, Tucson)
W. D. Nelson, Gen. Supt.
George C. Davis in charge of Three R Mine exploration.

Principal Minerals Copper ore.

Present Mining Activity Diamond drilling from lower adit. 2 men working.

Geology See report of May 22, 1956.

Ore Values See report of May 22, 1956.

Past History (1) Mine was leased to Robert Lenon, Leland Wilson, and B. Vasquez in 1954, who shipped 8 carloads of ore (about 400 tons), averaging from 5 to 6 % copper. Mine was closed down on Jan. 11, 1955, after 6 months of operation.

(2) Richard Taylor leased the mine in Nov. 1955, and started shipments in Jan. 1956, and shipped 13 or 14 cars of ore to the smelter. Mr. Taylor stated that the reason he had to close down operations was that the smelters notified him that they would not accept any more of the ore on account of its high alumina content. Mr. Taylor closed down in Sept. of Oct. 1956, and the mine has been closed since that time.

Review of Recent Operations McFarland and Hullinger started their operations on April 16, 1960. Preparatory work consisted of repairing one mile of road, laying 1800 ft. of 6" aluminum air line, and installing a 115 c.f. m. compressor.

Diamond drilling was started on May 9, 1960, the location being about 1,800 ft. from the portal of the main lower adit. A Chicago Pneumatic diamond drill, capable of drilling 500 ft. is being used for this work. An EX core is ~~is~~ obtained.

Operators are now drilling on their 3rd hole. The first hole was drilled 200 ft. at an incline of 45 deg. down. The second hole was drilled horizontally for a distance of 200'. The third hole, also horizontal, is now in a distance of 160 ft., and it is planned to drill this a distance of 400 ft. The number of additional holes to be drilled will depend on the ore showings found, and, at present , is indefinite.

THREE R (P) SANTA CRUZ

MERCATOR MINERALS, LTD
Notes to Consolidated Financial Statements
(In Canadian Dollars)
December 31, 2003

5. Mining Properties

The Company's mining properties consist of the following:

a) (i) Acquisition costs

		December 31,	
	2003 Balance	Written off in 2003	2002 Balance
Three R. Property	$ --	$ (489,055)	$ 489,055
Plorco Mining Ltd. - Chilean Asset Package	--	(650,000)	650,000
Pabellon Silver Tailings-(Joint Venture interest)	--	(594,189)	594,189
Mineral Park Mine (see Notes 5a(iii) below & 5e)	* --	--	--
	$ --	(1,733,244)	$ 1,733,244
Accumulated Amortization	--	1,183	1,183
	$ --	$ (1,732,061)	$ 1,732,061

* See appraisal of Mining Claims of the Mineral Park Mine (see Note 5a(iii))

(ii) Deferred Exploration Costs

		December 31,	
	2003 Balance	Written off in 2003	2002 Balance
Pabellon Silver Tailings, Chile			
Field work, geological and salaries	--	(89,196)	89,196
	$ --	$ (89,196)	$ 89,196

(iii) Mineral Park Mine – (incorporated as Equatorial Mineral Park, Inc.)

Prior to the acquisition on June 24, 2003, of Equatorial Mineral Park, Inc. for 4,612,175 common shares of Mercator at a deemed price of $0.15 per common share (Cdn$691,827), Equatorial had written down all its Mining assets to nil. This created a gain of $1,340,173 on the acquisition, as the purchase price was less than Equatorial's book value.

Under the terms of the acquisition of the Mineral Park Mine, Equatorial Mining North America, Inc. (former parent of Equatorial Mineral Park, Inc.) forgave loans totaling $10,310,457 (US$7,852,595) that it had advanced. These were the funds advanced to the Mineral Park Mine to build up the Mine infrastructure before the sale to Mercator.

A recent appraisal of assets of the Mineral Park Mine at fair market value by a professional geologist is as follows:

Phoenix Copy

THREE R MINE DATA OUTLINE

LOCATION

Palmetto-Harshaw Mining District, T 22 & 23 S, R 15 & 16 E, Santa Cruz County, Arizona.

PROPERTY

21 patented and 11 unpatented claims in a solid, contiguous block. Approx. 4800' to 6000' elevation in rugged terrain.

OWNERSHIP

Owned by two family groups, one represented by Thomas L. Hall of Tucson and the other by Jack C. Pierce of Prescott.

HISTORY

See USGS Bulletin 582 by Frank C. Schrader (1915). Updates in Pierce memos attached.

GEOLOGY AND PRODUCTION

USGS Bulletin 582	1915
ABM Bulletin No. 140	1936
ABM Bulletin No. 191	1975

EXPLORATION

Magma Copper Company 1920 10 holes--data available.

Consolidated Coppermines 1951-53 5 holes no data in hand

Anaconda-Asarco drilling 1963-81 Brief data attached. Additional data available.

IN-PLACE LEACHING

Proposal summary 1979 Mention in Pierce memos.

THREE R MINE

LOCATION

{Also referred to as Palmetto-Harshaw Mining Dist:

This copper property is located in the Harshaw Mining District, Santa Cruz County, Arizona about 4½ miles south of Patagonia and 14 miles northeast of Nogales. It consists of 21 patented claims and 14 unpatented claims, all contiguous, on the upper west slope of the Patagonia Mountains between elevations of approximately 5,000 and 5,800 feet. It is reached by some 3½ miles of ungraded rodd from the paved highway connecting Patagonia with Nogales. The nearest railhead is at Patagonia, about 7½ road miles away on a Southern Pacific branch line.

OWNERSHIP

The Three R.Mine ownership is as follows: One half interest held by Duane Bird and Thomas Hall (with their wives), Nogales attorneys; one half by heirs of C. A. Pierce who are Mrs. Mary L. Pierce (¼ interest), Sallie Van Valkenburgh (1/8 interest) and Jack C. Pierce (1/8 interest).

HISTORICAL

4. Discovered in 1890, the property was explored and developed in minor ventures by W. R. Green of Cananea, the Lewisohn interests and the Three R syndicate prior to 1909. During that period there was produced only a small tonnage of high-grade chalcocite ore. Between 1909 and 1912 R. R. Richardson (for whom the property derives its name) and the Calument and Arizona Mining Co. developed and shipped to the El Paso smelter considerable 5-15 percent copper ore.

In April, 1912 N. L. Amster of Boston, Mass. acquired the property for $550,000 and by August, 1914 had shipped about 30,000 tons of ore averaging 9 percent copper with gross value reported at more than $1,000,000.

In the 1920's Magma Copper Company blocked out ore by diamond drill and underground work and erected a mill which operated until a severe drop in copper price. (Details of this operation are not immediately available to the writer but are on file in the law offices of Bird and Hall in Nogales).

Early in World War II the property was acquired by Duane Bird and C. A. Pierce, who operated it profitably in a small way throughout the war. Ore was obtained by new development, pillar trimming and other scavenger operations in the principle workings of the pooperty. The small profits were applied to unsuccessful exploration for an untapped ore ~~body~~ occurrence discovered by a Magma diamond drill hole. Operations were suspended at the close of the war and the withdrawal of Premium Price plan support. (Have detail on this operation)

In 1950 Kennecott Copper Corp., recognizing a part of the property as a potential, large, disseminated copper deposit made cursury examination and declined further interest, because the exposed deposit was not indicative of a large enough operation for Kennecott. This Corporation referred the mine to Consolidated Coppermines Co. and, under a lease-option agreement, this company conducted a comprehensive surface and underground geological mapping and sampling job on the property during 1951. Five diamond drill holes placed in the granite and trachyte porphyry formation suggested as a possible commercial disseminated deposit were disappointing. The formation is copper enriched but sub-marginal except in narrow fault and fracture zones where copper values were consistently attractive though representing small volumes of ore.

Following Consolidated's abandonment of the property in Sept., 1951 two local groups have held leases on sections of the ground to exploit the near-surface enriched fractures discovered by aforementioned diamond drill exploration and to mine lower-grade segments of the old mine. Twenty two cars of ore were shipped by these operators who recently suspended operations and relinquished their interests in the property. We are told the reason for abandonment by the lessees on the new ore was internal friction among the partners in the venture. The group shipping from the old workings met with smelter resistance to the ore due to high alumina content.. The grade of all 22 cars ranged between 3 and 9 percent copper.

PRESENT STATUS

The Three R Mine is available for purchase, lease and option or bonded lease. Ample time for extensive examination will be allowed to any responsible party. Initial cash payment for an option to lease or purchase would be low. Terms for lease and purchase will be reasonable.

OWNER'S OPINION

Although there is established a limited volume of direct-shipping ore on the property, the ultimate success of an operation at the Three R depends on a milling operation. We believe that examination will disclose sufficient milling grade ore to justify a small mill, based on a copper price in excess of 30¢ per pound.

There are three geologically attractive and yet unexplored potential ore horizons on the property. We believe that Coppermines was interested primarily in the prospects of an open pit operation at the point of their drilling operations and paid little or no attention to indications of ore sources that would be exploited by underground mining methods.

In summary, it is our opinion that the Three R Mine should be attractive to experienced operators with the financial and technical ability to confirm indicated mill-ore reserves and to place a mill in operation. The unexplored, favorable ore horizons should enhance the attractiveness of the property as a potential long-lived copper mining operation.

Jack C. Pierce
September 23, 1956

See 5/30/79 Addendum attached.

THREE R PROPERTY

May 30, 1979

"HISTORICAL" ADDENDUM TO 9-23-56 REPORT

In 1959 McFarland & Hullinger of Tooele, Utah took a lease and option on the property to thoroughly study the underground mine in search of operating viability. They were unsuccessful and relinquished their rights after about a year of inspection and deliberation.

In 1962 McFarland & Hullinger again asked for a lease and purchase option with a 10-year term and the meticulous document was finally executed after almost a full year of negotiation. In February, 1963 they assigned their rights to Anaconda, for whom they secretly represented in this matter.

Anaconda explored for about 9 years over the original Three R ground (21 patented and 11 unpatented claims) and scores of claims they located and made a part of the property. Such activity caused Asarco to extend its Flux property (east of Three R) toward the Three R and in 1972 Anaconda negotiated a 5-year extension of its lease from Three R owners. Immediately upon execution of that extension, Anaconda and Asarco formed a joint venture exploration with the latter becoming the active exploration entity. In 1977 Asarco-Anaconda were granted an additional 3-year extension, now about 2 years old.

Neither Anaconda or Asarco have shown any interest in the old mine located on the Three R, Evening Star and Colossus claims, which mine is considered either "worked out" or potentially too small for their requirements. The mineable ore reserves can properly be placed at zero tons, but the leachable copper potential is likely quite significant. There is evidence of many small blocks and zones of 2% copper mineralization and major fracture zones of mineralization in the 1% Cu range. The several thousands of feet of drifts, crosscuts, stopes, raises, winzes and shafts occur on 9 levels, probably bracketing about 700 feet of fractured, vertical mineralized section.

A study of the potential for in-place leaching is certainly warrented. Seepage from the mine into the canyon bed has previously gone into small, crude cementation catchments but the practice was discouraged because such seepage occurs only following periods of unusually high precipatation in the vicinity of the mine.

Jack C. Pierce

GEOLOGY

On the east flank of the Three R Mountain is the Flux Mine -- within the upfaulted block of the Patagonia Mountain (a substantial lead producer); on the west side of the Three R Mountain is the Three R Mine (a large copper property, having produced one of the largest bodies of chalcocite mined in North America.

