

Maximillion yielded many thousands of dollars, the ore being carried the mountain side by a pack train, where it was loaded into wagons, thence taken to the river where it was put through an Arrastre yielding from \$15.00 to \$60.00 per ton. Mr. McClarty also tells me a man (whose name I have forgotten) owning the property before him, extracted about \$30,000.00 from the apex of the Maximillion claims.

In all the small gulches leading to the crest of the hill (see map No. 1) evidences of ancient placer workings are to be seen very extensively. Great, long, running winrows of rock are to be seen piled out of the way on either side of these gulches.

I also counted the well preserved remains of seven or eight ancient stone houses, probably built by the Aztec Indians. In the gulches and more particularly in the pass at the bottom of the hills, large flat stones are to be seen covered with Hieroglyphics.

The character and conditions of the ground here and strike and dip of the Maximillian lode go to show that these gulches were fed by the breaking down of said vein.

#### GENERAL GEOLOGICAL FEATURES

The formation or country rock is Gneiss, which blends into the granite about a mile distant in the direction of Telegraph Pass.

Veins through the immediate district, or so far as I was able to examine are true fissures of Gneiss, which is highly silicified. The vein matter is quartz and metal bearing minerals. The walls of the vein are well depicted, showing slight motion, segregations of gouggy matter, etc., and in fact so far as I can see, prove in every respect true fissures. The distribution of the ore seems to be very regular throughout. Mineralization has gone on at a slow pace, of which the crystalized and crystalline nature of the gangue bear the fullest evidence. Under such conditions it is to be expected that segregations of mineral bearing matter is a more compact form from the general matrix took place, wherever the slightest chemical change in the general matrix gave occasion for Displacement.

This often gives rise to very rich ore streaks accompanied

by a poor quartzose stratum but on this case, I believe the metal is very evenly diffused, throughout the fissure.

These fissures will widen and narrow as the local pressure of surrounding country prescribe, but will carry the matrix and ores to an indefinite depth, which points to large and deep ore shutes.

The value in the ore are <sup>in</sup> the sulphides; with pyrite (near the surface only of which I can speak, the ore is very heavily oxidized).

DEVELOPMENT WORK & ETC.,  
DELTA NO. 1.

The gulch marked Delta Gulch on map attached, runs almost parallel with the northerly side line of claim and all the way up from it the ground is covered with live looking float, and I might say regarding the other claims they are also covered with float), in such quantities as to lead me to believe the vein is a good strong one. This deduction has been proven correct in several places, and more particularly where the shaft has been sunk.

The Delta lode might be termed a blind vein, not in the true sense of the word, however, but because of the movement which caused the hanging wall to slightly overhang the foot in this way covering the fissure. The strike of the vein is N.E. and S.W. At the discovery point where the ledge cropped above the surface a shaft has been sunk 40 feet all in ore. The hanging wall is exposed and is well defined. The ore averages fully 5 feet in thickness but is really wider because what first appeared to be the foot wall was only a thin streak of gangue an inch or so thick, beneath which is another strata of quartz which has been broken into 18 or 20 inches still showing no foot wall. At a depth of 20 feet a drift was run in on the vein to the south 12 feet showing like conditions. I took three samples from said shaft and drift. Sample No. 1 from drift shows \$14.98 in gold. Sample no. 2 from bottom of the shaft, shows \$7.02 in gold. Sample No. 3 was a general one taken from the ore dump (Of about 20 tons), Of shaft shows \$21.91 in gold. Other samples taken from the same workings were \$14.00 in gold in drift and \$29.00 in gold in the

bottom of the shaft.

DELTA NO. 2.

At the discovery point of Delta No. 2 (or the Delta Extension) which is probably 12 or 1500 feet distant, what appears to be the same ledge has been opened up in open cut to a depth of about 8 feet showing Apex of vein to be several feet in width. Sample No. 4 was taken from here assaying \$23.97 in gold.

Before going further I wish to say these samples were selected with the utmost care, and with the desire to secure the most conservative estimate possible. One other sample was taken from opening assaying \$15.00 in gold.

MAXIMILLIAN

On the Maximillian the highest point of elevation is reached at the apex of the vein, which is situated on the crest of ridge, the elevation of 2590 feet. Here the vein has been worked in open cut for over 50 feet exposing both walls, which are well defined. The ore is 4 to 5 feet in width. About the center of this cut is a pit 8 to 10 feet deep, and about 20 feet long, also at one end a small shaft has been sunk about 10 feet, both of which show like conditions as in open cut. Assay No. 5 (is a general sample) taken from the above described workings shows \$15.29 in gold, another assay from this point shows \$32.00 in gold.

The strike of the vein is N.W. and S.E. and can be traced on the surface on side of mountain for 700 or 800 feet, ranging in width where exposed from 3 to 8 feet.

The difference of elevation between the highest and lowest points of exposure virtually shows the character of the ore, as would be seen in a shaft providing it had been sunk on the ore to a like depth at the same point.

At 2300 feet elevation on the same vein and tunnel has been run in 40 feet all in ore and has opened it up fully 8 feet wide showing either wall. It was from the face of this tunnel I took sample No. 7, assaying \$4.19 in gold. Other assays from this point gave \$19.20, \$22.80 and \$20.00 in gold.

Above this tunnel the ledge has been opened up for 20 feet, <sup>in</sup> in open cut exposing hanging wall and fully 8 feet of ore without foot wall. From this point Sample No. 6 was taken and gave \$9.30 in gold. Other assays show \$27.30 and \$32.00 in gold.

There is about 100 tons of ore on the dump from the two last mentioned places. It is highly mineralized and much oxidized and has every outward appearance of carrying good values.

About 30 feet of the opening of above mentioned tunnel quite a bit of open cut work has been done all in ore. From this point Sample No. 8 was taken running \$2.06 in gold. Another assay taken from this point gave \$6.00 in gold. This opening while it shows good looking ore for the width of 7 or 8 feet need in no way be considered at all.

Probably 100 or 150 feet vertical below tunnel just mentioned and probably 250 or 300 feet on dip of lode a small opening has been made on the vein, showing it to be several feet wide. It was from this point that Sample No. 9 was taken. The assay of same gave \$6.82 in gold. Another assay from this point gave a value of \$15.00 in gold.

This point is about 400 feet vertical and probably 700 feet on dip of lode from apex of the Maximillian vein.

#### THE LEGGAT

While this claim is not one embodied in the original 15 purchased claims, it is one I believe deserving of careful consideration.

At the discovery point elevation 1800 feet and almost vertical under the tunnel on the Maximillian claim a tunnel has been run in 20 feet on a vein of good looking ore 3 or 4 feet wide. This ledge is evidently a spur or lateral of the Maximillian. It was from this point that assay No. 10 was taken showing an assay value of \$7.44 in gold.

I wish it herein understood, I am not responsible for any of the foregoing mentioned assays, other than those that are mentioned

1. to 10. The others were made by Mr. C. H. Palmer and I believe to be correct.

#### THE RIO GRANDE

The Rio Grande is located on the gradual slope of the hill on the opposite side of pass from Maximillian. Running the entire length of it could be seen the droppings of a large vein of quartz, probably 30 feet wide, which I am told prospects from end to end carrying values from 90¢ to \$2.50.

This claim also I did not examine, nor any of the others mentioned in the fore part of this report, other than those dealt with in detail, because I did not consider it necessary to examine and sample this whole country in order to determine the values of these properties.

#### RIO BLANCO AND YOUNG AMERICAN

The Rio Blanco and Young American I did not examine, but I noticed, however, while riding across them, they were heavily covered with quartz float and at their discovery points I noticed were small piles of ore.

#### POWER

Steam power in this district would not be advisable because coal runs \$12.00 per ton at Phoenix, f.o.b. on cars.

Electric power can be purchased in Phoenix for \$90.00 per horse power per year. This would require a pole transmission line of 7½ miles which could be constructed at the usual average cost of such lines.

I am informed however, by the Phoenix Board of Trade that just as soon as the Roosevelt Dam is completed (which it is said will be about the latter part of 1909) the government purpose transmitting electricity throughout the entire Salt River Valley, to be used by the ranches and towns for pumping and other purposes. In so doing, their transmission line will pass within 2 miles of the properties. This power I understand is to be sold to the consumer at cost and will thereby give an unlimited power at a low cost.

REMARKS

The location of the Delta No. 1 and Maximillian and the surface arrangement is such as that nature has provided an ideal mill site to which the ore could be brought to the mill by aerial trams by gravity. Both claims have lots of space for using dumps.

I would suggest for the immediate present on the Delta the sinking of the present shaft to a depth of not less than 150 feet, and drifting from 150 to 200 feet on the vein both ways. This would give (providing the ledge held in strength and values) say 150x400x500 - 30,000 cubic feet of ore, and allowing 15 cubic feet per ton would give 20,000 tons of ore in sight, or at \$15.00 per ton \$300,000.00. I would also advise running a tunnel in either on the Maximillina lode or from a point most suitable, (to be determined later) to cut the ledge. Such a place or point could be accurately selected without doubt giving 700 or 800 feet of backs. It might take probably 500 to 700 feet of work to do this.

It is impossible to estimate at this time with any accuracy the amount of ore that would be opened up (other than to say possibilities appear to be enormous) however, let us take as a conservative estimate say a block of 700 x 200 x 5 feet, which would give 1,450,000 cubic feet of ore, and estimating 14 feet to a ton would equal 103,571 tons of ore, valuing at \$10.00 a ton, we would have \$1,035,710.

In order to pen up the Delta and Maximillian above mentioned, it would require in the neighborhood of \$28,000 to \$30,000. Which would be in my belief money well spent. I would also advise the immediate installation of power drills, air compressor and small hoist for the Delta, to be operated by gasoline engine until said work was finished, or till such time as it was thought valuable to put in a permanent plant. The foregoing estimation I believe is sufficient to cover cost of all machinery, tools, management, and that will be required for use, following out the above suggestions to completion.

In asking an estimation of costs of mills, machinery, cyanide plant, buildings and all other things necessary to bring these properties up to a capacity of 100 tons per day. It would be conservative to say not less than \$125,000 to \$150,000 should be provided for.

The nature of the ground is such that very little timbering will be required in the mine. And you will not for many year to come, if ever, require pumps in the mine.

ADDITIONAL NOTES RE MAX DELTA MINE *etc*

10-8-38

Fennell says that operators are open for a new deal having failed to get together with Morse, who held the last option, and with Prince who tried to deal with them just previously.

Operators have arranged to make the payment to the owners due this month and are proceeding steadily with their mining and development.

Have recently opened up a new vein which carries 0.7 oz. Au. across a narrow width and for a substantial length. The ore as broken and shipped from this vein runs 0.5 to 0.6 oz. per ton.

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April, 1938.

Gentry (of Max Delta) has sampled the ZULU MINE near Payson and it is no good except for little pockets near the surface which are now practically worked out. A big fault gouge in porphyry with only one little stringer of pay ore.

He did not visit the OX BOW but thinks that it is no good.

Did not visit the Grand Prize which is some 30 miles west of Payson.

