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Mining Records Curator
Arizona Geological Survey
416 W. Congress St., Suite 100
Tucson, Arizona 85701
602-771-1601
http://www.azgs.az.gov
inquiries@azgs.az.gov

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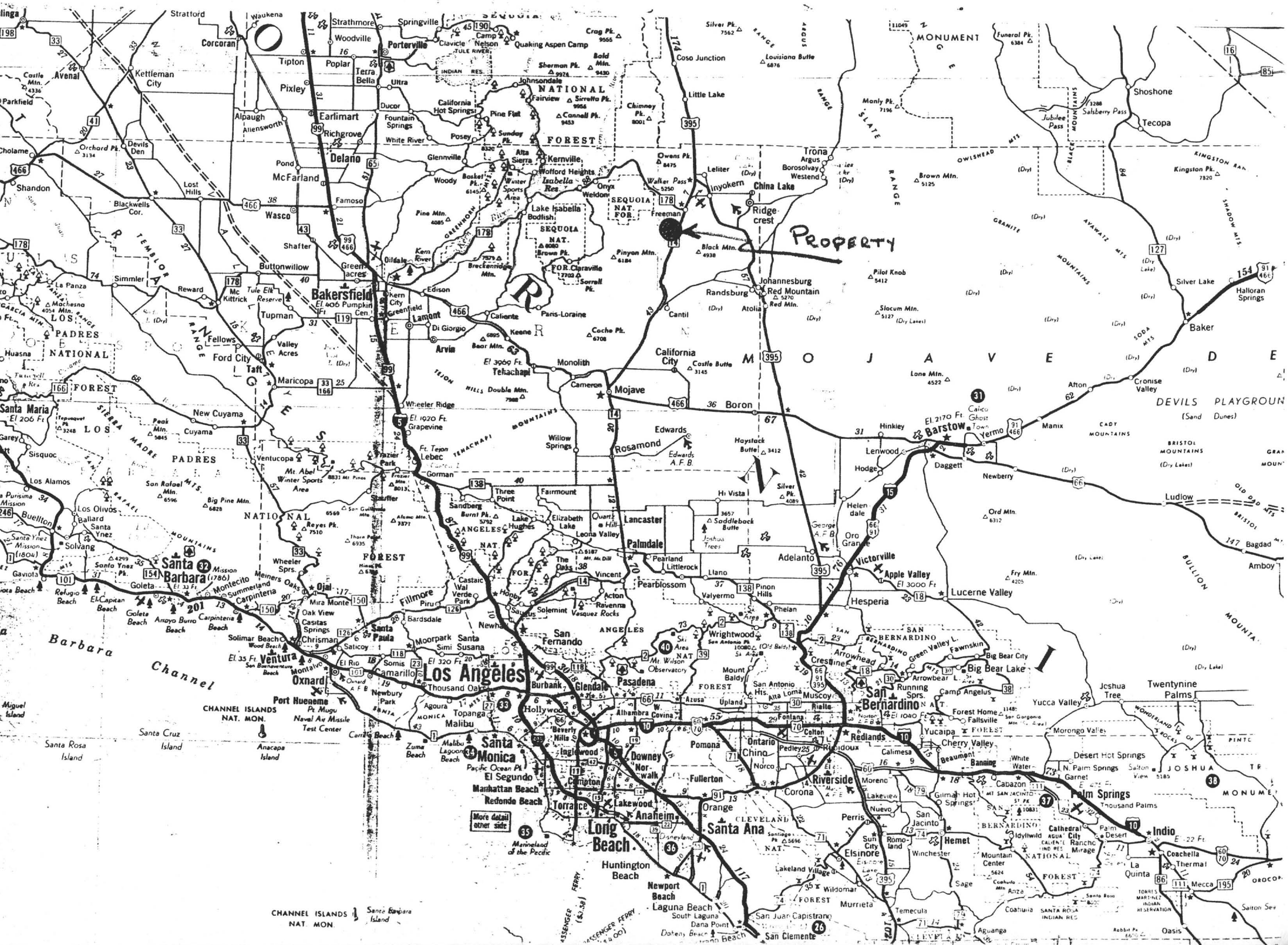
D.K. MARTIN & ASSOCIATES
Mining Development & Administration
4728 N. 21st Avenue
Phoenix, Arizona 85015
(602) 265-3373

PROJECT NUMBER ONE

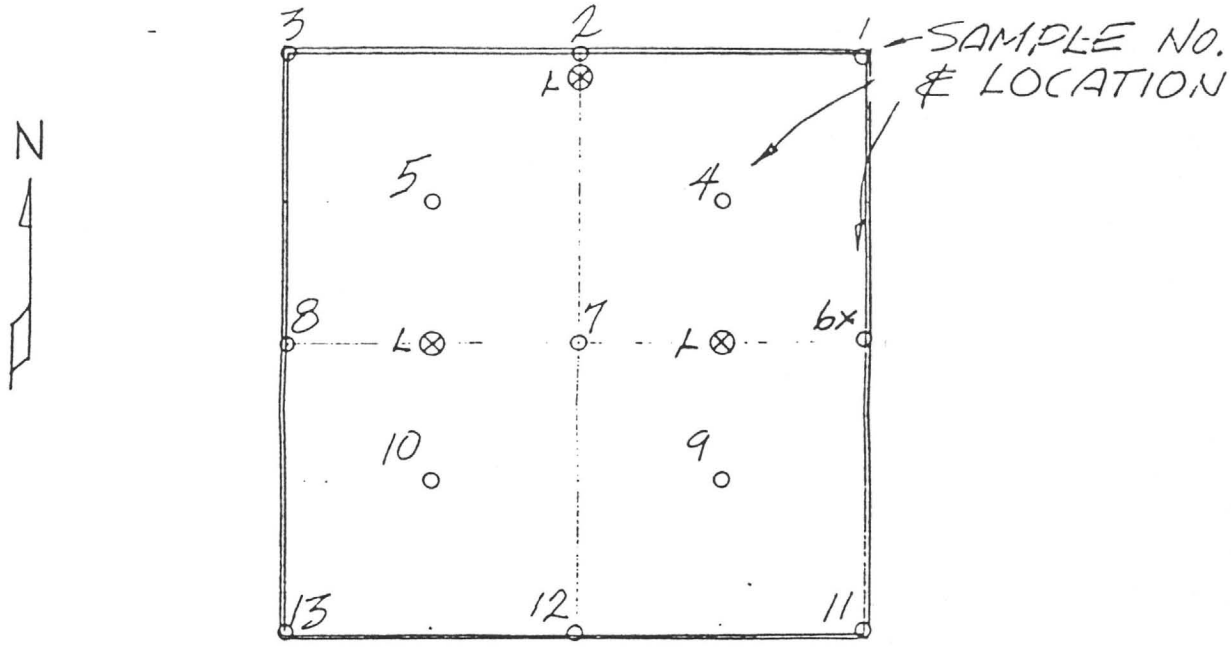
B A T T E L L E - B O R M A N

PROPOSAL

P R O P E R T Y


PROPERTY
Bakersfield
El. 406 Pumpkin Cen.
Los Angeles
Long Beach
Santa Ana
Anaheim
Pasadena
Glendale
Burbank
Hollywood
Beverly Hills
Santa Monica
Inglewood
Torrance
Compton
Lakewood
Downey
Norwalk
Fullerton
Orange
Pomona
Ontario
Chino
Riverside
Corona
Redlands
San Bernardino
El 1040 Ft.
Palm Springs
Indio
Coachella
Barstow
El. 2170 Ft.
Victorville
Apple Valley
El 3000 Ft
Hesperia
Lancaster
Palmdale
Mojave
Rosamond
Edwards
Edwards A.F.B.
Boron
California City
Ridgecrest
China Lake
Inyokern
Freeman
Walker Pass 5250
Randsburg
Johannesburg
Red Mountain
Trona
Little Lake
Coso Junction
Shoshone
Tecopa
Baker
Silver Lake
Halloran Springs
Yermo
Daggett
Newberry
Ludlow
Bagdad
Amboy
Twentynine Palms
Joshua Tree
Yucca Valley
Lucerne Valley
Big Bear Lake
Big Bear City
Tehachapi
El 3969 Ft.
Monolith
Cameron
Lake Isabella
Kernville
Wofford Heights
Isabella Res.
Delano
Wasco
Shafter
McFarland
Porterville
Earlimart
Pixley
Tipton
Corcoran
Taft
Maricopa
Ford City
Santa Maria
El 206 Ft
Santa Barbara
Mission (1786)
Ventura
El. 35 Ft.
Oxnard
Port Hueneme
Camarillo
Thousand Oaks
Malibu
Santa Paula
Ojai
Fillmore
Gorman
Lebec
Grapevine
El. 1970 Ft.
Wheeler Ridge
Frazier Park
Santa Barbara Channel
CHANNEL ISLANDS NAT. MON.
Santa Cruz Island
Santa Rosa Island
Anacapa Island
Santa Barbara Island
LOS PADRES NATIONAL FOREST
SEQUOIA NATIONAL FOREST
ANGELES NAT. FOREST
SAN BERNARDINO NATIONAL FOREST
CLEVELAND NAT. FOREST
MOJAVE DESERT
DEVILS PLAYGROUND (Sand Dunes)
DEATH VALLEY MONUMENT
JOSHUA TREE MONUMENT
Huntington Beach
Newport Beach
Laguna Beach
San Juan Capistrano
San Clemente
Elsinore
Hemet
Temecula
More detail other side
Marineland of the Pacific
Disneyland

ASSAY RECAP MAP - NW 1/4 SECTION 23, R37E/T28S



GOLD ASSAYS

Points X.	0.470	Point 7.	0.556
Point 1.	0.476	Point 8.	0.443
Point 2.	0.448	Point 9.	0.310
Point 3.	0.500	Point 10.	0.457
Point 4.	0.511	Point 11.	0.764
Point 5.	0.500	Point 12.	0.500
Point 6X.	0.470	Point 13.	0.500

Note: Points 3, 5, 12, & 13 were combined into one assay.
Points X, and 6X is an average of many assays.
Points 2, 4, 7, 9, 10, & 11 are averaged from several assays.
(See attached assay documents.)
All assays were taken from samples gotten from 12 to 16 inches depth.

CALCULATED RESERVES

Area in square yards = 1760^2 = 3,097,600 sq.yds. X 1 = 3,097,600 cu.yds.
And, samples were taken to 1/3 yd. depth, therefore,
3,097,600 cu.yds. divided by 3 = 1,032,533 cu.yds. assayed ore.

One cu. yard contains approx. 1 1/2 tons of ore, therefore, 1,032,533 cu.yds. equals 1,548,700 tons of blocked out tonnage. If we average all assays taken we get 0.494 ounces per ton of gold, and if 85% is recovered, we get
0.420 net ounces of gold per ton.
Therefore, 1,548,700 tons at 0.420 oz./ton = 650,454 oz. recoverable gold.

As of 9/12/86, 650,454 ounces of gold X $418 per oz. = $ 271,889,000.00

At 5% value in place, we have over $ 13,500,000.00

BOOK 5890 PAGE 325

RECORDING REQUESTED BY:
S. E. Theiss and
Gilbert Borquez

000991

1986 JUL -2 A 8:20

GALE S. [illegible]
KERN COUNTY CLERK-RECORDER

AND WHEN RECORDED MAIL TO:
S. E. Theiss
3345 W. Evans Dr.
Phoenix, Arizona 85023

3 OR
1 MO
LN
1 RF
NA

CRS	3.00
MDEP	1.00
REC.FE	1.00
CHECK	5.00

Space for Recorder's use

[illegible] COOT ROT T09:42

ASSESSMENT WORK NOTICE

I, the undersigned, state: That between September 1, 1985 and September 1, 1986, certain labor and/or improvements required by law were performed or made on or for the benefit of the following mining claim(s), (which together comprise a group of contiguous claims) located in County of Kern, California.

Name of Claim(s) in full	Sec./Twp./Rge.	County Recordation Orginal Location Book	Page	Last Amendment Recorded Book	Page	BLM Serial
EL CID #1	21/12S/37E	1414	5593	___		CAMC 139083
EL CID #2	21/12S/37E	1416	5593	___	___	" 139084
EL CID #3	21/12S/37E	1418	5593	___	___	" 139085
EL CID #4	21/12S/37E	1420	5593	___	___	" 139086
EL CID #5	28/12S/37E	1422	5593	___	___	139087
EL CID #6	28/12S/37E	1424	5593	___	___	" 139088
EL CID #7	28/12S/37E	1426	5593	___	___	" 139089
EL CID #8	28/12S/37E	1428	5593	___	___	" 139090
	/ /					
	/ /					
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LABOR AND IMPROVEMENTS, Specify (for example, state depth of shaft sunk; feet of tunnel, drift adit or crosscut driven; size of exploration cut of trech/ or refer to separate document, filed as required by PL876, describing geological, geochemical or geophysical survey). Give value for each item and date on which, or periods of time within which the same was performed or made; and total value.

DURING APRIL AND MAY 1986, DARYL FECTOR AUSTIN REDD, R.H. WININGER, ERNIE (SE) THEISS AND KEVIN O'FLAHERTY, GATHERED ORE SAMPLES, ON TWO SEPARATE OCCATIONS, FROM ABOVE PROPERTIES, AND HAD ASSAYS PERFORMED BY WILKINSON ASSAYS, FONTANA, CA, AND J.B. LABORATORY, PHOENIX ARIZONA. AUSTIN REDD ALSO RAN SEVERAL TESTS, EXAMINING PRODUCTION METHODS APPLICABLE.

The total fair and reasonable value thereof was $ 1500.00, and the amount and value thereof on or for the benefit of each claim was $100 or more. The name and address of the person(s) who performed the labor or made the improvements, as known to me, was:

Name	Current mailing address
DARYL FECTOR	3414 NEVA CIRCLE, NEWBURY CA 91320
AUSTIN REDD	5514 W. [illegible], PHOENIX AZ. 85037
R.H. WININGER	2522 E. CONTENTION MINE RD PHOENIX [illegible]
S.E. THEISS	3345 W. EVANS DR, PHOENIX, AZ 85023

The said claim(s) are held and claimed by GILBERT BORQUEZ for the valuable mineral contained therein. That on NOV. 3, 1985, all monuments required by law to have been erected upon said claim(s) and all notices required by law to have been posted on said claim(s) or copies thereof were in place, and that at said date each corner monument bore or contained marking to appropriately designate the corner of the claim(s) to which it pertains and the name of the claim(s).