The Three R Mine is located within a rather large area of binary granite porphry. A gray, monzonitic dike (surface exposures of which are limited) intrudes the granite porphry and at certain locations contains some finely disseminated chalcocite that evidences the probability of a large, low-grade, deposit. This dike appears to be related to a deep-seated movement which was evidenced by severe faulting, shearing, and fracturing. This dike is similar to the dike which intrudes the Red Mountain rhyolite (Miocene Age) and is profusely impregnated with crystals and grains of pyrite, chalcopyrite, and chalcocite. Red Mountain is adjacent to the Three R Mountain and is therefore of geological importance as regards the Three R.

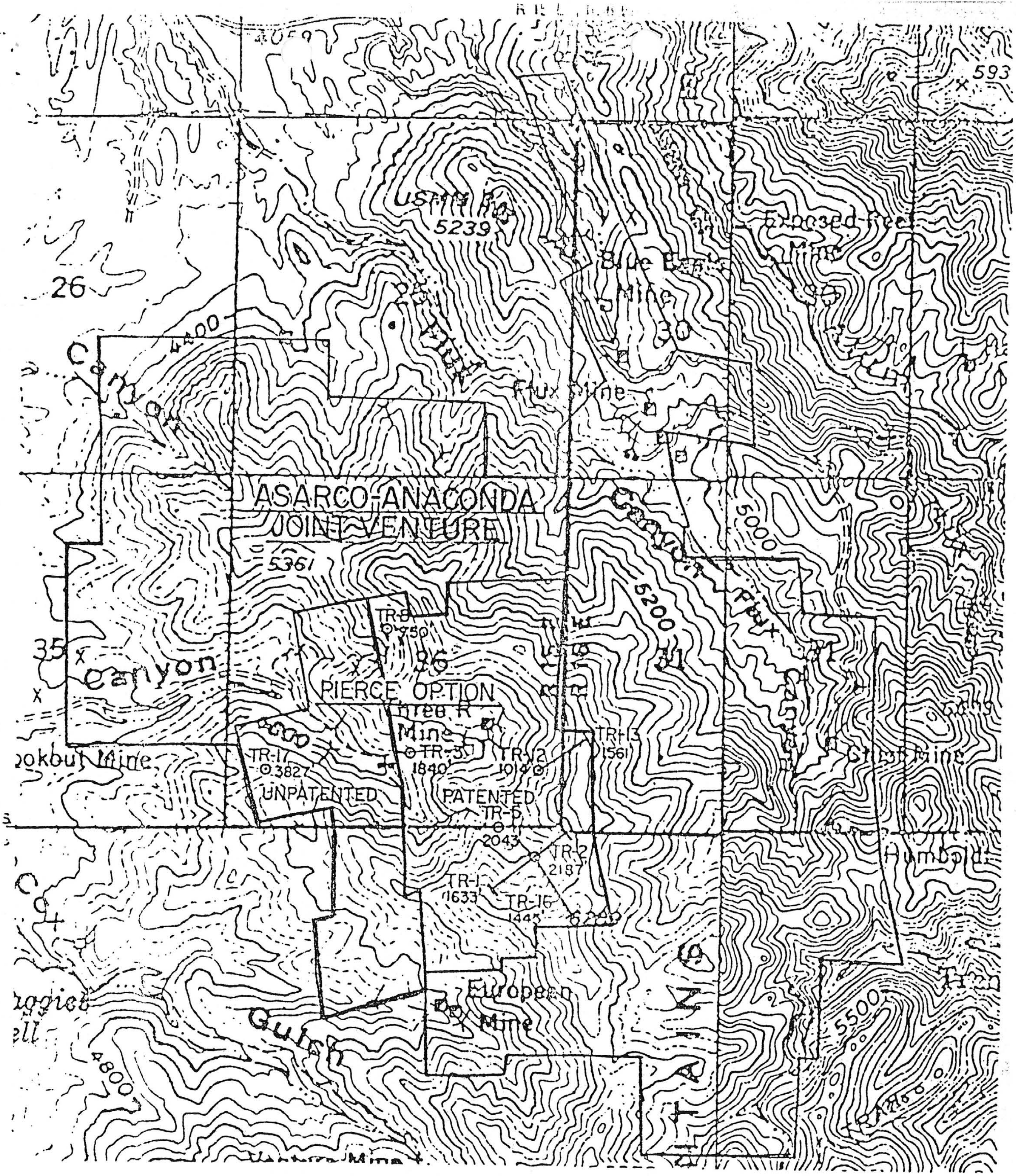
The Three R ore mined to date, is found within a system of north-south and north-75° east fractures. There is some evidence of a third system of fractures which strike north 30° west. These later fractures are obscured within the highly mineralized area of the ore bodies. They are, however, quite prominent at a location 1500 feet to the north of the Evening Star tunnel portal.

Evidence indicates that solutions accompanying or following the dike's intrusion and regional faulting, were the source of the copper mineralization; thatthis mineralization took place in at least two stages -- during and after intrusion and faulting. The rugged surface escarpment and outcrop evidence a deep-seated movement. This is especially true on the Three R and Hattie R. No. 2 mining claims.

Past exposed work is not helpful to the small operator because the shipping ores above water level and within confines of the Evening Star tunnel are exhausted. For the major companies, the work done is helpful in outlining a development program that has opportunities for the development of large, low-grade copper ores. Such horizons should include substantial tonnages of high-grade chalcocite.

To those interested in the development of a large, low-grade, copper deposit, this property should be of interest. Its development will require ample capital and capable management.

J.C. Pierce
12/49



⊙ ASARCO DRILLING

⊙ PREVIOUS DRILLING

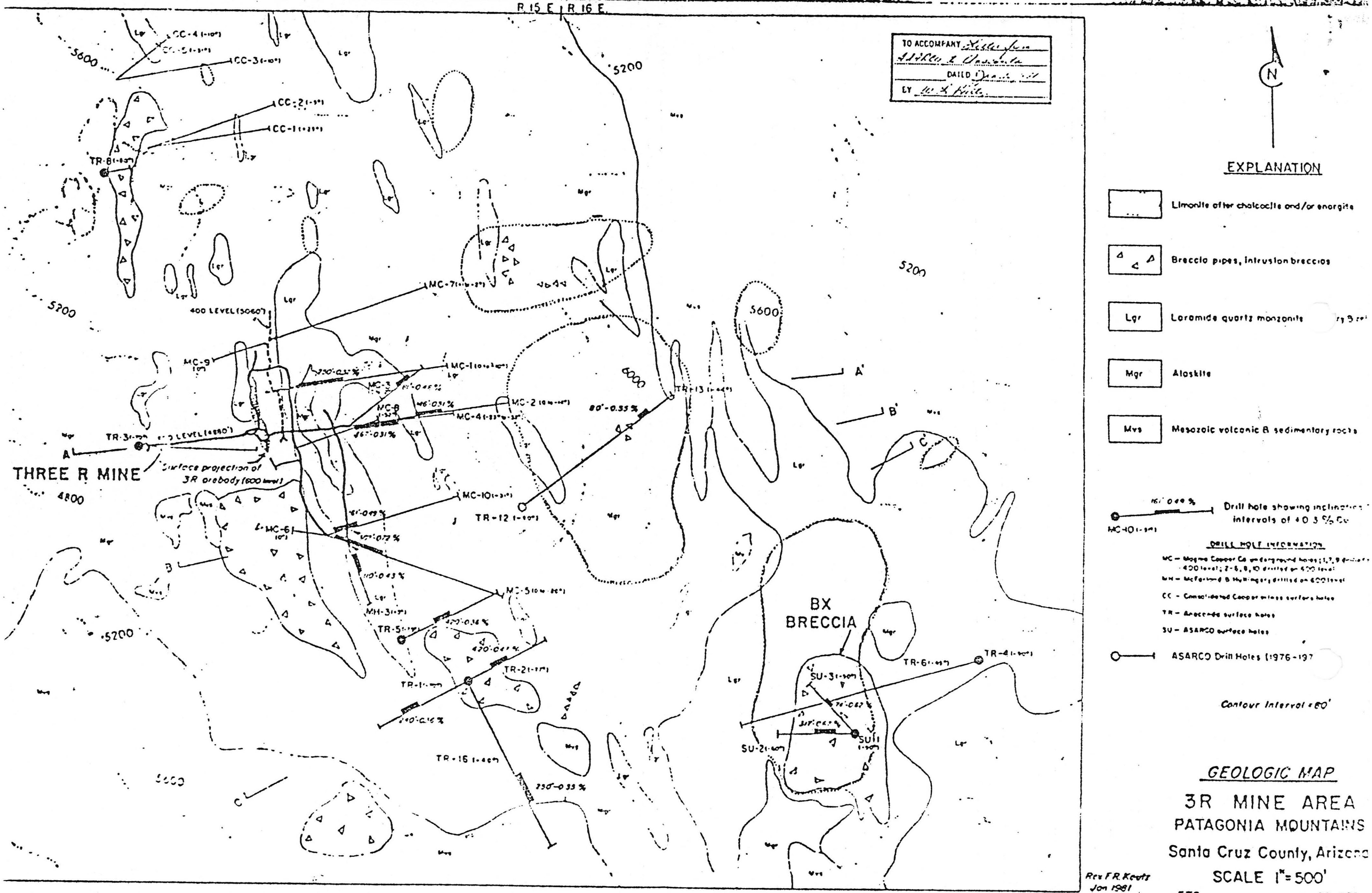
LAND & DRILL LOCATION

3R JOINT VENTURE

SANTA CRUZ CO., ARIZONA

SCALE: 1" = 2000'


MAY FLOWER
THREE R NO 4
WHITE TAIL DEER
BOOT
RANGE
BIG FOUR
THREE R No 3
THREE R CANYON
COLOSSUS
THREE R No 5
LAKE FRACTION
BLUE ROCK No 9
EVENING STAR
COLOSSUS No 5
COLOSSUS No 4
COLOSSUS No 3
COLOSSUS No 2
THREE R MINE
SALT FRACTION
BLUE ROCK No 6
BLUE ROCK No 7
BLUE ROCK No 8
THREE R No 6
FRACTION
T 22 S
T 23 S
HILLTOP No.5
HILLTOP No 6
THREE R No 7
BLUE ROCK
BLUE ROCK No 1
Range (West claim group)
BLUE ROCK No 2
BLUE ROCK No 3
BLUE ROCK No 4
HILLTOP No 2
HILLTOP No 3
HILLTOP No 4
ESCALADA MINE
West Range (West claim group)
6000
5200
4800


R.15 E. | R.16 E.
TO ACCOMPANY
DATED
BY
EXPLANATION
Limonite after chalcocite and/or enargite
Breccia pipes, intrusion breccias
Lgr
Laramide quartz monzonite
Mgr
Alaskite
Mvs
Mesozoic volcanic & sedimentary rocks
Drill hole showing inclination intervals of +0.3 % Cu
DRILL HOLE INFORMATION
CC - Consolidated Copper mines surface holes
TR - Anaconda surface holes
SU - ASARCO surface holes
ASARCO Drill Holes (1976-197
Contour Interval =80'
THREE R MINE
Surface projection of 3R orebody (600 level)
400 LEVEL (5060')
BX BRECCIA
5200
5600
6000
4800
A
A'
B
B'
C
C'
MC-1
MC-2
MC-3
MC-4
MC-5
MC-6
MC-7
MC-8
MC-9
MC-10
MH-3
CC-1
CC-2
CC-3
CC-4
CC-5
TR-1
TR-3
TR-4
TR-5
TR-6
TR-8
TR-12
TR-13
TR-15
TR-21
SU-1
SU-2
SU-3
GEOLOGIC MAP
3R MINE AREA
PATAGONIA MOUNTAINS
Santa Cruz County, Arizona
SCALE 1"=500'
Rev F.R. Koutz Jan 1981

3 R'S
Santa Cruz

HMC
↓
File

SILVER EAGLE RESOURCES LTD.