Has heard good reports of the Christmas Mine at Apache Lake and thinks that it should be worth a visit.

SWALLOW MINE is go good, sampled by Peach & Mills and only pay ore seems to be in a little pocket.

GOLD ROADS, A.S. Co. have gotten back their investment and are now making a profit of about \$40,000 per month.

U. S. Co. have dropped the Bunker Hill Lease at Tombstone with a loss of about \$75,000. Values were pockety.

CYCLOPIC MINE at Chloride has now suspended operation, at least for a time.

ST. JOHNS GOLD MINE - Turkey

Recently examined by Mills who reported it worthless and stopped the work after                      and others had invested on over \$50,000 and recommendation of John Slak. Only little pockets of ore in the vein which is mostly barren and gets worse as depth is gained. The GOLDEN TURKEY vein dips in a different direction.

FRENCH GULCH PLACER, now idle due to fight among owners and Dr. Orville Brown and Newman have probably dropped out.

Co. Rutherford now interested in another placer operation on Copper Creek, 2 miles north of Kirkland which was promoted by Leroy Anderson and Archdeacon, formerly auditor for U.V. Copper Co.

MAX DELTA

6/12/40

A. S. & R. at Hayden have been taking shipments since Samuel K. Harris of Lima, Ohio took over the mine in January or February, 1940.

Most of the ore comes from development work done under the direction of <sup>D.W. Jaguays</sup> Jacques (?) Engineer for Harris on whose recommendation Harris took it over. Development has so far been very disappointing and shipments have only been running \$5.00 - \$10.00 per ton and some less than \$5.00. A lot of faults have been encountered and it is likely that the work will soon be discontinued.

NOTE RE MAX DELTA

8/10/40

(from talk with Dahlaine)

Harris had spent about \$26,000 on development work up to the middle of June and had little to show for it until they suddenly struck a body of good ore some of which runs \$30.00 per ton and the gross value of which they now believe may be \$50,000 or more.

Harris is now well pleased and has instructed Jacques to figure on putting in a 50 ton mill.

Suggested to Dahlaine that they might buy the Swastika Mill.

*File*  
3/21/44

NOTE RE MAX DELTA (PARKVIEW MINE).

Flagg and Claude MacLean still hold controlling interest and could work up a deal altho Harris still holds an option and would have to be taken care of.

Property has produced over \$300,000. Harris did no constructive development and situation is similar to what it was in 1939.

On Goat Peak there is a small vein of high grade ore running down on south side of mountain and Telegraph Pass Road and from this were shipped 550 tons @ 0.84 oz. gold and later, (mostly from float) 110 tons @ 0.55 oz.

The lower deposit (north side) of low grade ore should be drilled and also more exploration conducted in the main workings.

Equipment from the Harris Mill has been removed. They got water from the mine shaft where the flow is sufficient to take care of a 50 ton mill and there is another shaft on trail to St. John from which a larger supply could be obtained.

Flagg thinks that the workings could still be inspected but has not been there for last two years.

CUSTOM ORE TERMS - 1939

Max Delta

Shipping to Hayden.

Siliceous gold ore.

Gold paid for @ 92% of \$35.00 per oz.

Toll charge, flat rate.

\$3.50 per ton when net smelter payments are less than \$15.00 per ton, sliding scale for higher values.

No penalties except when  $Al_2O_3$  exceeds a certain limit.

MAX DELTA NOTE

12/15/39

Taken over on bond and lease with first payment of purchase price by man named Harris. Madrid says that Harris bought on recommendation of <sup>Jagveys</sup> Jackman (Engineer <sup>once employed by</sup> for Miami Company) and tendered \$3200 as first payment but subject to approval of his attorney, <sup>W.A.</sup> Moeur, who found a flaw in the title so that the deal has been held up and outcome still uncertain although Harris will probably go through with it.

NOTE ON MAX-DELTA MINE

3/10/39

Interview with Simpkins who says that they have shipped 197 cars altogether with average value nearly \$20.00 and now shipping \$25.00 ore which they are mining from two faces in the Delta vein and one place on the Maximillian.

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June 20th, 1939

Deal which Simpkins and Elliott worked up with the Chicago investors represented by Hayward has probably gone sour.

Gentry has recently made arrangements to ship silicious low grade ore by truck to Magma for converter flux and will probably send two or three car loads per week. Average grade will not exceed \$10 or \$12 per ton but it should net a small profit beyond that earned from regular shipments of the richer ore.

EXTRACTS FROM FLAGG REPORT ON THE DELTA MINE

Sept. 7th, 1934

The equipment on the property at the present time is very limited. It consists of a portable compressor, a small gasoline hoist, drills, track, cars, pipe steel, blacksmith shope for hand sharpening and a loading terminal. All of the original equipment, even to mine timbers and the collar of the shaft, was removed many years ago. Though simple the equipment on the property meets all the most immediate requirements.

There is no water developed on the property. It is reported that the 500-ft. inclined shaft furnished enough water for the 25-ton mill which was on the property at one time. There is also some water in the Hall Shaft. In all probability water can be had by drilling wells on the property not over 200-ft. deep.

There are no transportation difficulties. Seven miles of the road from Phoenix is either paved or oiled. The rest of the road is very good road. Ore is hauled in trucks to Phoenix and loaded for 75¢ per ton.

The claims lie on the north slope of the mountains, at elevations ranging from 1200 to 2600 feet above sea level. The country rock is a complex of gneiss and schist, with a general northerly dip at low angles. There are frequent local variations due to faulting. Several fine grained, dark dikes, probably diorite occur and there is at least one lighter colored, porphyritic dike, of an acid composition, provisionally called rhyolite. Irregular dikes of aplite and pegmatite are abundant throughout the range. Outcrops of veins, dikes, excepting the pegmatite dikes are inconspicuous. In marked contrast is the abundance of quartz float on the mountainside.

The veins are fissures cutting across the gneiss with a general NW to SE strike and easterly dip. The country rock on either side of the veins, more particularly noticeable at lower depths, is more or less silicified, the mineralization extending out into the

walls for an undetermined distance. The vein filling is largely quartz, with altered inclusions of country rock. Gold is the principal metal. Silver is present in small amounts and copper to the extent of less than one half of one percent. There is neither lead nor zinc. Sulphides of iron are found at practically all horizons.

The original discovery on these claims is said to have been made on the crest of the ridge at an elevation of approximately 2900 ft. above sea level, on the Maxamillian claim. Near the surface this vein has a low dip and can be traced for 600 to 800 ft. along its strike on the surface, showing widths from 3 to 12 feet. Numerous shallow openings, made many years ago are said to have yielded about \$30,000 in gold. The vertical range on this vein from the highest point on the crest to the lowest working on the north slope, is about 400 ft., which would be over 600 ft. measured on the dip. No systematic development has been done on this part of the property but previous sampling in the old openings give very promising indications of a large amount of milling ore, above an adit which would enter about 800 ft. below the highest point and would have a length of over 700 ft. when vertically under the original discovery. At present ore is being shipped off this part of the property.

Near the north end of the Maxemillian claim a spur takes off this vein with a more northerly strike. This vein is known as the Leggat vein. Not much work has been done on it. There is shown from 3 to 4 feet of ore along the outcrop over a considerable distance. Previous sampling indicates a gold content sufficiently high to warrant the expectation of profitable mill ore.

The topography is such that the Maxamillian and Leggat veins can be prospected very cheaply by a system of adits, the lowest of which would attain a maximum depth of nearly 800 ft. measured on the dip. Mill ore from this system could be transported to a mill on the main Delta claim by gravity.

Though the record of shipments is very satisfactory it is easily understood that to continue shipping without developing is an unsound policy which cannot be followed indefinitely. While this ore has been mined for shipment no development has been carried on. However, these last nine months operations have not made any serious inroad on the ore available. Instead it has opened up much ground, making possible a clearer understanding of the nature of the vein system, and exposing a considerable volume of mill ore in the main Delta workings. Until this situation is accurately set out in detail on an assay map no positive statement can be made regarding the volume and value of such ore but it is the opinion of those who have mined the ore that has been shipped, men of long experience, that a minimum of 50 tons per day, that will average \$8.00 in gold, can be mined from above the lowest adit on the main Delta vein system, for a period of two years. The writer agrees with this estimate.

As a potential source of profitable bodies of mill ore the whole property merits serious consideration. The shipment of 3000 tons of ore, at a profit, demonstrates unmistakably the existence of pay values. Such sampling as has been done to date at many places outside the areas from which shipments have been made indicates a widespread distribution of gold values sufficiently high to yield a profit if the ores are milled on the ground. The most promising, undeveloped sources of mill ore,- The Leggat and Maxamillian veins can be prospected to a depth of at least 500 ft. by a system of adits at a very low cost. The cost of exploration on the Hall and Thompson claims will be more expensive but not necessarily very high.

The known distribution of gold over a considerable area, in profitable amount, justifies the exploration necessary to prove the volume of mill ore available, and there is every reason to anticipate a tonnage that will pay a satisfactory return on the investment.

Respectfully submitted,

(Signed) A.L.Flagg

EXTRACTS FROM FLAGG 2nd REPORT  
SUPPLEMENT TO REPORT ON THE DELTA MINE

October 1935.

Though ore has been stoped since the geological report of April 5, 1935 was made, a considerable amount of new territory has been opened up during that time. The nature of the work is such that it does not block out ore. It does strengthen the confidence in the future of the property, and makes possible some conclusions which a less intimate knowledge of the conditions in the property might not support. Appraised on the basis of a strict application of the term "positive ore", ore that can be seen, sampled, and measured, on not less than four sides, the volume of ore exposed is not large. However, conditions are such as to justify the belief that a moderate amount of development work such as is indicated in the recommendations under date of April 5, 1935, though not necessarily the whole program will make available enough milling ore to supply a mill of 50 tons daily capacity and that such a rate of production can be maintained for not less than two years.

Respectfully submitted,

(Signed) A. L. Flagg

Phoenix, Arizona  
October 20, 1935.

ACE GOLD MINING & DEVELOPMENT COMPANY

MAX DELTA MINE

KEY

to SAMPLING by CECIL G. FENNELL made Aug. 3rd. & 5th., 1937.

(Samples taken as character or type samples indicative of large tonnages of medium grade MILL ORE only).

Shipping ore not sampled.