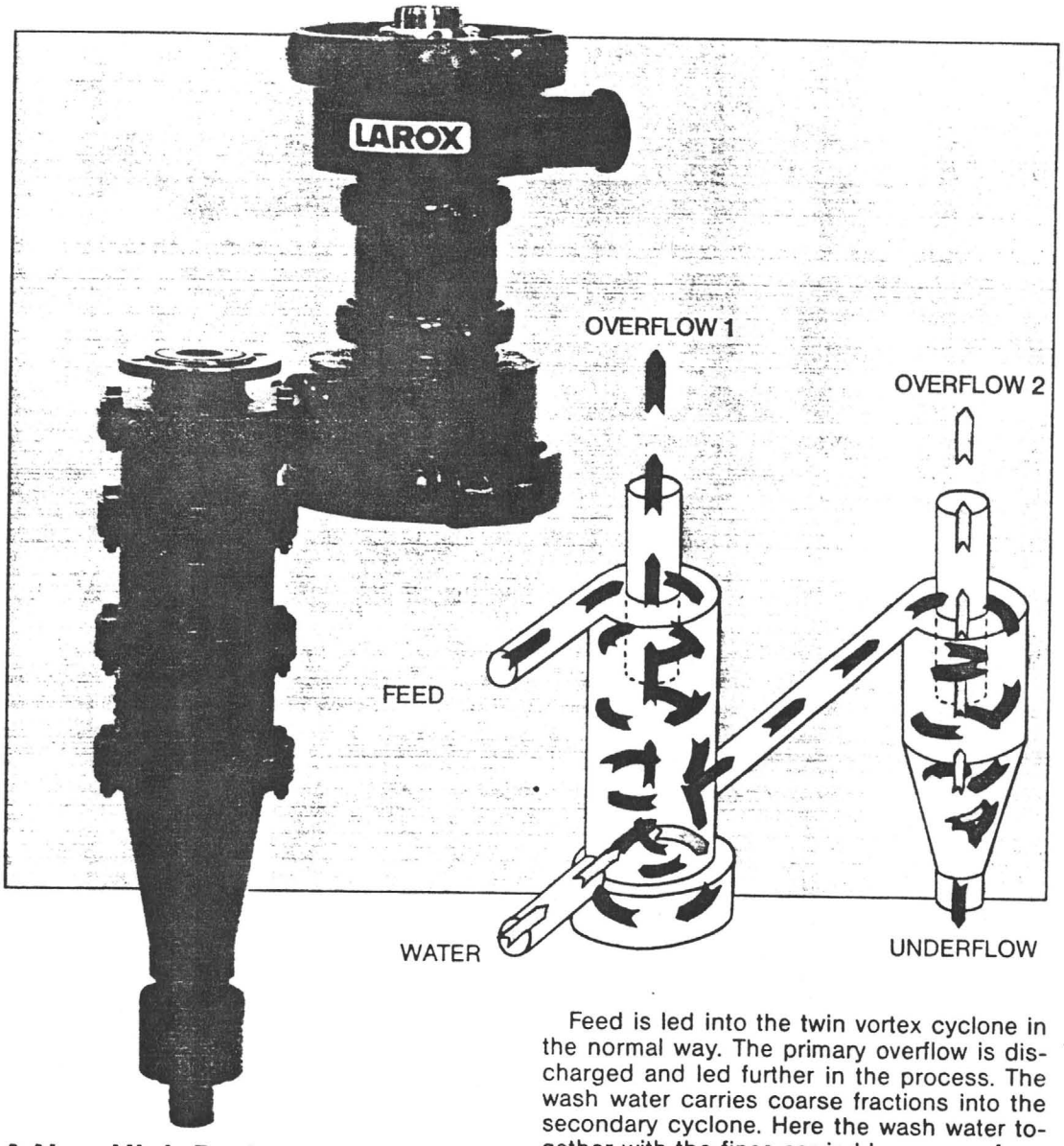
I hereby certify under the penalty of perjury that the foregoing is true and correct.

Executed at PHOENIX ARIZ, ~~California~~ this 19 day of JUNE, 1986.

Signed: S.E. Theiss for Gilbert Borquez

S. E. Theiss, Pres.
Gold Extractions, Inc.

TWIN VORTEX CYCLONE



A New High-Performance Hydrocyclone

The Larox twin vortex cyclone gives a very sharp cut and high desliming performance. It's easy to adjust to a wide particle size range.

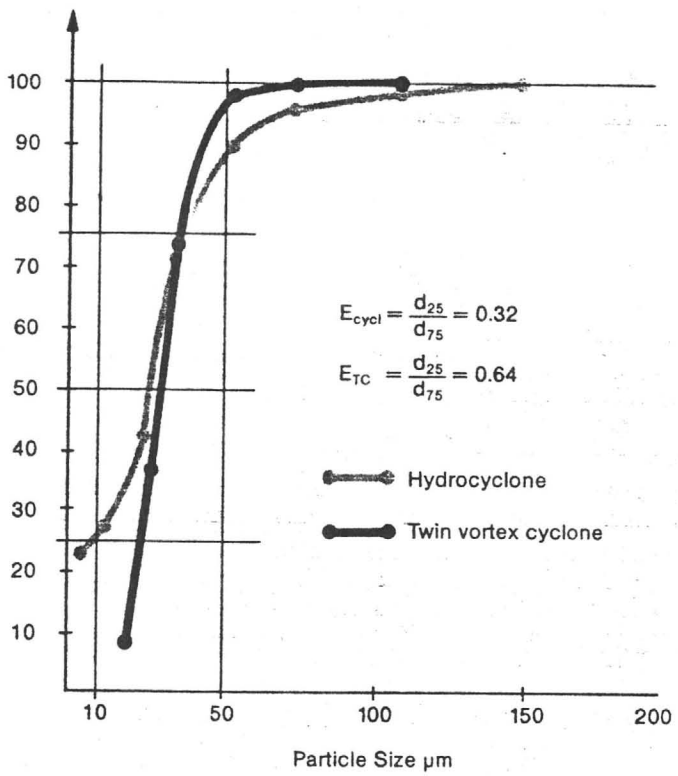
It consists of a cylindrical section where material is fed in; a washing section where wash water is introduced; and a hydrocyclone for the re-treating of primary underflow.

Feed is led into the twin vortex cyclone in the normal way. The primary overflow is discharged and led further in the process. The wash water carries coarse fractions into the secondary cyclone. Here the wash water together with the fines carried by coarser fractions are separated from sand and led to the process or back to the pump sump. In the latter case the wash water can be used for diluting the cyclone feed. The underflow, free of fines, is returned to the mill or led to further process steps.

By regulating the quantity of wash water, the cut size of the cyclone can be adjusted to a great extent. The flow rate of wash water is normally 20 to 40 % of the cyclone feed volume.

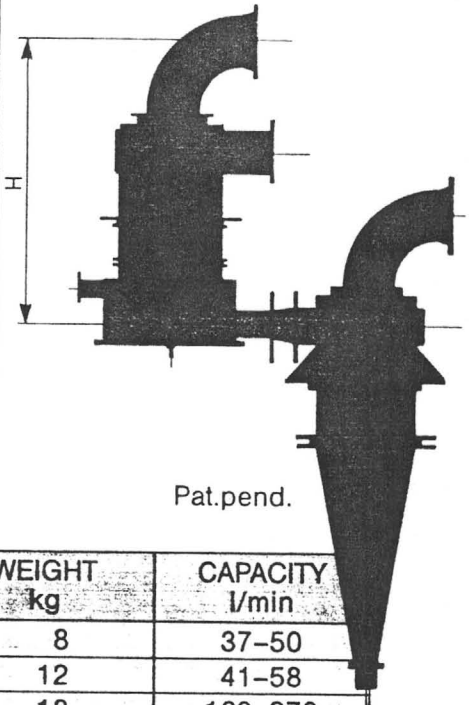
LAROX

TYPICAL TROMP'S CURVE



Compared to ordinary hydrocyclones or multi-stage cyclone systems, the Larox twin vortex cyclone offers

- superior classification efficiency
- ease of control and adjustment
- a wide range of applications
- superior desliming performance
- two-stage operation by a single pumping step



Pat.pend.

For hydrocyclone types and dimensions see brochure "Larox Hydrocyclones"

TYPE	DIMENSIONS mm		WEIGHT kg	CAPACITY l/min
	D	H		
TC 5	50	260	8	37–50
TC 8	80	300	12	41–58
TC 10	100	390	18	160–270
TC 15	150	450	40	120–600
TC 20	200	560	160	180–1200
TC 25	250	720	230	250–1800
TC 30	300	830	290	500–2600
TC 35	350	990	360	700–3400
TC 40	400	1160	420	800–5900
TC 50	500	1450	510	1000–7000

LAROX

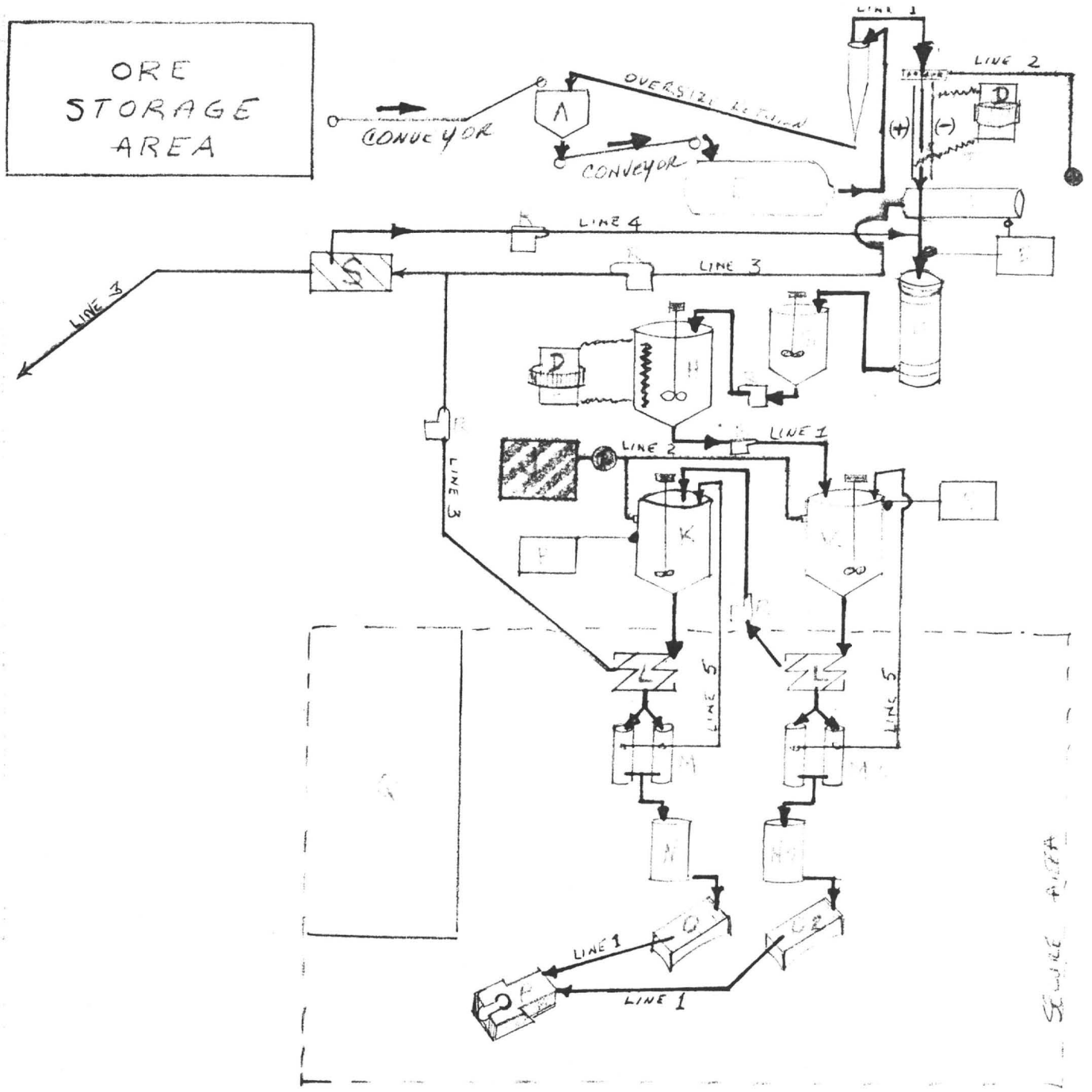
–classification–concentration–filtration–

LAROX, INC.

9730 PATUXENT WOODS DR.
COLUMBIA, MD 21046
(301) 381-3314

P.C
Phone (international +3

d
(int. +358-53-537 65



MAIN PRODUCT (BLACK)
WATER (GREEN)
WASTE (YELLOW)
RECYCLE WATER (BLUE)
RECYCLE RESIN (RED)

- ORE HOPPER
- MICRO-PULVERIZER
- CYCLONE (SIZER)
- ELECTRICAL TRANSFORMER
- CHEMICAL FEED STATION
- HI PRESSURE SS AUTOCLAVE
- NEUTRALIZING TANK
- ELECTRO OXIDIZING TANK
- HOT WATER HOLDING TANK
- STEAM BOILER
- RESIN IN PULP EXTRACTION TANK
- VIBRATING SCREENS
- AU-RESIN STRIPPING COLUMN
- AG/PGM-RESIN STRIPPING COLUMN
- AU PREGNANT SOLUTION TANK
- AG/PGM PREGNANT SOLUTION TANK
- AU-ELECTRO WINNING
- AG/PGM-ELECTROWINNING
- MELTING FURNACE
- LAB AREA
- SLURRY PUMPS
- DEWATERING UNIT
- ELECTRO-OXIDIZING PASSAGE
- CENTRIFUGAL CONCENTRATOR

AARC
Analytical and Research Consulting
614 North 400 East
Spanish Fork, Utah 84660

I J & T Joint Venture
ATTN: Ray Dupree
P.O. Box 778
Inyokern, California
93527

June 17, 1985

CERTIFICATE OF ANALYSIS

Samples received labeled J&T 1-8. Sample preparations were by BOM pressure leach. Analysis was by DCP.

Sample ID	Precious Metal Concentration (oz/ton)			
	Gold	Platinum	Palladium	Silver
J&T 1	1.31	2.87	0.857	0.44
2	1.16	2.65	0.741	-
3	1.40	2.97	1.102	0.58
4	1.28	3.12	1.115	-
5	1.30	3.08	-	1.34
6	1.57	2.60	0.902	1.44
7	1.34	2.78	0.500	-
8	1.19	3.27	0.641	0.40

Note: The above listed values were calculated from direct DCP data. No matrix adjustments were applied.

Jack H. Ruckman

Jack H. Ruckman, Ph.D.

AARC
Analytical and Research Consulting
614 North 400 East
Spanish Fork, Utah 84660

Robbers Roost Refinery
ATTN: Glenn R. Hammond
P.O. Box 778
Inyokern, California
93527

June 17, 1985

CERTIFICATE OF ANALYSIS

Samples received labeled Robbers Roost 1-6. The samples were prepared according to the BOM pressure leach technique. Analysis was by DCP.