2420 North Huachuca Drive
Tucson, Arizona 85745-1202
Toll Free U.S./Canada: 1-800-899-6093
Telephone: (520) 798-1744
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Quarterly Report to Shareholders for Nine Month Period Ended December 31, 1995
MANAGEMENT DISCUSSION

In the last quarterly report to shareholders I expressed a message that stressed the intent of Silver Eagle's management to put together some fundamentally sound acquisitions and joint ventures. On this front I can now report that there has been significant progress in terms of property acquisitions and management additions that will allow Silver Eagle to make the transition from a pure exploration company to a cash-flow-based mining company.

Silver Eagle is on a fast track with a portfolio of mineral properties slated for production, several exploration properties located in high-visibility areas, a world-class exploration library/data base, and a strong, seasoned management team of professionals at its helm.

As a junior resource company, Silver Eagle is rather unique. The main focus of activity and growth is directed at low capital-cost, short lead-time, high rate of return precious and base metal mining situations. Cash flow from planned operations will provide much of the needed financing, therefore shareholder dilution will be minimized and share value will be maximized. Now in place are multiple projects with all of these characteristics, and a management team that has the depth of experience and proven track record to carry them to completion.

In February, 1996, subsequent to the end of the quarter, Silver Eagle announced the acquisition of Liximin, Inc., a technical consulting firm located in Tucson, Arizona, and several mining properties located in Arizona and Sonora, Mexico. The mining properties consist of: 1) the 3R copper mine in Santa Cruz County, Arizona; the Pimsa gold/silver/lead/zinc/copper tailings project in Sonora, Mexico; the Sara Alicia cobalt/gold property in Sonora, Mexico; the San Felipe, El Gachi, and Moctezuma silver/lead/zinc districts and flotation mill in Sonora, Mexico; and the Tres Piedras copper/molybdenum property in Sonora, Mexico.

The principals of Liximin, Inc. have joined Silver Eagle and are already contributing their considerable expertise toward developing the Arizona and Mexican properties. David B. Hackman, PhD., P.E., is a geological engineer with over 25 years of international exploration experience whose specialty is the evaluation of leachable metal deposits. Dr. Hackman is Silver Eagle's vice president of exploration and acquisitions. Fred B. Brost, P.E., a mining engineer with over 25 years of professional experience in mining and project management, has a specialty in project planning, materials handling, and mine permitting. Mr. Brost is Silver Eagle's vice president of mining and projects. J. Michael Sierakoski, a chemist/metallurgist with more than 25 years of experience in metal recovery through hydrometallurgy, is Silver Eagle's vice president of metallurgy.

Another recent addition to the Silver Eagle management team is Raymond P. Pecoskie, P.Eng. Mr. Pecoskie is a director, and brings to Silver Eagle a strong background in business, engineering, and global marketing of technology systems and services. He is a graduate chemical engineer with extensive contacts in investment banking and finance.

Company + People names entered 8/20/97

Over the next two years Silver Eagle will be developing the Arizona and Sonora properties in a sequence of mine start-ups with the first project, the Pimsa tailings project, to start production in mid-year 1996. In 18 months five mining projects will be operating, and in approximately 24 months a sixth mine will begin operations. Projected cash flows from operations are currently estimated to be US$1 million per month when the first five operations are underway.

On the exploration side of things, Silver Eagle expects to have an exploration agreement signed regarding its Ophir, Utah property during the first quarter of 1996. The High Dollar gold property in Nevada's Carlin trend is currently receiving much attention, and I am very optimistic regarding an exploration venture being executed here in the coming months.

During the quarter ended December 31, 1996, Silver Eagle's Pecos County, Texas range land acreage was sold for cash.

The exploration files/library owned by Silver Eagle has been taken off the market as a possible joint venture asset. With significant cash flow expected from mining operations Silver Eagle will maintain the files for its own proprietary purposes of developing exploration ideas and concepts.

Now that the months of behind-the-scenes negotiations have borne fruit, I want to thank you for your patience in allowing Silver Eagle's management to bring its business strategy to reality. Additional acquisitions are in the works for the coming months, and I am confident that they will make significant additions to the value of the company.

SILVER EAGLE RESOURCES LTD.

"*Jon P. Broderick*"

President
February 22, 1996

Silver Eagle's shares trade on the Vancouver Stock Exchange under the symbol SER.

Return to Silver Eagle Home Page.

Produced for the INFO-MINE, the Internet's premier mining information site,
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Magma Copper Company
SUPERIOR, ARIZONA

DEPT. MINERAL RESOURCES
RECEIVED
MAY 8 1943
PHOENIX, ARIZONA

May 7, 1943.

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

Dear Mr. Coupal:

This will acknowledge the receipt of your letter of May 6th relative to the Three R. Mine at Patagonia. As you know, the Magma Copper Company owned this property for several years and did considerable work there. Most of the maps and I believe the drilling records are still here in our Superior office. However, the only report we have on the property is a very short one made in 1913 in conjunction with reports on some other properties in the Patagonia District.

The maps, etc. which we have covering the Three R. property could not very well be transplanted to the files of your Department, and neither are we able to spare the time to go over the material with the present owners of the property due to the very great shortage of manpower in our organization. However, if you or some member of your Department wishes to come to Superior and go through the material which we have covering the property, we will do all possible in our power to assist, and you can then turn the desired information over to the new owners of the property.

If and when you send someone here for the information, I request his visit not be made on Saturday, Sunday, or Monday, as those are measuring days in this mine, and there is no one available in the Engineering Department for any other than routine work on those days.

Yours very truly,

E. G. Dentzer

E. G. Dentzer,
General Manager.

EGD:P

3 R mine

May 8, 1943

Mr. Dean Steele
156 Montgomery Street
San Francisco, California

Dear Mr. Steele:

Thank you for your letter of May 5. I have written confirming the wire from Mr. Willis to Mr. Duane Bird and as soon as I get a reply I will advise you. If necessary, I will arrange to see Mr. Bird as soon as I know that he will make terms which are reasonable, and as soon as the authorization is granted to offer the property I will advise you.

The information available is rather meager but I do know that the property was owned or operated at one time by the Magma Copper Company. I have been able to get permission from the Company to look over their report, drill logs, and so forth, and get complete information. I will not do that, however, until I get work from Mr. Bird or until you do as to the terms of a possible deal.

Regarding our friend, Tiny Salmon, will say that he passed away September or October of last year from a heart attack. As his deal was entirely personal and depended upon his making the contact with capital, nothing has come of the deal. Other phases of the same general plan are being considered by independent groups but these parties are working on their own and I have only an academic interest in the results.

With best wishes and kindest regards, I am

Very truly yours,

J. S. Coupal, Director

JSC:kk

P. S. In your letter you mention your desire of all the information and the authority to deal, also the profit you and I are to realize. As Director of the Department of Mineral Resources it is prohibited in the law creating the Department that the Director or any of the employees receive any fees, commissions, or acquire active interests in any mining property while in the employ of the State.

May 8, 1943

Mr. E. G. Dentzer
Magma Copper Company
Superior, Arizona

Dear Mr. Dentzer:

Thank you for your letter of May 7 and for your kindness in making available to our Department the data on the Three R Mine.

I will arrange either to look over this material myself or to have our field engineer in the Globe district, Mr. Andrew Macfarlane, look them over and will arrange to do this at some time other than on a Saturday, Sunday or Monday.

With best wishes and kindest regards, I am

Very truly yours,

J. S. Coupal, Director

JSC:kk

DEAN STEELE COMPANY
156 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA
GARFIELD 1509

May 5, 1943.

J. S. Coupal
413 Home Builders Building
Phoenix
Arizona.

Dear Mr. Coupal:

Thank you for the letter and report on the 3R mine. I had to go to Los Angeles after receiving the wire from Mr. Willis and did not have the opportunity to write you before this.

I have some people interested in the mine and I would like to have the information concerning the title situation that you mentioned in your letter, and also the terms on which the mine can be purchased.

When I sent the wire the other day I had the people here from the east and wished to give them all of the pertinent data I had, but I did not have sufficient information as to price and terms and, consequently, this matter had to be left open until such time as it is available.These people are interested and have all the money to undertake any size operation they are sold on.

Please send me all the information you have on this property and the authority to make a deal . Also the profit you and I are to realize.

How did Tiny's deal come out? I ahven't seen him in several years but I did talk to an attorney by the name, I believe , of Laughlin in Los Angeles who said he couldn't make the deal make sense.

With best wishes and kindest regards, I am,

Sincerely yours,

Dean Steele.

Dean Steele.

ds/m

May 6, 1943

Mr. Ed Dentzer
Magma Copper Company
Superior, Arizona

Dear Mr. Dentzer:

The parties owning the Three R Mine at Patagonia, Santa Cruz County, are trying to make plans to get into operation. They lack important information and I understand that the Magma Copper Company has drilled the property and undoubtedly have a record of the billing logs and also undoubtedly have a report on the property.

This information would be of great value to the proposed efforts of the owner in getting the property into production. If the information could be placed in our files or if you would permit us to make copies of the information, I am sure it would assist in getting another property into production.

If you care to send me copies of the information, I would be glad to follow up and see what can be done toward assisting the operators.

Very truly yours,

J. S. Coupal, Director

JSC:kk

BEPT. MINERAL RESOURCES
RECEIVED
APR 15 1943
PHOENIX ARIZONA

April 13, 1943

C

MEMORANDUM

Three R mine
Patagonia Dist.

To: Director, Dept. Mineral Resources
From: George A. Ballam

Mr. Duane Bird, co-owner of this mine, informed me that his partner, C. A. Pierce of Carlsbad, N.M., has had considerable correspondence relative to opening this mine, especially in view of the possibility of increased copper price. They have definitely turned down all overtures in this direction from Mischell and others who they do not feel would operate to advantage. Mr. Carl Lancaster has had some contacts on the subject, as also other substantial operators. Mr. Bird has been pretty busy on the Wolverine-Denn case, and has not gone into the matter , but believes he will finish the case in a couple of weeks, at which time he will consult with the department as to ways and means of getting the Three R into production.

Meanwhile, and anticipating that any operator will desire to ask for government aid, he is anxious to obtain from Magma Copper Co., logs of drilling they performed on the property. He feels that this information would be essential in substantiating application for loan. Due to the nature of the ore deposit, and the probable negative results obtained by drilling this type of ore occurrence, the logs may not be of material assistance. However, I informed him that I would transmit his request to the department, in the hope that something may be done to get access to this type of information.

As you know, there are a great number of cases where valuable records and reports are in the hands of the larger companies, and in view of the copper emergency, it might be possible to have at least partial access to this information - say access on the part of the department, without complete publicity. This procedure might not meet with so much opposition from the companies.

