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Arizona Geological Survey
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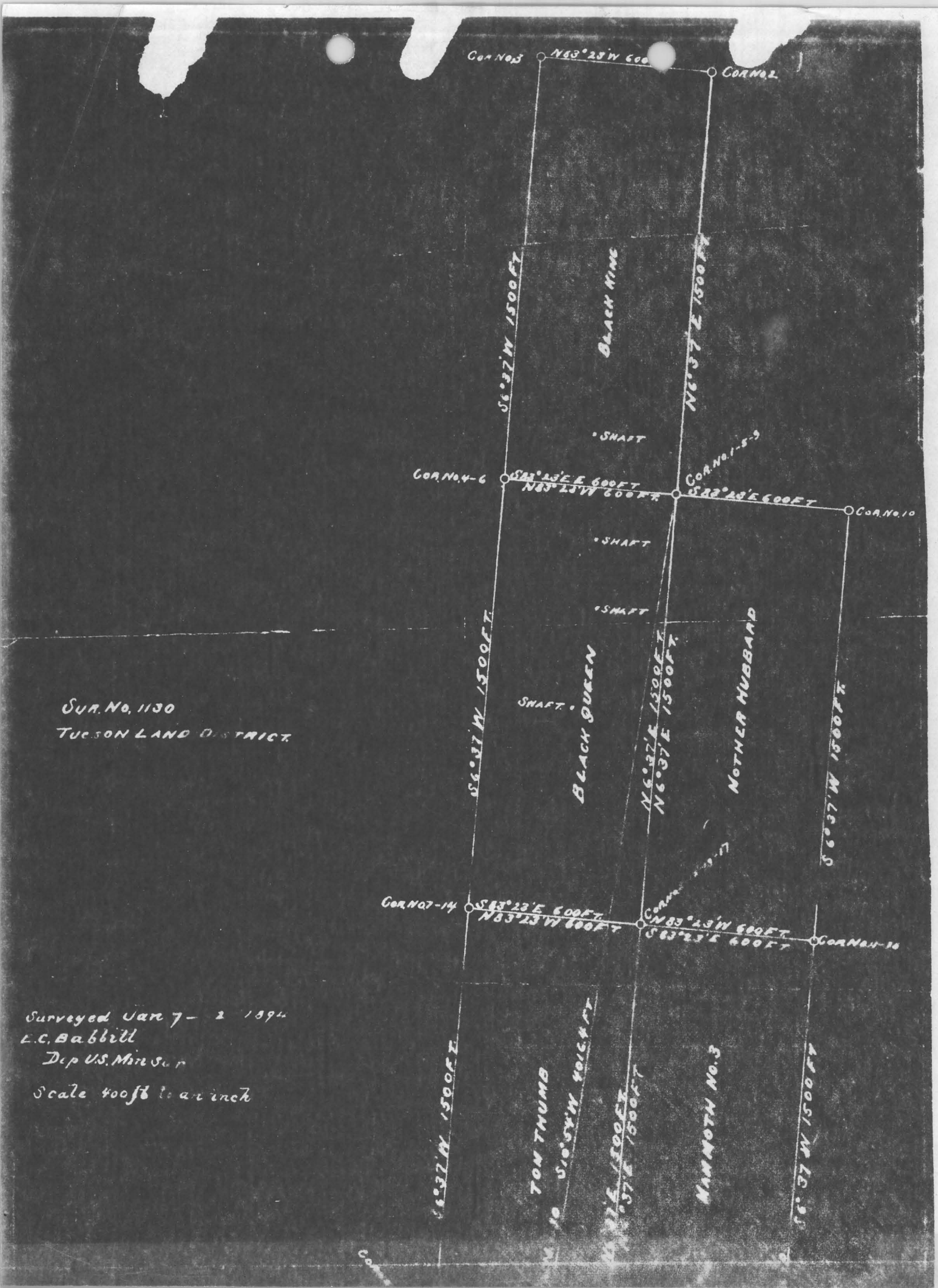

Cor No.3
N43°23'W 600
Cor No.2
S6°37'W 1500 Ft.
BLACK KING
N6°37'E 1500 Ft.
SHAFT
Cor No.4-6
S43°23'E 600 Ft.
N83°23'W 600 Ft.
Cor No.1-5-9
S83°23'E 600 Ft.
Cor No.10
SHAFT
SHAFT
S6°37'W 1500 Ft.
SHAFT
BLACK QUEEN
N6°37'E 1500 Ft.
N6°37'E 1500 Ft.
MOTHER HUBBARD
S6°37'W 1500 Ft.
SUR. NO. 1130
TUCSON LAND DISTRICT
Cor No.7-14
S43°23'E 600 Ft.
N83°23'W 600 Ft.
Cor No.11-13
N83°23'W 600 Ft.
S83°23'E 600 Ft.
Cor No.14-16
Surveyed Jan 7- 2 1894
E.C. Babbitt
Dep U.S. Min Sur
Scale 400 ft to an inch
S6°37'W 1500 Ft.
TOM THUMB
S6°37'W 1500 Ft.
N6°37'E 1500 Ft.
MAMMOTH No.3
S6°37'W 1500 Ft.

LUIS MARIA
Mt. Hope
BACA GRANT
FLOAT NO 5
PRESCOTT
FOREST
Winslow
Joseph City
Holbrook
METEOR CRATER
Ashurst L.
Mormon L.
Mormon Lake
Kinnikinick L.
Perkinsville
Paulden
Sedona
Camp Wood
Simmons
Chino Valley
Clarkdale
Jerome
Page Springs
Cornville
Stoneman L.
Happy Jack
Long L.
Woodruff
NAVAJO
NATIONAL
Sheridan Mtn.
Rimrock
Wet Beaver Cr.
Willow Res.
Iron Springs
Prescott Valley
McGuireville
Lake Montezuma
MONTEZUMA WELL
MONTEZUMA CASTLE
Snowflake
Taylor
Heber
Aripine
Bagdad
Blue Mtn. 5,550
Skull Valley
Prescott
Dewey
Humboldt
Camp Verde
Clints Well
Blue Ridge Res.
Bear Canyon L.
Chevelon
Woods Canyon
Willow Spring L.
Shumway
Silver Creek
White Mtn. L.
Hillside
Yava
Kirkland
Kirkland Jct.
Mayer
Wilhoit
Goodwin
Cordes
Cordes
Dugas Jct.
Strawberry
Pine
TONTO NATURAL BRIDGE
Star Valley
Christopher Creek
Deer Clay Springs
Overgaard
Pinedale
Linden
Show Low
Floy
Vernon
Date Creek
Peeples Valley
Yarnell
Congress
Stanton
Octave
Wagoner
Cleator
Crown King
Bumble Bee
Turret Pk. 5,848
BLOODY BASIN
Payson
Gisela
Rye
Young
Lakeside
Pinetop
Indian Pine
Grasshopper
Cibecue
Cerrizo
McNary
Constellation
Rock Springs
Black Canyon City
Castle Hot Springs
Wickenburg
Aguila
Gladden
New River
Lake Pleasant
Morristown
Circle City
Wittman
HIEROGLYPHIC MTS.
Cave Creek
Carefree
Camp Creek
Bartlett Res.
Jakes Corner
Punkin Center
Roosevelt
Roosevelt Lake
TONTO NATL. MON
Whiteriver
Cedar Creek
Fort Apache
Seneca
SALT RIVER CANYON
Beardsley
Surprise
El Mirage
Youngtown
Sun City
Peoria
Paradise Valley
Fort McDowell
Four Peaks 7,645
Apache L.
Canyon L.
Tortilla Flat
Sawmill
Tonopah
Litchfield Park
Glendale
Tolleson
PHOENIX
Scottsdale
Mesa
Goodyear
Avondale
Cashion
Perryville
Tempe
Wintersburg
Hassayampa
Arlington
Buckeye
Palo Verde
Liberty
Laveen
Guadalupe
Chandler
West Chandler
Gilbert
Higley
Queen Creek
Boys Ranch
Kings Ranch
SUPERSTITION MOUNTAINS
Miami
Globe
Claypool
Inspiration
Superior
San Carlos
Peridot
Cutter
Coolidge Dam
San Carlos Lake
Calva
Bylas
Geronimo
Fort Thomas
Indian Hot Springs
Eden
Bryce
Ashurst
Glenbar
Pima
Thatcher
Safford
Central
Solomon
Sundad
Rainbow Valley
Montezuma Pk. 4,337
Bapchule
Maricopa
Sacaton
Chandler Heights
Ocotillo
Sarape
Florence Jct.
Florence
Olberg
CASA GRANDE RUINS NATL MON
Riverside
Kearny
Kelvin
Hayden
Winkelman
Dudleyville
Aravaipa
Klondyke
Hyder
Agua Caliente
Theba
Gila Bend
PAINTED ROCK STATE HISTORIC PARK
Mobile
Stanfield
Francisco Grande
Casa Grande
Coolidge
Valley Farms
Randolph
La Palma
Picacho Res.
Eleven Mile Corner
Sentinel
DANGER
DO NOT LEAVE RIGHT-OF-WAY
ON MAIN TRAVELED ROADS
USE ROADS OPEN TO PUBLIC ONLY
OBSERVE ALL WARNING SIGNS
Javelina Mtn. 3,571
Table Top Mtn. 4,373
Chuichu
Cuckelbur
Arizola
Eloy
Picacho
Newman Peak 4,508
Black Mtn. 5,587
Black Hills 4,357
Mammoth
Oracle
San Manuel
Oracle Jct.
Red Rock
Friendly Corner
Jackrabbit
Kohatk
Vekol Mts. 3,625
Fort Grant
Bonita
Sunset
CORONADO
PINALENO
CRATER MOUNTAINS
SAUCEDA MOUNTAINS