Sample ID		Precious Metal Concentration (oz/ton)			
		Gold	Platinum	Palladium	Silver
RR	1	1.72	2.82	0.32	–
	2	1.95	2.56	0.86	1.54
	3	2.03	2.56	1.57	0.26
	4	2.68	2.92	1.55	0.50
	5	2.33	3.27	1.65	0.27
	6	2.39	2.90	0.80	–

Note: The above given values were calculated from direct DCP data. No adjustment was made for possible matrix spectral interference.

Jack H. Ruckman

Jack H. Ruckman, Ph.D.

AARC Chemical Consulting
614 North 400 East
Spanish Fork, UT 84660

March 22, 1984

Mel Hammond
Oro Limited
P.O. Box 778
Inyokern, CA 93527

CERTIFICATE OF ANALYSIS

Log #	Identification	Concentration troy oz/ton Gold	Silver	Platinum
406	K-1	2.41	n.d.	3.64
407	K-1B	2.68	n.d.	3.64
408	K-2	1.82	0.04	4.40
409	A-1W	2.53	n.d.	5.12
410	A-1W2	1.84	n.d.	5.18
411	A-2W2	0.79	n.d.	5.01

Samples were prepared by dissolution of approximately 1 gram of sample in hydrofluoric acid and aqua regia mixture in a pressure vessel. The solution volume was 50.0 ml. The solutions were diluted to 100.0 ml with deionized water and split into four equal fractions. 1 .00 ml of standard gold solution was added to each of three of the aliquots. The gold standards were 10.0, 50.0, and 100.0 ppm respectively. A reference sample was treated according to the same proceduree as this set of samples.

The above reported gold values were calculated from the gold concentration extrapolated from the standard additions data. The silver values were determined via atomic absorption readings of the untreated samples.

The reference sample, treated similarly, yielded 2.8 opt gold via fire assay and 2.76 opt gold via the above procedure. Silver was determined to be 275 opt via fire assay. The above solution is capable of maintaining 35 opt equivalent of silver as shown by data from the reference sample. Silver determination is thought, therefore, to be accurate, i.e. the silver values are not likely to be low due to precipitation as chlorides.

Jack H. Ruckman

Jack H. Ruckman, PhD.

AARC
Analytical and Research Consulting
614 North 400 East
Spanish Fork, UT 84660

Mel Hammond
Oro Limited
P.O. Box 778
Inyokern, CA 93527

CERTIFICATE OF ANALYSIS

Sample 411 (A-2W2) was classified and the magnetics separated as follows:

Starting weight 285.7 gr

Mesh	Non-Magnetics	%	Magnetics	%
+25	0.02 gr	.007	0.00 gr	0.00
-25 +80	21.04	7.36	0.19	0.07
-80 +140	104.34	36.52	0.83	0.29
-140 +200	59.52	20.83	0.55	0.19
-200	97.96	34.29	1.01	0.35
loss	0.24	0.08		

Each of the fractions were analysed for gold and platinum with the following results:

	Non-magnetic		Magnetic	
	Gold oz/ton	Platinum oz/ton	Gold oz/ton	Platinum oz/ton
+25	Not enough material to test			
-25 +80	3.43	6.99	nd	15.07
-80 +140	5.99	4.64	10.60	14.53
-140 +200	2.80	4.08	4.70	12.11
-200	2.77	4.67	7.05	9.23

Atomic absorption analyses for silver:

Log #	Identification	Silver (oz/ton)
430-1	MW#1	0.046
-2	"	0.108
431-1	MW#2	0.108
-2	"	0.102
432-1	MW#3	0.102
-2	"	0.108

Jack H. Ruckman, PhD.

TESTS ON GIL'S CA ORE

SECTIONS 23 & 24 E

Twp. 25 S, Mer. Mt. Diablo

The samples tested were furnished by Gilbert Borques, Claimant, on the above Mining Claims, presently staked as Placer Claims. For simpicity, we are calling this ore "CA Ore", the numbers are those assigned to differenciate between the tests.

The firing methods of assay, in general, use the following fluxes which are mixed with the ore, then fired in a crucible, starting at a heat of 1650° F, and ending at a heat of 2000° F, and held at the finishing temperature for one half hour, or until the charge is completely fluid and quiet: One part of ore, finely ground to minus 100 or finer, one and one half parts Borax, one half part of finely ground Silica, one part of Sodium Nitrate, three quarter part Sodium Carbonate, three quarter part Wheat Flour, and one third part Lime. Silver Inquart is used at the rate of two grams of Silver in the form of Silver Chloride, per assay ton (30 grams) of Ore.

823 A CA Ore, Section 23, SW Quarter, two assay tons, 60 grams: Treat ore chemically with 30% HCL, rinse, and pan to gravity separate, then fire using the above formula, but adding ammonium nitrate, 5 grams, but no silver inquart:

Button: 1.245 grams
Divide by 2 (two assay tons) = 0.622, or 622 oz./T Dore' Bullion. Button not split.

823 B CA Ore, Section 23, SW Quarter, two assay tons, 60 grams: Pan to 15 grams, without pretreatment, inquart silver in the form of Silver Chloride, and fire using above flux formula:

Button: 1.728 grams
Divide by 2 = 0.864 gram, or 864 oz./T Dore' Bullion.

Split Button:
Split in 30% Nitric acid solution, fuming hot, filter residue into filter paper, and save. Boil filtrate solution dry, add a little distilled water and Nitric Acid, then filter out the additional residue, add to the first residue, burn the paper, cover with test lead, and cupel - Button, 14.0 mg, divided by 2 = 7.0 mg., or, 7.0 ounces of Gold per ton.

823 C CA Ore, Section 25, Last brought by Gil, 30 grams, 2 assay tons: Fire using same flux in 823A, adding Ammonium Nitrate, and Silver Chloride inquart:

Button: 0.459 grams after subtracting inquart, no gain in silver indicated.

Split Button:
Parted in 30% fuming Nitric solution, filtered residue, and covered with test lead and cupelled: Button 49.8 mg,

Tests on Gil's Ore, Cont'd

823 C Cont'd

which equates to 49.8 ounces per ton. (Note - Although the Silver was removed by precipitating with NaCl, and the filtrate boiled dry prior to the cupelling of this button, further tests should be done to ascertain this abnormally large amount of gold, and perhaps some alloyed platinum group metals.)

828-2 CA Ore, Sec. 25, 60 grams (2 assay tons), last ore brought by Gil: Pretreat with HCl, HNO3, NaOH, and Sodium Sulphide, filter out the solids, treat filtrate with Ammonium Hydroxide applying an electric current through stainless steel plates at 6 volts D.C., precipitating the values. Filter and dry the residue, and fire with the flux formula of 823 A, adding Silver Chloride inquart, and ammonium nitrate, and fire in a crucible, ending at 2000°F for one half hour:

Button: 1.7548 grams after subtracting silver inquart, divide by 2 = 877.4 mg, or 877 ounces per ton of Dore' metal.

Split Button: Split in 30% fuming Nitric solution, flatten cupelled button by hammering, and boil in pure sulphuric acid for one half hour. Button weight = 24.21 mg., divide by 2 = 12.1 mg., which equates to 12.1 ounces per ton of gold. (Note: further tests should be made to ascertain the gold content which may be alloyed with certain platinum group metals. Absolutely no silver should remain in this button.)

Ron Winspear

J. B. LABORATORY

Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

11/16/85

Ore taken from Section 23, R37E, T28S, Mt. Diablo B&M, Kern County, California, according to Ernie Theiss, who went to the property, accompanied by Leo Thiele, and dug four 55 gallon drums of ore from three general points within said property, and delivered the ore to my laboratory at the above address, during the first few days in March 1985. Several test programs were conducted on this ore, and in the first part of November, 1985, one of my consultants, Mr. Jerry Henderson, made a report to me showing an average recovery of Gold to be 0.47 troy ounces per ton, all samples taken from these drums Ernie Theiss delivered. This reading equates to 14.6 grams of gold extractable per ton. The recovery method used was a sodium cyanide leach with a special oxidizing agent, the values collected on resin, eluding with suitable solvent, and plating onto steel wool. Although I did not personally witness or supervise these tests, I have no reason to believe them inaccurate.

R. Holladay

Robert Holladay, Proprietor

BOB HOLLADAY

J. B. LABORATORY

Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

For S. E. Theiss

PROJECT Mohave Ore, Sec. 23 **PP** _____

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
Average of Points 2,3 5, 9, 10, & 11, 12, 13	9/3/86	Assays by special leach and read by spectograhic methods.					

ELEMENT	PPM	OZ PER TON HD ORE	OZ PER TON CON	OZ PER TON DOR'E	VALUES
Gold		0.50			
Platinum		1.00			
Rhodium		1.25			
Ruthinium		0.75			
Osmium		1.00			
Iridium		4.50			

COMMENTS

Please note: This report is prepared for and distribution is limited to the party specified above. J. B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.

J. B. LABORATORY

Specialists in Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

PROJECT O'Flaherty & Theiss Sec. 23 Desert Sand PP

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
	6/24/86	Leach in NaCN, Collect on Resin, Elude, and read with AA, 4-hour cycle for leach and collection GOLD SILVER					

Sample No. ~~ELEMENT~~	PPM	OZ PER TON AU ~~HD ORE~~	OZ PER TON AG ~~CON~~	OZ PER TON DOR'E	VALUES
OF-2		0.396	3.95		
OF-4		0.547	3.387		
OF-7		0.556	0.520		
OF-8		0.443	5.206		
OF-10		0.456	2.007		
OF-11		0.620	0.868		
OF-X1 (Sec.25)		0.467	0.785		
Note: Theiss performed the extraction and delivered loaded resin to our lab.					

COMMENTS 150 gram, 5 assay ton, samples were ground to 250 mesh and leached in distilled water with 5 percent sodium cyanide; two resins were used, each exposed 4 hours to filtrate.

Please note: This report is prepared for and distribution is limited to the party specified above. J.B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.

R. Holladay

Austin Redd
8814 W.Mulberry
Phoenix, Ariz. 85037

January 31, 1987

Mr. Ernie Theiss
Gold Extractions, Inc.
3345 W. Evans Dr.
Phoenix, Ariz. 85032

Re: Mojave Desert Ore-
Borman Ltd., Lease
Section 23, T28S,R37E

Dear Ernie;

In the last three to four years I have made a number of test on the Mojave Desert Ore. This has been done with production methods and other testing. We have come up with the following results.

All tests show at least .40 to .50 ounces of gold per ton of head ore.

If the ore is ground to at least -400 to -500 mesh the results could be more gold per ton.

This ore can be worked with the process methods we have.

I hope this information is what you want.

Sincerely

Austin Redd

Austin Redd

RESERVES & GENERAL INFORMATION
MOHAVE PLACER, KERN COUNTY, CALFIORNIA

Two sets of samples and assays have thus far been taken from the NW 1/4 Section 23, R37E/T28S, at points shown on the map. The average assay of the first set is 0.494 troy ounces per ton. This average assay was determined by taking the J. B. Lab assay results from points marked "x" on the map, representing many tests conducted by Jerry Henderson, plus other assays done by James Cousonal from samples taken at points 2, 4, 7, 9, 10, & 11 on the map. This average assay also included assays done by Wilkinson Assays, Fontana, California, at points 1, 4, 9, 10, & 11. All samples in this first series of tests were gathered by S. E. Theiss and Leo Thiele, to a depth of 18 inches.

The second set of samples, gathered by Daryl Freter, were taken at the 18 inch depth level, after removing the first 12 inches of soil, one sample from each of the 13 points on the map. Each sample was split and averaged, then combined into one 52 pound sample, then ground to 96% 400 mesh, then again crossectioned and assayed at J. B. Lab, and certified by Donald B. Macaulay. Assays were done by DCP, and varified by fire assay. This assay reading is 0.71 oz. Au/ton. All assay copies contributing to the above figures are enclosed.

It should be noted that the first series of samples were ground to only 200 to 250 mesh, whereas the second set of samples were ground to 400 mesh in a special wet mill which we intend to employ for large scale production.

In addition, numerous production-type tests have been run by Austin Redd, Vice President, Gold Extractions, Inc. He has included the enclosed statement, which indicates that a recovery of 0.5 ounces of gold per ton is recoverable by the hydro-metallurgical procedure we recommend. Briefly, this process includes, pre-oxidation and treatment in aquious solutions, prior to the leaching, and extraction by ion-exchange, and electrowinning. Since these processes are confidential, as to the chemistry, metallurgy, and equipment compliment, no complete description will be found in this pamphlet. Certainly, however, during an agreement in escrow period, the prospective venturer shall have witnessed physical demonstrations of gold extraction, using our process from samples which he himself has gathered from the Mohave property.

D. H. Winger

CALCULATION OF RESERVES, cont'd

If we now average the two sets of assays for projection puposes, we have: 0.494 + 0.71 /2 = 0.60 oz. gold per ton, and if 85% becomes recoverable, you have, 0.60 x .85 = 0.51 ounces per ton.

And taking a one quarter section, at one half yard deep, we get 880 yds. x 880 yds. x 1/2 = 387,200 cubic yards of ore in place. And since each cubic yard of this ore weights approximately 1.5 tons, we have:

1.5 x 387,200 cu. yds. = 580,800 tons of blocked ore.