Symbol	Where taken	Average Width Ore	Ozs. Gold.	Value @ \$35.00 oz. gold by Ariz. Testg. Lab. assay.
<u>MAXIMILLIAN CLAIM.</u>				
M.1.C.	<p>Tod large open cut on vein #2 at apex of both vein and mountain. Ele. 2280</p> <p>Ore left on hanging wall, dipping about 35° into ore taken below--see sample #M.2.M., which follows.</p> <p>Large channel cut at right angles to vein,</p>	22"	0.26	\$9.10
M.2.M.	<p>Open cut and tunnel on vein #2. Ele. 2220.</p> <p>Broken ore piled at end of tunnel ready for sorting for high grade ore for shipment.</p> <p>In taking large grab samples pieces of shipping ore rejected.</p> <p>Represents average width of ore in several places of,</p>	56"	0.24	8.40
M.3.T.	<p>Main tunnel Ele. 1720</p> <p>Strike S. 13° W. Ore shoot dipping about 85° to S.E. Driven on vein.</p> <p>Sample taken at raise on ore, about 100 ft. from portal. Two channel cuts at right angles to ore shoot: 1 cut 48" wide, 1 cut 28" wide. Average width</p>	38"	0.16	5.60
<u>ORO GRANDE CLAIM</u>				
O.4.C.	<p>Large open cut (this ore exposure would permit of "glory hole" mining) on ledge as mentioned below. Ele. 1705'</p> <p>Course of ledge (ore) at surface N. 10° E.</p> <p>Grab sample--about 300 lbs.--taken from ore piles (many tons in each pile) of ore broken from surface workings all over ledge of dense blue-white quartz c carrying but few metallics. Represents over 50 tons of broken ore .</p> <p>Average width of ledge (ore) on surface at elevations of 1830', 1705' and 1665' at right angles to dip of ore body,</p> <p>(Average width of ore on surface on</p>	<p>{ 15' }</p> <p>{(ft). }</p>	0.18	6.30

	horizontal plane across ledge about <u>28'</u> The ore as exposed in the ledge rock without any noticeable variation in its texture and components shows on the mountain flank (sloping at about 26°) for over 500 ft.				
	<u>MAX DELTA CLAIM</u>				
D.5.B.	Level #2. Breast of level (on Aug. 5th) driven on course of N.55°W. One large--60 lbs.--channel cut at right angles to ore shoot, (As these samples were taken to indicate probable tonnages of mill ore in taking sample two streaks of apparently rich "shipping" ore were avoided).	62"	0.16	5.60	
	<u>SAMPLES taken by MINE FOREMAN</u> For guidance in ore extraction for shipment.				
	<u>MAX DELTA CLAIM</u>				
Lab. No.	Mine No.				
23993	967	Character sample of footwall	0.14	4.90	
23994	968	Shipping ore from face of drift. Same as #D.5.B., above, taken six feet back of breast as given above, and includes shipping ore referred to in #D.5.B., and is for 3 ft. less width,	26"	0.92	32.20

NOTES RE MAX DELTA

April 25th, 1938

Nine miles from office.

Prince the English Engineer took some 200 samples and got an average of \$11.00 per ton.

The shaft followed down a gouge or inclined vein which is low grade. The vertical vein is well in the footwall and should be cross-cut from the lowest level.

Samples should be taken along the surface of the Maxamillian vein on the hill and in the lower tunnel where the vein is said to average over \$7.00 for width of 30"

Many drifts have been stopped where the face ran only \$7.00 or so and these should be advanced especially as there is always a chance that they will open up shoots of higher grade.

In some of the inclined veins there is found a "carbonate zone" where there is a lot of ankerite (brown carbonate of iron with manganese (Ca, Mg., Fe) CO<sub>3</sub>) in which little or no values are found altho the gold is nearly always associated with the iron-sulphide and iron oxide. Above and below this zone, good values are often found.

MAX DELTA MINE

(Memo - April '38)

Oro Grande outcrop said by Fennell to be 15' wide and to average \$6.00 per ton. Mills and Peach took one sample which showed very low values, - personally I think this is merely a blow-out and not likely to have any great value.

Mills & Peach took one sample across the Maximillian vein in the face of one of the drifts. This ran Au = 0.3 oz.

Up to March<sup>3</sup> the Max Delta had been shipping at the rate of about 140 tons per month and total shipments during last 5 or 6 years are said to have been 161 cars (@ about 40 tons per car) say 6400 tons @ average value ~~23.60~~<sup>21</sup> per ton, total gross value about \$~~130~~<sup>4</sup>,000. It is reported that the grade of shipments in March and April of '38 had fallen to around \$15.00 per ton.

NOTES RE MAX DELTA

June 20th, 1938

My personal investigation of the Max Delta has been limited to two recent visits during which I went through nearly all of the accessible workings but took no samples. Two engineers who were looking over the mine on the occasion of my second visit took a few samples. Those from the Oro Grande gave low values but from faces in the other workings they afterwards told me that their average was about 0.3 oz. gold. Their principal made an offer to the owners which was not accepted so that examination was discontinued.

My impressions of the property are therefore based upon these two visits, the record of shipments and the reports of other engineers and statements by the operators themselves.

I greatly doubt if the Oro Grande will ever develop any large tonnage of pay-ore but it does justify some further exploration and sampling.

I think that the best chance for mill ore is in the Maximilian vein where very little work has recently been done but the showings there and elsewhere lead me to believe that a substantial tonnage of \$10.00 ore can be classed as probable while a comparatively small expenditure for lengthening the edit tunnels and putting up some raises should bring much of this into the class of positive ore and substantially add to the probable tonnage.

Subsequent work is also likely to prove up some high grade shoots as well as lower grade material on the Delta claims and there seems to be a good chance that eventually some 200,000 tons of \$10.00 ore might be mined and milled in the future.

I have never seen any metallurgical report but am told that the ore has been thoroughly tested for both cyanide and flotation treatment and that while the former gives a slightly better recovery flotation was considered preferable with indicated saving of over 90% and high ratio of concentration. On this point I can probably obtain more information.

The present operators want to sell and would probably accept \$30,000 cash for a 90% interest, paying from this the remaining \$10,000 on the purchase price but if they in turn give a sub-bond and lease their asking terms are as set forth on the attached sheet. These terms could pretty surely be modified in several respects.

I believe that this property has merit and I think that you may accept as reliable the sampling of Prince and Flagg.

My preliminary estimate of working costs would be as follows, assuming a \$10.00 head and 90% recovery.

	<u>Per Ton</u>
Mining and current development	3.00
Milling	1.50
Transportation & treatment of concentrates, Smelter losses and deduction and overhead	2.00
	<hr/>
	\$6.50

Leaving a net working profit of \$2.50 per ton less the 15% royalty which would be absorbed in the purchase price.

Preliminary expenditure for additional development, mining equipment and mill (assuming a new mill were purchased and erected) might run to \$80.00 and purchase price of 90% interest now fixed at \$60,000 could pretty surely be reduced to \$40,000 making a total investment of \$120,000 with subsequent profits to the purchaser (90% of \$2.50) equals \$2.25 per ton.

Since I think that there is a fair probability that 200,000 tons or more of \$10.00 ore may be developed and mined I consider that this mine merits your careful consideration, particularly since the initial investment would be greatly reduced to your clients if they should move over their 50 ton mill.

Production is continuing at present with regular shipments of about one car per week but only a few men are employed and they continue to gouge out only the best ore. The operators are paying 10% royalty to the owners hence their insistence on 15% royalty to

them. I am very confident that the period for development could be extended if desired but a purchase price payment of \$2,500 is due in October which the optionee might have to assume as a consideration for holding the property beyond that date.

*J. M. C.*

PROPOSITION FROM ACE MINING COMPANY ON MAX DELTA MINE

June 1938

A three or five years lease at 15% royalty with option to purchase at \$60,000.00 if give notice of intention to exercise purchase option one year after date of lease.

Purchase price to be \$70,000.00 +, if give notice of intention to purchase at end of second year.

Purchase price to be \$80,000.00 +, if give notice of intention to purchase at end of third year.

All royalty paid to apply on purchase price.

One quarter of purchase price to be paid each three months commencing 90 days after the service of notice of intention to purchase.

Owners to receive 1/10 of the stock or securities issued on or for this property, i.e. they are to have a one tenth interest.

Purchaser to have thirty days in which to examine the property.

(Not definitely agreed as yet)

Purchaser to have 90 days thereafter in which to develop ore before making final acceptance of contract -- this is provided purchaser expends not less than \$1500 per month on the property.

If contract is then confirmed, purchaser to commence within 30 days of such confirmation to transfer and erect a 50 ton modern and up to date mill, said mill to be completed and ready to operate within three or four months.

Until mill is in operation owners may carry on in the working of the mine as now but purchasers are not prohibited from working or developing ore in the ground in which the owners are now working: This to be subject to a fair agreement as to non-interference, one with the other. All ore developed by purchaser to come within the scope of this contract; other usual, fair and customary terms to be inserted to protect both parties.

EXTRACTS FROM REPORT OF FLAGG ON ACE MINING AND DEVELOPMENT COMPANY

GEOLOGICAL REPORT

December 1934.

Such records of previous operations as are available indicate that the principal reason for the abandonment of the property by the original operators was the failure to appreciate the true significance of some of the complicated geological structure. There is no indication that any of the previous operators realized that such veins as had been partially prospected in these principal workings were definitely cut off by a fault just below the lowest adit level (300 level) and that the shaft had been sunk from this point in the fault plane. There is no intimation that more than one vein had been recognised in these workings.

An appreciation of these fundamentals is essential to the proper and successful development of the property. Even a partial solution of this problem requires a large amount of detailed mapping. The most essential data are shown on the two underground geological maps attached hereto.

One important result of the detailed geological studies in the main Delta workings is the tentative determination of the probable position of the several veins to the north of Zone III and below the 300 level. The facts can be determined quickly at a small cost by driving a crosscut from the shaft at the 400 level, approximately S 45 W, not to exceed 100 ft. If the conclusions reached by these studies are proven a tonnage of ore at least equivalent to that originally contained in Zones I and II, above the 300 level or about 4000 tons can be reasonably expected over a similar vertical range.

In Zone IV there is indicated in the S 20-30 E Vein between the 100 and 300 levels approximately 4200 tons of ore with a gold content of 0.858 ounces to the ton. No definite tonnage can be assigned to the S 5-10 W vein between these levels. It is interesting to note that in the drift on this vein, just begun at the 300 level

there is a total width of 66 inches of "pay rock". This face sampled in four different samples shows an equated gold content of 0.571 ounces to the ton. Such width and value, if consistent for any considerable distance along the strike, will add a considerable volume to the ore reserves.

On Sketch 2 the West Delta workings are shown in some detail. On the map of Surface Geology (I) other veins, less extensively prospected but productive in a small way under leasing operations are shown. As yet not enough data are available on these occurrences to make it possible to attempt any detailed description of them. However, during the past eighteen months this part of the property has produced, principally through leasing operations, approximately 1000 tons of ore with a gold content above 0.50 oz. to the ton. Such development as there is has not reached any great depth and it is all very limited.

Summing up the situation in the area covered by Part I, or as much of it as has been studied in detail there appears to be definitely available more than 10,000 tons (10,326) of ore having an average gold content of 0.432 ounces to the ton. This is all above the 300 level and opened by the present development work. There is every reason to anticipate the extension to the south and vertically of the two major veins of Zone IV, in areas of much less post-mineral disturbance. From what is known of them they may be expected to yield a considerable tonnage of very profitable ore.