BACA GRANT
FLOAT NO 5
Perkinsville
Sedona
Mormon L.
Mormon Lake
Winslow
Joseph City
Holbrook
Camp Wood
Simmons
Chino Valley
Clarkdale
Jerome
Page Springs
Cornville
Stoneman L.
Happy Jack
Long L.
Woodruff
Rimrock
Lake Montezuma
Camp Verde
Bagdad
Prescott
Prescott Valley
Skull Valley
Dewey
Humboldt
Hillside
Kirkland
Kirkland Jct.
Mayer
Walker
Goodwin
Cleator
Crown King
Cordes
Cordes Jct.
Dugas
Strawberry
Pine
Childs
Clints Well
Blue Ridge Res.
Heber
Aripine
Overgaard
Snowflake
Taylor
Shumway
Linden
Pinedale
Show Low
Lakeside
Pinetop
Silver Creek
Date Creek
Peeples Valley
Yarnell
Congress
Stanton
Wagoner
Octave
Star Valley
Payson
Christopher Creek
Gisela
Rye
Young
Cibecue
Carrizo
McNary
Constellation
Rock Springs
Black Canyon City
Castle Hot Springs
Wickenburg
Aguila
Gladden
New River
Morristown
Circle City
Cave Creek
Carefree
Wittman
Jakes Corner
Punkin Center
Whiteriver
Fort Apache
Beardsley
Surprise
El Mirage
Youngtown
Sun City
Peoria
Paradise Valley
Fort McDowell
Roosevelt
Litchfield Park
Glendale
Tolleson
PHOENIX
Scottsdale
Tonopah
Wintersburg
Goodyear
Cashion
Avondale
Mesa
Tempe
Tortilla Flat
Claypool
Miami
Globe
San Carlos
Hassayampa
Arlington
Palo Verde
Buckeye
Liberty
Laveen
Guadalupe
Chandler
Gilbert
Higley
Kings Ranch
Superior
Peridot
Ocotillo
Florence Jct.
Rainbow Valley
Bapchule
Sundad
Mobile
Maricopa
Sacaton
Olberg
Florence
Riverside
Kelvin
Kearny
Hayden
Winkelman
Coolidge Dam
Geronimo
Fort Thomas
Hyder
Agua Caliente
Gila Bend
Theba
Coolidge
Casa Grande
Randolph
La Palma
Stanfield
Francisco Grande
Dudleyville
Aravaipa
Ashurst
Eden
Bryce
Sentinel
Arizona City
Eloy
Picacho
Klondyke
Pima
Thatcher
Safford
Cuckelbur
Mammoth
Oracle
San Manuel
Fort Grant
Bonita
Kohatk
Jackrabbit
Friendly Corner
Red Rock
Oracle Jct.
North Komelik
Kaka
FORCE
RANGE

D.K. MARTIN & ASSOCIATES
Mining Development & Administration
4728 N. 21st Avenue
Phoenix, Arizona 85015

3/8/82

Mr. Darrell Hand
Apache Junction, Arizona

Dear Mr. Hand,

A brief land status check of the Goldfield Claims was made using information provided by you, that obtained from the Bureau of Land Management and my own personal files. No County Records nor field evaluations were made. No opinion is stated herein upon the validity of location notices nor field work.

If Goldfield looses ownership through the courts or relinquishes their present claim to the ground; if the original 1893 and 1919 locators fulfilled their legal obligations and consequently those owners which followed; the following mining locations should be deemed valid: (See attached map)

Mammoth #2 and #3
Annex
Tom Thumb
Indian #1 (note 1), #4, #5, and #6
Mother Hubbard, MotherHubbard #2 (note 1)
Black Queen
Black King
Black Knight (note 1 & 2)
Black Hand (note 2)

Those claims deemed to be invalid are as follows:

Sioux
Laurence
Indian #2, #3 (note 3)
Mother Hubbard #4 and #5
Apache #1

(note 1) That portion outside the withdrawn area.
(note 2) Providing no location previously placed upon ground and recorded with County & BLM within time limit.
(note 3) A fractional area remains.

My past experiences involving mining disputes through the judicial system have shown me "technicalities" against the original locator are generally waived with an order to correct same. The Courts also seem to be lienient towards the original owner and his longevity on the claim.

(continued)

Goldfield Inc, Hill, Savoy & Nichols, have employed Mr. Harvey Smith in the past to research and correct any errors or omissions. I can personally attest to the thoroughness of Mr. Smith's work and know the BLM and Courts of Law respect his findings. No errors in his research or maps have been detected. As stated before, I cannot comment upon the promptness of filing nor the field work.

Thank you for allowing this Company to be of service to you.

Very truly yours,

Douglas K. Martin

DKM/dm
encl: Sketch

(602) 246-9573

D.K. MARTIN & ASSOCIATES
Mining Development & Administration

4728 N. 21st Avenue

Phoenix, Arizona 85015

DATE 3/8/82

Mr. Darrell Hand
Mr. Gary Brummett
Apache Junction, Arizona

INVOICE NO. 0A185

FOR PROFESSIONAL SERVICES

Research Goldfield "Hand" Claims as to validity and produce Sketch

2 trips to BLM
Research time at BLM
Maps and Duplications
Compilation Time $500.00

738-7301

ALLAN P. FAWLEY, PH.D., P.ENG.
CONSULTING MINING AND GEOLOGICAL ENGINEER

1947 WEST KING EDWARD AVENUE
VANCOUVER 9. BRITISH COLUMBIA

THE BLACK QUEEN MINE
Superstition Mining District, Arizona
of
GOLD CUP RESOURCES LTD.

by

Allan P. Fawley

Report written November 1977
Property examination October 10 & 11th, 1977

THE BLACK QUEEN MINE, SUPERSTITION MINING DISTRICT, ARIZONA

of

GOLD CUP RESOURCES LTD.

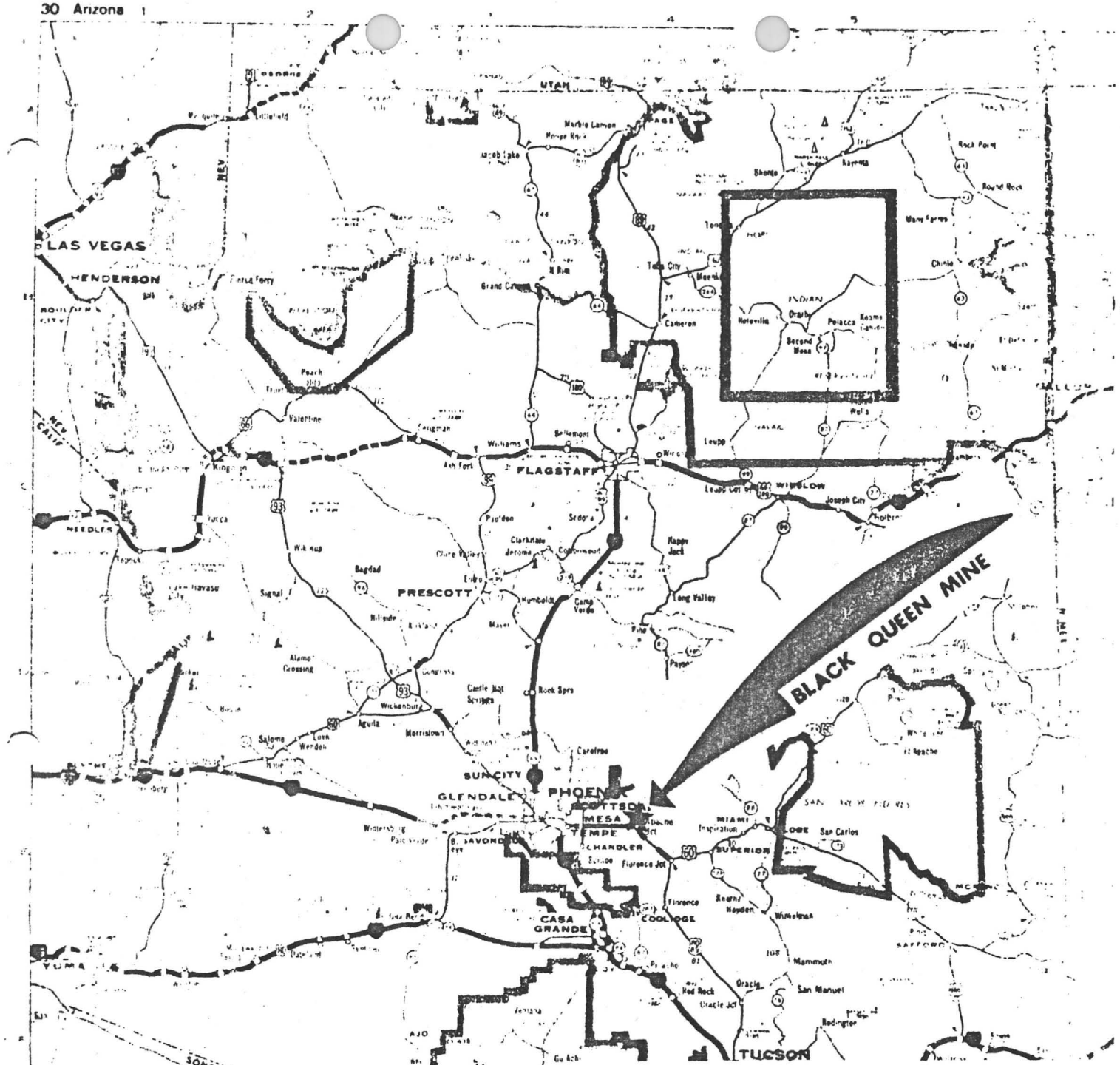
INTRODUCTION

The Black Queen is an old mining property 35 miles east of Phoenix, Arizona. About the turn of the century there were 1,500 people in the nearby "ghost" town of Goldfields, and there is considerable activity once again at the old gold mines in this area. When examined, mining was underway on a small scale at the Black Queen and treatment was in a small mill recently erected at the mine. Considering the present high price of gold, $165.00 U.S. vs. $20.66 per ounce until the 1930s, there is a reasonable chance that a small but profitable mine can be developed at the Black Queen, also large low-grade gold deposits that can be worked by open-pit mining and leaching may occur at the Black Queen and at some of the nearby prospects.

Information for this report has been obtained from private reports, from the Tectonic Map of North America by the United States Geological Survey (1969), from oral information and a brief report by John D. Wilburn (1977), and from a personal examination of the property on October 10th and 11th, 1977.

LOCATION AND ACCESS

The Black Queen Mine and the CO claims are in the Goldfield-Superstition Mountains area of Arizona, and can be reached from Phoenix by 45 miles of good roads via Mesa and Apache Junction. The claims are in rolling, almost barren desert country, approximately 2,000 feet above sea level.