GB.

May 5, 1943

Mr. Duane Bird
Nogales, Arizona

Dear Mr. Bird:

I have talked many times with George A. Ballam and with others about the Three R property. On April 9 I had a letter from Mr. Dean Steel, 156 Montgomery Street, San Francisco, California, whom I have known for sometime, stating that he and his associates were interested in the purchase of a copper property to Mr. Steel and sent a copy of a mine owner's report which I have on file here.

On April 30 Mr. Steel wired me stating, "Have buyers for Three R stop wire me price and terms of deal and authority to proceed stop letter follows." As I was out of the State at the time Mr. Charles F. Willis, who is Chairman of the Board of Governors, wired you repeating the wire from Steel and suggesting that you communicate direct with Mr. Steel.

I do feel as though the Three R is one of the potential copper producers and, due to the fact that we are in urgent need of increased production of copper from Arizona for the war effort, feel that some steps should be taken to get the property into immediate production and hope this may be a connection which would lead along the right lines.

With best wishes and kindest personal regards, I am

Very truly yours,

J. S. Coupal, Director

JSC:kk

April 15, 1943

Mr. Dean Steele
156 Montgomery Street
San Francisco, California

Dear Mr. Steele:

Many thanks for your letter of April 9 and I will be very pleased to work with you on presenting some good properties to you and your clients.

There is one property that I have in mind at the present time, namely, the 3R Mine, and I am sending you a copy of a report on this property.

There is some title litigation on this and I am asking our field engineer who is in that district to advise me of the present status and of the amount necessary to clean up certain mortgages and make a deal.

With best wishes and kindest regards, I am

Yours very truly,

J. S. Coupal, Director

JSC:LP
Enc.

February 10, 1943

Mr. E. E. Maillot
Patagonia, Arizona

Dear Mr. Maillot:

I do not know where this will reach you, but I am sending it to your old address at Patagonia.

Nothing has been done as yet on the 3R property and I would like very much to call it to the attention of the Arizona Eastern Gold Mines Company who own the Octave property, which has been shut down due to the gold closing order and also to the practical working out of the mine.

They have certain equipment and organization together and some small amount of capital to go ahead on.

I do not have any detailed reports but know that you investigated the property and must have certain data available. Would it be possible and agreeable for you to mail this information to me at Phoenix? I can then present it to the Octave Company and if they are interested, I can arrange to follow up the legal end and see what sort of deal can be made.

I do hope you are enjoying your work and will be glad to hear from you.

With best wishes and kindest regards, I am

Very truly yours,

J. S. Coupal, Director

JSC:kk

DEAN STEELE COMPANY
156 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA
GARFIELD 1509

April 9,1943.

Mr. J. S. Coupal
Hotel Adams
Pheonix
Arizona.

Dear Mr. Coupal;

In September 1940 I had the pleasure of receiving a letter grom you concerning the erection of a smelter to be financed by Mr. Whitney through the offices of Glenn M. Salmon. I merely state this to recall to your mind who I am, and not to discuss the deal referred to.

I am interested in the purchase of copper, silver or mercury mines and I wonder if you know of any in your state that are available. The people I represent are capable of buying a property of any size, providing it is good, and financing it properly.

If we could work together on good properties I am sure that it could be made mutually profitable.

I hope that you can inform me of conditions in Arizona and that you can assist me .

ds/m

Sincerely yours,
Dean Steele
Dean Steele.

April 15, 1943

MEMORANDUM 3 R MINE

TO: George A. Ballam

FROM: J. S. Coupal

Please find out the status of the 3R Mine and, if possible, who is qualified to make a deal, his name and address and the amount of cash necessary to make such a deal.

I have one party who I believe may be interested.

xxxxxxxxxxxx

518 Title & Trust Bldg.

April 3, 1942

Card

Mr. E. E. Maillot
Patagonia, Arizona

Dear Mr. Maillot:

Thank you for your letter of April 1 and the report on the 3R Mine. I am enclosing a Mine Owner's Report foom which we would like to have in our files. I know all the information necessary for this report is in the March 23 report by you on the 3R Mine, but I thought that you might like to place the highlights regarding the property in a form acceptable to you and under the items set forth in the Mine Owner's Report form.

We have had several inquiries for copper and expect to have more of them as time goes on, and I will be glad to submit the data on the 3R Mine whenever I get an opportunity. I have been on the property and have read the report with great interest.

With best wishes, I am

Yours very truly,

J. S. Coupal

JSC:LP
Enc.

E. E. Maillot
Patagonia, Arizona
April 1, 1942

Mr. J. S. Coupal
Director, Department Mineral Resources
State of Arizona
c/O 528 Title and Trust Building
Phoenix, Arizona

Dear Mr. Coupal:-

It has been some months since I have seen you. You might be interested to know that we have been forced to give up further development of the Greaterville placers until such times as the present world disturbance is over.

I was talking with Mr. Weldon Humphrey, an associate of mine, who is developing the Pride of the West out of Washington, Santa Cruz County. He informed me of his talk with you recently in Phoenix and for that reason I am bringing to your mind the 3R property upon which I have done a considerable amount of geological work. I believe it represents the best small copper property from which a quick return can be made on capital invested.

The title is somewhat complicated due to the fact that the past owner, a Mr. Brown, turned the deed over to a purchaser and in turn took a mortgage on his own property. When failure to meet the final payment of $9,000 occurred Mr. Brown brought foreclosure proceedings. Since then he has sold this mortgage and the $9,000 is due in something like two months. I believe it entirely possible to obtain the deed and for from $10,000 to $15,000 and later, before date of foreclosure, pay the remaining $9,000. There is some competition for the property and I feel convinced that the purchase price will be several times this if the foreclosure is allowed to proceed.

The property is developed to such an extent that there is well over one year's supply of ore developed at 200 tons per day and better than two years additional supply proven. This 250,000 Tons will average 2.67% copper. I believe, with a relatively small expenditure to bring the Magma Copper Company maps up to date and the writing of a comprehensive report, that an R.F.C. loan could be obtained in a relatively short time.

I am enclosing a brief report on the property.

With the kindest regards, I am

Yours very truly,

Enclosure:-

E. E. Maillot

CHECK SERVICE DESIRED OTHERWISE MESSAGE WILL BE SENT AT FULL RATE			
DOMESTIC		FOREIGN	
FULL RATE		FULL RATE	
DAY LETTER		CDE RATE	
NIGHT LETTER		URGENT	
SERIAL		DEFERRED	
RESERVATION		NIGHT LETTER	
TOUR-RATE		SHIP RADIO	

Postal Telegraph

Mackay Radio — All America Cables

Commercial Cables — Canadian Pacific Telegraphs

TELEGRAMS CABLEGRAMS RADIOGRAMS

CHARGE ACCOUNT NUMBER	
CASH NO.	TOLLS
CHECK	
TIME FILED	(STANDARD TIME)

Form 2

Send the following message, subject to the Company's rules, regulations and rates set forth in its tariffs and on file with regulatory authorities

C O P Y

APRIL 30, 1943

DEAN STEELE
156 MONTGOMERY STREET
SAN FRANCISCO, CALIFORNIA

RETEL APRIL THIRTY COUPAL OUT OF CITY WILL RETURN EARLY NEXT WEEK STOP AM REFERRING YOUR TELEGRAM TO DUANE BIRD NOGALES ARIZONA WHO HAS AUTHORITY TO QUOTE PRICE AND DEAL ON THREE R PROPERTY STOP COUPAL WILL WRITE WHEN HE RETURNS

CHARLES F. WILLIS
DEPARTMENT OF MINERAL RESOURCES

CHECK SERVICE DESIRED OTHERWISE MESSAGE WILL BE SENT AT FULL RATE			
DOMESTIC		FOREIGN	
FULL RATE		FULL RATE	
DAY LETTER		CDE RATE	
NIGHT LETTER		URGENT	
SERIAL		DEFERRED	
RESERVATION		NIGHT LETTER	
TOUR-RATE		SHIP RADIO	

Postal Telegraph

Mackay Radio · All America Cables · Commercial Cables · Canadian Pacific Telegraphs

TELEGRAMS CABLEGRAMS RADIOGRAMS

CHARGE ACCOUNT NUMBER	
CASH NO.	TOLLS
CHECK	
TIME FILED	(STANDARD TIME)

Form 3

Send the following message, subject to the Company's rules, regulations and rates set forth in its tariffs and on file with regulatory authorities

COPY

April 30, 1943

DUANE BIRD
NOGALES ARIZONA

DEAN STEELE 156 MONTGOMERY STREET SAN FRANCISCO WIRES AS FOLLOWS QUOTE HAVE BUYERS FOR THREE R STOP WIRE ME PRICE AND TERMS OF DEAL AND AUTHORITY TO PROCEED STOP LETTER FOLLOWS UNQUOTE PLEASE COMMUNICATE WITH STEELE DIRECT TOWARD MAKING DEAL

CHARLES F. WILLIS
DEPARTMENT OF MINERAL RESOURCES

Charge to Dept. of Mineral Resources

STANDARD TIME INDICATED
RECEIVED AT

(11)==

TELEPHONE YOUR TELEGRAMS TO POSTAL TELEGRAPH

Postal Telegraph

Mackay Radio — All America Cables
Commercial Cables — Canadian Pacific Telegraphs

TELEGRAMS CABLEGRAMS RADIOGRAMS

THIS IS A FULL RATE TELEGRAM, CABLEGRAM OR RADIOGRAM UNLESS OTHERWISE INDICATED BY SYMBOL IN THE PREAMBLE OR IN THE ADDRESS OF THE MESSAGE. SYMBOLS DESIGNATING SERVICE SELECTED ARE OUTLINED IN THE COMPANY'S TARIFFS ON HAND AT EACH OFFICE AND ON FILE WITH REGULATORY AUTHORITIES.

Form 16

NI.SA147 S.FB178

LF102F (FIVE) 20=F SANFRANCISCO (CALIF) 1200A== APR 30 PM 2 02

=J S COUPAL=

=413 HOME BUILDERS BLDG (PHOENIX ARIZ)=

=HAVE BUYERS FOR THREE R STOP WIRE ME PRICE AND TERMS OF DEAL AND AUTHORITY TO PROCEED STOP LETTER FOLLOWS

=DEAN STEELE.

Silver Eagle Resources Ltd.

Valuation of the Mineral Park Mine

Mohave County, Arizona

Prepared by: Stephen W. Semeniuk, CFA

Submitted: July 14, 2000

Table of Contents

Introduction and Overview

On May 29, 2000, Silver Eagle Resources, Ltd. ('Silver Eagle') reached an agreement with Equatorial Mining North America, Inc. ('Equatorial') to acquire Equatorial Mineral Park, Inc., which holds a 100% interest in the Mineral Park Mine located in Mohave County, Arizona and 16 miles northwest of the city of Kingman. The consideration for the transaction is 23,060,875 Silver Eagle shares. When halted on May 26, 2000, Silver Eagle shares last traded at Cdn$0.40 a share. The 52-week range is $0.48 to $0.10 a share. At the halt price, the acquisition can be valued at Cdn$9.2 million or about US$6.2 million.

When the transaction is completed, Equatorial will hold approximately 40% of the outstanding shares of Silver Eagle prior to the completion of any equity financing. Equatorial's holding in Silver Eagle will represent effective control.