And since the recoverable figure is 0.51 ounces per ton, we have blocked out:

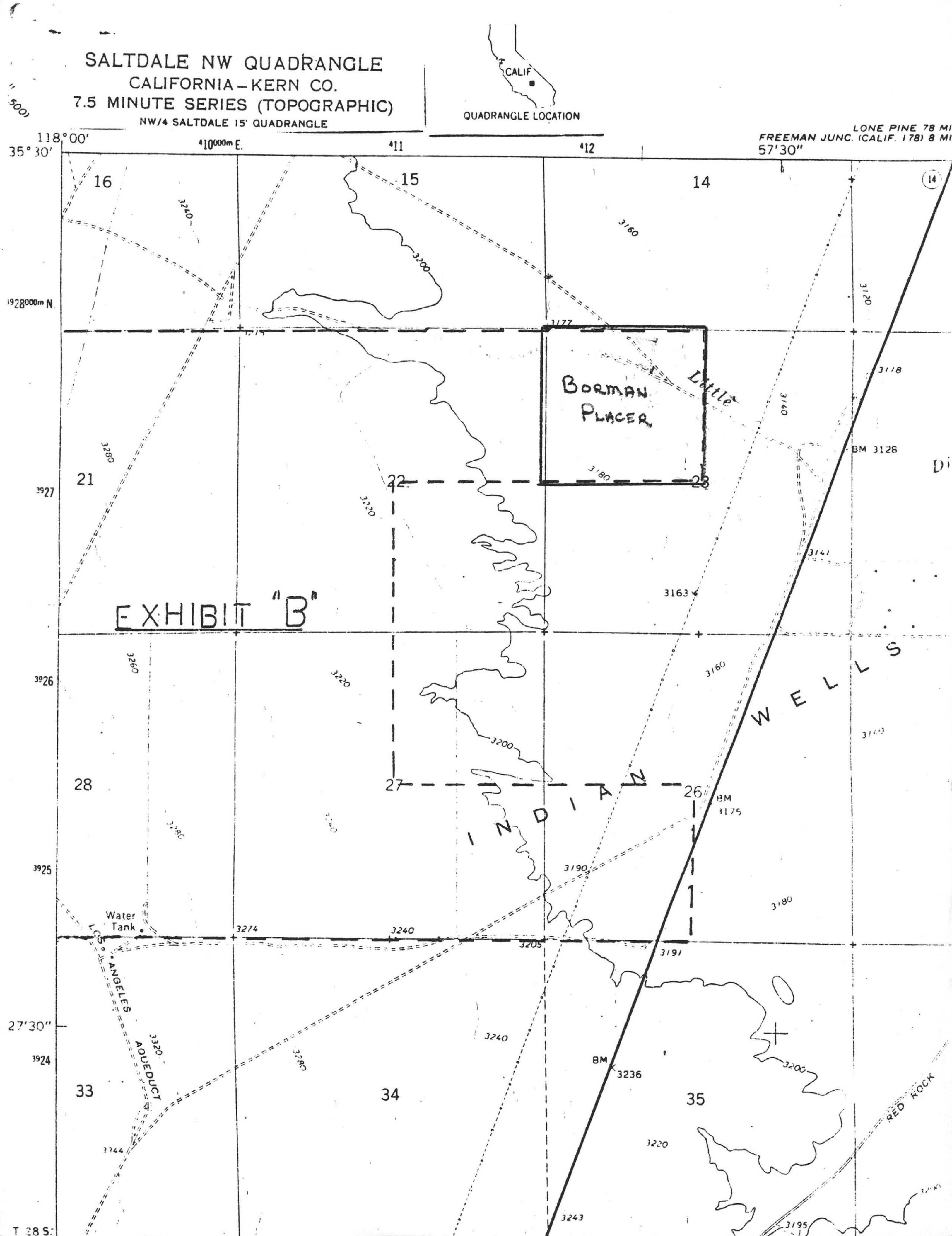
580,800 tons x 0.51 = 296,208 oz. of gold.

Given a value of $400.00 per ounce, we have a projected gross value of:

$400.00 x 296,208 oz. Au = $118,483,000.00

Certainly, the above figures are impressive from an economic standpoint, and will be more fully discussed under the "business plan" section.

R. H. Winnger


SALTDALE NW QUADRANGLE
CALIFORNIA–KERN CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)
NW/4 SALTDALE 15' QUADRANGLE
CALIF
QUADRANGLE LOCATION
LONE PINE 78 MI
FREEMAN JUNC. (CALIF. 178) 8 MI
118°00'
35°30'
410000m E.
411
412
57'30"
3928000m N.
3927
3926
3925
3924
27'30"
16
15
14
21
22
23
28
27
26
33
34
35
Borman Placer
Little
EXHIBIT "B"
INDIAN WELLS
BM 3128
BM 3175
BM 3236
Water Tank
LOS ANGELES AQUEDUCT
RED ROCK
3240
3200
3160
3120
3177
3118
3140
3180
3280
3220
3141
3163
3260
3190
3274
3205
3191
3320
3243
3195
3344
T 28 S

VARIFICATION OF SAMPLING & ASSAYING
NW1/4, SEC. 23, R37E, T28S,
MT. DIABLO B&M, KERN COUNTY,CA.
(See Attached Sketch)

Leo Thiele and I sampled ore from the three locations marked with a circled "x" preceeded by "L", such as L-2, on the seventh day of March, 1985, in the presence of Gilbert Borquez, and Bill Michael, and delivered the said samples to the J.B. Laboratory, Phoenix, Arizona for testing and assaying. See the J.B. Laboratory summary statement attached.

On the morning of October 15, 1985, I personally gathered samples from the locations on the attached sketch marked C-1, C-4, C-10, C-9, and C-11. These samples were pulverized and sent to Wilkinson Assays, 8849 Sierra Ave., Fontana, California for assay. The assays are attached.

All samples were taken to a depth of 12 to 16 inches, and for calculations o the attached sketch, a depth of 12 inches, or 1/3 yard was used. The "C" samples were split with a 1/2" chute sample splitter, averaged down from about 30 pounds to about 3 pounds. The "L" samples were averaged from about 2,200 pounds of samples taken in and around the points on the sketch.

I varify that the above statments are correct to the best of my knowledge and belief.

Dated: 3/19/85

S. E. (Ernie) Theiss
3345 W. Evans Drive
Phoenix, Arizona 85023

(602) 863-0447

Cont'd information, Mohave Ore, Section 23, R37E, T28S, Mr. Diablo B&M, Kern County, California:

CALCULATION OF RESERVES (See attached sketch)

From the assays thus far taken. approximately 3,115,200 standard tons of ore to a depth of one third yard, is proven by the attached assay sample points. The assays indicate Gold in place of about 489,189 troy ounces, using an average assay of 14.65 grams (0.471 troy ounces) per ton. If a recovery of 85 percent is used, which Austin Redds tests indicate as possible, an average of 0.4 troy ounce per ton is recoverable. This would result in the proven recoverable reserves at approximately 415,360 troy ounces (1,038,200 X 0.4), in the ore thus far blocked out.

EXPECTED EXPANSION

Prior to commencing long range mining, additional ore shall be proven to at least the six foot deep level over the same area shown in the sketch.

WATER WELL DATA

Robers Roost, 5 miles north of the subject property, two successful wells are drilled to the 200 ft. level. Two miles south, BLM have a successfull well and its depth is not known by us.

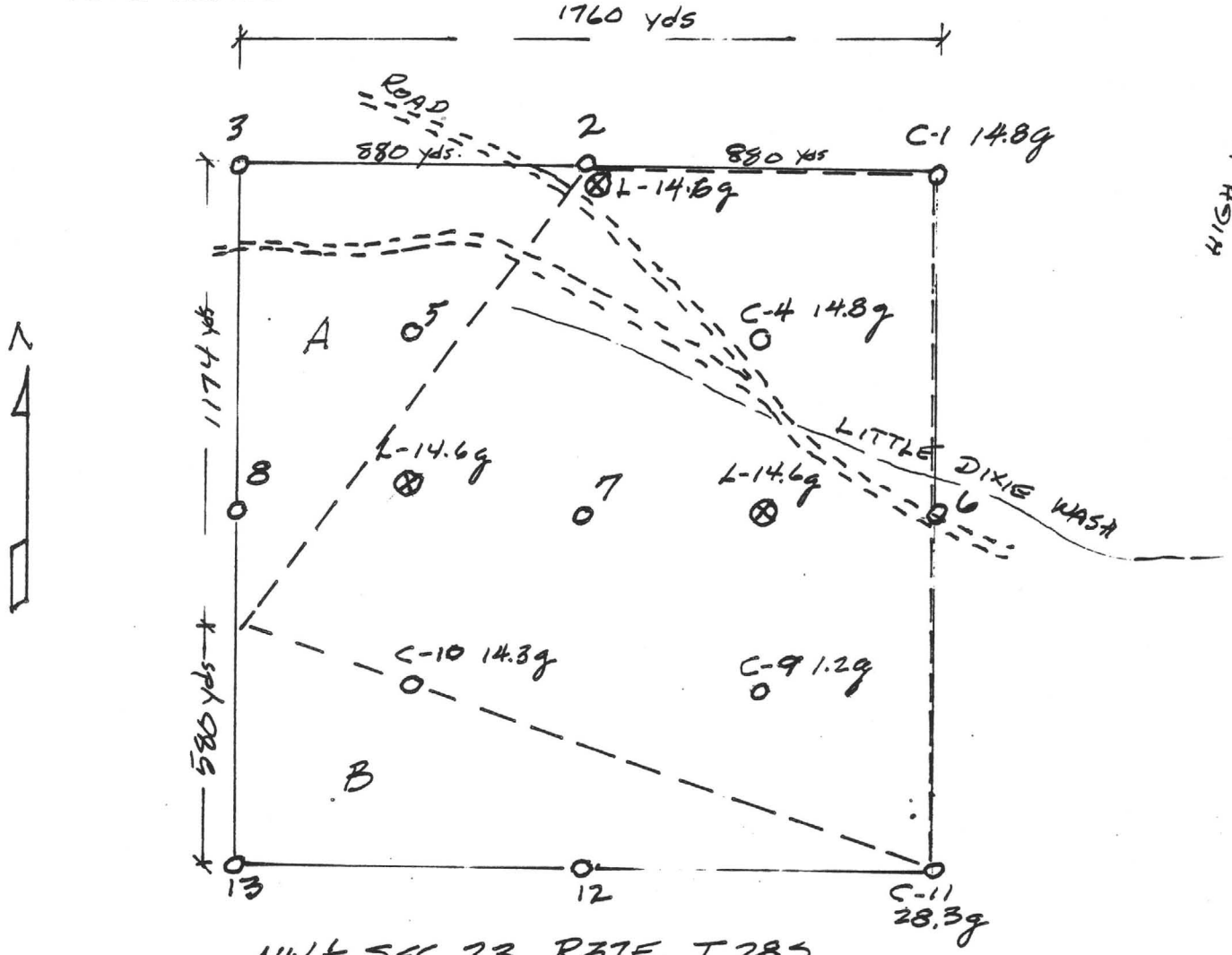
GENERAL DATA

1) The terrain rolls gently with occational dry washes, Little Dixie Dry Wash flows through the subject property. Elevation ranges from about 3140 to 3180 ft. above sea level.
2) Labor and materials is available from Mohave, 32 miles to the south, Inyokern, 17 miles north, and Ridgecrest, 28 miles north east. Spec. materials shall come from Los Angeles, 140 miles to the south. There is considerable mining in the area, so labor force is well adaptable to our project.
3) Day time weather ranges from the 40°F in winter to 100°F in summer, and freezing for short periods during the winter. Climate lends itself to year around mining and milling.
4) The nearest railhead spur runs to within 12 miles south of the property on California highway 14.
5) Although high tension electric lines run to within 4 or 500 yards of the property, a sub-station would have to be installed. It is our plan to install diesel electric plants. Natural gas is not available. We must install water wells for water.

S. E. Theiss
Gold Extractions, Inc.
3345 W. Evans Drive
Phoenix AZ 85023

(602) 863-0447

3/20/86
S.E. THE 155



NW ¼ SEC 23, R37E, T28S
MT. DIABLO B & M
KERN COUNTY, CALIF.

AREA INSIDE -- LINE = 1760^2 = 3,097,600 SQ. YDS.
- A 1174 × 880 yds ÷ 2 = (516,560) SQ. YDS.
- B 1760 × 580 yds ÷ 2 = (510,400) SQ. YDS.

NET yds^2 = 2,076,800 SQ. YDS
× 1 yd DEEP = 2,076,800 YDS^3
× 1½ T/Yd. = 3,115,200 S. TONS

SAMPLES WERE TAKEN TO 12" DEPTH, OR ⅓ YD DEEP
PROVEN ORE IS THEREFORE × ⅓ = 1,038,400 S. TONS

ASSAYS L⊗ TESTED BY J.B. LAB. = 14.6 g @ AVERAGED (3)
C-1 14.8g, C-4 14.8g, C-10 14.3g, C-11 28.3g, C-9 1.2g
ADDING: 117.2 g ÷ 8 = 14.65 grams AVERAGE
AND ÷ 31.1 Grams = 0.47 TROY OUNCES GOLD/TON
GOLD IN PLACE × 1,038,200 TONS = 487,954 TROY OUNCES GOLD

J. B. LABORATORY

Specialists in Precious Metal Recovery

45th Street at University Ave, Phoenix AZ
Telephone (602) 966-8103

11/16/85

Ore taken from Section 23, R37E, T28S, Mt. Diablo B & M, Kern County, Calif., was gathered and delivered by Ernie Theiss and Leo Thiele the first week in March 1985. Several test programs were conducted on this ore, and in the first part of November, 1985, one of my consultants, Mr. Jerry Henderson, made a report to me showing an average recovery of gold of 0.47 troy ounces per ton of identical ore equivalent. This equates to 14.6 grams per ton. The recovery method used a NaCN leach with a special chemical oxidizer, collection on resin, eluding with a suitable solvent, and plating onto steel wool. Although I did not personally witness these assays, I have reason to beleive them accurate.

Robert Holladay, proprietor.

WILKINSON ASSAYS

ASSAY REPORT

8849 SIERRA AVE. • FONTANA, CA 92335 • SINCE 1967 • PHONE (714) 823-4607

ASSAYER • CHEMIST • METALLURGIST • REFINER • GEOLOGIST • MINE CONSULTANT

CHEM. TESTED	CHARGE	WEIGHT	DATE	PRICE	OUNCES PER TON	GRAMS PER TON	VALUE PER TON
GOLD	$ 7.00	29.3 grams	1-21-86	$ 334.00	0	14.8	$ 159.48
SILVER	$	29.3 grams					$
COPPER	$	29.3 grams					$
LEAD	$	29.3 grams					$
ZINC	$	29.3 grams					$
PLATINUM	$	29.3 grams					$
PALLADIUM	$	29.3 grams					$
MICRON GOLD	yes	COMMENTS: most of your values are free flower size					
FREE GOLD	yes	gold with little micron size gold also,					
SULFIDE	yes	also you have heavy traces of copper. THANKS					
ARSENIC	no	ERNIE THEISS # 10			Duane Wilkinson		
TELLURIDE	no	SUBMITTED BY		SAMPLE#			ASSAYER
PAID	yes	ASSAY BASED ON SPECIMENS LEFT AT LAB ONLY			BASED ON ASSAY TON 2000 LB.		

WILKINSON ASSAYS

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CHEM. TESTED	CHARGE	WEIGHT	DATE	PRICE	OUNCES PER TON	GRAMS PER TON	VALUE PER TON
GOLD	$ 7.00	29.3 grams	2 19 86	$ 337.00	0	14.8	$ 160.82
SILVER	$	29.3 grams		$			$
COPPER	$	29.3 grams		$			$
LEAD	$	29.3 grams		$			$
ZINC	$	29.3 grams		$			$
PLATINUM	$	29.3 grams		$			$
PALLADIUM	$	29.3 grams		$			$
MICRON GOLD	mostly	COMMENTS	mostly micron size gold with little free				
FREE GOLD	little		flower size gold too.				
SULFIDE	no						
ARSENIC	no	ERNIE THEISS	4-C		Duane Wilkinson		
TELLURIDE	no	SUBMITTED BY		SAMPLE #		ASSAYER	
PAID	yes	ASSAY BASED ON SPECIMENS LEFT AT LAB ONLY			BASED ON ASSAY TON 2000 LB.		