ARIZONA

GOLD CUP RESOURCES LTD

LOCATION MAP OF BLACK QUEEN MINE

NOVEMBER 1977

To accompany report by
R. Alan Hanley, P. Eng.
November 1977

PROPERTY

The property of Gold Cup Resources Ltd. consists of 21 mining claims - the Black Queen and twenty CO claims numbered CO No. 7 to CO No. 26. The claims which are 600 by 1,500 feet in dimension are in Maricopa County, Superstition Mining District, Arizona. Negotiations are underway to acquire additional claims surrounding the Black Queen.

HISTORY

The Black Queen Property, is believed to have been kept in good standing since the 1890s. The early history is given by John D. Wilburn (1977) as "Early production records of the Superstition Mining District have eluded researchers, but it is common knowledge that the districts largest mine, the Mammoth, produced at least one million dollars from the "Mormon Stope" that was mined to a depth of 265 feet from the years 1893 to 1897. The Black Queen Mine is the districts second largest mine found only 3,000 ft. to the north of the Mammoth with depths of only 150 feet known, and drifts along the vein. Early production on the Black Queen is known to have been approximately a quarter million dollars. Later sporadic activity on the Mammoth Mine yielded a known production of $67,000 between 1913 and 1925. Some mining on the Black Queen Mine in the late 1920s and in 1930 was carried on, production is unknown. It is known that the mine was closed in this period due to high-grading and the property has remained idle since".

During 1977 some mining development has been undertaken and a small mill erected at the Black Queen.

GEOLOGY

The regional geology is comprised of a wide variety of rocks, mainly Precambrian granites, sediments and volcanics; and Tertiary terrestrial volcanic rocks and non-marine sediments. Pronounced northwest-southeast and numerous minor faults intersect the area.

The economic geology of the Black Queen Mine is described by Wilburn (1977) as: "The vein upon the Black Queen Mine occurs along a fault contact between baselt on the west and arkose on the east. The quartz veins are found entirely in the arkose and is traceable along the surface for some 300 feet, all of which carries free gold, on the whole very fine. Several faults along the contact dip steeply to the west and have produced a breccia zone in the arkose. Adjoining the basalt is a band of kaolin a foot or so in width, next a one foot band of red crushed quartz a product of oxidized pyrites and post faulting, and several feet of Quartz in brecciated arkose. The width of the vein varies along the strike from a foot to six feet. This breccia zone is traversed by many quartz veins from narrow seams to those more than a foot in thickness. Free gold forms relatively large patches of yellow within the quartz. The richest ore occurs where there is an abundance of black manganese with the quartz usually with some rodonite. Spotty, red oxidized pyrites are found sparlingly scattered throughout the quartz. The interstitial brecciated arkose in the immediate vicinity of the ore is stained with manganese, and silicified where upon the fresh red color becomes white or slightly greenish. No sulphides occur with the ore, all is free milling".

ORE POSSIBILITIES

The main vein-fault structure at the Black Queen Mine may extend across the entire Black Queen claim for a length of 1,500 feet, but todate only a few hundred feet has been shown to contain a gold content of possible economic interest and the remainder requires further exploration. The depth of the mineralized zone is not known for although ore is said to have extended to a depth of 1,000 feet at the nearby Mammoth Mine, the greatest depth explored at the Black Queen is believed to be 150 feet.

Some assay results of Black Queen samples taken in 1929 on the 150-foot level are given in the appendix, they show assays of up to 12.84 ozs. gold and 1.2 ozs. silver over a width of 7½ inches. The results of recent surface

and near surface sampling taken by the writer, are also shown in the appendix. Further exploration work on the Black Queen vein-fault structure should be undertaken by trenching, re-opening of one of the old shafts, or by percussion and/or diamond drilling.

Old gold mining areas are ideal locations to search for large low-grade gold deposits, as deposits of this type were not economic at the time the mines were in production, but a grade of 0.05 to 0.1 ozs. gold per ton may now be economic due to the high price of gold and to the effectiveness and low cost of the cyanide leaching method of gold extraction and recovery. A search for gold deposits of this type should be undertaken by geochemical prospecting, geological mapping, and drilling.

MILL, SAMPLES AND ASSAYS

The small mill constructed at the Black Queen consists of a jaw crusher, impact mill, cyclone, vibrating screen, rolls, two large shaking concentrating tables, and an amalgamation plate. After the crushed rock passes over the vibrating 20-mesh screen, the undersize goes directly to a concentrating table, and the oversize goes to a rolls and then to another concentrating table. A gold-bearing concentrate is formed on the tables, and the tailings pass over an amalgamation plate to catch additional gold and silver. (Note, the rolls was awaiting repairs on October 11th, the remainder of the mill was in good working order). A 600-gallon water storage tank has been installed near the mill, and is supplied from a water well that has been drilled and fitted with a submersible pump to supply 12 gallons per minute.

(As the vein contains free gold, large samples and very capable assaying is required to yield accurate results.) Assays of samples taken by the writer of the mill feed and products for gold and silver are given in the appendix. The stockpile dump beside the mill assayed 0.148 ozs. gold per ton, the plus 20-mesh product from the vibrating screen assayed 0.102 ozs., and the minus 20-mesh product assayed 0.336 ozs. The concentrate produced on October 10th

assayed 7.846 ozs. and on October 11th it assayed 13.120 ozs. Accurate figures as to the tonnage fed to the mill and the pounds of concentrate recovered are not available. A rough figure supplied by the mill operators is that a small pail of concentrates (about 40 lbs.) is obtained from each ton treated which, along with the above assays, indicates that the recovery of gold by the mill is fairly good; however additional test work is required to determine the amount of grinding required to obtain the most satisfactory recovery, and also to determine the effectiveness of the shaking (concentrating) tables and the amalgam plate on this type of gold-bearing rock.

CONCLUSIONS AND RECOMMENDATIONS

Considering the present very high price of gold, the possibility of an economic gold deposit occurring on the Black Queen property is reasonably good. Also there are more than a dozen former mines and prospects within two miles of the Black Queen, and all of these mines and prospects should be examined for potential economic gold deposits, and optioned for detailed exploration if warranted. The greatest mine potential in this old Goldfield-Superstition mining area is that of large tonnage, low-grade gold deposits that can be mined by open-pit methods.

The mill at the Black Queen besides being used for the treatment of medium and high-grade ore would be of great advantage for crushing, screening and testing bulk samples from various nearby locations.

Exploration should be carried out as a two stage program. The first stage should consist of:

(a) further test work on the mill, including the keeping of accurate records of (i) the tonnage treated and where obtained; (ii) the weight and grade of the concentrate recovered; and (iii) the grade of the tailings;

(b) geological mapping and geochemical prospecting of the Black Queen and CO claims;

(c) trenching and preliminary drilling; and

(d) reconnaissance geological examinations in the surrounding areas, including geochemical prospecting.

Geochemical prospecting for gold has been successful in such widely separated areas as the Carlin gold deposit in Nevada and the Santa Clara in Costa Rica, and may be successful here although some experimenting will be necessary to determine the best geochemical method to use.

The second stage will be mainly drilling programs, to be carried out, where warranted, on geochemical anomalies that are discovered, and in other areas where encouraging results are obtained during Stage I.

ESTIMATED EXPLORATION EXPENSES

The cost of a two stage exploration program as recommended for this property will be about as follows:

Stage 1:

(a)	To complete tests on the mill, about	$ 5,000.00
(b)	For geological mapping and geochemical prospecting of the 21 mining claims, about	10,000.00
(c)	For a preliminary 1,000 ft. percussions drilling program, at $7.50 per foot, including supervision assaying, etc. about	10,000.00
	TOTAL	$ 25,000.00

Stage 11:

The amount of exploration work required will be dependent on the results of Stage 1. All geochemical anomalies and other favourable locations discovered should be trenched or drilled. The overall cost of a 5,000 ft. percussions drilling program, including surveying, sampling and assaying, engineering, supervision, etc., etc., will be approximately ..... $ 50,000.00

Respectfully submitted,

Vancouver, B.C.
November 15, 1977

Allan P. Fawley, B.A. Sc., M. Sc., Ph. D., P. Eng.

CERTIFICATE

I, ALLAN PRIEST FAWLEY, of the City of Vancouver, in the Province of British Columbia, HEREBY CERTIFY:

1. THAT I am a Consulting Mining Engineer and Geologist, and my address is 1947 West King Edward Avenue, Vancouver, B.C. V6J 2W7.

2. THAT I am a graduate of the University of British Columbia with the degree of B.A. Sc. (1937) in Mining Engineering, of Queen's University with the degree of M. Sc. (1946) in Geology, and of the University of California with the degree of Ph. D (1948) in Geology.

3. THAT I am a registered Professional Engineer in the Province of British Columbia and in the Yukon Territory and also a member of the Society of Economic Geologists, of the Canadian Institute of Mining and Metallurgy, and of the Geochemical Society.

4. THAT I have practised my profession as a Geologist for more than twenty-five years.

5. THAT I have no direct interest or indirect interest, nor do I expect to have any interest in the Black Queen property or in Gold Cup Resources Ltd.

6. THAT this Report on the Black Queen property is based on my personal examination on October 10th-11th, 1977.

DATED this 15th day of November, 1977.

Allan P. Fawley, PH.D.
Consulting Mining and
Geological Engineer.