### Part III. (Outline)

Though on some parts of the Delta property the geology is undoubtedly somewhat complicated there is no indication of the kind of problems impossible of solution. Accurate observation of the features as the development proceeds will be of great help in solving any problem that is met with. Nothing has been observed about the property to indicate definite limits beyond which further prospecting is almost certain to be futile. On the contrary such

evidence as is available creates confidence in the future of the property. Past production records, positive ore in the principal Delta workings, and the probable ore indicated at many places where leasing operations have been carried out profitably, give assurance of a sufficient volume of ore to justify the starting of a comprehensive development program, which may be expected to indicate, very shortly, the advisability of providing a mill on the property.

Respectfully submitted,

(Signed) A.L. Flagg

Phoenix, Arizona  
April 5th, 1935.

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#### RECOMMENDATIONS

A study of the general report and the geological report on the Delta property of the Ace Mining and Development Company clearly indicates that there is no lack of places in which development can be expected to show satisfactory results. Leasing operations at many points on the ground have indicated the existence of profitable ore bodies. Therefore the determination of a site or sites for further development work becomes simply a matter of the funds available for such work. For that reason all of the more important possibilities will be discussed rather than attempting to lay out a specific plan.

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No investigation has been made of the water situation. All the water now used about the mine is brought in barrels. The 500 ft. incline shaft is said to have furnished ample water for a small mill in 1916-17 but as the operations of the mill were not steady this information is of doubtful value. The Hall shaft, nearly 100 ft. deep, has some water but there is no accurate data regarding the amount it will produce. If sufficient water cannot be developed in drilled wells in the east-west valley crossing the property an almost limitless supply, far in excess of the property's

needs can be had at a short distance north. The development of an adequate water supply is not considered to be a serious problem.

Past experience in the mine indicates that when the work is properly organized the mining cost should not exceed \$3.00 per ton. In mill of 100 ton daily capacity, operating on ores of a somewhat similar nature and making recoveries in excess of 90% the costs do not exceed \$3.00 per ton. If to this is added \$1.50 per ton to cover the fixed charges indicated above, then the indicated minimum grade of material that can be mined and milled without any loss is \$7.50; that is the ore must contain at least \$7.50 in recoverable value or it cannot be handled. Sampling to date indicates that the general average recoverable content is quite a bit more than this.

Respectfully submitted,

(Signed) A. L. Flagg

EXTRACTS FROM FLAGG 2nd REPORT  
SUPPLEMENT TO REPORT ON THE DELTA MINE

October 1935.

Though ore has been stoped since the geological report of April 5, 1935 was made, a considerable amount of new territory has been opened up during that time. The nature of the work is such that it does not block out ore. It does strengthen the confidence in the future of the property, and makes possible some conclusions which a less intimate knowledge of the conditions in the property might not support. Appraised on the basis of a strict application of the term "positive ore", ore that can be seen, sampled, and measured, on not less than four sides, the volume of ore exposed is not large. However, conditions are such as to justify the belief that a moderate amount of development work such as is indicated in the recommendations under date of April 5, 1935, though not necessarily the whole program will make available enough milling ore to supply a mill of 50 tons daily capacity and that such a rate of production can be maintained for not less than two years.

Respectfully submitted,

(Signed) A. L. Flagg

Phoenix, Arizona  
October 20, 1935.

EXTRACTS FROM REPORT OF FLAGG ON ACE MINING AND DEVELOPMENT COMPANY

GEOLOGICAL REPORT

December 1934.

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In Zone IV there is indicated in the S 20-30 E Vein between the 100 and 300 levels approximately 4200 tons of ore with a gold content of 0.358 ounces to the ton. No definite tonnage can be assigned to the S 5-10 W vein between these levels. It is interesting to note that in the drift on this vein, just begun at the 300 level

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Respectfully submitted,

(Signed) A.L. Flagg

Phoenix, Arizona  
April 5th, 1935.

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Respectfully submitted,

(Signed) A. L. Flagg

EXTRACTS FROM FLAGG REPORT ON THE DELTA MINE

Sept. 7th, 1934

The equipment on the property at the present time is very limited. It consists of a portable compressor, a small gasoline hoist, drills, track, cars, pipe steel, blacksmith shop for hand sharpening and a loading terminal. All of the original equipment, even to mine timbers and the collar of the shaft, was removed many years ago. Though simple the equipment on the property meets all the most immediate requirements.

There is no water developed on the property. It is reported that the 500-ft. inclined shaft furnished enough water for the 25-ton mill which was on the property at one time. There is also some water in the Hall Shaft. In all probability water can be had by drilling wells on the property not over 200-ft. deep.

There are no transportation difficulties. Seven miles of the road from Phoenix is either paved or oiled. The rest of the road is very good road. Ore is hauled in trucks to Phoenix and loaded for 75¢ per ton.

The claims lie on the north slope of the mountains, at elevations ranging from 1200 to 2600 feet above sea level. The country rock is a complex of gneiss and schist, with a general northerly dip at low angles. There are frequent local variations due to faulting. Several fine grained, dark dikes, probably diorite occur and there is at least one lighter colored, porphyritic dike, of an acid composition, provisionally called rhyolite. Irregular dikes of aplite and pegmatite are abundant throughout the range. Outcrops of veins, dikes, excepting the pegmatite dikes are inconspicuous. In marked contrast is the abundance of quartz float on the mountainside.

The veins are fissures cutting across the gneiss with a general NW to SE strike and easterly dip. The country rock on either side of the veins, more particularly noticeable at lower depths, is more or less silicified, the mineralization extending out into the

walls for an undetermined distance. The vein filling is largely quartz, with altered inclusions of country rock. Gold is the principal metal. Silver is present in small amounts and copper to the extent of less than one half of one percent. There is neither lead nor zinc. Sulphides of iron are found at practically all horizons.

The original discovery on these claims is said to have been made on the crest of the ridge at an elevation of approximately 2900 ft. above sea level, on the Maxamillian claim. Near the surface this vein has a low dip and can be traced for 600 to 800 ft. along its strike on the surface, showing widths from 3 to 12 feet. Numerous shallow openings, made many years ago are said to have yielded about \$30,000 in gold. The vertical range on this vein from the highest point on the crest to the lowest working on the north slope, is about 400 ft., which would be over 600 ft. measured on the dip. No systematic development has been done on this part of the property but previous sampling in the old openings give very promising indications of a large amount of milling ore, above an adit which would enter about 800 ft. below the highest point and would have a length of over 700 ft. when vertically under the original discovery. At present ore is being shipped off this part of the property.

Near the north end of the Maxamillian claim a spur takes off this vein with a more northerly strike. This vein is known as the Leggat vein. Not much work has been done on it. There is shown from 3 to 4 feet of ore along the outcrop over a considerable distance. Previous sampling indicates a gold content sufficiently high to warrant the expectation of profitable mill ore.

The topography is such that the Maxamillian and Leggat veins can be prospected very cheaply by a system of adits, the lowest of which would attain a maximum depth of nearly 800 ft. measured on the dip. Mill ore from this system could be transported to a mill on the main Delta claim by gravity.

Though the record of shipments is very satisfactory it is easily understood that to continue shipping without developing is an unsound policy which cannot be followed indefinitely. While this ore has been mined for shipment no development has been carried on. However, these last nine months operations have not made any serious inroad on the ore available. Instead it has opened up much ground, making possible a clearer understanding of the nature of the vein system, and exposing a considerable volume of mill ore in the main Delta workings. Until this situation is accurately set out in detail on an assay map no positive statement can be made regarding the volume and value of such ore but it is the opinion of those who have mined the ore that has been shipped, men of long experience, that a minimum of 50 tons per day, that will average \$8.00 in gold, can be mined from above the lowest adit on the main Delta vein system, for a period of two years. The writer agrees with this estimate.

As a potential source of profitable bodies of mill ore the whole property merits serious consideration. The shipment of 3000 tons of ore, at a profit, demonstrates unmistakably the existence of pay values. Such sampling as has been done to date at many places outside the areas from which shipments have been made indicates a widespread distribution of gold values sufficiently high to yield a profit if the ores are milled on the ground. The most promising, undeveloped sources of mill ore,- The Leggat and Maxamillian veins can be prospected to a depth of at least 500 ft. by a system of adits at a very low cost. The cost of exploration on the Hall and Thompson claims will be more expensive but not necessarily very high.

The known distribution of gold over a considerable area, in profitable amount, justifies the exploration necessary to prove the volume of mill ore available, and there is every reason to anticipate a tonnage that will pay a satisfactory return on the investment.

Respectfully submitted,  
(Signed) A.L.Flagg

Extracts from Report by J. P. Steele, E. M.

on THE MAX DELTA MINE

Los Angeles, Calif.  
June 6th, 1916.

I hereby submit my report on the examination recently made by me, at your request, on the Max-Delta Gold Mining Company's property.

This property is situated 9 miles south of Phoenix, Arizona, Maricopa County, in the Salt River Mountains. The veins are true fissures and the strike is northwest and southeast. The formation is Gneiss, with numerous Diorite dykes running nearly north and south. Commercial ore is found in the veins where the diorite dikes cross the leads.

The Maximillian and Leggat claims were the first ones visited by me. There are two leads on this property. These two leads come together at No. 2 tunnel. Both leads run lengthwise of the claim.

Commencing my examination on top of the mountain where the vein outcrops, I found 3 feet of quartz that assayed \$32.00 gold per ton. Continuing down the mountain to tunnel No. 1, I found this tunnel was driven on the lead 30 feet, all in ore. The ore at this point 200 feet below the apex, was 12 feet wide and showed a value of \$27.00 per ton. Continuing on down the mountain, I came to tunnel No. 2. This is in 60 feet on the lead, all in ore. This ore in the face of this tunnel is 14 feet wide, and the sample taken clean across the face, ran \$8.40 gold per ton.

Here is where the lead splits. That part of the lead going to the right, looking down the mountain, about 100 feet below tunnel No. 2 there is a tunnel No. 3 about 45 feet long on this lead. Samples taken from 4 feet of ore gave a value of \$16.00 gold per ton.

Going back to the main lead, and down the mountain to tunnel No. 4, which has been driven 250 feet on the lead, I found 4 feet of ore. The several samples taken along this ore body gave an average of \$12.00 gold per ton.

Continuing on down the mountain to the Leggatt tunnel which is in 65 feet on the lead, I found 6 feet of ore that assayed \$12.60 gold per ton. The Leggatt tunnel is 700 feet below the outcrop, giving backs of that depth from the Leggatt tunnel to the apex of the lead.

The different openings show a tonnage of approximately 36,000 tons, having an average value of \$18.00 gold per ton, giving a gross valuation of \$584,000.00.

The second claim visited was the Hall. Here is a shaft 54 feet deep, and a tunnel over 100 feet in length with a winze 54 feet deep, sunk from this tunnel. These were the only openings in the Hall examined by me. There not being enough development work on the other leads of which there are several, to justify an opinion as to tonnage and permanency.

The Hall shaft has been sunk to a depth of 54 feet. There is 4 feet of ore that gave an average value of \$21.00 gold per ton. This leads outcrops on the surface 400 feet in length.

The tunnel and winze show 2 feet of \$20.00 gold ore. The estimated tonnage exposed by the Hall shaft, tunnel and winze, is approximately 3,125 tons of a gross value of \$65,000.00. The \$21.00 ore predominating in tonnage as well as value.