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CHEM. TESTED	CHARGE	WEIGHT	DATE	PRICE	OUNCES PER TON	GRAMS PER TON	VALUE PER TON
GOLD	$ 7.00	29.3 grams	2/19/86	$ 337.00	0	I.2	$ I3.03
SILVER	$	29.3 grams	/ /	$			$
COPPER	$	29.3 grams	/ /	$			$
LEAD	$	29.3 grams	/ /	$			$
ZINC	$	29.3 grams	/ /	$			$
PLATINUM	$	29.3 grams	/ /	$			$
PALLADIUM	$	29.3 grams	/ /	$			$
MICRON GOLD	mostly	COMMENTS	mostly micron size gold with little free				
FREE GOLD	little		flower size gold too.				
SULFIDE	no						
ARSENIC	no	ERNIE THEISS	9-C		Duane Wilkinson		
TELLURIDE	no	SUBMITTED BY		SAMPLE #			ASSAYER
PAID	yes	ASSAY BASED ON SPECIMENS LEFT AT LAB ONLY			BASED ON ASSAY TON 2000 LB.		

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GOLD	$ 7.00	29.3 grams	I 21 86	$ 334.00	0	I4.3	$ I54.I3
SILVER	$	29.3 grams		$			$
COPPER	$	29.3 grams		$			$
LEAD	$	29.3 grams		$			$
ZINC	$	29.3 grams		$			$
PLATINUM	$	29.3 grams		$			$
PALLADIUM	$	29.3 grams		$			$
MICRON GOLD	yes	COMMENTS	most of your values are free flower size				
FREE GOLD	yes		gold with light traces of copper also. THANKS				
SULFIDE	yes						
ARSENIC	no	ERNIE THEISS	# IOC		Duane Wilkinson		
TELLURIDE	no	SUBMITTED BY		SAMPLE #			ASSAYER
PAID	yes	ASSAY BASED ON SPECIMENS LEFT AT LAB ONLY				BASED ON ASSAY TON 2000 LB.	

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CHEM. TESTED	CHARGE	WEIGHT	DATE	PRICE	OUNCES PER TON	GRAMS PER TON	VALUE PER TON
GOLD	$ 7.00	29.3 grams	2/19/86	$ 337.00	0	28.3	$ 307.60
SILVER	$	29.3 grams		$			$
COPPER	$	29.3 grams		$			$
LEAD	$	29.3 grams		$			$
ZINC	$	29.3 grams		$			$
PLATINUM	$	29.3 grams		$			$
PALLADIUM	$	29.3 grams		$			$

MICRON GOLD	mostly
FREE GOLD	little
SULFIDE	no
ARSENIC	no
TELLURIDE	no
PAID	yes

COMMENTS this one is very rich in gold mostly free flower size gold with little micron size gold, this ore would be easy to wet table. GOOD LUCK.

ERNIE THEISS II-C — Duane Wilkinson

SUBMITTED BY — SAMPLE # — ASSAYER

ASSAY BASED ON SPECIMENS LEFT AT LAB ONLY — BASED ON ASSAY TON 2000 LB.

B A T T E L L E R E C O V E R Y U N I T

magnetic drum that pulls the iron-bearing sand out has a market value of its own.

GOLD

Continued from E1

P R O P O S A L

BATTELLE - BORMAN PROJECT

PHASE I

WEEK 1	OBTAIN CONTRACT WITH PROPERTY OWNERS OBTAIN CONTRACT FOR BATTELLE RECOVERY UNIT
WEEK 2	EMPLOY INDEPENDANT GEOLOGIST TO EVALUATE PROPERTY
WEEK 3	LOCATE BEST MINABLE AREAS
WEEK 4	DETERMINE % RECOVERY POSSIBLE WITH BATTELLE UNIT

PHASE II

WEEK 5	SUBMIT PLAN OF OPERATION OBTAIN DAMAGE & RESTORATION BOND OBTAIN LIABILITY INSURANCE OBTAIN FEDERAL, STATE & COUNTY PERMITS
WEEK 6	DESIGNATE MILL & MINE SITES CONTRACT FOR MILL SITE, ROADS & WATER DRAINAGE CONTRACT FOR WELL & WATER SYSTEM CONTRACT FOR SITE UTILITIES PURCHASE TRASH SCREEN AND STACKER
WEEK 7	INSTALL TRASH SCREEN AND STACKER
WEEK 8	INSTALL BATTELLE UNIT

PHASE III

WEEK 9	SHAKEDOWN RUN
WEEK 10	PRODUCT EVALUATION
WEEK 11	GEOLOGICAL & MINERALOGICAL EVALUATION
WEEK 12	ENGINEERING ADJUSTMENTS

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

28 OCTOBER 1987

ASSUMPTIONS ON BATTELLE PRECIOUS METAL RECOVERY, PROJECT # 1

ORE VALUE @ 0.40 OZ AU/TON LESS 10% DELETION FACTOR
AU @ $450/OZ, RECOVERY @ 90% EFFICIENCY, REFINING @
10% RECOVERED VALUE.

GROSS REVENUE
OPERATION 10 HOURS/DAY, 10 TONS/HOUR, 22 DAYS PER MONTH

GROSS REVENUE PER MONTH		$288,684	
COST OF GOODS			
BATTELLE UNIT 2 $30,000/MO + 25% GROSS*	$102,170		(35%)
PROPERTY @ $10,000/MO OR 5% ADJUSTED GROSS	$ 24,430		(08%)
COST OF GOODS	$126,600		(43%)
GENERAL OVERHEAD			
ADMINISTRATIVE WAGES @2	$ 4,000		
ADMINISTRATIVE ASST. WAGES @1	1,500		
LEGAL & ACCOUNTING	500		
COST OF SALES**	5,590		
TRAVEL & AUTO EXPENSES	2,810		
LODGING & SUBSISTANCE	2,000		
EMPLOYEE TAXES	1,700		
LIABILITY INSURANCE	500		
	$ 18,600		(06%)
TOTAL EXPENSES		$145,200	(49%)
ASSUMED NET INCOME @ 10 HOURS/DAY OPERATION		$143,484	(51%)

GROSS REVENUE
OPERATION 24 HOURS/DAY, 10 TONS/HOUR, 22 DAYS PER MONTH

GROSS REVENUE PER MONTH		$692,840	
COST OF GOODS			
BATTELLE UNIT	$203,210		(29%)
PROPERTY	24,480		(04%)
	$227,690		(33%)
GENERAL OVERHEAD	$ 21,340		(03%)
TOTAL EXPENSES		$249,030	(36%)
ASSUMED NET INCOME @ 24 HOURS/DAY OPERATION		$443,810	(64%)

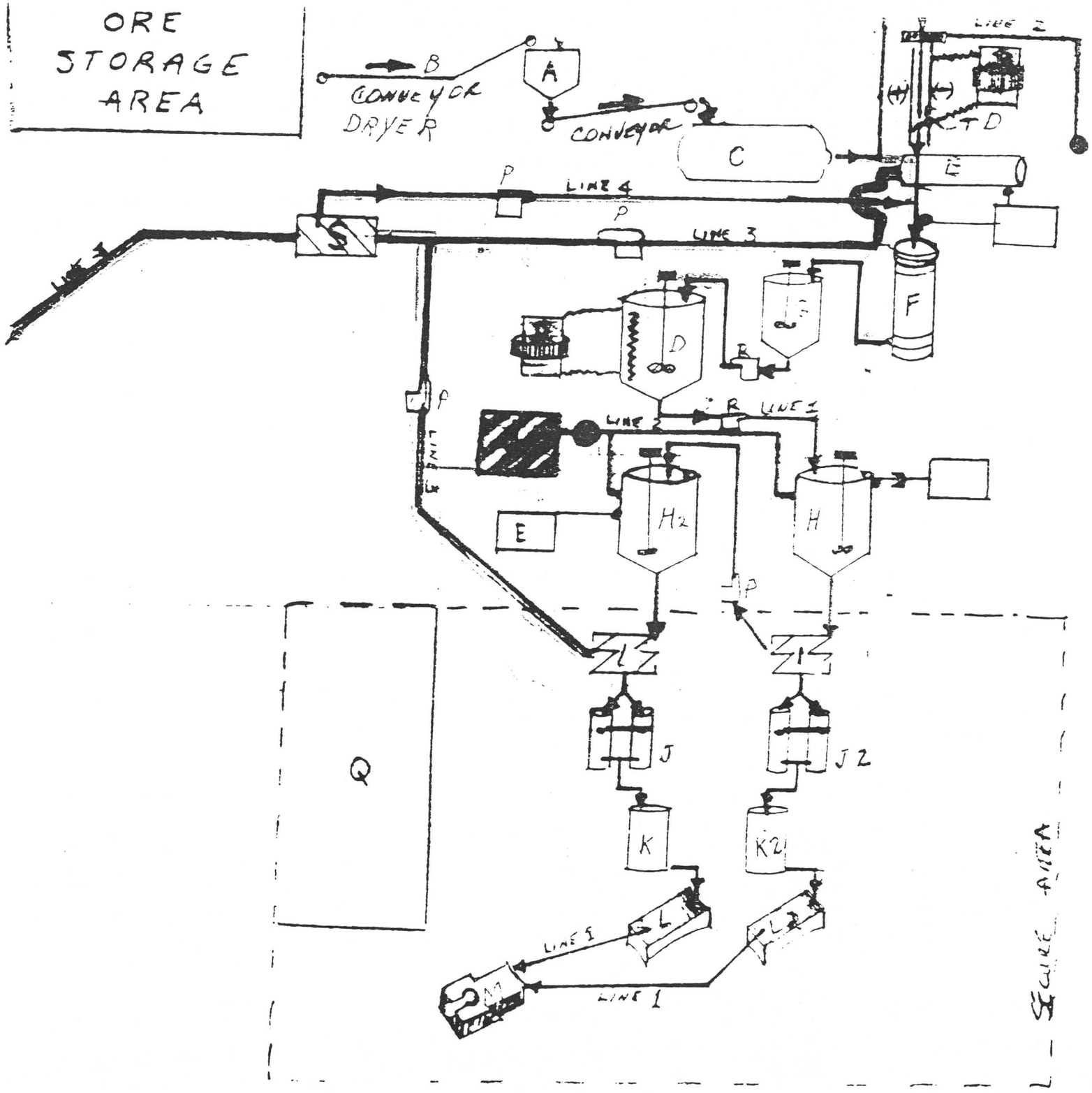
ANUAL NET INCOME PROJECTIONS

10 HOUR/DAY OPERATION	$1,721,808
24 HOUR/DAY OPERATION	$5,325,720

BATTELLE - BORMAN PROJECT

OPERATIONAL EXPENSES

PRE-OPERATION - 2 MONTHS		
GEOLOGICAL VERIFICATION	$ 5,000	
PREPAID INSURANCE	10,000	
STATE & FEDERAL PERMITS	1,500	
LEGAL FEES	1,000	
PROPERTY LEASE & DOWNPAYMENT	25,000	
BATTELLE UNIT LEASE & SETUP	60,000	
TRUCK LEASE	1,000	
SITE & ACCESS PREPARATION	10,000	
WELL & H_2O SYSTEM	14,200	
ELECTRICAL & AREA LIGHTING	10,000	
SECURITY FENCING	6,500	
SEPTIC SYSTEM	1,800	
TRASH SCREEN & STACKER	24,200	
UTILITY GENERATOR	3,000	
UTILITY FUEL & OIL	600	
GENERAL OVERHEAD	37,200	
15% CONTINGENCY	33,300	
	$255,300	
SHAKEDOWN OPERATION - 1ST MONTH		
PROPERTY LEASE	10,000	
BATTELLE LEASE	30,000	
GEOLOGICAL VERIFICATION	3,000	
GENERAL OVERHEAD	19,200	
15% CONTINGENCY	9,300	
	$ 71,500	
FULL OPERATION - 2ND MONTH		
PROPERTY LEASE	$ 24,500	
BATTELLE LEASE	102,200	
GENERAL OVERHEAD	19,000	
15% CONTINGENCY	21,900	
	$167,600	
SUB TOTAL		$ 494,400
RESERVE FUND	$ 5,600	
ESTIMATED CAPITAL REQUIRED		$ 500,000



FLOW

LINE 1	MAIN PRODUCT (BLACK)
LINE 2	WATER (GREEN)
LINE 3	WASTE (YELLOW)
LINE 4	RECYCLE WATER ~~(BLUE)~~

ITEMS LIST

A	ORE HOPPER 4' x 8'
B	CONVEYOR AND DRYER
C	MICROPULVERIZER 60"x46"x42"
D	ELECTRO-OXIDIZING TANK 9'-3" DIA x 6' PLUS ONE W/ 15000v ELECTRICAL TRANSF.
E	CENTRIFUGE CONCENTRATOR 2' DIA x 4'
F	HI PRESSURE STAINLESS STEEL AUTOCLAVE
G	NEUTRALIZING TANK 9'3" DIA x 6' PLUS CONE
H	AG/PGM RESIN IN PULP EXTRACTION TANK 9'3" DIA x 6' PLUS CONE
H2	AU RESIN IN PULP EXTRACTION TANK 9' 3" DIA x 6' PLUS CONE
I	VIBRATING SCREENS 4' x 6'
J	AG/PGM RESIN STRIPPING COLUMN 7" DIA x 6'
J2	AU RESIN STRIPPING COLUMN 7" DIA x 6'
K	AG/PGM PREGNANT SOLUTION TANK 5000 GAL
K2	AU PREGNANT SOLUTION TANK 5000 GAL
L	AG/PGM ELECTRO WINNING BOX 14" x 14" x 5'
L2	AU ELECTRO WINNING BOX 14" x 14" x5'
M	MELTING FURNACE 4' x 5'
N	HOT WATER HOLDING TANK 9' 3" x 10'
O	HOLDING TANK 9' 3" x 10'
P	SLURRY PUMP 5 HP 3' x 5' BASE

JOINT VENTURE

PRIVATE PLACEMENT MEMORANDUM

DAVAGE TECHNOLOGY INC.