No. 51 Ap

Phoenix, Arizona, Nov 6 29

CHAS. A. DIEHL

ARIZONA ASSAY OFFICE

Phone 4447 — 315 North First Street — P. O. Box 1148

This Certifies That the samples submitted for assay by Apache Trail Gold Mg. Co. contain as follows per ton of 2000 lbs. Avoir.:

SAMPLE MARKED	SILVER OUNCES PER TON	VALUE AT 50¢ PER OZ.	GOLD OUNCES PER TON	VALUE AT $20 PER OZ.	PERCENTAGE
"Black Queen" 150' level					
#1 5" width 14' N: of cross cut.	.5	$.25	.14	$2.80	
#2 19" width 10½' N. of cross cut.	1.3	$.65	.91	$18.20	
#3 Country rock hanging wall.	.7	$.35	.02	$.40	
#4 Footwall Oxidized Granite	.7	$.35	1.08	$21.60	
#5 7'-0" N. of cross cut-7½" wide.	1.2	$.60	12.84	$256.80	
#6 Quartz & Altered Granite 3' N. crosscut.	1.5	$.75	1.26	$25.20	
#7 18" Hanging Wall Country Rock 3'-0"" North of crosscut.	1.0	$.50	.02	$.40	
#8 10" Country Rock in Hanging & Footwall 7'-0" N. of crosscut.	1.0	$.50	.03	$.60	
#9 Special	19.1	$9.55	43.58	$871.60	

Charges $ 11.25 Paid

Assayer Chas. A. Diehl

IRON KING ASSAY OFFICE

ASSAY CERTIFICATE

BOX 14 — PHONE 632-7410

HUMBOLDT, ARIZONA 86329

ASSAY MADE FOR

CLARK OLIVER MINING CO. INC.
Frank Clark
6942 W. Olive, Sp 68
Peoria, Ariz. 85345

Sept. 16, 1977

SAMPLE DESCRIPTION	% Dist. of material	Assay Au oz/ton	Dist. Au %	Assay Ag oz/ton	Dist. Au %	Assay Ag oz/ton
+1¼ Mesh	6.7	159.2	6.05	105.56	5.96	34.04
-1¼ +20 Mesh	8.45	182.20	8.73	122.42	8.72	41.98
-20 + 48 Mesh	42.44	193.98	46.71	128.10	45.92	46.28
- 48 Mesh	42.40	160.04	38.50	110.46	39.48	29.98

In addition to above chart a 261 gram portion of the -20 +48 Mesh was amalgamated with mercury. Recovered in the mercury was 1.8543 grams of gold silver plus the quartz adhering to the gold. The same was done to the -48 Mesh portion using the same amount. From this 1.2372 of gold plus quartz was recovered. These portions were fired and the quartz removed. Recovered in the + 48 fraction was 1.29637 grams which was a 30% loss due to the rock material. Recovered in the -48 fraction was 1.11558 grams which was only a 12% loss due to the rock material.

The residue from the amalgamation was assayed and the +48 fraction had 16.26 mgs of au ag left in the residue and the - 48 M fraction had only 6.72 mgs left in the residue.

Conclusion: This clearly indicates that the finer the material is ground more metal is liberated. I am sure that a good grade of concentrate could be made from the coarser material but it would sacrifice recovery.

Respectfully submitted,

REGISTERED ASSAYER CERTIFICATE NO. 2978 WALTER G. STATLER Date Signed 9/16/77 ARIZONA, U.S.A.

Walter G. Statler

I 64

Youngsberg, Arizona, August 14, 1921.

Mr. George U. Young,
Young Mines Co. Ltd.,
Phoenix, Arizona.

Dear Mr. Young:

At your request, I take pleasure in submitting the following general report, as to exact conditions at the present, and what should be done as soon as possible, and according to my opinion how to extract the ore for milling at the lowest possible cost.

GENERAL REMARKS

Eliminating detaild, permit me to say that I have made a careful study of the report made by Mr. J. R. Hubbard, E. M., who, together with his examination and assays, also certifies the statement and assays made by Mining Engineers, E. O. Kennedy and E. W. Smith. I find the same conditions exist here as when that report was submitted - NAMELY - that the same ore deposits are here - and much additional, giving the same assays - and that the underground conditions are also the same as at that time.

I agree with your idea, that now is not the time to consider the property and the ore body from a general standpoint. This would, of course, have to include preparations for the treatment of this immense low grade ore body. Without large funds, this is something and a phase of the question, that must be led up to after production on a smaller scale is started, and which with the proper management of this property as in the proper management of all mines of this dimension, requires time, effort and a goodly sum of money to bring to the stage of perfection.

This being a self evident truth, therefore, I shall confine my remarks to the immediate present, and what we have to do with from a large, quick money standpoint.

ORE RESERVES

Mr. Hubbard estimated under the head of ORE RESERVES absolutely developed, of the Higher grade ores, the sum of $941,623,80. He estimated a total value as ready for milling a total value of $7,996,991.00.

This latter total estimate includes of course the low grade ores accessible at that time. Work since has added many times to that value, but for present requirements, and in accord with your method of financing, for the time being we should eliminate the latter estimate and concern ourselves only with the higher grade ores.

Therefore, taking the first estimate of $941,623,80. increasing that by at least twenty five per cent, which Mr. Hubbard like all engineers, has deducted for his protection -- and I understand in this instance he has deducted fifty per cent -- add to this, that portion of the vein on the BLACK QUEEN, which we know has high grade ore readily accessible to the amount of better than $1,000,000. and we have a certified resource of between two and three millions of dollars now ready for extraction.

45

I believe with yourself and all the Engineers acquainted with the facts - that the BLACK QUEEN is the REAL TREASURE HOUSE OF THE PROPERTY. I further agree with you, however, that it would be folly to attempt to work it until Electrical Power is installed. The overhead expense would be too great. Again, you have the power right at your hand. You have a complete steam equipment installed, which fully complies with the demands of the Government, which refuses to sell to any consumer who has not an auxiliary power plant already installed. The present steam plant is complete, of sufficient power, fully installed and all paid for, therefore to install another and separate steam plant would, as I have said, be but bad business judgment.

PLANS FOR EXTRACTING ORE.

My plans for extracting the ore gained by much practical experience in such work would be as follows:

The three hundred foot level should be connected with the MAIN WORKING SHAFT which I think can be done from the NORTH shaft. Also to make that, the main haulage level for the ore to the surface, and to further drive that SAME LEVEL as far NORTH as possible, which from the surface showing north there is a BIG TONNAGE OF ORE and which HAS NEVER BEEN EXPLORED, except by shovel and small prospect holes on the surface. Then I would CROSSCUT to the foot wall where the surface shows a large tonnage.

The FOUR HUNDRED LEVEL is now in readiness to extract the ore, with the exception of laying the tracks for the cars.

I further recommend driving NORTH and SOUTH on the 800 level on which we are driving at present, to the NORTH. To drive SOUTH to connect with the WINZE we will have to drive approximately 288 feet which would be very expensive, and we would also have to run a raise of two hundred twenty five feet and to do that, we will have to arrange to furnish ARTIFICIAL AIR.

My plan would be to drive the 700 level which would be less expensive for then, wewould only be obliged to raise one hundred twenty feet to connect with the ore on the 600 level then by running a RAISE from the 800 level to connect the 800 level with the 700 level we will have a good air circulation on both levels. It will cost less to take the ore this way, for if we drive South and raise 225 feet there will be a great deal of timbering necessary and the dropping of ore would cut out timber quickly. By connecting the 800 with the 700 level in this way it will give a better chance to do our repair work and also be more convenient for the miners.

FUTURE DEVELOPMENT.

Judging by the indication on the 800 level, that have and do now exist it is advisable to sink the MAIN shaft from 200 to 300 feet deeper for by so doing I have no doubt, we will get into PRIMARY ORE.

The South drift on the 800 level is now in 172 feet from the Crosscut. The NORTH drift is now in Sixty feet fromthe crosscut and the oxidation is going out showing more primary ore every day. We have gone through a large body of quartz on the South drift and the FACE of the same shows QUARTZ at the present time.

In Cash, . . $

P.E. [illegible]

No. 51 Ap

Phoenix, Arizona, Nov 6 29

CHAS. A. DIEHL

ARIZONA ASSAY OFFICE

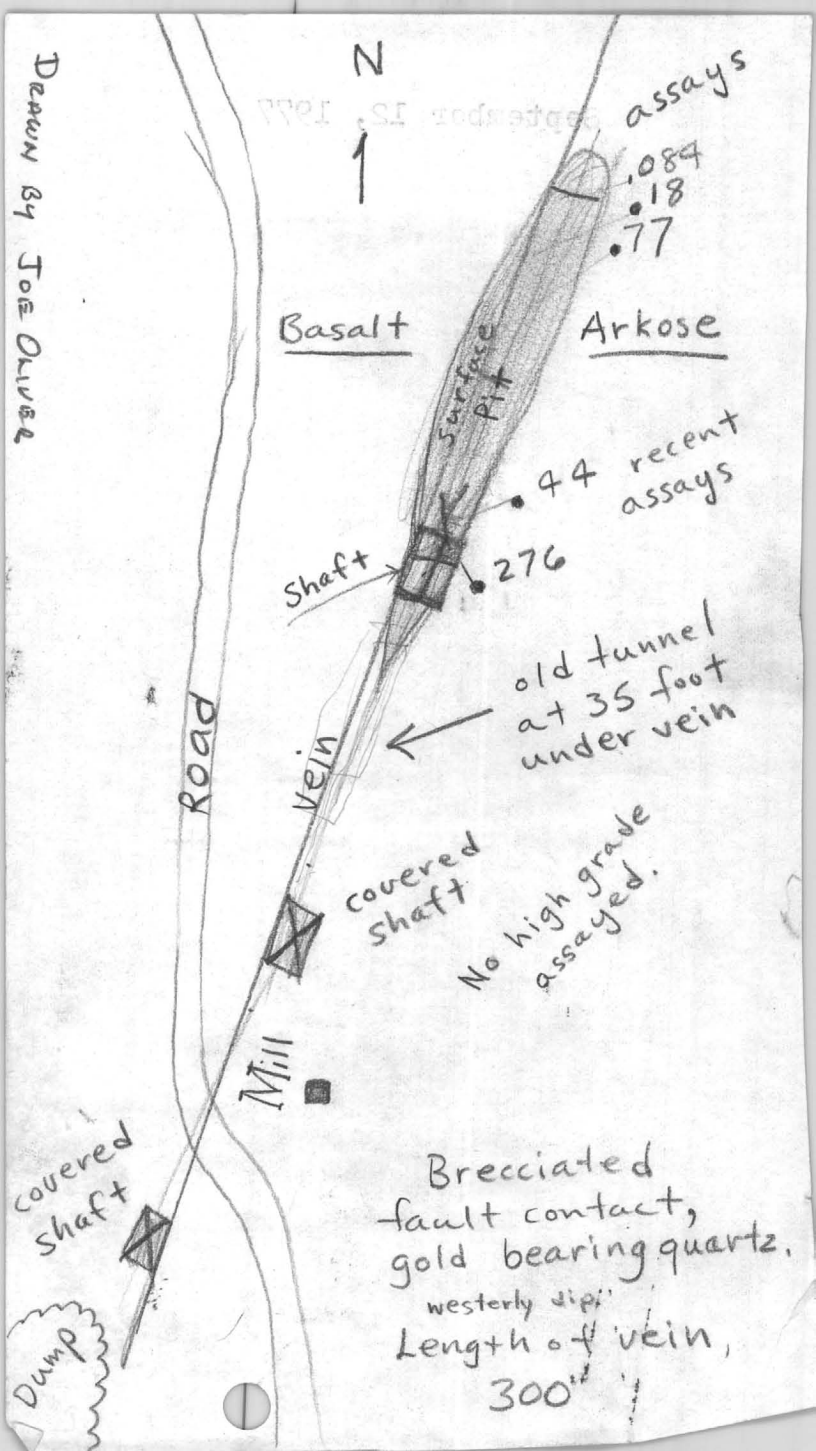
Phone 4447 315 North First Street P. O. Box 1148