Business of Silver Eagle

Silver Eagle is listed on the Canadian Venture Exchange ('CDNX'). Prior to 1997, Silver Eagle was in the business of acquiring smaller exploration companies and properties with the objective of evolving into a larger entity with the ability and financial strength to move the most promising projects into development. In August 1997, Silver Eagle announced a management restructuring with the aim of advancing and financing certain of its mineral projects into production. At that time Silver Eagle was conducting exploration on two mineral properties in Mexico and an in situ copper leach project in Arizona known as the Three R property. The company also owned other projects in the United States that had been acquired in mid 1997 through its acquisition of Liximin Inc.

In September 1997, Silver Eagle announced the acquisition of the La Perla gold concessions located 150 kilometres southeast of Hermosillo in the State of Sonora, Mexico. The La Perla concessions cover an area of 3,157 hectares and were previously explored by Teck Corporation.

Silver Eagle announced its agreement to acquire a package of Chilean exploration properties and tailings projects from Plorco Mining Limited ('Plorco') on February 13, 1998. The two tailings projects acquired are located in the Chanarcillo mining district. This area has been producing very rich silver ores since 1832 and at one point was the world's third largest silver producing area. The acquisition of the Chilean tailings projects was intended to provide Silver Eagle with a source of cash flow enabling the company to continue with and to expand its exploration activities. The tailings projects have been pilot tested and are ready for development.

In May 1999, Silver Eagle entered into a joint venture with a subsidiary of Equatorial Mining Limited ('EML') to operate the Chilean tailings projects which are now in the development phase. Silver Eagle's goal was to have two mining properties in production by the end of 2001, these being the Pabellon/Porvenir silver tailings project in Chile and the Three R project in Arizona. However, with the acquisition of the Mineral Park Mine, Silver Eagle will own a producing copper mine that has been in continuous production since the 1960's.

Silver Eagle's association with EML in Chile created to the opportunity to acquire the Mineral Park Mine from another EML subsidiary, i.e. Equatorial. Equatorial had acquired the Mineral Park Mine from Cyprus Amax in September 1997 in a package transaction that included the copper ore body at Tonopah where Cyprus had previously mined molybdenum. In addition to advancing the Tonopah copper project, Equatorial has elected to advance the capacity expansion project at the Mineral Park Mine through the relationship established with Silver Eagle.

History of Mineral Park Mine

The land around the Mineral Park Mine was assembled and explored by Duval Corporation and developed into an open pit mine in 1963. A 12,000-ton per day concentrator with traditional flotation stage was completed in 1964 and remained in operation until 1981. Dump leaching was started in 1965 and has continued to the present, except for a brief period between 1992 and 1994.

The Duval operation also continued producing copper via a leach-iron precipitate plant from 1964 until acquired by Cyprus in 1986. Cyprus continued the dump leaching operation as an iron precipitation process until converting to the SX-EW process in September 1994. The original SX plant consisted of two stages of extraction and one stage of stripping. The total flow of pregnant leach solution was 2,500 gallons per minute. The EW plant had capacity for 11,000,000 pounds of cathode copper per year, although the plant has not been optimized to operate at that level.

Equatorial purchased the property in October 1997 and added a third stage of extraction to the SX circuit and increased the flow rate to 6,000 gallons per minute and made other process improvements to improve the efficiency of the operation.

Proposed Capacity Expansion to 30 Million Pounds

The Mineral Park Mine currently produces Grade A cathode copper that assays 99.99% copper. The electrowinning plant consists of 60 commercial electrowinning cells and the requisite washing and stripping facilities. The first expansion of the EW plant planned by Silver Eagle is to add a third rectifier to the electrical circuitry to increase the level of power to 31.2 amperes per square foot from the current level of 28 amperes. The increase in power will increase the annual capacity of the electrowinning plant to 15 million pounds of cathode copper from the present level of 11 million pounds. The capital required for mining mobilization and changes to circuitry will amount to $800,000 and $500,000, respectively.

As currently operated, the Mineral Park Mine only produces 5 to 6 million pounds of copper annually as the plant feed is low level pregnant leach solution emanating from old dumps. Under phase one planning, new ore will be placed on the leach pad to increase the annual capacity of the EW plant to the 15 million pound level.

The phase two expansion, to increase annual capacity to 30,000,000 pounds of cathode copper, is planned to commence in Year 2. The mobilization of equipment and construction will be completed within 6 months. The facilities expansion consists of the installation of new cells and rectifier capacity. Also, a new leach area will be located in a mined out pit area. Ore will be stacked into 15-foot high lifts. Underpiping will be installed in advance for the lifts and the mild acid solution will be applied by a drip irrigation system. Phase Two capital is estimated as $3.87 million.

Terms of Acquisition

Silver Eagle has agreed to acquire all of the outstanding shares of Equatorial Mineral Park, Inc. ('EMP') for 23,060,875 common shares of Silver Eagle. EMP holds a 100% interest in the Mineral Park Mine. Silver Eagle has also agreed that two Equatorial nominees to be appointed as directors of Silver Eagle.

Engagement

The writer was engaged by the Board of Directors of Silver Eagle, on behalf of the shareholders of the company, to provide an independent Valuation Report on the Mineral Park Mine. The acquisition is regarded as a reverse takeover by the CDNX. The Valuation Report will provide shareholders with an independent source of information as to the fairness of the proposed transaction from a financial point of view to the shareholders of the company.

Silver Eagle has agreed to pay the writer a fee consistent with accepted industry practices for services of this nature. No portion of the compensation payable to the writer pursuant to this engagement is contingent on the approval or implementation of the proposed transaction.

In connection with the preparation of this Valuation Report, the writer has not, nor has he been requested to complete an independent estimate of the likely value of Silver Eagle shares or their likely trading range after considering the effect of the proposed transaction. However, on completion of the acquisition of the Mineral Park Mine, given Silver Eagle's then larger relative market capitalization and the fact that the company will have operating cash flow, its future financing opportunities will be facilitated relative to the funding that might have been available to Silver Eagle had the company not proceeded with the transaction.

The market favors larger capitalized companies and it is usually easier for larger mining companies with operating cash flow from a number of sources to raise funds required for exploration and development projects. Consequently, investor interest and liquidity in Silver Eagle shares could increase as a result of the transaction.

Credentials and Independence

The writer is a CFA® charter holder who has been granted a Master of Business Administration degree in finance from Michigan State University. The writer is experienced in the valuation of listed and unlisted companies and their assets, having held Director of Research and Vice President, Research positions with several Canadian-based investment dealers. The writer is a past director of the Canadian Council of Financial Analysts and since 1991 has been providing financial research and consulting services to members of the legal profession, investment dealers and industry.

In his present capacity and previously, while in the employ of others, the writer has prepared a variety of valuations and fairness opinions on mining properties, other assets and businesses. These assignments have been undertaken for various clients in the mining industry as well as for those operating in other sectors and professions.

Relationship of Writer with Interested Parties

The writer has no past, present or intended interest in the shares and properties of the companies mentioned in this report. The writer is not an insider, associate or affiliated with Silver Eagle or Equatorial or the companies' subsidiaries and affiliates. The writer has not acted as an advisor to the companies with regard to the transaction. However, the writer was engaged by the company to provide a Valuation Report on the Chilean silver tailings projects that Silver Eagle purchased from Plorco in 1998.

Additionally, there are no understandings, commitments or agreements between the writer and Silver Eagle and Equatorial and their subsidiary companies and where ultra high growth is expected. In such situations, valuations based on discounted cash flow techniques tend to be subjective and optimistic.

The Mineral Park Mine does not represent a start-up situation. It has an operating history of over 30 years, the leaching characteristics of the ore are known and solvent extraction and electrowinning ('SX-EW') is a mature technology. Excluding active dumps, the measured mineral resources at the mine amount to 203.9 million tons grading 0.21% total copper. This figure includes current reserves of 43.0 million tons grading 0.26% total copper. Consequently, as the maximum, post expansion mining rate indicated in Silver Eagle's mine plan is 7.4 million tons in 2007; the mine will likely operate beyond the exhaustion of current reserves. Silver Eagle's mine plan requires capital expenditures of \$5.17 million to increase capacity from the current level of 11 million pounds of cathode copper to 30 million pounds. The technology involved is reliable and the cost of the debottlenecking amounts to \$500 to \$600 a ton, which is roughly one fifth or less of the published per ton costs for building much larger-sized green field SX-EW facilities. **Consequently, the discounted cash flow method is appropriate for use in valuing the Mineral Park Mine.**

The writer has accepted Silver Eagle's cash flow projections, which extend through to 2009 and are based on current reserves of 43.0 million tons. However, under the company's mine plan and projected capacity expansion to 30 million pounds of copper annually, the operative assumption is that measured reserves will be mined out by 2009. But, as mineral resources will likely support mining beyond 2009, the writer assumed under an alternate scenario that operations would continue to at least 2015. Due to the effect of discounting, cash flow beyond 15 years adds minimally to the value of the project.

The cash flow summaries are shown as Exhibit I and are based Silver Eagle's mine plan as well as the writer's calculations. The range of values implied by the calculations are discussed in a separate section, which follows discussions on the current state of the copper market, the importance of SX-EW technology and the selection of discount rates.

Whereas, Silver Eagle had used a copper price of \$0.85 cents a pound in its cash flow calculations, the writer also prepared a cash flow profile using a copper price of \$0.91 cents. The latter is the mid point of the copper price forecast in the 2000 to 2005 period as published by Natural Resources Canada ('NRC'). At the time of writing, the current U.S. price for cathode copper is \$0.85 a pound, which represents a premium of approximately 5% over the current quoted price for copper at about \$0.81 cents a pound. The project cash flow profiles were discounted at 10% and 15% to arrive at a range of values for the project.

An alternate valuation technique is by comparison to other market transactions. The problem with unique assets such as the Mineral Park Mine is that suitable market comparable transactions may not exist or may not be timely. However, affiliates with respect to future business dealings. The writer may in the future, in the course of conducting financial advisory services to a broad spectrum of corporate clients, perform financial consulting and research services for companies referred to in the preparation of this report.

Definition of Value

The definition of value that should apply for the purposes of this valuation report is 'Fair Market Value'. By definition this value concept is the highest price available, expressed in terms of money, obtainable in an open and unrestricted market between knowledgeable, prudent and willing parties, dealing at arm's length, who are fully informed and under no compulsion to transact.

From the point of view of the buyer, Silver Eagle, the transaction may be at arm's length. The buyer is knowledgeable and information is accessible as the Mineral Park Mine has been in operation for over 30 years, the mine infrastructure is in place and the characteristics of the ore body and local mining costs are well know through the accumulation of historical data.

Due to the lack of cash resources, acquisitions by junior mining companies are frequently completed through the exchange of shares. To the extent that shares, even of a company that may trade infrequently, are accepted as currency, the purchase of the Mineral Park Mine by Silver Eagle may meet 'fair market value' and 'terms of money' criteria.

However, from Equatorial's point of view, the asset being sold, the Mineral Park Mine, was acquired in a package transaction, which included the Tonopah copper project that Equatorial has subsequently advanced into production at a planned rate of 60 million pounds of cathode copper annually. As the consideration for the sale of the Mineral Park Mine is Silver Eagle shares - and Equatorial will have effective control of Silver Eagle on conclusion of the transaction, including representation on the Board of Directors - the transaction at the very least tests the required arm's length convention.