The next claim visited was the Delta No. 2. There is a shaft 35 feet deep on the Delta No. 2 lead. At this depth there is a level 112 feet long that has been driven on the lead. The ore shoot extending the full length of the level, and a carload of ore 43 tons, shipped from this level gave smelter returns of \$26.70 fold per ton.

From this level there has been a winze sunk 54 feet on the lead. The ore in the winze averaged 3 feet in width and gave an average value of \$10.20 per ton.

There is a cross-cut tunnel that cuts this level 60 feet south of the above mentioned shaft.

There is another cross-cut tunnel that cuts this level 60 feet south of the above mentioned shaft.

There is another cross-cut tunnel on this claim that starts 400 feet east of the shaft and 100 feet lower down. There is also a raise from this tunnel that connects with the winze, giving ventilation and egress for the ore in the opening above.

There was some samples of ore taken from this lower level that assayed \$200.00 gold per ton. These rich assays were eliminated in arriving at the value in the ore.

The total number of tons of ore in sight on this claim is 35,000 containing a gross value of \$75,000.00.

The high grade ore here predominating in value and size.

The main Delta workings was the next place visited and inspected by me.

The development work on this claim consists of a shaft 500 feet deep, with a 25 H.P. Fairbanks-Morse Gasoline Hoist, and a 40 H.P. Gasoline engine that operates a Sullivan compressor Power drills being used to do the work on this claim. There has been so far, two ore commercial shoots exposed on the first level of the Delta. This level has been extended a distance of 700 feet, including crosscuts and drifts.

The first ore shoot is going south, 115 feet long, and it will average 5 feet wide. With an average value of \$16.20 gold per ton. The second ore shoot on this level is 80 feet south of ore exposed on this level that has been recently broken into. Where it was cut there was 2 feet of quartz that assayed

\$12.60 per ton. Back of this quartz there was 3 feet of mineralized vein material that assayed \$5.80 gold per ton. I did not allow for any tonnage at this last place.

Going to the second level my inspection showed a drift of 115 feet south of the shaft and 60 feet north of the shaft, with an ore shoot 150 feet in length, with an average width of 5 feet and values of \$11.80 gold per ton. The south end of this shoot of ore was 7 feet wide and a sample taken from a winze at this point gave returns of \$22.40 gold per ton. A picked sample ran \$86.60. These high grade assays were not taken into consideration by me in arriving at the general average value of the ore on this level.

From the second level I descended to the third level. The drift at this point has been driven a distance of 136 feet south, and at a distance of 105 feet from the shaft, a crosscut has been started to the west, to cut the vein and ore in the west lead, or the ore bodies exposed in the levels above, one and two. In sinking the shaft the lead faulted at a point 20 feet below the second level. It split at that point. The shaft following the easterly trend of the lead. This vein carries copper values as well as gold, and the general character of the ore is different from the ore in the west lead.

The ore shoot on this level is about 100 feet long and 5 feet wide. No drifting having been done to the north. I could not estimate the length on that side of the shaft. An average of the samples taken gave a value of \$8.10 gold per ton.

The fourth level has been extended a distance of 90 feet south. This level was run on the contact between the Gneiss and Diorite. There is no ore here to speak of.

The fifth level was full of water, so an inspection could not be undertaken at this time.

The total tonnage and value shown by the workings on the Delta are as follows:

1st shoot	100 foot level	3,250 tons @ 16.20 a ton	\$52,650.00
2nd "	100 foot level	3,400 " " 11.20 " "	31,280.00
2nd level	" " "	4,625 " " 9.80 " "	54,575.00
3rd "	" " "	<u>3,125 " " 8.10 " "</u>	<u>25,312.00</u>
Total ore tonnage and value	14,400		\$163,817.00

The Oro Grande was the last claim visited and inspected by me. There is an immense tonnage of low grade ore exposed on this claim. Of 10 samples taken by me from the outcrop, I got an average of \$5.20 gold per ton.

There is about 200,000 tons in sight of this low grade ore. When your mill is in operation, a great deal of this ore could be mixed with the high grade ore taken from the other claims. My opinion of the ore showings on the Oro Grande is that at this time it would not be advisable to take it into consideration as to future development work as outlined by me. But it undoubtedly is a very valuable asset to your Company and it will, no doubt, be worked in time by your Company and its gold values recovered at a handsome profit.

(Signed) J. P. Steele

NOTES RE MAX DELTA MINE

March 9th, 1938.

Visited with Cecil G. Fennell & <sup>Howard</sup> Gentry (Supt). on March 8th.

Located just west of South Mountain Park and about 7 miles from Phoenix.

9 patented and 4 unpatented claims mostly on north slope of South Mountains at elevation 1550' to 2650' above sea level. First worked back in 80's and said to have produced some high grade ore. Reopened in 1917 by Max-Delta Company which spent a lot of money foolishly, and developed mine to depth and built and tried to operate a 25 ton cyanide mill. Company failed about 1920 and next reopened by present crowd "Ace Gold Mining and Development Co.", about 1932 and since worked continuously in a small way and have shipped to date about 6000 tons with average value \$23. per ton and thru payment of 10% royalty to the former owners have now nearly completed the purchase of the property which they are anxious to resell for about \$40,000.

Present shipments about 150 tons per month but hope to soon step this up to 200 tons, - keeping grade in excess of \$20.00 per ton.

Principal stockholders of Ace Co. are:

<sup>Howard</sup> Gentry, - Superintendent  
<sup>James C. Haver</sup>  
<sup>Donald</sup> Scott of Scott Engineering Co. of Phoenix.  
C. M. " Arthur Flagg of Phoenix.  
<sup>Claude E. Mc Clair</sup>  
<sup>Robt H.</sup> Armstrong Jr., of Armstrong, Kramer, and Roach, -Phoenix.  
<sup>H. P. Mc Intosh</sup>

The country is mostly granitic gneiss of pre-Cambrian age cut by dykes of diorite, - also pre-Cambrian and later dykes of rhyolite and quartzite. There is much faulting all of which is post-mineral.

The vein filling and the fault <sup>DU</sup> gänge (in which values sometimes occur) is mostly quartz, stained with iron oxide with which good values seem to be associated and with brown iron carbonate (ankerite) which is usually barren and with iron sulphide also carrying good values. There is a wide distribution of the oxide of manganese much

of which is in the form of dendrites. The gold is too fine to be seen even with a glass, there is up to 1 oz. silver and up to 0.03% copper; no lead or zinc.

There are three principal vein systems, - on the west the Delta veins which strike north west and seem to join with the Maximillian veins on the south side of the range but near its summit. The main Maximillian vein strikes a little east of north with many branch veins. Some distance east of these and on the north side of the wash is noted the Oro Grande Vein which dips about  $30^{\circ}$  to the East and strikes nearly north.

The Delta and Maximillian veins are in some cases vertical or dip as much as  $50^{\circ}$  to the east, they vary in width from 1' to 8' and the best ore is generally found in the wider swells or lenses. A fair average width would be about 3'. These veins can be traced from the Hill and Gentry shafts north of the wash ~~all~~ up the north slope of the mountain and to a point on the south slope,- a distance of over 6000' and several ore shoots have been found but the total length of shipping ore which has so far been developed is comparatively small.

The outcrops on the Oro Grande only cover a length of about 500 feet and it is developed by two adit tunnels and some pits. The width appears to be 12-15' and according to sampling by Fennell and others the average value where exposed is over \$6.00 per ton. This is purely a prospect and should be further explored and developed on the chance of proving up a substantial ore body of such ore on which the profit after mining and milling might be upwards of \$1.00 per ton.

It seems likely however that the best values will be confined to the outcrops and upper portions of the vein in which case the Oro Grande may prove to have no value.

While the shipping ore in the Maximillian and Delta veins seems to be confined to short shoots and pockets a certain amount of sampling has indicated that both in these veins and along some of the faults there are substantial ore bodies which will have widths in

excess of 3' and run \$8.00 or better per ton.

Because of the contour of the ground it might be possible to develop a vertical height of some 800' in these veins from the main adit or well over 1000' from the Hull or Gentry shafts and working conditions should be favorable and permit mining and milling (by cyanide) ore at the rate of 100 tons per day for about \$4.00 per ton to which royalty (10%) overhead, etc., would add about \$1.00 and leave a net profit of around \$2.00 per ton if 90% of the values were recovered in the mill.

The sections of higher grade ore which would be mined at the same time might sweeten up the average mill heads to \$10.00 or thereabouts.

Have asked Fennell to furnish me with copies of reports and other data as further investigation seems to be well justified.

Property has been examined by Clarence King for Tally and associates in 1937, by Ring and Hatchie for A.S. & R. and by *Prince Eng*

for an English Syndicate. All reports are said to have been favorable.

G. M. Colvocoresses

1000

90  
75

100,000 -

hit & incl Power House Machinery New Cage

45

Smelter item

John - W. S. Co try to sell as best time & other stuff to by 10,000 bid on that stuff, X & Yeland

After X all new stuff & by W. S. Co.

By 50,000 do

See if the railroad & go with 1 smelter & also in line of 1 being expanded

Rolling Stock X & go + 1 locomotive

Railroad - a sp. cars

60 day option is imperative & buy land on X W. S. Co & sell.

Everything & 1 fence except 2 bldg & Power Pump & line

Contract of fence

See Plat

Iron Scales

Rolling stock, 30 on

Call Paul in yard

? Clear up at smelter & X & Yeland & clear up site

60 day - the  
to W. S. Co / by 50,000

1. To the floors cut for a Super Cycle of 1000  
Leys - cut @ 30°, prod ~ 7 adit 100'

Long open cut prod 7 x cut then 1 km 20' cut  
2 floors & 6 veins at present. ~~180' cut~~  
Total cost 1830' by ~~20,000~~

& S & V from up to 10' wide x 1000' by x  
100' high x prod 1,000,000 t & site. &

allow ~~up~~ 50% x gain ~~500,000~~ <sup>416,000</sup>  
@ 6.00. Cost for this deal ~~500,000~~

To & add mill ~ & 7th floor a

small test mill.

In



max 10,

Fellwell fig of v limit & in ~ 800' adid  
 in Max 250' below ridge for 2 ft 0  
 - in 60° apr (?) line is at 70°  
 for v app of a red v in 60° apr  
 no sink required + found yep v 6

Suffin

Cidid v stand at X cut tunnel of 400' v 2 x 2  
 so 80 v 6 700' in 1 km. &

above to center 600' v 1 yep in  
 Rami

Total of 1550 ram	(dend)	10000
<u>1750</u> X cuts (200) & tunnels		20000
3300		<hr/>
		35000

Cost incl labor

Prod for v found 2 lights in 80000 t + an hole  
 2 1/2' & l 400' + 60 800' & allow for  
 losses 2 x 1 but π - and deduct 33% -  
 & bear 52000 t @ 10.00 of t  
 hinges v 6 contacted. Total all in  
 \$40,000

Can low grade.