This Certifies That the samples submitted for assay by Apache Trail Gold Mg. Co. contain as follows per ton of 2000 lbs. Avoir.:

SAMPLE MARKED	SILVER OUNCES PER TON	VALUE AT 50¢ PER OZ.	GOLD OUNCES PER TON	VALUE AT $20 PER OZ.	PERCENTAGE			
"Black Queen" 150' level								
#1 5" width 14' N. of cross cut.	.5	$.25	.14	$2.80				
#2 19" width 10½' N. of cross cut.	1.3	$.65	.91	$18.20				
#3 Country rock hanging wall.	.7	$.35	.02	$.40				
#4 Footwall Oxidized Granite	.7	$.35	1.08	$21.60				
#5 7'-0" N. of cross cut 7½" wide.	1.2	$.60	12.84	$256.80				
[illegible] Quartz & Altered [illegible]anite 3' N. crosscut.	1.5	$.75	1.26	$25.20				
#7 18" Hanging Wall Country Rock 3'-0"" North of crosscut.	1.0	$.50	.02	$.40				
#8 10" Country Rock in Hanging & Footwall 78-0" N. of crosscut.	1.0	$.50	.03	$.60				
#9 Special	19.1	$9.55	43.58	$871.60				

Charges $ 11.25 Paid

Assayer Chas. A. Diehl


Drawn by Joe Oliver
N
assays
.084
.18
.77
Basalt
Arkose
surface Pit
44 recent assays
Shaft
276
old tunnel at 35 foot under vein
Road
Vein
covered shaft
No high grade assayed.
Mill
covered shaft
Dump
Brecciated fault contact, gold bearing quartz.
westerly dip
Length of vein, 300'

September 12, 1977

738-7301

ALLAN P. FAWLEY, PH.D., P.ENG.
CONSULTING MINING AND GEOLOGICAL ENGINEER

1947 WEST KING EDWARD AVENUE
VANCOUVER 9, BRITISH COLUMBIA

THE SECOND CLAIM GROUP
SUPERSTITION MINING DISTRICT, ARIZONA

of

LOREDI RESOURCES LTD.

by

Allan P. Fawley

Report Written February 1978
Property Examined October 1977 and January 1978.

OFFICE COPY

THE SECOND CLAIM GROUP
SUPERSTITION MINING DISTRICT, ARIZONA

ALLAN P. FAWLEY

February 1978

THE SECOND CLAIM GROUP, SUPERSTITION MINING DISTRICT, ARIZONA

of

LOREDI RESOURCES LTD.

INTRODUCTION

The Second Claim Group of Loredi Resources Ltd. are a group of 15 mining claims in the Goldfield-Superstition mining area of Arizona. The Second Claim Group are about a mile to the north-west of the Mammoth Claim Group and are located on geological formations that are favourable for the occurence of oxidized gold and silver mines, and sulphide ore deposits may occur at depth. The old Mammoth gold mine is in the Mammoth Claim Group of Loredi Resources and half-a-dozen other old mines and prospects are in the locality.

Information for this report has been obtained from various private and government reports and maps, in particular from:

"Operations at Mammoth Mine, Goldfields, Arizona" by C.A. Dinsmore, Mining and Engineering World (1911)

"Arizona Lode Gold Mines and Gold Mining" by Wilson, Cunningham & Butler, Arizona Bur. Mines, Bull. 137 (1934)

"Geology and Ore Deposits of the Mammoth Mining Camp Area, Pinal County, Arizona" by N. P. Peterson, Arizona Bur. Mines, Geol. Series No. 11, Bull. 144 (1938)

The Geological Maps of Maricopa County (1957) and Pinal County (1959), Arizona Bur. Mines & Univ. of Arizona

"Principal Gold Producing Districts of the United States" by A. H. Koshman and M. H. Bergendahl (1968)

and from personal examinations of the Goldfield-Superstition mining area in October 1977 and January 1978.

ALLAN P. FAWLEY, PH.D., P.ENG.
CONSULTING MINING AND GEOLOGICAL ENGINEER

LOCATION AND ACCESS

The Second Claim Group of Loredi Resources Ltd. is in the Goldfield-Superstition Mountains area of Arizona and can be reached from Phoenix by 45 miles of paved roads via Mesa and Apache Junction and by a few miles of gravel trails. The property is in rolling to semi-mountainous, almost barren desert country, about 2,000 to 2,300 feet above sea level.

CLIMATE

The temperature rises to over 100° F (38° C) during June and July and drops to below zero in December and January. The annual rainfall is about 10-13 inches and occurs mostly in July and August or during the winter. Very little snow falls in the area.

PROPERTY

The Second Claim Group of Loredi Resources Ltd. consist of 15 adjoining claims named Clark-Oliver Nos. 44-58 (see enclosed claim map). The claims are 600 by 1,500 feet in dimension and are beside the Maricopa-Pinal County borders, in the Superstition Mining District, Arizona.

HISTORY

Lack of roads and the hostility of the Apache Indians discouraged prospecting in the Goldfield-Superstion Mountains area until the 1870s. Prospecting and mining was then actively undertaken and the population is reported to have reached 1,500 during the main mining boom of 1892-1904. Mining continued periodically until 1950, since then mining has only been undertaken on a minor scale. At present, due to the high price of gold, exploration is again active in the area.

GEOLOGY

The area is underlain by a wide variety of rocks, including granites, sandstone, conglomerate, etc., and various types of volcanic rocks. A concise description of the geology by Koshman and Bergendahl states that the area is "characterized by broad alluvial plains and scattered mountain ranges, which are composed of Precambrian schist and granite unconformably overlain by younger Precambrian and Paleozoic sedimentary rocks and by Tertiary volcanic rocks. Dikes, irregular bodies, and stocks of granitoid rocks and rhyolite of Cretaceous and Tertiary ages have intruded Paleozoic and older rocks. Large areas are covered by sedimentary rocks of Cenozoic age".

ORE DEPOSITS

The known ore deposits that were producing mines are believed to have occurred in veins or lodes within fault fissures or brecciate zones. The ore did not occur uniformly throughout the veins, but formed ore shoots along sections of the faults where shattering and brecciation were relatively intense. Veins are usually only a few feet wide, but brecciated ore zones may be up to 60 and more feet in width.

The ore deposits are highly oxidized at the surface, and oxidation extends to a depth of more than 800 feet at the Mammoth Mine. However, massive sulphide zones may be found at depth as in another similar mining area in Pinal County which is called "Mammoth" (there are two "Mammoth" mines in Pinal County, Arizona) Peterson states that although oxidation may extend for over 800 feet in some mines, in other massive sulphides containing copper, lead, zinc, molybdenum and vanadium may occur a few hundred feet below the surface. Peterson also states that although in the oxidized zone sulphides have been almost entirely removed (for example, pyrite oxidized and went into solution leaving only clean, cubical cavities in quartz to indicate its earlier existence) that during oxidation galena (lead sulphide) was immediately fixed in more stable forms as carussite (lead carbonate) and anglesite (lead sulphate). Even gold appears to have been partially removed from near the surface during oxidation and re-deposited at depth as the gold content may be highest a few hundred feet below the surface.

ALLAN P. FAWLEY, PH.D., P.ENG.
CONSULTING MINING AND GEOLOGICAL ENGINEER

CONCLUSIONS AND RECOMMENDATIONS

The Second Claim Group of Loredi Resources Ltd. is a favourable area for the location of near surface oxidized gold and silver deposits, and also for the location of massive sulphide deposits at depth that may contain copper, lead, zinc, molybdenum and vanadium as well as gold and silver.

To discover ore deposits in the claims area will require careful and methodical work as exploration is handicapped by the fact that part of the claims area is covered by alluvium and post-mineral volcanic rocks, and because geophysical exploration methods will probably be unsatisfactory, and because geophysical exploration methods will probably be unsatisfactory because of the depth of oxidation and leaching. However, gold and lead will remain in oxidized deposits so that a geochemical survey for gold and lead should be a very suitable exploration method.

ALLAN P. FAWLEY, PH.D., P.ENG.
CONSULTING MINING AND GEOLOGICAL ENGINEER

It is recommended that:

1. The 15 claims of the Second Claim Group be geologically mapped, with particular attention paid to faults and beccia zones.

2. A geochemical survey be carried out for gold and lead. To obtain satisfactory samples below barren rock formations and alluvium, it may be necessary to use shallow percussion drilling.

3. Any anomalous zones of gold and/or lead that are discovered during the geochemical survey should be tested by diamond and/or percussion drilling.

Respectfully submitted,

Allan P. Fawley, B.A. Sc.,
M. Sc., Ph. D., P. Eng.

Vancouver, British Columbia
February 16th, 1978.

I, ALLAN PRIEST FAWLEY, of the City of Vancouver, in the Province of British Columbia, HEREBY CERTIFY:

1. THAT I am a Consulting Mining Engineer and Geologist, and that my address is 1947 West King Edward Avenue, Vancouver, B.C. V6J 2W7

2. THAT I am a graduate of the University of British Columbia with the degree of B.A. Sc. (1937) in Mining Engineering, of Queen's University with the degree of M.Sc. (1946) in Geology, and of the University of California with the degree of Ph.D. (1948) in Geology.