Valuation Method

In the field of finance it is widely accepted that the value of an operating asset equals the present value of all incremental cash flows attributable to the asset. This method of valuation conforms to a going concern convention. This valuation method is most appropriately used in cases where the cash flow of an asset can be forecast with some certainty or is the object of a contractual obligation, such as a lease. However, once uncertainty becomes an issue, the present value model becomes difficult to apply. Examples would be start-up situations, where there is no history of past operations, or where there is high cyclical variability or for information purposes, a brief description of the Johnson Camp Mine is included. Johnson Camp Mine is located 65 miles east of Tucson, Arizona and ownership recently changed on terms negotiated two years ago.

World Copper Overview

The worldwide supply of copper has been in a surplus condition since mid-1997. Inventories of copper on an aggregate basis increased until mid-1999. According to the Commodities Survey carried by the Engineering & Mining Journal (April, 2000), total London Metal Exchange ('LME') market stocks of copper rose from an average of 3.2 weeks of consumption in 1996 to 8 weeks of consumption at mid 1999. At the end of 1999, LME copper stocks had declined to 7 weeks consumption and to 6 weeks consumption at June 2000. Some forecasts have called a fall to below 4 weeks of consumption by the end of 2000.

The poor market conditions are still reflecting the effects of the Asian currency crisis and the increasing amount of copper that is now being produced by lower cost SX-EW operations. The low price levels of late 1998 and 1999 resulted in a series of mines closures which, in the aggregate, accounted for approximately 650,000 tonnes or almost 6.5% of Western World primary output.

	1994	1995	1996	1997	1998	1999
Total Refined Production	9,047	9,459	9,983	10,641	11,078	11,330
Net Imports from East	759	758	515	904	722	572
Refined Copper Supply	9,805	10,217	10,498	11,545	11,800	11,902
Annual Growth - %	3	4	3	10	2	1
SX-EW Prod. In Above	900	1,112	1,471	1,762	1,985	2,145
Ref. Copper Consump.	10,082	10,283	10,694	11,250	11,403	11,690
Annual Growth - %	8	2	4	5	1	3
Changes in Stock	-277	-66	-196	294	397	212
Ttl. Stocks, End of Period	931	862	655	1,023	1,334	1,546
Weeks of Consumption	5	4	3	5	6	7
Av. LME Cash Price/lb.	105	133	104	103	75	71

The market trend for the year 2000 and forward appears to be increasing demand and a much better balance between market supply and consumption. According to NRC, the recovery in copper prices that began in mid-1999 is expected to continue into 2000, but any significant increases over the US$0.86 a pound level could trigger mine re-openings and producer forward hedge selling, which in turn would limit upside potential. NRC's official forecast is that in 2000, copper is expected to trade within a range of US$0.79 to US$0.84 a pound. For the period 2001-2005, copper prices are expected to trade in a range of US$0.82 to US$1.00 a pound. However, as NRC's forecast was made in November 1999, some analysts are now predicting a faster rate of price recovery, towards $0.90 a pound by the end of this year and to over $1.00 a pound in 2001.

The writer has used the mid point of NRC's forecast 2001 - 2005 price range; that is US$0.91 a pound but applied to cathode copper, to prepare an alternate cash flow profile included in Exhibit I.

Importance of SX-EW

Commercial copper production by leaching, solvent extraction and electrowinning ('SX-EW') is now regarded as a low-risk, mature technology as the first SX-EW operation in the U.S. commenced operations at the Blue Bird Mine in Arizona in 1968. According to Engineering and Mining Journal (March 2000), of 9.92 million tonnes of world primary copper production in 1999, 2.145 million tons is attributable to production by SX-EW.

SX-EW has advantages over the traditional pyrometallurgical route to copper via concentration, smelting and refining in that it is relatively low-cost and can be employed on ore deposits that are not economic to treat through flotation and smelting. Kvaerner is a major engineering construction company that has been involved in about 40 leach-SX-EW projects representing about 40% of current SX-EW copper production. According to a Kvaerner process engineer writing in Mining Magazine (May 2000):

"almost any copper oxide, silicate or transitional sulphide (and even tailings) can provide suitable feed for producing high-purity copper cathode via various leaching techniques coupled to SX-EW. Capital and operating costs for current and proposed leach-SX-EW plants compare favourably with smelting-refining, and provide stable return even with low copper prices."

Consequently, in the current low price scenario, exacerbated by the emergence of low cost SX-EW production, producers of copper concentrate are hard pressed to make positive earnings, and some have consolidated and closed some operations, whilst the larger SX-EW producers are, for the most part, profitable. Current U.S. copper production from 16 SX-EW operations amounts to 600,000 tonnes annually of which the largest is the Morenci Mine in Arizona with current cathode production of 267,000 tonnes a year. Chile accounts for about 1.1 million tonnes of SX-EW copper production from 18 operations.

With fewer accessible oxide deposits being available for exploitation, Kvaerner has modified the acid leach SX-EW design to make the technology relocatable and applicable to smaller deposits. The coming developments in copper production include the use of bioleaching of either chalcopyrite ores or concentrates by processing being developed by Billiton and Mintek. The former is building a prototype operation with Codelco in Chile while the latter company has operated a pilot plant at Mt. Lyell in Tasmania and is now planning a jointly owned commercial treatment plant with Penoles in Monterey, Mexico to treat polymetallic chalcopyrite concentrates (Engineering & Mining Journal, May 2000).

The foreseeable technological developments should not threaten the operations of the Mineral Park Mine as Silver Eagle plans $5.17 million in debottlenecking expenditures to increase annual capacity to 30 million pounds annually. This represents an increase in annual capacity of approximately 19,000,000 pounds for a total cost of approximately US$550 per ton of incremental capacity.

Discount Rates

Metal mining projects are usually regarded as being riskier than the general market. Prices and the demand for commercial metals - such as copper, nickel, lead and zinc - are cyclical. For example, the price of copper fell from a 1997 high of US$1.23 a pound to below US$0.77 a pound within a six-month period - and, in 1999 fell to even lower levels.

The appropriate discount rate for a project or asset is comprised of a blend of costs for debt and equity capital components. The weighting of each component is a function of a company's actual historic experience in its particular industry or the risk attributed to the project that the company is about to undertake. In the case of Silver Eagle, it would be the risk attributed to the Mineral Park Mine as this will be the company's most important project.

To illustrate, in an historical context that is not skewed by recent abnormal returns, the return expectation for equity on a constant dollar basis is likely at least 12%. This is made up of a "risk free" real return component on treasury bills at just over 5.5% and a market risk premium that has been measured historically as about 7.0% to 8.0% for both the U.S. and Canadian markets. The ability to employ debt, with interest as a tax-deductible expense, lowers the cost of capital. The total return expectation for those sectors of the economy that are more prone to greater cyclical variations, such as the metals mining sector, would be higher.

Due to the cyclical risk associated with the copper project, it could be assumed that perhaps no more than one third of the project could be debt financed. Discount rates of 10% and 15% have been applied in the Mineral Park Mine cash flow stream. The 10% rate was applied to a constant price scenario that assumed a price back to the mine of $0.85 cents per pound of cathode copper, which is very close to the current cathode copper price. The 15% rate was applied to a case that assumed the price of cathode copper would rise to net back $0.91 at the mine. This case implies an inflation component that must be incorporated into the discount rate as well as a higher risk element.

Range of Value

A summary cash flow schedule of the expanded Mineral Park Mine appears as Exhibit I. Two cash flow streams are shown, which reflect different copper price scenarios. The first case, as presented by Silver Eagle in its mine plan, assumes constant prices at $0.85 per pound of cathode copper. The second, as prepared by the writer, shows the impact of copper priced at $0.91 cents a pound. The latter price represents the mid range copper price forecast for the period 2001 to 2005 that was published by NRC in the most recent issue of 'Nonferrous Metals Outlook'.

The actual trading range as forecast by NRC was $0.82 to $1.00 per pound for LME copper. However, as the Mineral Park Mine produces a high purity cathode copper, an assumed price of $0.91 a pound for cathode copper would likely translate into an LME price of $0.87 to $0.88 a pound, which is in the lower third of the forecast trading range.

The respective project cash flows were discounted at 10% and 15% respectively to reflect the relative risk associated with each price scenario. The net present value of the Mineral Park Mine based on the current reserves in the Silver Eagle Mine plan to 2009 is $22.3 million less the present value of the total investment of $4.6 million required to increase annual capacity to 30 million pounds that is $17.7 million. However, in all likelihood the magnitude of the mineral resources at the mine will allow the facility to operate beyond 2009. The writer has arbitrary assumed that operations will continue until 2015 to demonstrate the impact on value, which increases to $33.0 million less the present value of required investment of $4.6 million, or **$28.4 million.**

The current trend of falling copper inventories indicates that copper prices should be rising. If this should prove to be the case, then the price assumption of $0.85 a pound in Silver Eagle's mine plan is low. Consequently, the writer prepared a cash flow profile based on average copper prices of $0.91 per pound. However, as there is more risk associated with this price projection, potential cash flow was discounted at 15% to arrive at a gross value of the cash flow stream to 2015 of $28.3 million. The same cash stream was then discounted at 10%, but cash flow cash costs are considered, Silver Eagle's total cash outlay consisting entirely of project capital costs is only $5.17 million.

The Johnson Camp Mine is currently on a care and maintenance basis. Heap leaching continues and the mine is producing 1 to 2 million pounds of copper annually. The Mineral Park Mine currently produces in the order of 500,000 pounds of copper monthly. In the writer's opinion, the mine should be defined as a going concern due to the working capital contribution of the historic heaps and the current activity level of the SX-EW operation. As a going concern, the working capital requirements of the Mineral Park Mine have been incorporated into Silver Eagle's project cash flow calculations.

Silver Eagle expects to resume mining and adding run-of-mine ore to its heaps in the last quarter of 2000. In contrast and by comparison to the operations of the Johnson Camp Mine, part of the higher capital requirement associated with the proposed expansion of the latter operation is that the ore will be crushed, treated with sulphuric acid and agglomerated before being transported to the leach pads.

The salient acquisition and capital costs of the Johnson Camp and Mineral Park projects are presented below. Even though Nord's acquisition of the Johnson Camp Mine cannot be used as a market comparable for Silver Eagle's acquisition of the Mineral Park Mine, the comparison serves to clarify some of the issues in arriving at the range of value of the latter.

	Johnson Camp	Mineral Park
Planned Annual Capacity	20 million pounds	30 million pounds
Acquisition & Capital Costs Cash plus Shares	$15.8 million	$11.3 million
Cash Only in above	$9.8 million	$5.2 million

beyond the 2009 limitation of the current mine plan was ignored to arrive at a gross value of $27.3 million. The two values suggest a converging central value that is supported by the improving price for cathode copper. Consequently, using the latter lowest value of $27.3 million, less the required investment of $4.6 million, results in a low end net present value of **$22.7 million**.

Market Reference Transaction

An alternate valuation technique is by comparison to other market transactions. The problem with a unique asset, such as the Mineral Park Mine, is that suitable market comparable transactions may not exist or may not be timely. However, for information purposes, a brief description of the Johnson Camp Copper Mine is included. The Johnson Camp Mine is located 65 miles east of Tucson, Arizona and ownership of the asset has changed under an agreement reached two years ago. The mine was operated by Arimetco International Inc. ('Arimetco') from 1991 to 1997 and had produced in total 150 million pounds of copper by the time Arimetco went into receivership.