Leader in the Field

of NEW TECHNOLOGY

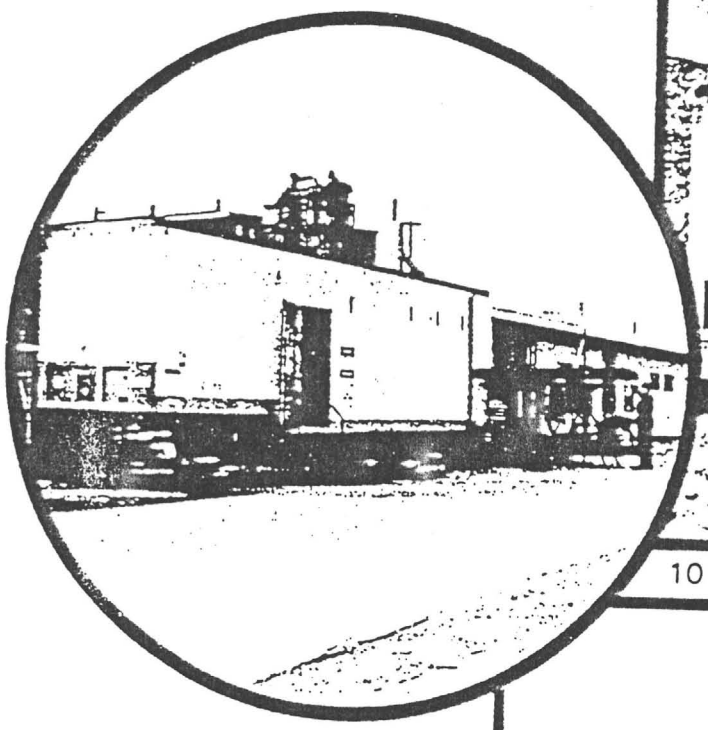
for recovery of

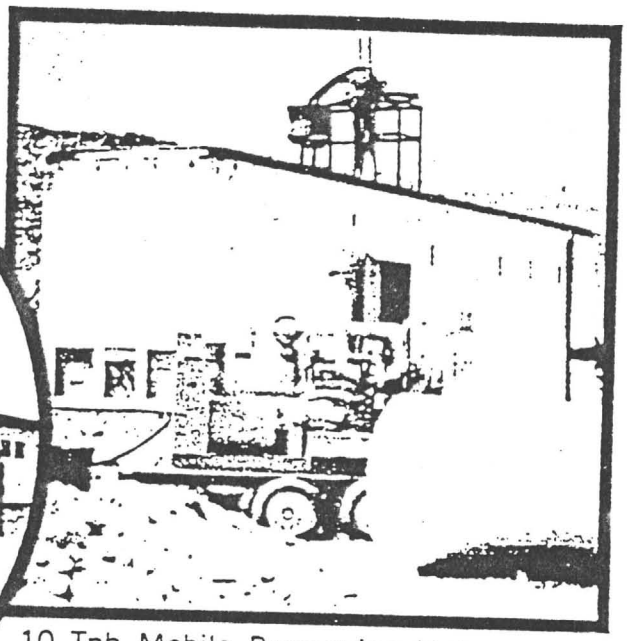
THE EARTH'S PRECIOUS METALS.

Davage Technology Inc.
7065 West Allison, Chandler, AZ 85226
1-(800)-528-3233 (602) 961-0731

TABLE OF CONTENTS

Mobile Pilot Plant
For Placer Gold Recovery

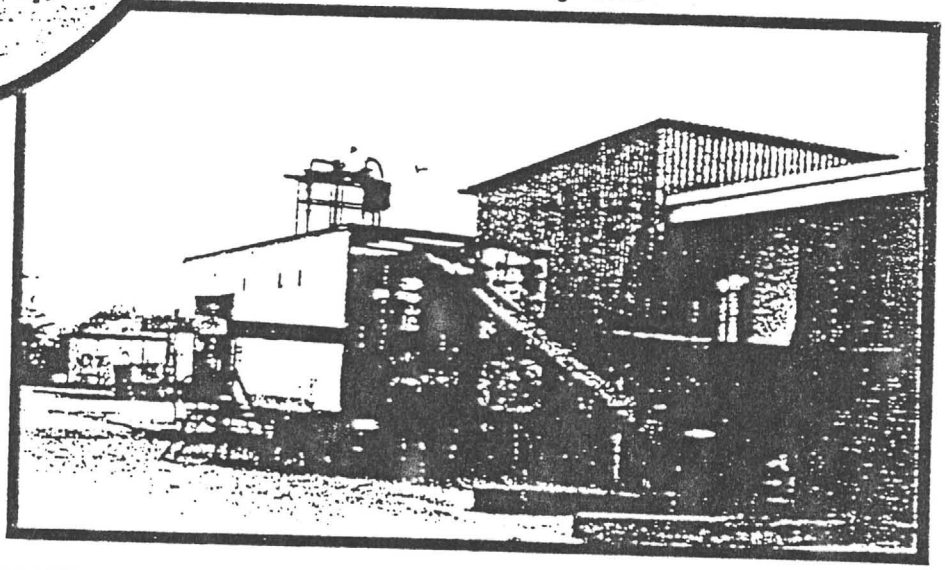




10 Tph Mobile Processing Unit

Mobile Process Unit*
Produces Gold Concentrates From Feeds Containing Black Sands. No Chemical Processing; Minimal Water That Can Be Recycled. Over 90 Percent Recovery to 325 Mesh

*Patent Pending



Battelle
Development Corporation

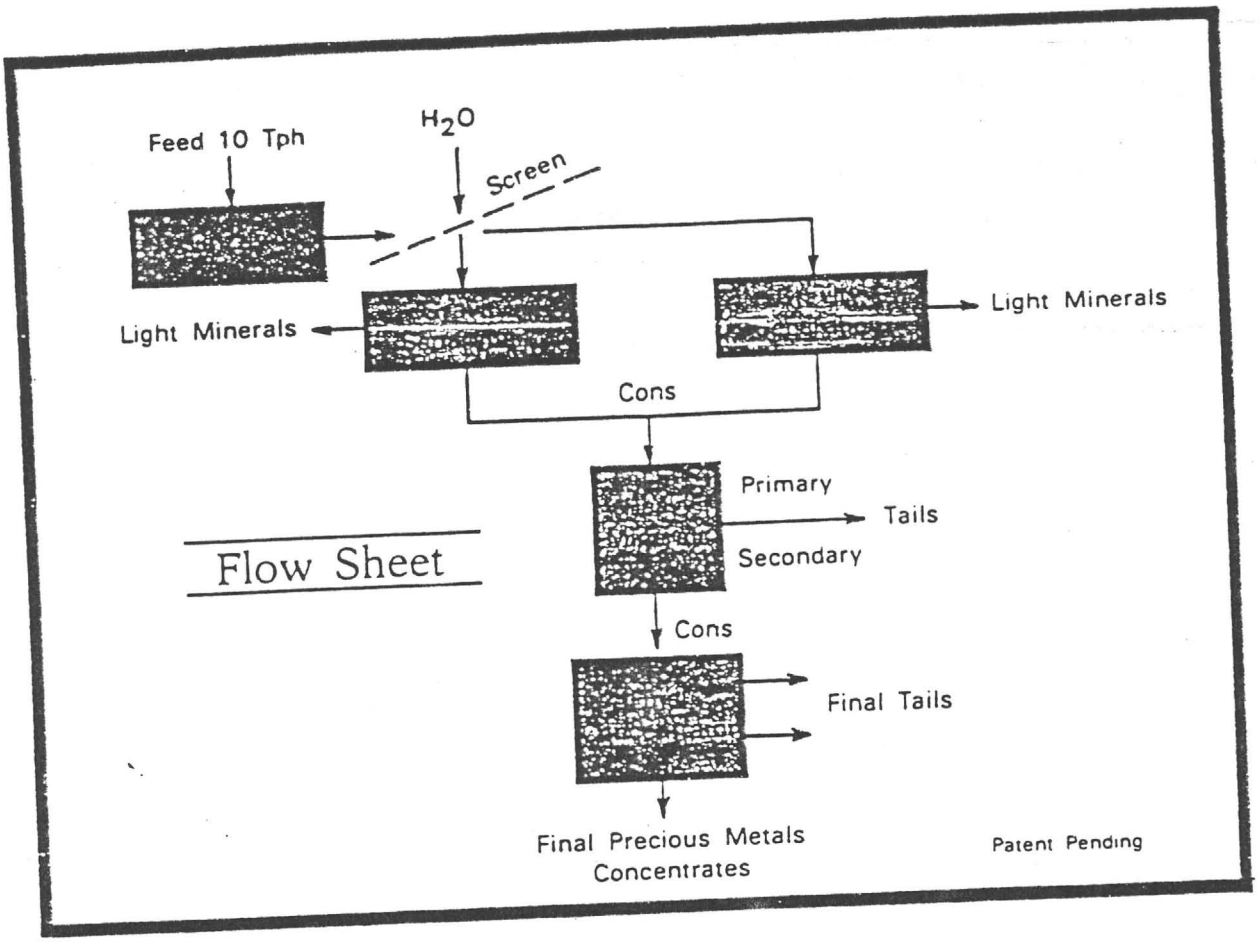
INTRODUCTION

Battelle Memorial Institute of Columbus, Ohio, the largest independent research and development organization in the world, in conjunction with Davage Technology, Inc. of Phoenix, Arizona, has over the past four years, at a cost of more than $2 million dollars, developed and patented a self-contained mobile processing plant for the recovery of precious metals; i.e. gold, platinum, silver, etc.

The system was originally designed to process 100 tons (75 cu. yds.) per hour, but in order to conduct field tests and initiate production on a small scale, a mobile system was designed to process 10 tons (7.5 cu. yds.) per hour. This version has proved to be not only an efficient production unit but a means of achieving reliable placer evaluation as well.

Davage Technology has operated this system under its worldwide license on three (3) different sites in Arizona and Nevada, in each case proving that it recovers more than 95 percent (95%) of all gold present and that its in-field operating costs are $5.00 or less per ton. This system can also be used on hard rock deposits if crushed before processing, since the total plant is contained in a 40-foot semi-trailer with its own generator. Water usage is only 235 gallons per minute of recycled water and mining operations can be started in less than three (3) weeks after the plant arrives at the mine site. The mobile unit is operated by one or two technicians and will run continuously 24 hours a day since it is essentially automatic.

Davage Technology's concept has been to evaluate a deposit using the smaller system, producing gold in the process, and when the size and concentration justifies it, install the 100 ton per hour plant for full and continuous production. With its very low operating cost, this mobile system can prove very profitable even with relatively low-grade ore.



Process Design Data

Design Feed Capacity: 10 tons per hour

Concentration: >1600 : 1

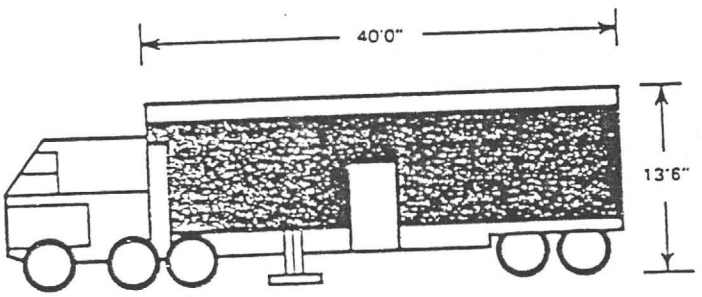
Designed Recovery: >90 percent in less than 1 percent feed material to 325 mesh

Water Requirements: 235 gpm recycled from settling pond

Power Requirements: 120 kW

Weight: 7 tons

Dimensions: Contained in 40-foot semitrailer



PROCESS DESCRIPTION

Battelle's Mobile Plant for Placer Gold Recovery

Throughout the Western United States, as well as other countries, there are natural occuring placer gravels containing gold. Gold values as high as 0.1 oz. per ton are reported. Unfortunately, a large number of these placers also contain "black sands" which consist mainly of magnetite, ilmenite, and hematite. Due to the fact that the black sands are extremely heavy, as is gold, the separation of the two is extremely difficult. Most placer gravels are processed using gravity separation techniques to recover gold. The black sands separate into the heavy concentrates along with the gold using these techniques.

During 1981, the Minerals Processing Group of Battelle's Columbus Laboratories initiated a project to overcome the problem of separating gold from black sands. A process to produce gold concentrates containing minimal amounts of black sands has been developed. A patent has been granted and a mobile plant has been constructed and field tested by a licensee of the process. This document describes this process, generically.

The process involves five (5) separate sizing, separation, and concentrating steps. All of the processing steps are physical, no chemical processing is involved. The processing is carried out using minimal water that can be recycled to the process.

The initial step in the process is a wet screening operations to produce three (3) size fractions: +10 mesh (rejects), -10 +65 mesh, and -65 mesh. In most placer gravels, the gold particles are much smaller than 10 mesh; therefore, the +10 mesh washed gravels can be discarded. If it is suspected that the gravels contain gold particles larger than 10 mesh, this material could be treated using a conventional sluice for coarse gold recovery. The other fractions, -10 +65 and -65 mesh are then treated separately in the next processing step.

The second step is the primary concentrating step in which the black sand and gold are concentrated. The tailings from this step contain the gangue and lighter

minerals of no interest. As previously mentioned, this step is carried out on two separate size fractions. The heavy mineral concentrates from this step are recombined for further processing.

The next two steps (3 and 4) of the process are the primary and secondary separation steps. In these steps, the black sand and other heavy minerals are separated from the gold particles.

The final, secondary concentration step processes the concentrates from the previous separation steps and produces a final clean gold concentrate.

Results from laboratory-scale experiments on several placer gravel samples indicate gold recoveries greater than 90 percent (90%) in less than 1 percent (1%) of the feed material.