3. THAT I am a registered Professional Engineer in the Province of British Columbia and in the Yukon Territory and also a member of the Society of Economic Geologists, of the Canadian Institute of Mining and Metallurgy, and of the Geochemical Society.

4. THAT I have practised my profession as a Geologist for more than thirty years.

5. THAT I have no direct interest or indirect interest, nor do I expect to have any interest in The Clark-Oliver claims or in Loredi Resources Ltd.

6. THAT this report on the Clark-Oliver claims and area is based on my personal examination on October 10-11, 1977 and on January 4th-8th, 1978.

DATED this 16th day of February, 1978.

Allan P. Fawley, Ph.D., P. Eng.
Consulting Mining and
Geological Engineer.

STATEMENT OF CHAS. H. DUNNING, DIRECTOR OF THE ARIZONA DEPARTMENT OF MINERAL RESOURCES, REGARDING THE DISCOVERY OF AN OLD MINE WORKING AT GOLDFIELD

I have inspected the workings on two occasions at the request of Mr. Alfred Lewis and Mr. Tom Russell, and it appears to be a true "antigua", or mine opening that antedates recorded history. The discovery was made within a stone's throw of the old Goldfield Mine workings which are reported to have produced over a million dollars in gold, but it apparently is not connected with those workings and seemingly was entirely unknown to the operators of the Goldfield.

One must visualize a vein formation or mineralized zone somewhat over 100 feet in width running parallel to a prominent wash and extending partly into or under the wash and partly along its bank. At one point a small promontory of the rather hard quartzose vein material juts out into the wash and forms a steep bank. In the wash, close to this cliff, Lewis discovered an ancient cribbed shaft dipping out under the wash at an angle of about 70 degrees.

The working was discovered accidentally but not without sensible reason. The little promontory of vein matter carried quartz stringers showing only low values on the surface. Lewis felt that these stringers might become higher grade with a little depth, so he planned to sink down in the wash a short distance and then crosscut back into the hard wall. About two feet below the wash level he began to encounter old ironwood logs, and a little deeper these took shape as a cribbed (like a log cabin) chute or shaft, completely filled with wash material.

The size of the opening inside of the timbering was only about 18 x 36 inches - too small to work in - so Lewis had to tear out the cribbing on the lower side to make room to excavate further. The fill on the underside of the cribbing extended a short distance to a wall which approximately followed the dip of the shaft. By excavating out to the wall Lewis gave himself enough room to work while still leaving three sides of the cribbing intact.

It soon became evident that the wall had been the limit of an old mining excavation, and the area in the vicinity of the shaft was a mined out and filled area. Tool marks on the wall show that it had been sealed off, and remnants of quartz sampled by Tom Russell assayed $40.00 per ton in gold.

The fill on the outside of the cribbing had been carefully placed by hand even to rocks being chinked in between the logs. This fill material is such as might have come from a mine working waste dump after the high grade had been extracted, and was not wash material. Inside the cribbing the fill is entirely wash material such as would fill any opening if a cover over the opening had given way and a flood had taken place.

All crib timbering was done with heavy ironwood logs - some of them 10" in diameter. Occasional pieces of completely rotted mesquite are encountered in the inside fill, indicating that a cover or bulkhead of this material had been used, and later had rotted away permitting a flood to fill the shaft.

At the present writing Lewis has excavated about 25 feet and the timbering and fill is continuing.

It is impossible to accurately estimate the age of the timbering but it is no doubt very old. All bark and an outer layer of the iron-

wood has disintegrated, and even mesquite will last a long time in a mine. A section of one of the ironwood logs was taken to the tree ring laboratory at the University of Arizona but they advised that it was impossible to determine its age.

If the work was done with the idea of concealment one could scarcely imagine a more thorough job. The timbering was done for permanency and at great expenditure of labor. And it must have been done from the bottom up, precluding any idea of a "prospect" shaft. It then stopped abruptly a couple of feet below the wash level where a log cover could be overlain with wash gravel, some brush dragged over it; and the first rain would obliterate all traces. Its relation to the promontory is such that floods down the creek would tend to pile more gravel on top of it instead of expose it. If one planned to come back in a reasonable time there would be no use making the cover of ironwood, but if one planned to have the shaft itself intact <u>indefinitely</u> the ironwood cribbing would be ideal.

The formation is one in which it is reasonable to expect high grade gold pockets and if the Spaniards, or the Dutchman, or whoever it was, found such an outcrop, mined it down from the surface, and then wished to leave it for a while but conceal it, there could be no more perfect way than to put in such a cribbed opening for access, fill in around it and cover it over.

The answer to most high grade gold pockets and lost mines is that they were small and worked out, and that may be the answer in this case. But the nature of the work indicates that it is a true "antigua" and that it was cleverly arranged for concealment.

February 4, 1949

Chas. H. Dunning

Chas. H. Dunning, Director
Dept. of Mineral Resources

16 Feb. 46

PROPOSAL - GOLDFIELD MINES

Alfred Strong Lewis, E.M.
Box 742, Phoenix, Arizona

GOLD PROPERTY This property contains about 200 acres and has produced over one million dollars in gold bullion shipped to the U. S. Mint.

PRESENT ORE RESERVES On the surface -

(a) Broken ore in mine dumps -

1,000 Tons Assay value $10.00/ton in gold
2,500 Tons Assay value $ 5.00/ton in gold

(b) Tailings left from old mill - 10,000 Tons Assay value $2.25 ton in gold

Profit recoverable from (a) & (b) 13,500 Tons estimated $15,000.

Underground workings - partially processed for mining - contain

Block A - 255,000 tons assay average value $6.09 ton in gold
Block B - 500,000 tons assay average value $3.00 ton in gold
Block C - 4,000,000 tons assay average value $1.50 ton in gold

Profit recoverable from Block A with 200 ton plant $800,000.
Profit recoverable from Blocks B & C not expected in initial stage.

OPERATING COSTS Very low costs for mining and milling the ores of this property can be obtained. The ore itself is already shattered and easily crushed to milling size. It is all free milling. The climate is mild all year around. The distance to rail point is 20 miles to city of Mesa and 36 miles from Phoenix. The road from Phoenix and Mesa is paved for 32 miles and excellent gravel surfaced State Highway the remaining four miles to property. Electric power line and telephone lines cross the center of the property. Water for milling and domestic use occurs at shallow depth. The cheapest and most abundant labor market in the Southwest is Phoenix which is also the distributing point for all provisions and mining supplies. Goldfield is an isolated mining camp producing gold only and has never been invaded by labor Unions. All operations at this property are of such a nature that power equipment may be used almost exclusively.

HISTORY Mine discovered in 1890. Within a few years $1,000,000 in gold bullion was produced. In 1895 the inadequate timbering failed and the old mine workings caved in. The owner died. In 1910 the mine was reopened and extensively developed under new management for a period of twenty years. The key man died. The property was sold to present owners, who, just prior to World War II, sold off the equipment. The original operator confined his operation to high grade ore on a small daily tonnage basis and produced one million dollars. The next operator, having found low grade gold values to exist in a very large area, conceived the idea and rigidly adhered to it that the mine should be made ready to produce and process 1,000 tons of this low grade ore per day. He expended one million dollars in this project and reached the stage of mine development where his engineers estimated that he had ore reserves of over $13,000,000 which would be sufficient to justify a 1,000 ton milling plant. At his death he had part of the milling equipment on the property and had completed most of the excavation and foundation work for the plant. There were, however, unpaid accounts and no one left in the organization who could complete the large scale financing necessary to carry out such an ambitious plan of operation. The final consequence was foreclosure and sale to the present owners.

IMPROVEMENTS The value of improvements are appraised much below the original cost. The actual value to a future operation would be greater than this figure.

Underground Mine Workings. There are over two miles of workings between the surface

and 1,000 feet in depth - appraised value	$ 130,000
1 galvanized shop building and 1 dwelling	4,000
Water Supply, drilled wells, tanks & pipe lines	1,750
Excavation & concrete work for milling plant	1,300
Concrete structures convertible into use for Cyanide Mill	3,125
Total appraised value of improvements.......	$ 140,175

PLAN FOR OPERATION A plan has been worked out by which a small operation starting with 10 tons per day then increasing to 50 tons per day will make the mine self-supporting. There would be $15,000 profit to be derived from treatment of the 13,500 tons of ore and tailings now on the surface. While this surface ore was being treated by cyanide leaching, a new mine working would be completed, designed for low cost production of ore from underground. This initial stage can be put into operation with the expenditure of around $10,000. The next stage would be to gradually increase the operation to a daily capacity of 200 tons per day in order to reduce production costs to a point where underground Block A would yield a good profit. This second stage may be financed either by plowing back the profits of the first stage or, if more haste is desired, additional financing could be obtained as indicated in next paragraph. The transition from the second stage to the ultimate large scale possibilities of handling the enormous areas of low grade ore in Blocks B & C need not be inquired into for a long time. In this initial operation a very cheap process, demanding only simple concrete leaching tanks will be used, sacrificing a high economy in the percentage of gold extraction to gain a low figure for the amount of money required to start the operation going. The percentage of gold recovered in the initial stage would be about 75% which, with gradual improvements, can be raised to 98%.