The Johnson Camp Mine was acquired out of bankruptcy by Summo Minerals Corporation ('Summo') in June 1998 and as copper prices continued to fall, the company elected in June 1999 to sell its interest and option in the project to Nord Resources Corporation ('Nord') for 1.6 million shares of Nord. Nord's shares were trading at an average of US$0.50 a share at the time of the agreement with Summo. To that point Summo had spent $827,145 on the Johnson Camp Mine project and booked a small loss as a result of the transaction.

Nord paid $310,000 to the trustee and provided a promissory note for the balance of $1,550,000 payable over three years. Consequently, the total acquisition price to Nord can be regarded as $2.26 million. Nord plans to rehabilitate part of the SX-EW facility to reach a planned production rate of 19 million to 20 million pounds. Nord has estimated start-up costs at $13.5 million, including $7.9 million for capital and $5.6 million for working capital and other costs. Consequently, the total commitment by Nord to achieve annual production of close to **20,000,000 pounds** of annual cathode copper production will be in the order of **$15.76 million** in cash and shares. If only cash and capital costs are considered, the required outlay is $9.76 million, which is $7.9 million in capital costs plus the $1.86 million in payments to the Arimetco trustee.

Silver Eagle is acquiring the Mineral Park Mine for 23,060,875 shares. When halted on May 26, 2000 to announce the transaction with Equatorial, Silver Eagle shares last traded at Cdn$0.40 a share. The 52-week range of the shares is $0.48 to $0.10 a share. At the halt price of the shares, the acquisition can be valued at Cdn$9.2 million or approximately US$6.2 million. Including capital, Silver Eagle's total cost to achieve **30,000,000 pounds** of copper cathode production annual will amount to approximately **$11.3 million**. As above, If only

Conclusions

The writer's view is that **the Mineral Park Mine,** incorporating Silver Eagle's planned capital expenditures to increase output to 30,000,000 pounds of cathode copper annually, **has a net present value in the range of US$22.7 million to US$28.4 million.** This value range is based on a net present value approach using prices of US$0.85 and US$0.91 a pound for cathode copper and discount rates that recognize that the relative risk inherent in each price forecast. The latter value of $28.4 million assumes that the large resource base situated around the current mine operations offers the potential to support operations until 2015.

The writer has also made reference to a recent market transaction involving an SX-EW facility in Arizona. However, the terms of transaction to take the Johnson Camp Mine out of bankruptcy were set when the LME copper price in June 1998 averaged $0.753 a pound. When Nord acquired the asset from Summo in June 1999, the price of copper averaged $0.645 a pound. In contrast, in May 2000 when Silver Eagle reached an agreement with Equatorial, the average price of LME copper averaged $0.81 a pound. However, even though Nord's acquisition of the Johnson Camp Mine cannot be used as a market comparable for Silver Eagle's acquisition of the Mineral Park Mine, the comparison of the two projects serves to clarify some of the issues in arriving at the range of value of the latter.

This Valuation Report is for the use of the Silver Eagle Board of Directors and is given of this date. The writer reserves the right to amend or withdraw the conclusions reached in this Valuation Report, if a material change occurs in any of the facts or representations that were relied upon in preparation of this report, or if information provided to the writer - and upon which he has relied, is inaccurate in any material respect. This report has been prepared solely for the purpose of providing information. It should not be construed as a recommendation to buy or sell any of the securities mentioned herein and no representations or warranties of any kind are intended, implied or inferred.

Exhibit I

Mineral Park Mine
Cash Flow Summaries

Full Year 07/01/00 = n(0)	Copper Output mm - lbs	Revenue $0.85/lb	A.T. Cash Flow	Cum. C.F. disc at 10%	Cash Flow at $0.91/lb	Cum. C.F. disc at 15%	Cum. C.F. disc at 10%
12/31/00 = n(.5)	1.69	1.46	-0.71	-0.68	-0.71	-0.66	-0.68
2001 = n(1.5)	12.01	10.21	0.34	-0.29	0.84	0.02	0.05
2002 = n(2.5)	14.34	12.19	2.31	1.42	2.91	2.06	2.34
2003 = n(3.5)	26.16	22.24	4.94	4.97	6.04	5.75	6.66
2004 = n(4.5)	30.01	25.51	6.87	9.44	8.13	10.07	11.95
2005 = n(5.5)	27.76	23.59	6.01	12.99	7.17	13.39	16.19
2006 = n(6.5)	25.31	21.51	5.02	15.69	6.08	15.84	19.79
2007 = n(7.5)	28.67	24.38	6.37	18.81	7.57	18.49	23.49
2008 = n(8.5)	15.73	13.37	6.28	21.59	6.94	20.61	26.57
2009 = n(9.5)	3.61	3.07	1.71	22.28	1.86	21.09	27.32
2010 = n(10.5)	28.01	23.81	6.11	24.52	7.21	22.75	29.97
2011 = n(11.5)	28.01	23.81	6.11	26.56	7.21	24.19	32.38
2012 = n(12.5)	28.01	23.81	6.11	28.41	7.21	25.44	34.57
2013 = n(13.5)	28.01	23.81	6.11	30.09	7.21	26.53	36.56
2014 = n(14.5)	28.01	23.81	6.11	31.62	7.21	27.48	38.37
2015 = n(15.5)	28.01	23.81	6.11	33.01	7.21	28.31	40.01

Note: The discounted value of required capital investment of $5.2 million = $4.6 million.
The value range is $33.0 - $4.6 = $28.4 million and $27.3 - $4.6 = $22.7 million.

Certificate of Qualification

I, Stephen Semeniuk, of 3845 Southridge Avenue, West Vancouver, Canada hereby certify that:

1. I graduated, B. Comm. (Hons.), from the University of Windsor in 1961.
2. I was granted an M.B.A. in finance from Michigan State University in 1963.
3. I am a CFA® charter holder, having completed the program offered by the Institute of Chartered Financial Analysts in 1982.
4. I have been practicing as an independent financial consultant since January 1991 in providing securities valuation services, fairness opinions, and financial consulting and research services to lawyers, government, investment dealers and industry.
5. I was formerly Vice President, Research of LOM Western Securities Ltd., at that time, the leading underwriter of junior resources and industrial companies in Western Canada. I have also held securities research positions with Vancouver based Odlum Brown Ltd. and Brink Hudson and Lefever Ltd.
6. I have also held financial planning and operations analysis positions with B.C.R.I.C., Power Corporation of Canada, Chemcell and Ford Motor Co.
7. The attached Valuation Report on the Mineral Park Mine was prepared for the Board of Directors of Silver Eagle Resources Ltd. and is based on information, documents, data, and a mine plan provided to the writer as well as other data, materials and analyses collected or prepared by the writer. The writer reserves the right to amend or withdraw the conclusions reached in the report, if a material change occurs in or if any of the facts, information or representations provided to the writer is materially inaccurate.
8. In preparing this Valuation Report, I was not required by the terms of my engagement to visit the Mineral Park Mine as the facility has a long operating history and reports have been prepared by other independent experts, who recently visited the site, and which were made available to me.
9. I have no past, present or intended interest in the shares or holdings of the companies discussed in the Valuation Report.
10. I consent to use of this Valuation Report by Silver Eagle for corporate, judicial and regulatory purposes - including inclusion in the Company's public files. The report, however, should not be construed as a recommendation to buy or sell any shares mentioned. No such representations are intended or implied.

(signed) "Stephen W. Semeniuk", Vancouver, B.C., July 14, 2000.
Stephen W. Semeniuk, B. Comm., MBA, CFA

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Compilation Report

To the Directors of
Silver Eagle Resources Ltd.

We have reviewed, as to compilation only, the accompanying pro-forma consolidated balance sheet of Silver Eagle Resources Ltd. as at June 30, 2000 and December 31, 1999, and the Pro Forma Consolidated Statement of Loss and Deficit for the six months ended June 30, 2000 and the comparative statement which combines the operations of Equatorial Mineral Park and Silver Eagle Resources Ltd. for the fiscal year ended December 31, 1999, for inclusion in a prospectus to be prepared for the company relating to the acquisition of a 100% interest in Equatorial Mineral Park, Inc., the latter being the owner of the Mineral Park Mine, for total consideration of $9,224,350 represented by 23,060,875 shares in the capital stock of Silver Eagle at a price of $0.40 per share; also included in the pro forma consolidated balance sheet is a proposed offering of 2,833,333 common shares of Silver Eagle Resources Ltd., at $2.00 per share for proceeds of $5,666,667 and a brokered private placement of 833,333 special warrants at $0.30 per Special Warrant for proceeds of $250,000 (post consolidation 166,667 Special Warrants at $1.50 per Special Warrant), to raise a total gross amount of $5,916,667 Canadian less commissions and costs of $742,667 for net proceeds of $5,174,000.

In our opinion, these pro-forma consolidated financial statements have been properly compiled to give effect to the proposed transactions and the assumptions described in the notes attached thereto.

"Moen and Company"

Chartered Accountants

Vancouver, British Columbia, Canada
September 21, 2000

SILVER EAGLE RESOURCES LTD.

Notes to Pro Forma Consolidated Financial Statements

June 30, 2000

The accompanying Pro Forma Consolidated Balance Sheet of Silver Eagle Resources Ltd. has been compiled after giving effect to the following transactions and assumptions.

Note 1 Acquisition of Equatorial Mineral Park, Inc.

The following rates of exchange have been used to convert the Balance Sheet of Equatorial Mineral Park, Inc. at June 30, 2000 to Canadian dollars.

Assets	Year	June 30, 2,000 US funds	Canadian Conversion Rate	June 30, 2,000 CDN funds
Current Assets				
Cash, accounts receivable and prepaid		$ 901,840	1.4866	$ 1,340,675
Property Plant and Equipment, net	Dec31/99	155,000	1.4433	223,711
	Additional	39,638	1.4685	58,208
		194,638		281,919
Mineral Properties	Dec31/99	4,214,426	1.4433	6,082,681
	Depletion	(24,817)	1.4685	(36,443)
		4,189,609		6,046,238
Security Deposit	1998	400,000	1.4831	593,240
Acquifer Protection Plan Bond	1999	342,000	1.4858	508,143
	Current	66,000	1.4685	96,921
		808,000		1,198,304
Land - Golden Valley		330,000	1.4433	476,289
		$ 6,424,087		$ 9,343,425
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable		$ 262,392	1.4866	$ 390,071
Due to related party	1998	4,375,355	1.4831	6,489,089
	1999	136,776	1.4858	203,221
	Current	521,770	1.4685	766,219
		5,033,901		7,458,529
Mine Reclamation and Closure Costs		4,664,115	1.4	6,529,761
Shareholders' Equity				
Capital stock				
Authorized				
100,000,000 common shares of no par value				
Issued				
100 common shares		100	1.4	140
Deficit to Jun 30, 2000	1997	612,137	1.3844	847,442
	1998	915,120	1.4831	1,357,214
	1999	1,929,403	1.4858	2,866,706
	Current	79,761		(36,286)
		(3,536,421)		(5,035,076)
		$ 6,424,087		$ 9,343,425

Note 2 Goodwill

a) The amount attributed to goodwill as outlined in Note 4 is shown separately in the Pro Forma Consolidated Balance Sheet as an intangible asset.

b) The amount reflected as goodwill at the date of acquisition will be amortized to income by the straight-line method over the estimated useful life of such goodwill. Management will subsequently determine the appropriate amortization period.