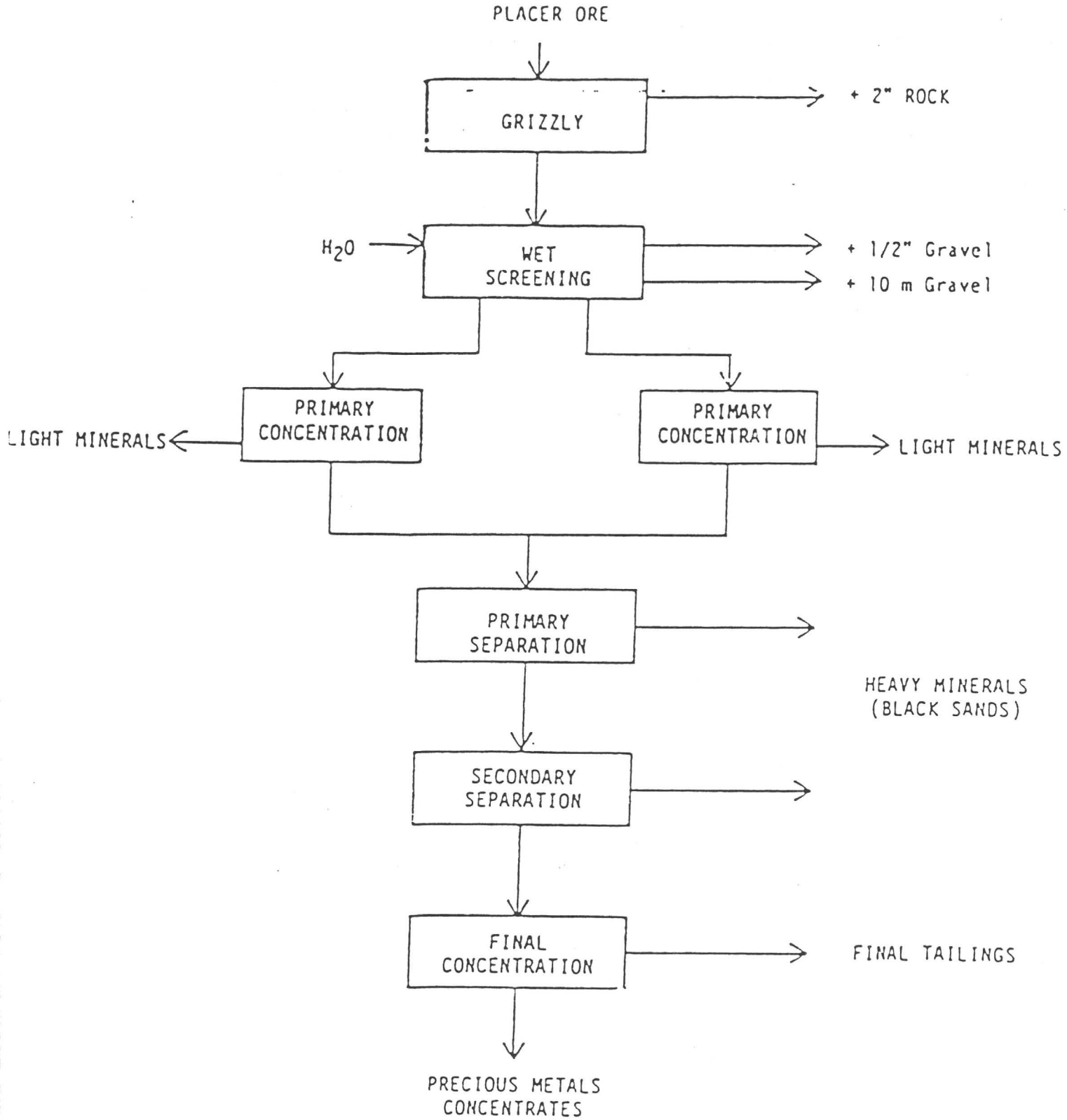
The mobile pilot plant now being operated was designed to process 10 tons per hour of virgin placer ore. The concentration ratio for the pilot plant is about 16,000:1. The unit uses only 235 gpm water and this can be recycled by use of a simple settling pond. Power requirements for the mobile unit are only 120 kw. The unit can be fed using a grizzly and conveyor, or slurries, such as tailings from primary recovery operations, can be pumped to the unit.

The mobile unit was designed, not only for further evaluation of the process, but also to be used as a mobile sampling and evaluation tool for placers. Several hundred tons of gravels can be economically processed in a short time to determine gold values in the placer deposits. This method of placer evaluation reduces the "nugget" effect often encountered in placer sampling and evaluation.

The pilot plant equipment, which weighs about 6 to 7 tons, is mounted in a totally enclosed 40-foot semi-trailer.

This mobile unit has been monitored to evaluate processing capabilities. All indications are that the unit performs as designed. The laboratory tests and the pilot plant operations, to date, indicate that gold as fine as 325 mesh can be recovered and that a high percentage of particles of 200 mesh are recovered by the process.

Preliminary operating cost estimates indicate that the process could operate on placer gravels that contain gold values in the range of 0.02 to 0.03 oz. per ton.



BLOCK DIAGRAM OF BATTELLE'S MOBILE PILOT PLANT FOR GOLD RECOVERY FROM PLACER DEPOSITS

OPERATING PARTNER

Davage Technology, Inc. was formed as a public company in 1981 through merger with an inactive publicly-owned entity based in Salt Lake City, Utah. Dr. Joseph B. Davidson, president of Davage, and associates transferred a variety of oil, gas and mining properties in Ohio, Kentucky and Arizona to Davage Technology in exchange for stock in the company. In early 1985 the company withdrew from the oil and gas business and later that year moved its headquarters from Akron, Ohio to Phoenix, Arizona. Since then, the company has concentrated on plans for gold, platinum and silver recovery operations using the Davage-Battelle process. Dr. Davidson has personally supervised all the field operations, aided by his technician, Joel Zemba, who will operate the first plant upon delivery to the mine site.

In June 1986, at a cost of approximately three million dollars, Davage Technology, Inc. acquired Paragon Steel Structures of Chandler, Arizona, the country's leading designer and manufacturer of steel-framed, pre-engineered homes, as well as commercial, industrial and agricultural buildings. Two other steel building marketing firms have since been acquired and consolidated with Paragon, which is operated separately as a wholly-owned subsidiary of Davage Technology, Inc.

Following these acquisitions, Davage Technology, Inc. has approximately 12.5 million shares outstanding, which are currently actively traded over-the-counter. Following early completion of new consolidated financial reports, (which will be available upon request) prepared by its international auditors, Coopers & Lybrand, the company plans to apply for listing of its shares on the National Association of Securities Dealers (NASD) automated trading system. The company's general counsel is Streich, Lang, Weeks & Carson, one of Phoenix's leading corporate law firms.

R E S U M E

JOSEPH B. DAVIDSON

Joseph B. Davidson, owner of Flying J Mines for nearly ten years, is 63 years of age and resides in Phoenix, Arizona. He is a graduate of Michigan State University, obtaining his DVM degree with emphasis in Chemistry. Dr. Davidson has researched and developed feed and chemical products, has authored several books and was a general practitioner as a Doctor of Veterinary Medicine for 14 years.

Dr. Davidson has had varied investment and management roles in the past 30 years and was in the oil and gas field for 15 years. He is currently president of Davage Technology, Inc., a Utah corporation, which cooperated with Battelle Memorial Institute in development of the patented gold recovery system for which Davage has worldwide license rights. He is also serving temporarily as president of Paragon Steel Structures, Inc., a Delaware corporation which Davage recently acquired. His principal interest however, is field management of gold recovery operations using the Battelle process.

Flying J Mines was organized in the mid 70's for the purpose of mining valuab minerals and related purposes. It, and its principals, have since acquired interests in several unpatented and patented mining properties in Nevada and Arizona. Its exploration, development and operations have included drilling and trench sampling, directing geological evaluations with independent geologists, assaying, mining and processing ores.

In 1982, Dr. Davidson, having encountered the well-known problem of separating gold from black sand in an Arizona mining operation, took the problem to Battelle Memorial Institute, Columbus, Ohio. After a thorough review, Battelle agreed to seek a solution. Two years later the present system was developed and successfully field-tested at four varying sites under Dr. Davidson's personal direction.

A more complete resume can be found in Who's Who in the Midwest, Who's Who in America, or 1984 edition of the Dictionary of International Biography.

RESUME

GORDON R. MOLESWORTH

Date of Birth:	November 10, 1916, Louisburg, KS.
Education:	B.S. Degree in Technical Journalism Kansas State University - 1939 (Magna Cum Laude - Rhodes Scholarship Candidate)
Employment History:	
1939-1942	Financial editor, The Kansas City Star, Kansas City, MO
1942-1946	U. S. Air Force (Public Relations Officer, Air Technical Service Command).
1946-1948	Director of Technical Public Relations, Trans World Airlines.
1948-1954	Assistant to the Manager, Oak Ridge Operations, U. S. Atomic Energy Commission.
1954-Present	President, Molesworth Associates, Inc., New York, NY. (A public relations, communications and marketing counseling firm serving primarily technology-based companies.)
Other Activities:	
1954-1955	Instrumental in founding of the Atomic Industrial Forum the industry's trade association, and the American Nuclear Society.
1954-1959	Organizer and manager of International Commercial Atomic Energy Exhibitions, Geneva, Switzerland.
1954-Present	Technology investment consultant to banks, mutual funds and brokerage houses.
1954-Present	Extensive writing and speaking on technological subjects here and abroad.
April, 1980-81	President, Chemtree Corporation, Central Valley, NY. (Manufacturers of patented materials for nuclear shielding, roadway repair and high performance construction.)
1983-Present	President and director of TLS Systems, Inc. (developers and manufacturers of tritium activated light sources).
June '85-Present	Vice President and director, Davage Technology, Inc.
Personal:	Married, three grown children Enjoy travel, tennis, other sports
Business Address:	Davage Technology, Inc., and Molesworth Associates, Inc. 81 W. Esperanza Blvd. Green Valley, AZ 85614.

R E S U M E

FREDERIC B. "FRITZ" LOOMIS

1984 - 1986	Consultant
1982 - 1983	Consultant Consultant petroleum geologist to the Petroleum and Minerals Board, People's Democratic Republic of Yemen, in connection with a World Bank technical assistance project.
1981 - 1982	CER Corporation, Senior Geologist
1977 - 1981	Bendix Field Engineering Corporation, Senior Staff Geoscientist; Assistant Director Geology Division.
1976 - 1977	Scientific Software Corporation, Senior Staff Geologist.
1975 - 1976	U. S. Geological Survey, Geologist.
1971 - 1975	Geological Consultant - based in Calgary, Canada; provided geologic and economic studies of frontier regions throughout the free world. Projects in Canada, Trinidad, Tobago, Panama, Nicaragua and Angola.
1960 - 1970	Clark Oil & Refining Corporation Chief Geologist and Manager, Foreign Operations.
1939 - 1959	Shell Oil Company, Geologist; District Manager.
EDUCATION:	Amherst College, Amherst, Massachusetts BA, 1937 Harvard University, Cambridge, MA 1937-1939 Completed residence requirements for PhD Degree
PROFESSIONAL REGISTRATIONS AND LICENSES:	Professional Engineer, State of Colorado Licensed Geologist, State of California Certified Petroleum Geologist, American Association of Petroleum Geologists
MEMBERSHIPS:	Fellow, Geological Society of America Member, American Association of Petroleum Geologists Member, Society of Mining Engineers, American Institute of Mining, Petroleum and Metallurgical Engineers Member, Society of Exploration Geophysicists Member, Rocky Mountain Association of Geologists
RESIDENCE:	2738 South Via Del Bac, Green Valley, AZ 85614

SUMMARY OF JOINT VENTURE

Davage Technology, Inc. wishes to establish from one (1) to four (4) joint ventures in 1986 with one or more investors to exploit the proven gold recovery capabilities of the Davage-Battelle patented system, the first of which is immediately available and ready to put into operation. The purchase of three additional mobile plants is planned as soon as funds are available from this offering. Battelle has agreed to build these units with delivery expected within 90-120 days after placement of order. Site preparation will commence upon commitment of funds.

It should be emphasized that each of these joint ventures represents an investment in a gold recovery system which can be used on many promising sites, rather than an investment in a single mining property.

An investment of $1,000,000 is required to start production at Rock Creek, Bradshaw Mountains, Arizona (see Use of Proceeds, Plant No. 1). It is estimated that approximately the same amount will be needed for the three additional plants planned for this year. For funds committed, Davage Technology, Inc. will assign a 43% ownership of the mobile plant and 43% of the net income from the gold recovery operations. Net profit projections are based on an averaged gold price of $350.00 per oz. and may be taken by joint venture partner "in kind". Davage Technology, Inc. will retain a 57% ownership of the equipment and 52% of the net profit since 5% goes to Battelle Memorial Institute for worldwide license rights.

Davage Technology, Inc. will provide--through its subsidiary, Flying J Mines--the license from Battelle to utilize the equipment and the technology it embodies, complete operating services including personnel, accounting reports and delivery and/or sale of gold.

Davage Technology, Inc. reserves the right to purchase the joint partner's 43% interest in the mobile plant after thirty-six (36) months from start of operations.

Tendering of funds will be through an escrow agent selected by mutual agreement. Delivery of gold will be on a monthly basis on site unless otherwise agreed upon.

TAX ASPECTS

The full implications of Federal, State and Local laws which may affect the tax consequences of participating in the joint venture are too complex and numerous to be described herein and because of the recent Federal, State and Local tax changes.

EACH PROSPECTIVE PARTNER SHOULD SATISFY HIMSELF AS TO THE INCOME TAX AND OTHER TAX CONSEQUENCES OF PARTICIPATING IN THE JOINT VENTURE BY OBTAINING ADVICE FROM HIS OWN TAX ADVISOR.

PLAN OF OPERATION - 1986

PLANT NO. 1

Rock Creek Claim
Black Canyon Placer
Bradshaw Mountains
Bumble Bee, Arizona

PLANT NO. 2

Sycamore Claim
Black Canyon Placer
Bradshaw Mountains
Bumble Bee, Arizona

PLANT NO. 3

Mule Ridge-California Gulch
Placer deposit
Arivaca, Arizona

PLANT NO. 4

The site for operation of Plant No. 4 is either Poison Creek in the Bradshaw Mountains adjacent to Plants 1 and 2 or Arivaca near Plant No. 3. Final selection will be management's decision in the near future.

PLANT NO. 1 - ROCK CREEK

This site consists of 160 acres and is one of four contiguous claims (Bumble Bee Claim Group) located in the southeast portion of the Bradshaw Mountain Range approximately 68 miles north of Phoenix, Arizona. Mr. James Brochert and Mr. Raymond Bert, both active principals of the Bradshaw Mining Corporation, have performed extensive mining activity since 1980 using a sluice operation. Other than recovery of gold nuggets, they have determined most of the fine gold was being lost rather than recovered by their efforts.

Davage Technology has selected this site for their first plant since their system is designed for recovery of fine gold. Water is available year-round from the Agua Fria River and Rock Creek which flows continually at the site. This area is like a large sluice box (trough) collecting gold, silver and other precious metals on the Black Canyon water shed.

An agreement has been entered into between Bradshaw Mining Corporation to perform all crushing of materials and deliver the concentrates for processing by the Davage-Battelle system which will expedit the gold recovery.

Reliable assays indicate the concentrates will yield 1.0 oz. per ton with five (5) tons being processed per hour by the mobile plant. For crushing and delivery of the concentrates to Davage, Bradshaw Mining will receive 20% of the gross product.

Management has based their projections on recovery of 0.8 oz. per ton of concentrates, processing five (5) tons per hour with operating time of twenty (20) hours per day.

Although there is no guarantee of what values may be extracted, past mining history and assay work indicates evidence of over 7 million (7,000,000) cubic yards of ore at this site.

Estimated period of plant operation at Rock Creek is between 15-20 years before depletion of deposit.

INCOME/EXPENSE PROJECTION - MONTHLY

PLANT NO. 1 - ROCK CREEK

INCOME:

Processing 100 tons concentrates per day (20 hrs.) Gross production of 80 ozs. less 16 ozs. (20%)* = 64 Ozs. 64 ozs. per day @ $350.00 per oz.	$ 22,400
Thirty (30) days production of 1,920 ozs. @ $350.00 per oz.	$ 672,000

EXPENSE:

Gross payroll - two technician @ $500 per week	$ 4,333
Gross payroll - two guards @ $5.00 per hour	1,600
Payroll taxes - Federal/State	1,187
Insurance	1,400
Utilities	450
Diesel fuel	1,800
Equipment rental costs	900
On-site refining costs	600
Misc. hardware, hoses, etc.	300
Administrative (reports, scheduling, etc.)	325
	$ 12,895

MONTHLY INCOME	(1,920 ozs.)	$ 672,000
MONTHLY EXPENSE	(36.8 ozs.)	12,895
MONTHLY NET PROFIT	(1,883.2 ozs.)	$ 659,105

* Royality to Bradshaw Mining for crushing of materials before processing.