SIDELIGHTS This property has definite evidence of a large tonnage of ore such as Blocks B & C. Certain rehabilitation of old workings and additions of milling equipment will be required to make these low grade ores available. It is my thought that financing for this enlargement of operation may be secured through a public offering of stock. The purpose of the following sidelight is to display the reason for my belief that this stock will practically sell itself. The locality of this property is the most highly publicized point of interest within easy reach of Phoenix. Superstition Mountain rises precipitously a mile high just at the western boundary of this property. The name of Goldfield was used for this mining camp during the days of early activity long before the discovery of gold in the Nevada camp of similar name. The legend of the Lost Dutchman Mine is definitely traced to this immediate section. The Apache Indians had some hair-raising superstitions concerning the whispering gods among the more fantastic pinacles of the mountain from which derived the name Superstition. Paintings of the mountain have commanded prices up to $10,000. The Apache Trail Highway, famed for its mountain scenery, passes through the property a few miles before entering the rugged mountainous region. Winter visitors to Arizona are greatly interested in traveling this road and many stop to look at the Goldfield Mines. Only recently, while some tests were being made by the "panning method" of ore left by former operators in the old mine dumps, a number of these casual visitors were so impressed by the appearance of gold in the panning tests that they voluntarily offered to purchase stock as soon as a company was organized and stock available. This being the case with little or no work going on, it appears certain that this natural advertisement, augmented by actual operation and small scale production of gold bullion, will insure that a stock issue of several hundred thousand dollars can be marketed right here on the property. The necessary organization and qualification to sell stock under the Blue Sky Laws of Arizona could be completed and ready by the opening of the coming winter season.

PRICE The owners have set a price of $300,000 for this property. However, the important thing is that all of this purchase price is to be paid out of actual production of the mine in the form of a sliding scale of royalty payments.

The estimated value of the improvements and the profit recoverable from surface ore and underground Block A is $955,175.

General form of contract to purchase Goldfield Mines - 1. Duration of agreement five years. 2. Purchase price $300,000. 3. Royalty-sliding scale beginning at 6% and rising to 15% to apply on ore up to the value of $30.00 per ton and a flat 30% on ore of a value in excess of $30.00 per ton. All payments of royalty to be credited as payments on purchase price. 4. Customary clauses for continuous operation and development of the property.

OPERATING SYNDICATE For the purpose of getting this proposal under way, it is proposed to divide this project into 100 units; to offer 50 units for subscription at $1,000. per unit; to start operation under a Trusteeship as soon as 15 or more subscriptions are paid in; to close the subscription 30 days thereafter and incorporate a company with capitalization of around $600,000. issuing one per cent of the corporate stock in exchange for each syndicate unit. In addition to the units sold to cash subscribers Lewis is to receive 25 units in exchange for 1. organization and engineering services, 2. certain mining and milling equipment (the first cost of which was $10,000), this equipment to be transported to the property from points elsewhere in Arizona at company expense, and 3. his interest in a one-third ownership in the property of the Goldfield Mines. The operation of the property will be so conducted as to permit continuous small scale operations for an indefinite period but with a view of having sufficient evidence of value exposed by early Fall to justify and support a price of $1.00 per share, which will be the price set in the Permit to sell stock to the public. A gradual increase in the scale of production can be expected as operations are smoothed out and without the sale of additional stock to the public but with sales coming in rapidly next fall a quick step-up may become possible.

Submitted by Alfred Strong Lewis
Alfred Strong Lewis

- - - - - - - - - - - - - Tear off along this line and mail at once - - - - - - - - - - - -

Date _____

Alfred Strong Lewis
Box 742
Phoenix, Arizona

Reserve and give me the option to purchase _____ units of Goldfield Mines Syndicate at $1,000. per unit. It is understood that when you have received reservations amounting to 15 units on this form you will send me a list of the subscribers and final details of the organization plan. I am then to have ten days to investigate before making final decision to exercise or reject this option.

_____

Address:

PROPOSAL - GOLDFIELD MINES SUPPLEMENTAL

as Lewis

12 Apr, 46
...ed Strong Lewis, E. M.
Box 742, Phoenix, Arizona

PLAN OF OPERATION A one yard gasoline-powered shovel and dragline will be purchased (preferably from Government Surplus). Between 10 and 15 feet of sand, gravel and soil now covering that part of the vein known as the Mormon Stope will be removed. The waste material from this stripping operation will be used for building a diversion dam to prevent flood waters from again breaking into and damaging the mine workings. A period of 60 to 90 days will be required to complete this stripping operation, thus preparing this ground for production. Simultaneously with this operation, the Lewis mill and mining equipment will be delivered to the property and installed.

Immediate treatment of stockpile ore of a $10.00 grade may be commenced at the rate of 10 tons per day by using two 30 ton tanks with a 6 day cycle of leaching. This ore does not require crushing and can be prepared for cyanide treatment as soon as the screening bins are set up. There is a sufficient tonnage of this ore on hand to carry the operation for a period of six months. Within that same period the milling equipment will be installed and production brought up to 50 tons per day with ore from the Mormon Stope.

The grade of ore to be handled has been set at $6.00. This is the average grade arrived at by combining all of the underground assays and other data which is available. This grade can be changed at will. It would be lowered by less careful selection of ore sent to the milling plant. It can be raised to about $9.00 per ton by selecting the best of the caved material. The main back-log of caved material has an average value of $9.17 per ton. This figure, as will be seen in the following analysis, does not include the very rich occurrences of gold which are known to be irregularly distributed in the caved material.

To get a fair picture of the real expectation of the reward to come from opening up this old Mormon Stope it is necessary to go back to 1895. At that time Chas. Hall was systematically developing the mine and shipping 150 lbs. of gold bullion at intervals of three weeks. These shipments contained from $40,000 to $60,000 in gold at the present price, and had been made regularly for a period of several years. Without warning, and within a period of only a few hours, his entire mine workings were wrecked by the inrush of water during a flash flood coming down the hitherto dry wash which had been undermined. He had taken out over one half million dollars of very high grade gold ore from the Mormon Stope and an equal amount of medium grade ore from other points along the vein. He had many thousands of tons of ore developed and held in reserve for future production. His entire mine operation came suddenly to an end. His mine which had been producing from $2,000 to $3,000 per day ceased to exist. It was caved in. That caved part, from the surface down to 300 feet in depth and containing untold riches in fabulously rich stringers of wire and crystalized gold remains today, just as it was at the time of Mr. Hall's death.

Mr. Geo. U. Young during a score of years beginning in 1910 made several heroic efforts to re-open these old caved workings by orthodox underground mining methods. Upon several occasions he was able to partially open this caved ground and hold it for brief periods of time but before he could begin extracting the ore, his timbering would collapse and this method was eventually proved to be a complete failure.

It can be re-opened now by the use of modern power equipment and open pit mining methods. It can be made to produce with the same or greater output than was ever reached by Chas. Hall. Only a small segment of the mineralized zone was mined out. His operation and production was only a sample compared to the latent future possibilities of this mine. Fortunately, during the period when these workings were temporarily accessible, Mr. Young's engineers took some 98 samples of the caved "muck" of the old Mormon Stope from points along the level at a depth of 120 feet below the surface. The average value of these samples is $9.17 in gold per ton. The material sampled was the general run of caved materials which consisted of a mixture of the low grade wall rock and such portions of the vein which Mr. Hall in his mining operations had passed by and left in the mine after removing the high grade portion of the vein. The important thing to be considered in relation to this average value of $9.17 is the fact that all of the fabulously rich ore had been previously mined out from the localities where these 98 samples were obtained. At the time of the cave-in there existed large untouched portions of the high grade ore at a slightly higher level and extending to the surface.

These remaining areas of high grade ore are now mixed in the caved material at many unknown points. They will be found scattered along several hundred feet of the vein and at depths below the present surface as shallow as 15 feet and extending downward to 100 feet or more. It would not be practical to search for these hidden and scattered portions of this jewelry shop ore. The only sure method of finding and mining all of them is by removing the entire mass of caved material. This can be done systematically, thoroughly and economically by the open pit mining method with a power shovel and dump trucks.

The great advantage of this open pit mining is the extremely low cost per ton of removing this caved material. Selective mining can easily be carried on. Waste rock can be discarded, low grade material can be stockpiled for future treatment, and the medium grade ore can be milled at a good profit in the pilot mill which will be constructed and will have a capacity of 50 tons per day.

The cost set-up for this st) of operation is as follows:-

Mining cost per ton of ore with value of $6.00	$1.00
Milling cost per ton of ore	2.00
Total cost per ton for mining and milling	$3.00
Gold recovered per ton with 75% extraction	$4.50
Deducting production costs per ton of	3.00
Net profit per ton	$1.50

Daily production 50 tons. - Net profit per day $75.00

It should be understood that this figure of a profit of $75.00 per day does not take into consideration the uncovering of high grade ore. There will be days when no high grade at all appears. There will be days when the high grade may be expected to contribute thousands of dollars. The whole idea of the plan is designed to make a profit on the general run of caved material and by removing all of it, to ferret out each and every segregation of high grade left in the mine.

Scores of witnesses who had personal knowledge of the old Hall operation of the Mormon Stope agree that untold wealth is covered up in these old workings. In addition to a profit of $75.00 per day to be derived from the removal of the caved material, I expect one half million dollars of hidden high grade to be discovered and added to the profit side of this enterprise within a period of two years.

The Lewis milling plant consists of a jaw crusher and ball mill with rated capacity of 25 tons per day. It is powered by gasoline motor with line drafts and belting. By the addition of screening devices and dry crushing rolls this plant will prepare 50 tons of material per day for coarse leaching by the cyanide process. There are ample concrete structures now on the property which at small expense may be convered into leaching tanks to accommodate this 50 tons of daily intake of ore.

Laboratory tests made by the Southwestern Engineering Co. have proven that 98% of the gold can be recovered from this ore by the cyanide process. However, it is thought better mining practice to sacrifice this high recovery of gold in the interest of holding to a minimum the first cost of the installation of the milling plant. It has been found by small scale tests that 75% of the gold in the ore may be recovered by grinding the ore to a mesh such as ordinary sand and by doing it this way a large amount of expense for fine grinding and handling the finely pulverized material may be avoided. Thus the loss of some 25% of the gold in our initial program will be offset by materially reducing the necessary financial requirements to equip the mine and start production.

Estimate of expenditures to bring the mine to a production of 50 tons per day

Mining equipment, shovel, etc.	$ 7,500.
Stripping Mormon Stope and building Dam	3,000.
Delivery and installation Lewis Equipment	4,000.
Additional milling equipment, rolls, dump truck, etc	2,000.
Cyanide tanks and accessories	2,000.
Organization-Corporate fees, etc.	500.
Camp facilities	1,500.
Laboratory equipment	500.
Reserve for contingencies	4,000.
Total Requirement	$ 25,000.