SILVER EAGLE RESOURCES LTD.
PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
(In Canadian Dollars)
(Unaudited)

	Six Months Ended June 30, 2000	Fiscal Year Ended December 31, 1999
Revenue		
Mining income	$ 3,595,026	$ 7,135,158
Other income	387,727	346,394
	3,982,753	7,481,552
Expenses		
Cost of mining and general administration expenses	4,196,526	10,381,098
Financing costs of offering	742,667	742,667
	4,939,193	11,123,765
Loss for the period	(956,440)	(3,642,213)
Equatorial income loss applied to goodwill	(36,286)	2,723,529
	(992,726)	(918,684)
Deficit, beginning of period	(3,515,388)	(3,344,286)
	(4,508,114)	(4,262,970)
Escrow cancellation	--	4,915
Deficit, end of period	$ (4,508,114)	$ (4,258,055)
Pro Forma Loss Per Share	$ (0.017)	$ (0.063)

SILVER EAGLE RESOURCES LTD.
PRO FORMA CONSOLIDATED BALANCE SHEET
(In Canadian Dollars)
(Unaudited)

See notes 1 to 8, inclusive, attached covering pro forma transactions and assumption used in the preparation of this pro forma balance sheet

ASSETS	June 30, 2000	December 31, 1999
CURRENT ASSETS		
Cash	$ 5,948,606	$ 5,507,780
Accounts receivable	670,957	85,444
Inventory	--	482,595
Prepaid expenses and deposits	67,755	40,550
	6,687,318	6,116,369
PROPERTY PLANT AND EQUIPMENT, at cost less amortization (Note 3)	569,204	515,518
MINERAL PROPERTIES (Note 3)		
Acquisition costs	12,823,967	12,936,680
Deferred exploration costs	63,918	100,494
	12,887,885	13,037,174
OTHER ASSETS (Note 3)		
Security deposit and Acquifer Protection Plan Bond, at cost	1,198,304	1,101,383
Land, for resale, at cost	476,289	476,289
INTANGIBLE ASSET - GOODWILL, at cost (Note 2 & 4)	6,800,757	7,460,087
	8,475,350	9,037,759
	$ 28,619,757	$ 28,706,820
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 1,151,316	1,063,061
Funds received in advance for property examinations	180,403	105,662
	1,331,719	1,168,723
OBLIGATION FOR ACCRUED MINE RECLAMATION AND CLOSURE COSTS (Note 8)	6,529,761	6,529,761
	7,861,480	7,698,484
SHAREHOLDERS' EQUITY (Note 7)		
Share capital	25,016,391	25,016,391
Special Warrants (Note 5)	250,000	250,000
Deficit	(4,508,114)	(4,258,055)
	20,758,277	21,008,336
	$ 28,619,757	$ 28,706,820

Note 3 Realizable Value of Assets of Equatorial

The mining property of Mineral Park was examined by a professional geologist who in his report dated February 11, 2000 valued the mining properties as follows:

	Equatorial Mineral Park			
		US Funds		CDN Funds
Turquoise Mountain	$	2,024,000	$	2,921,239
China Wall		1,914,000		2,762,476
Cash Flow for Waste Dump		276,426		398,966
December 31, 1999		4,214,420		6,082,681
Depletion to June 30, 2000		24,817		36,443
	$	4,189,609	$	6,046,238
Silver Eagle Resources Ltd Mining Property				
June 30, 2000				6,777,729
			$	12,823,967

The Property Plant and Equipment was examined and valued by a professional CPA. A licensed appraiser in his report dated June 10, 1998 confirmed the value of the Golden Valley Land held for resale:

	Equatorial Mineral Park			
		US Funds		CDN Funds
Mobile Equipment	$	105,000	$	151,546
Machinery and Equipment		50,000		72,165
at December 31, 1999		155,000		223,711
Construction in Progress and Report Costs – Capitalized		39,638		58,208
	$	194,638		281,919
Silver Eagle Resources Ltd. Property Plant and Equipment				287,285
			$	569,204
		US Funds		
Golden Valley Land held for resale	$	330,000	$	476,289

These amounts were used in the Pro Forma Consolidated Balance Sheet at June 30, 2000 on the basis that professional valuation reports stated these realizable values.

The other assets at June 30, 2000 consist of a $400,000 security deposit for the mineral lands reclamation bond and a $342,000 trust fund for the Acquifer Protection Plan Bond (APP)

				US Funds		CDN Funds
Security deposit	Dec 31, 1999		$	400,000	$	593,240
APP Bond	Dec 31, 1999	$342,000				
Additional Payments to June 30, 2000		66,000		408,000		605,064
			$	808,000	$	1,198,304

Note 4 Acquisition of Equatorial Mineral Park, Inc. / Goodwill on Purchase Method

On May 29, 2000, the Company signed an agreement to purchase all the issued and outstanding shares of Equatorial Mineral Park, Inc., a Delaware company that holds a 100% interest in the Mineral Park Mine located in Mohave County, Arizona.Terms of the agreement call for Silver Eagle to issue 23,060,875 shares in the Company's capital stock at a deemed price of $0.40 per share.

The acquisition using the purchase method is as follows:
Equity of Equatorial Mineral Park, Inc. on June 30, 2000

		CDN Dollars
Issued Share Capital	$	140
Deficit at June 30, 2000		(5,035,076)
Forgiveness of Related Party Loan (Note 6)		7,458,529
		2,423,593
Value given of 23,060,875 shares at $0.40 per share		9,224,350
Goodwill on the Pro Forma Consolidated Balance Sheet of June 30, 2000	$	6,800,757

Note 5 Financing and Use of Proceeds

This pro forma is based on two separate methods of cash financing that are expected to raise a total of $5.9 Million (CDN) less commissions and costs of $742,667.

(a) By public offering prospectus of 2,833,333 common shares at $2.00 per share to raise total proceeds of $5,666,667.

(b) By a brokered private placement of 833,333 Special Warrants at a price of $0.30 per Special Warrant (post consolidated – 166,667 Special Warrants at $1.50 per Special Warrant) for total proceeds of $250,000. Each Special Warrant entitles the holder to receive on the exercise of the Special Warrant, for no additional consideration, one unit consisting of one common share and one two year non transferable share purchase warrant entitling the holder to purchase one additional share at a price of $0.80 per share within two years of the payment date of the Special Warrant. Proposed use of proceeds are as follows:

Mineral Park Mine Costs		
Drilling	$	186,600
Mine Start-Up		
Mobilization and Engineering		1,111,500
Plant Modifications		746,000
Contract Mining Fees and Expenses		1,885,000
Estimated Costs of the Offering		742,667
Cash Collateral for Reclamation Bond		597,000
Accounts Payable		424,000
General Working Capital		223,900
	$	5,916,667

Note 6 Related Party Liability

Equatorial Mineral Park, Inc. (EMP) has an unsecured borrowing arrangement with its parent, Equatorial Mining North America, Inc. (EMNA) who owns a 100% interest in EMP. Total borrowings to June 30, 2000 are $7,458,529 CDN. ($6,692,310 CDN at December 31, 1999)

As part of the sale of Equatorial (EMP) to Silver Eagle Resources Ltd. and conditional upon the successful completion of the CDN$5.9 million offerings, to finance the operations of the Mine, Equatorial (EMNA) has agreed to forgive this debt.

This June 30, 2000 Pro Forma Consolidated Balance Sheet is based on:

(a) the financing of $5.9 Million will be completed and
(b) that the liability by Equatorial Mineral Park, Inc. of $7,458,529 CDN will be written off by Equatorial Mining North America, Inc.

Note 7 Shareholders' Equity

The shareholders' equity in the Pro Forma Consolidated Balance Sheet is as follows:

	June 30, 2000	December 31, 1999
(a) Value of brokered placement of Special Warrants	$ 250,000	$ 250,000
(b) Value of shares to be issued by public offering prospectus	5,666,667	5,666,667
(c) Value of shares to be issued for purchase of Equatorial Mineral Park	9,224,350	9,224,350
(d) Equity of Silver Eagle Resources Ltd.	6,359,927	6,609,986
Total Equity	21,500,944	21,751,003
(e) Cost and commissions on public offering	742,667	742,667
Pro Forma Consolidated Equity	$ 20,758,277	$ 21,008,336

Note 8 Obligation for Accrued Mine Reclamation and Closure Costs

Equatorial Mineral Park, Inc. has accrued balances of approximately US$1.3 Million for reclamation obligations and approximately US$3.4 Million for closure costs consisting of site stabilization, clean up, long term monitoring and water treatment costs expected to be required by state laws and regulations.

Management has determined that the reserves are adequate to cover all expected obligations of the Company for these costs.

Summary and Conclusions

Silver Eagle Resources, Ltd. has agreed to purchase a 100% interest in the Mineral Park Mine located in Mohave County, Arizona from Equatorial Mining North America, Inc. The consideration for the transaction is 23,060,875 Silver Eagle shares, which will represent approximately 40% of the outstanding shares and effective control of Silver Eagle prior to the completion of any equity financing. At the May 26, 2000 halt price, the acquisition can be valued at Cdn$9.2 million or about US$6.2 million.

The Mineral Park Mine has an operating history of over 30 years. It was converted to a leach-solvent extraction-electrowinning operation in September 1994. The capacity of the facility is 11,000,000 pounds of cathode copper, but current output is approximately 500,000 pounds monthly. Silver Eagle plans to increase output to 30,000,000 pounds of copper annually by resuming active mining and modifying the existing processing facilities. The incremental capital cost requirement is moderate relative to constructing new green field capacity.

The timing of the transaction and proposed expansion is opportune as copper inventories are falling and copper prices are rising. London Metals Exchange warehouse copper stocks have fallen to below 525,000 tonnes, the lowest level since early December 1998. The current U.S. price for high-purity cathode copper has risen above the US$0.85 level that Silver Eagle Resources, Ltd. used in its Mineral Park Mine cash flow projections.

The writer considers US$22.7 million to be the low-end value of the Mineral Park Mine. The value incorporates a realistic cathode copper price in keeping with the current supply/demand balance for copper and makes no assumptions of the continued viability of the operations beyond the depletion of current reserves. The high end value of US$28.4 million assumes that the mineral resources at the Mineral Park Mine are sufficient to support operations until 2015 under a conservative price assumption for cathode copper of $0.85 cents a pound.

The value range of $22.7 million to $28.4 million translates as US$1,500 to US$1,999 per annual ton of installed cathode copper capacity. For reference purposes, the projected capital cost of the Billiton's new BioCOP leach technology, coupled with SX-EW, is in the order of US$2,500 to US$3,000 a ton. This estimated cost range applies for plants in the 60,000-tons to 100,000-tons range of annual capacity. The Billiton process does not require relatively expensive chemical reagents or equipment and may succeed the current generation of acid leach SX-EW as the industry turns to find ways to treat more plentiful complex copper ores and concentrates.

For reference, Silver Eagle's proposed capital expenditures of US$5.17 million to increase capacity from 11,000,000 pounds to 30,000,000 pounds annually equates to a cost of US$550 a ton.