6000

The ledge is 10' wide near 1 end 0

Fellwell fig a breadth of 10' & 2 wide & fine up

Re Taxes. p 37 & 38. & thro v 6

& pay for us.

h. v. x. v p 37 &

U. S. Co v p 38 & pay p 38.

Tax Rate & re production in line 6

Left &

U. S. Machinery Co.

Summito, Calif

*Corrected in final*

OPTION TO PURCHASE AGREEMENT

Phoenix, Arizona.  
April 1938.

For and in consideration of the sum of \$1.00 receipt of which is hereby acknowledged and of other good and valuable considerations as herein <sup>after</sup> stipulated, exclusive option is hereby granted by the Ace Mining and Development Company <sup>an Arizona Corporation</sup> hereinafter called the OWNER to Cecil G. Fennell of Phoenix, Arizona or to his assign hereinafter called the PURCHASER to examine, sample, develop and purchase, subject to the following terms and conditions, the property known as the Max Delta Mine consisting of the following patented and unpatented mining claims to wit:-

Patented Claims

Unpatented Claims

\_\_\_\_\_ the record of which is recorded on page \_\_\_\_\_ of

Book of Deeds # \_\_\_\_\_ in the office of the County Recorder of  
Maricopa County. *of Mill sites*

*> excepting from the abm. -*

The ~~above~~ real property is ~~all~~ located in the \_\_\_\_\_

Mining District, County of Maricopa, State of Arizona, - together with  
all the improvements and other property both real and personal which are  
now placed on the said Mining claims or which may be placed there prior  
to the exercising of this option and especially including all ore or  
valuable minerals whether in place or broken.

Art. I. - The period of this option is for a maximum length  
of 210 days from the date hereof, but it is expressly understood that  
in order to keep this option in force and effect for the said maximum  
period the purchaser must well and truly comply with certain terms and  
conditions as set forth below and on or before the dates herein specified,  
time being of the essence of this contract.

Art. II. - During the first 30 day period of this agreement  
the PURCHASER shall have the ~~full~~ right to enter upon all or any part  
of the optioned premises for the purpose of sampling, measuring and  
otherwise examining the showings both underground and on the surface  
and shall also have full access to any and all maps, records, reports,

accounts, settlement sheets, assays or other useful data in the possession of the OWNER, it being understood that the examination of this property and the said records shall be carried on at such times and in such a manner as not to hinder or delay the regular operations of the OWNER and its employees.

-----

On or before the expiration of the said 30 day period the PURCHASER shall elect either

(a) To relinquish this option and cancel the agreement and all rights thereunder with no further obligation resting upon either party, or

(b) To continue to hold this option and proceed as under Art. III hereof.

ART. III - In the event that the PURCHASER elects to maintain this agreement beyond the expiration of the 1st 30 day period and as provided in clause (b) of Art. II hereof, ~~he~~ shall proceed to further examine and develop the mining property under his direction and at his expense and may provide and install for this purpose such equipment, machinery and supplies as he deems necessary and carry on mining

and development work in such locations and to such extent as he may desire provided that such work on the part of the PURCHASER shall not stop, or delay the regular mining operations of the OWNER which will be conducted only on and in the <sup>Delta</sup> ~~Ace~~ Mining Claim.

During this period and throughout the entire duration of the option the PURCHASER may at any time cancel and relinquish this agreement and discontinue its operations hereunder and remove all moveable equipment from the property with no further obligation to the OWNER, provided but only provided that at that time this agreement is in full force and effect and that there has been prior to that date no default on the part of the PURCHASER in making any of the payments or in performing any of the obligations hereunder as hereinafter specified. During all of this period the purchaser shall expend for work and equipment on this property a minimum of \$3000 during each 30 day period.

On or before August 1st, 1938 and provided this agreement is still in effect at that time, the PURCHASER shall notify the OWNER if he desires to further continue operating under this option and in the event that he does desire to so continue he shall obligate himself

to pay to the OWNER the sum of \$2500.00 as part payment for the property and to enable the OWNER to meet the payment due to previous owners on October \_\_\_\_\_ 1938 and thus maintain their title to the optioned property in good standing.

For the purpose of reimbursing the PURCHASER for this payment it is understood and agreed that the PURCHASER may at any time during the continuance of this agreement sell and ship from the optioned property ore or other mineral product which it may have produced from its operations hereunder to the net value of not more than \$2500.00 or if any excess is realized from such a shipment the said excess shall be turned over to the owner to apply on the next installment of the purchase price if the PURCHASER shall pay the balance of such installment or otherwise to be kept by the OWNER as liquidated damages for the use of the optioned property.

Art. V. At <sup>or before</sup> the expiration of a period of 120 days from the date of this agreement the PURCHASER shall elect whether he wishes to exercise this option and make purchase of the property as of that date or to continue the option agreement for a further period of 90 days.

*At proper corporate resolutions*

If the contract of purchase and sale is to be made effective and binding at that time the PURCHASER shall thereupon pay to the OWNER the sum of \$10,000.00 on account of the purchase price of the property and full possession of the said property shall be given to the PURCHASER and <sup>a good & sufficient deed with abstract of title shall be</sup> ~~the title~~ placed in escrow <sup>by the owner</sup> to pass to the PURCHASER upon the completion of the full purchase price through the payment to the OWNER of an additional \$10,000.00 within 60 days from the date of the first payment, a third payment of \$20,000.00 within 90 days from the date of the first payment and the further payment of \$7,500.00 to be made to the previous owners of the property on or before October 1939. The complete purchase price to be paid by the PURCHASER is fixed on this basis at \$50,000.00 <sup>plus</sup> <sup>that certain interest to the owners hereinafter defined in Art VIII</sup> provided but only provided that the first payment on account is made within 120 days from the date of this option.

Art. VI. - If the PURCHASER shall elect to continue the option beyond 120 days from date hereof, <sup>he</sup> may so do without any payment on account of the purchase price for another period of 90 days at or before the expiration of which <sup>he</sup> must either forfeit this agreement and all rights hereunder, abandon the optioned property and remove any moveable equipment that <sup>he</sup> may have placed thereon within a period of thirty days

or <sup>he</sup> ~~it~~ must finally and definitely elect to exercise the option and purchase the property and thereupon make payment of the first installment of \$10,000.00 on account of the purchase price which in the event that this option shall be exercised at the end of the 210 day period shall be the total sum of \$60,000.00 <sup>plus that certain interest to the owner as stipulated in Art. VIII</sup> of which \$10,000.00 as above shall be payable to the owners upon exercising the option, the next \$10,000.00 within 60 days thereafter and the final payment to the owners, namely \$30,000.00 within 90 days from exercising this option and in addition the payments of \$2500.00 <sup>and</sup> /\$7500.00 to the former owners shall be paid by the PURCHASER as above specified.

Art. VII. - Pending the completion of the full payment of the purchase price as specified under Articles V and VI, the title to this property shall remain in escrow and the OWNERS shall hold a first and prior lien upon all of the optioned property and equipment to guarantee payment of the said purchase price in full, but the last payment to the OWNERS shall only be made upon certification from the Escrow Agent that all taxes and other obligations of the OWNERS which are or might become a lien upon the optioned property have been paid in full up to the date when title is ready to pass and the Escrow Agent shall be empowered <sup>or instructed</sup> to

pay such taxes or other claims from the last payment due on the property so that the title shall pass free and clear to the PURCHASER excepting only for the last payment of \$7500.00 due to the previous owners in October, 1939.

Art. VIII. - Upon the completion of the purchase of this property, - whether the said purchase is made under the terms of Art. VI or Art. VII, the PURCHASER shall deed back to the OWNER or its assign the surface rights of that plot of land exempted from this agreement in the description of property set forth in the preamble of this contract together with an agreement covering the rights of way for road and pipe line and the PURCHASER shall also convey to the OWNER or its assign or assigns, a one tenth (1/10) non-assessible interest in the purchased property; such interest to be evidenced by stock or securities in any corporation that may be organized to take over and operate this property or if the same is operated as a branch of some parent concern, then the said interest shall be represented by one tenth of the net earnings resulting from the operation of the property.

Art. IX. - All work done by the PURCHASER shall be at his expense and entirely under his control. It shall be carried on in a

careful and skillful manner and the owner shall at all times be protected by non-liability notices properly posted and recorded protecting the OWNER from any claim for payment of wages, or for supplies or equipment purchased by the PURCHASER or for any damage or accident to employees of the PURCHASER engaged in working on the optioned property.

Art. X. - Except as provided in Art. IV hereof the ~~OWNER~~ *Purchaser* shall not remove or sell any ore or other valuable product that may be produced from its operations but *it* shall at all times be at liberty to remove samples for assay and also sample lots of average grade ore up to an aggregate maximum of 10 tons for milling or other metallurgical tests.

Art. XI. - If this option is not exercised by the PURCHASER on or before the date of its expiration or if this option is voluntarily relinquished or forfeited at any time, then and in that event all ores mined by the PURCHASER shall become the property of the OWNER and also *Together with* all permanent improvements or fixtures, such as buildings, structures, rails, pipes, ladders and timbers, but the PURCHASER shall have the right to remove from the property all machinery, supplies and movable personal

property which it may have placed thereon provided such removal is effected within thirty days from the date of cancellation or termination of this agreement.

Art. XII. - Throughout the term of this option the OWNER reserves the right to continue its regular development and mining operations upon the Delta Claim and to make shipments of ore which it may produce for its <sup>own</sup> account until the date when the option may be exercised by the PURCHASER and the first payment of \$10,000.00 made on account of the purchase price, upon which date the operations of the OWNER shall cease and all ore which may be broken whether remaining in the mine or on the surface of the property shall become the property of the PURCHASER.

*2<sup>nd</sup> / 10?*

*+ without any accounting to Purchaser*

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

#4

Confirmed as hereinbefore set forth,

April 5th, 1938.

ACE MINING & DEVELOPMENT CO.

By (Signed) Donald C. Scott  
Donald C. Scott,  
President.

Accepted April \_\_\_\_\_, 1938.

By \_\_\_\_\_  
Cecil G. Fennell

Attest: (Signed) H.P. McIntosh,  
Secy.

For valuable consideration the said Cecil G. Fennell does hereby sell, assign, transfer and set over all his right, title, claim and interest in the foregoing instrument unto \_\_\_\_\_

DATED April \_\_\_\_\_, 1938.

-- -- --

The above-described \_\_\_\_\_, accepts the foregoing instrument and the obligations thereof.

DATED this \_\_\_\_\_ day of April, 1938.

ACE MINING & DEVELOPMENT CO.  
P. O. Box 597  
Phoenix, Arizona

April 5th, 1938.

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

Dear Sir:

Referring to our verbal understanding of the 20th ult., we desire to submit for your acceptance as follows, the stipulations as arrived at between us for the purchase of the whole of the property of the Ace Mining & Development Co., known as the Max Delta Mine and adjacent mining properties, together with all equipment and accessories now or hereafter attached to or placed upon said property. This tender is not binding upon us until same is confirmed at a legally called Directors' meeting, which meeting we will call within seven days, and your acceptance of same in writing.