SUBSCRIPTION PROPOSAL — The subscription will be limited to 10 units at a price of $2,500 each. When these units are all subscribed a Company will be organized under Arizona Laws with a capitalization of $500,000 divided into 500,000 shares of common stock of a par value of $1.00 each. The holder of each unit will receive a stock certificate for 10,000 shares. Lewis offers to exchange mining and milling equipment for 3 units; his interest in the property of the Goldfield Mines (being a 1/3 interest) for 5 units; his organization and engineering services already rendered for 2 units - A total of 10 units to Lewis.

S U M M A R Y

Issued to holders of 10 units paying in $25,000	--	100,000 shares
Issued to Lewis for 10 units	--	100,000 shares
Total issued shares	--	200,000 shares
Balance left in Corporation Treasury	--	300,000 shares
Total Capitalization	--	500,000 shares

Submitted by Alfred Strong Lewis
Alfred Strong Lewis

Tear off along this line and mail

Alfred Strong Lewis
Box 742
Phoenix, Arizona

Date _____

I am interested to the extent of _____ units. Send subscription form for my inspection and final approval.

Address: _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

UNITED STATES
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS

GOLDFIELD QUADRANGLE
ARIZONA
7.5 MINUTE SERIES (TOPOGRAPHIC)

3751 III SE (HORSE MESA DAM)
3751 III SW (MORMAN FLAT DAM)
3750 IV SW (SUPERSTITION MTS. SW)
3750 IV SE (FLORENCE JUNCTION)
3750 IV NW (WEAVERS NEEDLE)
3750 IV NE

ROOSEVELT 40 MI.
TORTILLA FLAT 10 MI.
FLORENCE JUNCTION 12 MI.
SUPERIOR 26 MI.

GOLDFIELD
MOUNTAINS
SUPERSTITION MOUNTAINS
SUPERSTITION WILDERNESS AREA
FOREST BOUNDARY
NATIONAL FOREST BDY
MARICOPA CO
PINAL CO
T. 2 N.
T. 1 N.
T. 1 S.
R. 8 E.
R. 9 E.
GILA AND SALT RIVER BASE LINE
(WEAVERS NEEDLE)

Tomahawk Mine
BM 2107
Government Well
BM 2159
Golden Hillside Mines
BM 2105
Black Queen Mine
Goldfield Mine Water Tower
Historical Marker
BM 2029
Goldfield
Bluebird Mine
Weekes
LANDING STRIP
Palmer Mine
Massacre Grounds
B Bar B Ranch
Water Tower
Saguaro Slope Ranch
The Flatiron
Water Tank
Kings Ranch
Hackberry Mesa
2046
Hackberry Spring
First Water Creek
Water Tower
First Water Ranch
Garden Valley
SECOND WATER TRAIL
Second Water Spr
Second Water Canyon
Battleship Mtn
BOULDER TRAIL
La Barge Canyon
Black Mesa
BLACK MESA TRAIL
Prospect
GARDEN VALLEY TRAIL
Yellow Peak
2172
Red Hills
RED HILLS TRAIL
Needle Canyon
Bull Pass
Aylors Caballo Camp
EAST BOULDER TRAIL
Parker Pass
CHARLEBOIS
Palomino Mtn
Black Top Mesa
Spanish Hieroglyphics
Upper Black Top Mesa Pass
QUARTER CIRCLE U TRAIL
Tims Saddle
O'Grady Canyon
Little Boulder Canyon
West Boulder Canyon
Old West Boulder
Willow Spring
Monument Canyon
Hog Canyon
Hieroglyphic Canyon
Hieroglyphic Spring
Indian Hieroglyphics
Saguaro Slope Ranch
Siphon Draw
APACHE TRAIL
POWER LINES

Mapped by the Army Map Service
Published for civil use by the Geological Survey

Control by USGS, USC&GS and USCE

Topography from aerial photographs by photogrammetric methods
Aerial photographs taken 1955. Field check 1956

Polyconic projection. 1927 North American datum
10,000-foot grid based on Arizona coordinate system
central zone
1000-meter Universal Transverse Mercator grid ticks
zone 12, shown in blue

Unchecked elevations are shown in brown

GN MN
0°14' 4 MILS
14° 249 MILS
UTM GRID AND 1956 MAGNETIC NORTH
DECLINATION AT CENTER OF SHEET

SCALE 1:24 000
1 MILE
7000 FEET
1 KILOMETER
CONTOUR INTERVAL 20 FEET
DASHED LINES REPRESENT 10-FOOT CONTOURS
DATUM IS MEAN SEA LEVEL

ARIZONA
QUADRANGLE LOCATION

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

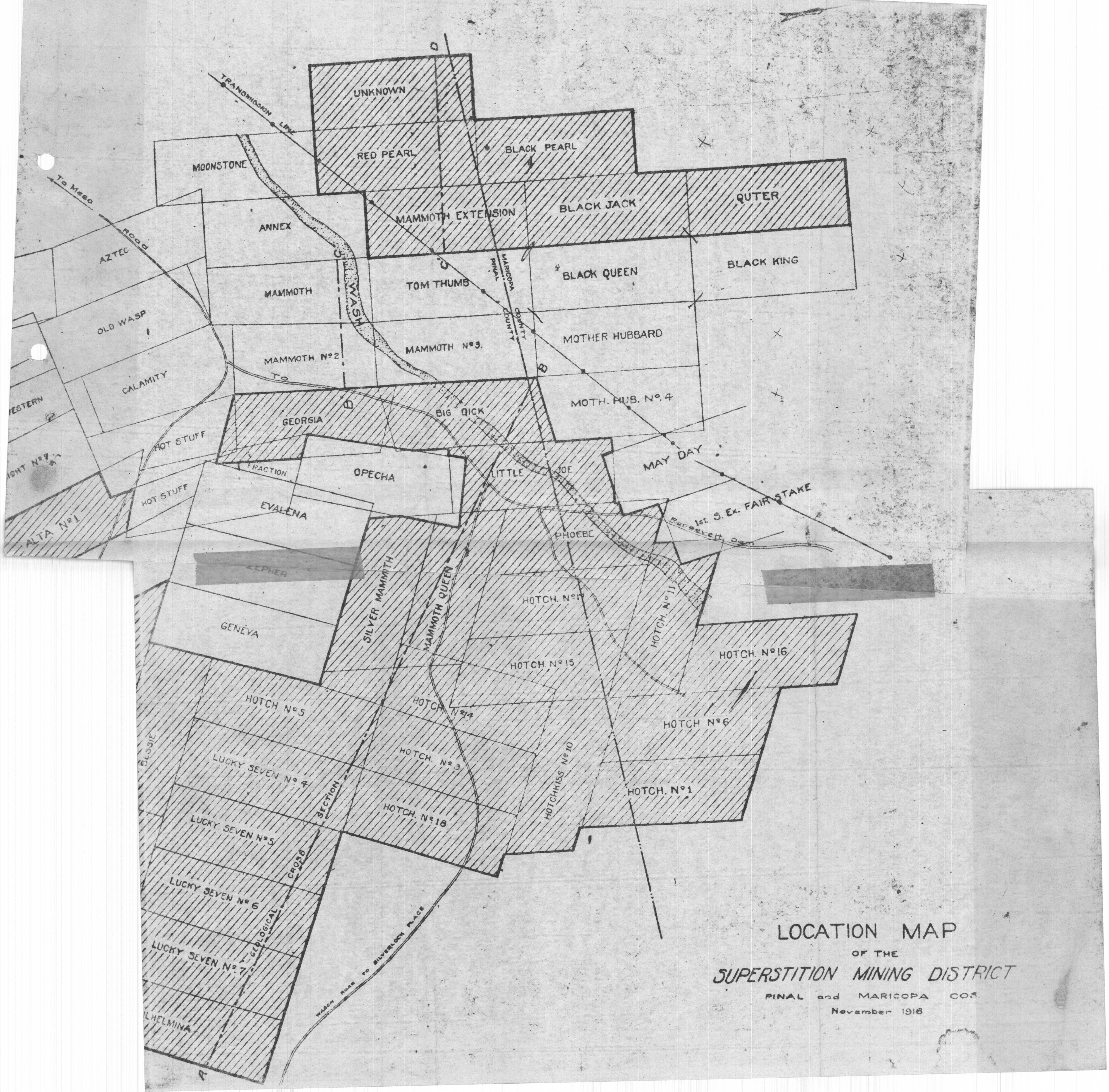
THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR WASHINGTON, D. C. 20242
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

GOLDFIELD, ARIZ.
N3322.5—W11122.5/7.5

1956

AMS 3750 IV NW—SERIES V898

INTERIOR—GEOLOGICAL SURVEY, WASHINGTON, D. C.—1973



UNKNOWN
TRANSMISSION LINE
RED PEARL
BLACK PEARL
MOONSTONE
To Mesa Road
ANNEX
MAMMOTH EXTENSION
BLACK JACK
QUTER
AZTEC
MAMMOTH
TOM THUMB
BLACK QUEEN
BLACK KING
WASH
PINAL COUNTY
MARICOPA COUNTY
OLD WASP
MOTHER HUBBARD
MAMMOTH Nº2
MAMMOTH Nº3.
CALAMITY
WESTERN
GEORGIA
BIG DICK
MOTH. HUB. Nº4
HOT STUFF
MAY DAY
OPECHA
FRACTION
LITTLE JOE
HOT STUFF
EVALENA
1st. S. Ex. FAIR STAKE
ALTA Nº1
PHOEBE
Roosevelt Dam
GENEVA
SILVER MAMMOTH
MAMMOTH QUEEN
HOTCH. Nº17
HOTCH. Nº11
HOTCH. Nº16
HOTCH. Nº15
HOTCH. Nº5
HOTCH. Nº14
HOTCH. Nº6
LUCKY SEVEN Nº4
HOTCH. Nº3
HOTCHKISS Nº10
HOTCH. Nº1
HOTCH. Nº18
LUCKY SEVEN Nº5
GEOLOGICAL CROSS SECTION
LUCKY SEVEN Nº6
WAGON ROAD TO SILVERLOCK PLACE
LUCKY SEVEN Nº7
WILHELMINA

LOCATION MAP
OF THE
SUPERSTITION MINING DISTRICT
PINAL and MARICOPA COS.
November 1918