PRICE

If the first installment on account of purchase price is made 90 days from your commencement of work on said property...\$40,000.00  
6 months " " " " " " " " ...\$50,000.00

In addition to above purchase price, you shall assume certain deferred payments against our original acquisition of the mine, which are as follows:

October, 1938.....	\$2,500.00	
October, 1939.....	<u>\$7,500.00</u>	\$10,000.00

The purchase price of said property shall be made in the following manner:

First payment, 3 months, or 6 months as you may elect after your commencement of work on said property.....\$10,000.00  
Second payment, sixty days thereafter.....\$10,000.00  
Third and final payment, thirty days thereafter...Balance of purchase price

Commencing from the date of the commencement of work hereunder, you are to expend not less than \$3,000.00 per month upon said

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

#2.

property at such locations as you may see fit, whether above or below ground; such expenditures to continue monthly until the first installment on the purchase price, subject to your election, is paid.

Said \$3,000.00 monthly expenditures may include equipment and all other items except overhead expense as may be applied by you for the benefit of the property. Should you not make the first installment on account of purchase price, and thereby relinquish the property to us, all expenditures made upon and for the benefit of the property as above shall accrue to us with the exception of such equipment as you install other than the usual fixtures attached to the property. (Pipe, rail, etc.)

You shall carry for us a 1/10th nonassessable interest in said property to be evidenced by stock or other securities in such corporation as you may form to take over this contract, but we do not ask for any representation upon your Board of Directors or any official connection in said company.

The title to said property is subject to the above-mentioned \$10,000.00 of deferred payments. We will supply at our expense an abstract of title to the patented mining claims, showing good and merchantable title, subject to certain state and county taxes, which we will pay, and also subject to the following reservation, to-wit:

A rectangular plot of ground, to be hereafter surveyed and established, approximately four or five acres in area, of surface rights only, as a building site on the Maximillian Claim, together with a right of way for a road from the county road to the above-described parcel, together with a right of way for pipe line for the carriage of domestic water from the Hall shaft to said parcel, and the right to pump water for domestic use from the Hall shaft. This excepted parcel is situated at an elevation of between 2500

Mr. Cecil G. Fennell  
Phoenix, Arizona.

#3

and 2600 feet, on approximately the top of the ridge to the South of the main workings of the Maximillian Claim.

All ore extracted during the course of your work as above, shall remain and continue our property, whether the same is placed on the dump or in reserve underground, until the first payment upon purchase price is made as above.

It is understood that co-temporaneously with your work we are at liberty to carry on our present operations in the mine, shipment of ore, and, to such extent as we see fit, the development of same. This stipulation shall apply to the mine workings upon the Delta claim only.

Work hereunder shall commence within thirty days of your acceptance of this preliminary contract, and a formal mine purchase contract shall be entered into between the two parties hereto, which shall embody the above stipulations and such other stipulations as are usual and customary and upon which we may mutually agree as fair and proper for both parties.

Upon your acceptance of this contract, you are to have thirty days in which to complete your examination of the property; or should you desire to complete such examinations before accepting this tender, then you are to have thirty days for such examination from the date of the confirmation of this contract by our Board of Directors.

Very truly yours,

ACE MINING & DEVELOPMENT CO.

By (Signed) Donald C. Scott  
Donald C. Scott,  
President.

(Description taken from Abstract prepared by Coggins Title Company dated April 11, 1935 8:00 a.m.)

Those certain Patented Mining Claims from date of recording Patents in the office of the County Recorder of Maricopa County, Arizona, as shown herein:

"LEGGAT" and "MAXAMILLION" Claims, Patent recorded December 22, 1913 at 11:05 A.M. in Book 108 of Deeds, at page 113:

*Surry # 2899*

"DELTA NO. 3", "DELTA NO. 2", "RICHARD STANTON" and "DELTA" Claims, Patent recorded December 22, 1913 at 11:06 A.M. in Book 108 of Deeds, at page 115;

*Surry # 2900*

"ORA GRANDA" Claim, Patent recorded May 1, 1920 at 3:23 P.M. in Book 142 of Deeds, at page 491;

*Surry # 3276*

"HALL" and "THOMPSON" Claims, Patent recorded May 17, 1921 at 4:20 P.M. in Book 160 of Deeds, at page 376.

*Surry 2900 }  
" 2900 }?*

*Also Unpatented Claims &*

*Minerals.*

*by caption*

RE MAX DELTA MINE

Memorandum of desired changes in terms proposed in letter of  
April 5th, 1938 to Cecil G. Fennell

-----

FIRST - Re Price: If possible, the total price of \$50,000.00, including the two installments on the Purchase Price to the original owners, should be maintained even though the option might not be exercised for six (6) months after the date of commencement of work. This could probably be agreed upon in exchange for some small consideration such as a monthly payment during the last three (3) months which might be applied on the Purchase Price.

The payment to the original owners of \$2,500.00 due in October, 1938, would have to be guaranteed by the optionee if they decided to continue their option after August 1st of this year but the owners of the mine are believed to be willing to agree that the optionee should make shipments of any ore that it might have mined to cover all or part of the amount of this payment.

SECOND - The monthly expenditure for development work should be reduced from \$5000.00 to some mutually satisfactory figure which might perhaps be as low as \$2000.00.

THIRD - The entire arrangements should be put in proper legal form so as to constitute a contract binding upon both optioner with proper description of all patented & unpatented claims, mill sites, and optionee and the Ace Mining & Development Co. should attach to etc. this agreement a copy of the resolution of their Board of Directors and also of their stockholders authorizing this transaction in accordance with the terms of the charter & by-laws of that Company.

G. H. C.

MAX DELTA MINE

(Memo - April '38)

Oro Grande outcrop said by Fennell to be 15' wide and to average \$6.00 per ton. Mills and Peach took one sample which showed very low values, - personally I think this is merely a blow-out and not likely to have any great value.

Mills & Peach took one sample across the Maxamillian vein in the face of one of the drifts. This ran Au = 0.3 oz.

Up to March the Max Delta had been shipping at the rate of about 140 tons per month and total shipments during last 5 or 6 years are said to have been 161 cars (@ about 40 tons per car) say 6400 tons @ average value 23.60 per ton, total gross value about \$150,000. It is reported that the grade of shipments in March and April of '38 had fallen to around \$15.00 per ton.

copy

ACE MINING & DEVELOPMENT CO.  
P. O. Box 597  
Phoenix, Arizona

April 5th, 1938.

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

Dear Sir:

Referring to our verbal understanding of the 20th ult., we desire to submit for your acceptance as follows, the stipulations as arrived at between us for the purchase of the whole of the property of the Ace Mining & Development Co., known as the Max Delta Mine and adjacent mining properties, together with all equipment and accessories now or hereafter attached to or placed upon said property. This tender is not binding upon us until same is confirmed at a legally called Directors' meeting, which meeting we will call within seven days, and your acceptance of same in writing.

PRICE

If the first installment on account of purchase price is made 90 days from your commencement of work on said property...\$40,000.00  
6 months " " " " " " " " ...\$50,000.00

In addition to above purchase price, you shall assume certain deferred payments against our original acquisition of the mine, which are as follows:

October, 1938.....\$2,500.00  
October, 1939.....\$7,500.00 \$10,000.00

The purchase price of said property shall be made in the following manner:

First payment, 3 months, or 6 months as you may elect after your commencement of work on said property.....\$10,000.00  
Second payment, sixty days thereafter.....\$10,000.00  
Third and final payment, thirty days thereafter...Balance of purchase price

Commencing from the date of the commencement of work hereunder, you are to expend not less than \$3,000.00 per month upon said

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

#2.

property at such locations as you may see fit, whether above or below ground; such expenditures to continue monthly until the first installment on the purchase price, subject to your election, is paid.

Said \$3,000.00 monthly expenditures may include equipment and all other items except overhead expense as may be applied by you for the benefit of the property. Should you not make the first installment on account of purchase price, and thereby relinquish the property to us, all expenditures made upon and for the benefit of the property as above shall accrue to us with the exception of such equipment as you install other than the usual fixtures attached to the property. (Pipe, rail, etc.)

You shall carry for us a 1/10th nonassessable interest in said property to be evidenced by stock or other securities in such corporation as you may form to take over this contract, but we do not ask for any representation upon your Board of Directors or any official connection in said company.

The title to said property is subject to the above-mentioned \$10,000.00 of deferred payments. We will supply at our expense an abstract of title to the patented mining claims, showing good and merchantable title, subject to certain state and county taxes, which we will pay, and also subject to the following reservation, to-wit:

A rectangular plot of ground, to be hereafter surveyed and established, approximately four or five acres in area, of surface rights only, as a building site on the Maximillian Claim, together with a right of way for a road from the county road to the above-described parcel, together with a right of way for pipe line for the carriage of domestic water from the Hall shaft to said parcel, and the right to pump water for domestic use from the Hall shaft. This expected parcel is situated at an elevation of between 2500

Mr. Cecil G. Fennell  
Phoenix, Arizona.

#3

and 2600 feet, on approximately the top of the ridge to the South of the main workings of the Maximillian Claim.

All ore extracted during the course of your work as above, shall remain and continue our property, whether the same is placed on the dump or in reserve underground, until the first payment upon purchase price is made as above.

It is understood that co-temporaneously with your work we are at liberty to carry on our present operations in the mine, shipment of ore, and, to such extent as we see fit, the development of same. This stipulation shall apply to the mine workings upon the Delta claim only.

Work hereunder shall commence within thirty days of your acceptance of this preliminary contract, and a formal mine purchase contract shall be entered into between the two parties hereto, which shall embody the above stipulations and such other stipulations as are usual and customary and upon which we may mutually agree as fair and proper for both parties.

Upon your acceptance of this contract, you are to have thirty days in which to complete your examination of the property: or should you desire to complete such examinations before accepting this tender, then you are to have thirty days for such examination from the date of the confirmation of this contract by our Board of Directors.

Very truly yours,

ACE MINING & DEVELOPMENT CO.

By (Signed) Donald C. Scott  
Donald C. Scott,  
President.

Mr. Cecil G. Fennell,  
Phoenix, Arizona.

#4

Confirmed as hereinbefore set forth,

April 5th, 1938.

ACE MINING & DEVELOPMENT CO.

By (Signed) Donald C. Scott  
Donald C. Scott,  
President.

Accepted April \_\_\_\_\_, 1938.

By \_\_\_\_\_  
Cecil G. Fennell

Attest: (Signed) H.P. McIntosh,  
Secy.

For valuable consideration the said Cecil G. Fennell does hereby sell, assign, transfer and set over all his right, title, claim and interest in the foregoing instrument unto \_\_\_\_\_

DATED April \_\_\_\_\_, 1938.

\_\_\_\_\_

-- -- --

The above-described \_\_\_\_\_, accepts the foregoing instrument and the obligations thereof.

DATED this \_\_\_\_\_ day of April, 1938.

\_\_\_\_\_

RE MAX DELTA MINE

Memorandum of desired changes in terms proposed in letter of  
April 5th, 1938 to Cecil G. Fennell

-----

FIRST - Re Price: If possible, the total price of \$50,000.00, including the two installments on the Purchase Price to the original owners, should be maintained even though the option might not be exercised for six (6) months after the date of commencement of work. This could probably be agreed upon in exchange for some small consideration such as a monthly payment during the last three (3) months which might be applied on the Purchase Price.

The payment to the original owners of \$2,500.00 due in October, 1938, would have to be guaranteed by the optionee if they decided to continue their option after August 1st of this year but the owners of the mine are believed to be willing to agree that the optionee should make shipments of any ore that it might have mined to cover all or part of the amount of this payment.

SECOND - The monthly expenditure for development work should be reduced from \$3000.00 to some mutually satisfactory figure which might perhaps be as low as \$2000.00.

THIRD - The entire arrangements should be put in proper legal form so as to constitute a contract binding upon both optioner with proper description of all patented & unpatented claims, millsites, and optionee/and the Ace Mining & Development Co. should attach to <sup>etc.</sup> this agreement a copy of the resolution of their Board of Directors and also of their stockholders authorizing this transaction in accordance with the terms of the charter & by-laws of that Company.

*G. H. Coleman*

NOTES RE MAX DELTA

April 25th, 1938

Nine miles from office.

Prince the English Engineer took some 200 samples and got an average of \$11.00 per ton.

The shaft followed down a gence or inclined vein which is low grade. The vertical vein is well in the footwall and should be cross-cut from the lowest level.

Samples should be taken along the surface of the Maxamillian vein on the hill and in the lower tunnel where the vein is said to average over \$7.00 for width of 30"

Many drifts have been stopped where the face ran only \$7.00 or so and these should be advanced especially as there is always a chance that they will open up shoots of higher grade.

In some of the inclined veins there is found a "carbonate zone" where there is a lot of ankerite (brown carbonate of iron with manganese (Ca, Mg., Fe)  $\text{CO}_3$ ) in which little or no values are found altho the gold is nearly always associated with the iron-sulphide and iron oxide. Above and below this zone, good values are often found.

Main Building

Tentative  
Price

Roaster Bldg. 94' x 64'  
 Smelter Bldg. & Converter Aisle  
 Crushing Plant  
 Concentrator  
 Or Bins  
 Coal Plant  
 Structural Steel in above bldgs.  
 5000 t =

25,000.00

RECAPITULATION OF MAIN ITEMS.

Power House equip.	92,000.00
Concentrator Equipment.	10,000.00
R. R. Rolling Stock	31,000.00
Smelter Equipment	60,000.00
Coal Pulverizing plant	10,000.00
Ice Plant, crushing plant; conveyer	6,000.00
Steel in main bldgs. 5000 t.	25,000.00
Rails (500 t) @ 10,	5,000.00
Extra motors (say)	10,000.00
warehouse Stock "	5,000.00
Scrap iron "	2,000.00
Pipe "	2,000.00
Brick, fire & "	4,000.00
Smelter clean-up "	3,000.00
Miscel - wire, furniture, etc.	<u>5,000.00</u>

270,000.00, as is and where is.

Expenses:

Purchase price	200,000.00
Caretaking and taxes	20,000.00
Commission on <del>entire shaft</del> <i>resales</i>	15,000.00

235,000.00

Profit to U. S. Company

35,000.00

\$ 270,000.00

*mine file*

10/12/39

NOTES RE MAX DELTA

Rickard says that recent shipment only ran about \$17.00 instead of \$25.00 as stated by Fennell. He also tells me that he was given to understand that the mine could be bought for \$35,000.

Max Delta people tried to get him to make an advance to cover the cost of equipping the Oro Grande ore shoot for operation and make net payments of \$6.00 per ton for the ore regardless of grade.

Rickard did not accept this offer as very doubtful if this material, altho very desirable in character, would carry sufficient values to justify this price.

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DELTA MINE MEMORANDUM OF TENTATIVE TERMS FOR LEASE AND OPTION TO PURCHASE.

(The following price and terms are based upon present owners retaining a one-tenth interest in the property. Representation on board of directors is not asked, nor any voice expected in the management or policies of the operating Company.

In explanation of present owners position it should be understood that they realize that equipped with an adequate milling plant the property should be operated extemely profitably. For this reason they offer a low price upon favorable terms as an inducement for the installation of such a mill.)

PRICE

If purchase is completed within 2½ years from date of acceptance of contract	\$65,000.00
If purchase is completed within 3½ years from date of acceptance of contract	75,000.00
If purchase is completed after 3½ years and before 10 years	100,000.00.
Cash, on account purchase or royalties within 6 mths.	3,000.00

All royalties paid shall be applied upon purchase price.

Royalty: 10% of smelter or mint returns.

TERMS.

Lessee to agree as follows:

To employ on putting ore in sight for a mill and in development work not less than 300 man shifts or their equivalent per month, for the period of six months.

It is computed that the expenditure thus involved together with the cost of supplies, power and superintendence would total approximately \$2,000.00 per month.

Due to the extensive development of the mine and the exposure of certain ore shoots on one side, it is estimated that such work and expenditure as above would put in sight such a tonnage of mill ore (\$800 to \$12.00 mine run value) exclusive of shipping ore (\$30.00 to \$40.00) value within a period of six months, or in a less period, of from 10,000 tons to 15,000 tons.

Provided there is not less than 5,000 tons of mill ore in sight as above defined, upon Lessee making payment of the hereinbefore mentioned \$3,000.00, at Lessee's option he may accept the property and put said lease and option to purchase in full force and effect, prior to the hereinbefore mentioned period of six months and thereupon the stipulation for the expenditure of \$2,000.00 per month or its equivalent in labor, shall cease to be of effect.

Upon the acceptance of said property, Lessee shall make payment of \$3,000 to apply upon purchase price or royalties; thereupon all ore developed and/or placed upon dumps or in bins shall become the property of the Lessee.

No ore developed or extracted, whether mill ore or shipping ore, shall be sold or shipped by Lessee, until he has accepted said property and made payment of said \$3,000 . Should Lessee not accept said property within six months, as hereafter defined, then all such ore so developed or extracted shall become the property of the Lessor: but Lessee shall have the privilege of removal from the premises of all machinery and improvements, material and supplies installed and supplied by Lessee whether attached to the property or not, with the exception of rail, ties, piping and timbers/<sup>then in</sup>place and use. Said removal shall be made within 60 days of the annulment of the contract.

Upon acceptance of contract the hereinbefore mentioned stipulation for 300 man shifts of work per month shall be superseded by the stipulation that continuous work upon the property either in development or the extraction of ore shall proceed to the extent of not less than 150 man shifts per month: but at option of Lessee such continuous work may be discontinued upon the commencement of the erection of a milling plant, provided the erection of said mill shall proceed continuously in such manner as to complete said plant within six months of the date of the breaking of ground for foundations.

Within one year of the acceptance of said lease and option to purchase Lessee agrees to commence the erection of the first unit---of a capacity of not less than 50 tons--of a milling plant.

If royalties, dating from the acceptance of lease do not amount to \$500.00 per month, then at the expiration of every three months' period, Lessee shall pay to Lessor, such an amount as shall bring the total amount paid, up to \$1,500.00, all of which shall be credited against future accruing royalties and upon the

purchase price of the property should Lessee exercise his option to make such purchase.

Until such time as this contract is accepted as hereafter mentioned and the aforementioned payment of \$3,000.00 is made Lessor reserves the right to continue mining, developing, extracting and shipping ore in and from such areas of the mine in which Lessor is now working; and to use for this purpose such equipment as is now on the property and is at this date in use.

MAX DELTA

9/18/39

Simkins people have asked for extension of contract but it is a case of first come, first served unless they put up some cash.

Only 5 owners in the present lease now left, as follows:-

Macintosh

McLane

A. Haver

Gentry

Flagg

Fennell suggests a ten year lease @ 10% royalty on graduated scale, Price \$100,000.

Cash payments:

\$1000 down and monthly minimum royalty of \$2000.

Told him that such terms would not interest me at all.

The operators must still make the final payment on the purchase price, namely \$8000 due in Oct. 1939 but they can probably pay something on account and get time for the balance as they did last year.

The last shipments have run about 0.40 oz. gold but the ore was not carefully sorted as they have a very favorable smelting contract with Hayden (?) where it is used as converter-flux.

Note for Max Latta home file

Memo Aug. 19. 1941

Sentry says that Harris is now in  
about 160,000 & still losing money and

expected to come out soon & may quit

& sell off hull which has some equipment

that might be used at Blue Bell.

Practically no development work done in

past year although diamond drill had found

one new vein that should have been prosecuted

but Jaquays had barely ganged and we

from drifts & 25' below adit level & it has

been mostly low grade  
hull was very run and internal & is now

shut down, perhaps for good.

# POLK-PETERSON CORPORATION

DES MOINES BUILDING

DES MOINES

DES MOINES  
WATERLOO  
OTTUMWA  
DAVENPORT  
SIOUX CITY  
CEDAR RAPIDS  
IOWA CITY  
SIOUX FALLS, S. D.

March 9, 1939

A 3/11/39

Mr. George M. Colvocoresses,  
1102 Luhrs Tower,  
Phoenix, Ariz.

Dear George:

RE: SWASTIKA MILL

Your letter of March 6th received yesterday and I wired you as follows:-

"RE YOURS MARCH SIXTH FAGERBERG CAN GIVE YOU ALL INFORMATION RE COST OF BUILDING. ALSO ITEMS IN MINE EQUIPMENT AT MINE. I AM GETTING BID ON DISMANTELING AND TRUCKING. WILL WRITE YOU TOMORROW."

I am glad to know that your parties have inspected our milling equipment last Thursday and were well satisfied with the general lay out. I received a letter this morning from Mr. Dick Kingdon stating that the Sheldon people had been up to examine the mill and that they were very much pleased with it. I also note that they are disappointed in that they do not think they can get more than 75 or 80 tons through the mill. While the mill as you know is rated at 50 tons, it is capable of producing much more. I, of course, understand that it is customary and usual for a prospective purchaser to find all of the fault that he can with an item with a view to knocking down the price so they are not fooling me much when they raise all of these objections.

The question of expense of moving the mill is not going to be as great as they think it will be, I am sure. I have in the past had figures very much less than what they are talking about.

I am surprised to know that the liners are entirely worn out. Of course, I knew that they would show some wear. The mill building was erected by us. We purchased all of the frame work from one of the buildings up at Mayer I think and it was covered with bran new corrugated iron. I am not able at this end of the line to tell you the cost of this building. However, as I wired you, Mr. Fagerberg is the custodian of books and he can give you this information.

We are of course very much interested in disposing of this equipment and you can rest assured that we will meet your prospects in a reasonable manner. It seems to be necessary for me to come to Arizona to properly negotiate this deal. It takes too long for telephone, telegraph or letter communication to attempt to make any sort of a deal that way so I am willing to leave here on a day or two notice for such a conference with you and your prospects. If these prospects really want the mill I can assure you that I will do everything I can to name a price which would be satisfactory. We cannot however, let them take the mill off the