USE OF PROCEEDS

PLANT NO. 1 - ROCK CREEK

Purchase of Mobile Recovery Plant	$ 735,995

START-UP EXPENSES:

Plant transfer costs to mine site	$ 8,000
Site preparation	2,000
County and State permits	1,500
One (1) fresh water storage tank	2,000
4" booster pump	1,000
Electrical/Lighting system	10,000
Security fencing	6,500
Three (3) mobile homes (Personnel)	30,000
Three (3) septic tank systems	1,800
Equipment storage shed	10,000
Two (2) used pick-up trucks	17,000
680 Case front-end loader	35,000
Conveyor belt system	8,000
OSHA safety equipment	3,000
Atomic absorption machine	12,000
Refining furnace	3,500
Operating Expense reserves (Two months)	26,000
Consulting fees (Legal, accounting, geological, technical, etc.)	85,000
	$ 252,300

TOTAL	$ 998,295

INCOME/EXPENSE PROJECTION - MONTHLY

PLANT NO. 1 - ROCK CREEK

INCOME:

Processing 100 tons concentrates per day (20 hrs.) Gross production of 80 ozs. less 16 ozs. (20%)* = 64 Ozs. 64 ozs. per day @ $350.00 per oz.	$ 22,400
Thirty (30) days production of 1,920 ozs. @ $350.00 per oz.	$ 672,000

EXPENSE:

Gross payroll - two technician @ $500 per week	$ 4,333
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Payroll taxes - Federal/State	1,187
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MONTHLY EXPENSE	(36.8 ozs.)	12,895
MONTHLY NET PROFIT	(1,883.2 ozs.)	$ 659,105

* Royality to Bradshaw Mining for crushing of materials before processing.

INCOME/EXPENSE PROJECTION - ANNUAL

PLANT NO. 1 - ROCK CREEK

	1st Year	2nd Year	3rd Year
EXPENSE:			
Total estimated operating expenses (5% cost increase allowed per annum)	$ 154,740	$ 162,477	$ 170,600
INCOME:			
Total estimated gross income (based on $350.00 per oz.)	$ 7,392,000 (11 Mos.)	$ 8,064,000	$ 8,064,000
Gold production projected in ounces	21,120	23,040	23,040
NET INCOME	$ 7,237,260	$ 7,901,523	$ 7,893,400
NET GOLD PRODUCTION IN OZS.	20,678	22,576	22,552
OPERATING PARTNER'S INTEREST 57% (*)	$ 4,125,238	$ 4,503,868	$ 4,499,238
ozs.	11,786	12,868	12,85[illegible]
VENTURE PARTNER'S INTEREST 43%	$ 3,112,022	$ 3,397,655	$ 3,394,162
ozs.	8,891	9,708	9,697

TOTAL THREE YEAR RETURN

Operating Partner	$13,128,344	37,509 ozs.
Venture Partner	$ 9,903,839	28,296 ozs.

(*) 5% due Battelle for license rights

All figures above computed on a base price of $350.00 per ounce and net production (after crushing royality) of .64 oz. per ton of concentrates per hour.

INCOME/EXPENSE PROJECTION - MONTHLY

PLANT NO. 2 - SYCAMORE

INCOME:

Processing 100 tons concentrates per day (20 hrs.) Gross production of 80 ozs. less 16 ozs. (20%)* = 64 Ozs. 64 ozs. per day @ $350.00 per oz.	$ 22,400
Thirty (30) days production of 1,920 ozs. @ $350.00 per oz.	$ 672,000

EXPENSE:

Gross payroll - two technician @ $500 per week	$ 4,333
Gross payroll - two guards @ $5.00 per hour	1,600
Payroll taxes - Federal/State	1,187
Insurance	1,400
Utilities	450
Diesel fuel	1,800
Equipment rental costs	900
On-site refining costs	600
Misc. hardware, hoses, etc.	300
Administrative (reports, scheduling, etc.)	325
	$ 12,895

MONTHLY INCOME	(1,920 ozs.)	$ 672,000
MONTHLY EXPENSE	(36.8 ozs.)	12,895
MONTHLY NET PROFIT	(1,883.2 ozs.)	$ 659,105

* Royality to Bradshaw Mining for crushing of materials before processing.

USE OF PROCEEDS

PLANT NO.2 - SYCAMORE

Purchase of Mobile Recovery Plant	$ 735,995

START-UP EXPENSES:

Plant transfer costs to mine site	$ 8,000
Site preparation	2,000
County and State permits	1,500
One (1) fresh water storage tank	2,000
4" booster pump	1,000
Electrical/Lighting system	10,000
Security fencing	6,500
Three (3) mobile homes (Personnel)	30,000
Three (3) septic tank systems	1,800
Equipment storage shed	10,000
Two (2) used pick-up trucks	17,000
680 Case front-end loader	35,000
Conveyor belt system	8,000
OSHA safety equipment	3,000
Atomic absorption machine	12,000
Refining furnace	3,500
Operating Expense reserves (Two months)	26,000
Consulting fees (Legal, accounting, geological, technical, etc.)	85,000
	$ 252,300

TOTAL	$ 998,295

NOTE: It may be possible for some auxiliary equipment and/or manpower to be shared by Plants No. 1 and No. 2, thus reducing costs for both operations.

INCOME/EXPENSE PROJECTION - ANNUAL

PLANT NO. 1 - ROCK CREEK

	1st Year	2nd Year	3rd Year
EXPENSE:			
Total estimated operating expenses (5% cost increase allowed per annum)	$ 154,740	$ 162,477	$ 170,600
INCOME:			
Total estimated gross income (based on $350.00 per oz.)	$ 7,392,000 (11 Mos.)	$ 8,064,000	$ 8,064,000
Gold production projected in ounces	21,120	23,040	23,040
NET INCOME	$ 7,237,260	$ 7,901,523	$ 7,893,400
NET GOLD PRODUCTION IN OZS.	20,678	22,576	22,552
OPERATING PARTNER'S INTEREST 57% (*)	$ 4,125,238	$ 4,503,868	$ 4,499,238
ozs.	11,786	12,868	12,85[illegible]
VENTURE PARTNER'S INTEREST 43%	$ 3,112,022	$ 3,397,655	$ 3,394,162
ozs.	8,891	9,708	9,697

TOTAL THREE YEAR RETURN

Operating Partner	$13,128,344	37,509 ozs.
Venture Partner	$ 9,903,839	28,296 ozs.

(*) 5% due Battelle for license rights

All figures above computed on a base price of $350.00 per ounce and net production (after crushing royality) of .64 oz. per ton of concentrates per hour.

PLANT NO. 2 - SYCAMORE

This site also consists of 160 acres contiguous to the Rock Creek Plant No. 1. It has also been worked since 1980 along with Rock Creek.

Davage management feels that a separate plant on this site is justified and will prove more practical than sharing plant time with the Rock Creek operation. However, whenever costs can be reduced by sharing auxiliary equipment and/or manpower, such action will be initiated with savings credited equally to each operation.

As in the Plant No. 1 project, all rock mined will be crushed by Bradshaw Mining Corporation and the concentrates delivered to Plant No. 2 for processing.

All assay reports also pertain to this site as in Plant No. 1, since the total area consists of 320 acres and four (4) separate claims.

INCOME/EXPENSE PROJECTION - ANNUAL

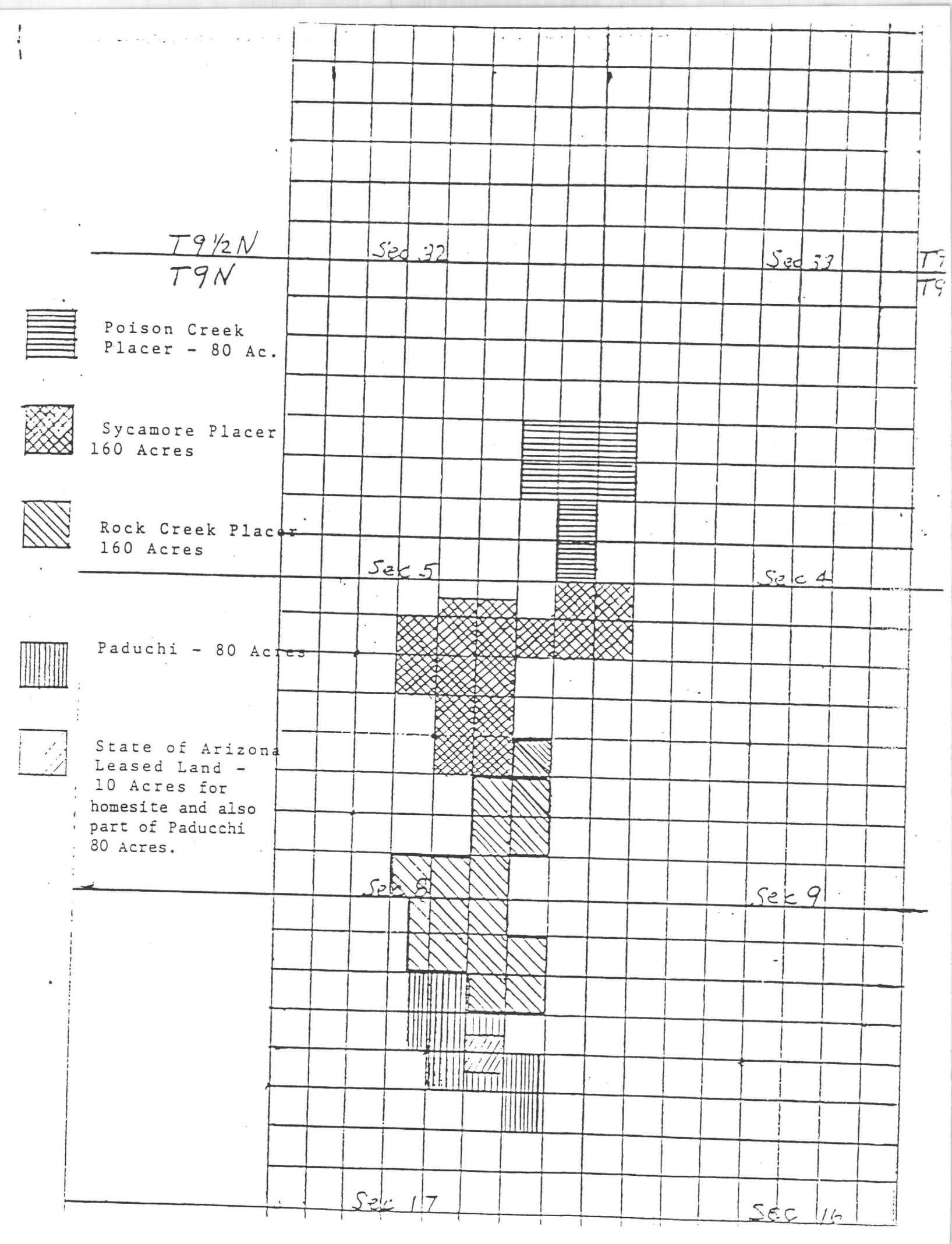
PLANT NO. 2 - SYCAMORE

	1st Year	2nd Year	3rd Year
EXPENSE:			
Total estimated operating expenses (5% cost increase allowed per annum)	$ 154,740	$ 162,477	$ 170,600
INCOME:			
Total estimated gross income (based on $350.00 per oz.)	$ 7,392,000	$ 8,064,000	$ 8,064,000
Gold production projected in ounces	21,120	23,040	23,040
NET INCOME	$ 7,237,260	$ 7,901,523	$ 7,893,400
NET GOLD PRODUCTION IN OZS.	20,678	22,576	22,552
OPERATING PARTNER'S INTEREST 57% (*)	$ 4,125,238	$ 4,503,868	$ 4,499,238
ozs.	11,786	12,868	12,855
VENTURE PARTNER'S INTEREST 43%	$ 3,112,022	$ 3,397,655	$ 3,394,162
ozs.	8,891	9,708	9,697

TOTAL THREE YEAR RETURN		
Operating Partner	$13,128,344	37,509 ozs.
Venture Partner	$ 9,903,839	28,296 ozs.

(*) 5% due Battelle for license rights

All figures above computed on a base price of $350.00 per ounce and net production (after crushing royality) of .64 oz. per ton of concentrates per hour.


T9½N
T9N
Sec 32
Sec 33
T7
T9
Poison Creek Placer - 80 Ac.
Sycamore Placer 160 Acres
Rock Creek Placer 160 Acres
Sec 5
Sec 4
Paduchi - 80 Acres
State of Arizona Leased Land - 10 Acres for homesite and also part of Paducchi 80 Acres.
Sec 8
Sec 9
Sec 17
Sec 16

J and J Research and Development Inc.

Gold, Silver and Platinum Ores

2027 South McQueen Road • Mesa, Arizona 85202

Phone. (602) 892-4561

July 12, 1982

Memo to: Jim Brochert
Bumble Bee Land & Minerals Co.

Subject: Testing progress in addition to that of memo dated May 28, 1982

Assays completed:

1. 90 gram sample:
   Procedure: Concentrated ratio 22.5 to -1
   Assay of concentrates: Au 4.5 Oz. per ton
   Ag 13.5
   Assay of Raw Feed: Au 0.2 Oz. per ton
   Ag 1.0

2. Iron Concentrates:
   Procedure: Separated magnetics and non-magnetics
   Assay of magnetics: Au .08 Oz. per ton
   Ag 0.5
   Assay of non-magnetics: Au 0.05 Oz. per ton
   Ag 0.35

3. Sand:
   Procedure: 100 grams sand non-magnetics grind to 80 mesh, assayed mud after classifying and decanting:
   Au 2.42 Oz. per ton
   Ag 7.0

4. Concentrates from "Del Bentz" mill:
   Procedure: Concentrates from 2400 lb. run on sand
   Au 2.5 Oz. per ton
   Ag 7.5

5. Concentrates from 600 lb. run in "Del Bentz" mill.
   Procedure: 476 grams cyanided (standard procedure)
   Pregnant solution pumped through resin, made dore' bar and electrowon sane:
   Assay heads: Au 12 Oz. per ton
   Ag 30 Oz. per ton

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Gold, Silver and Platinum Ores

2027 South McQueen Road • Mesa, Arizona 85202

Phone: (602) 892-4561

5. Concentrates from 600 lb. (Cont'd)

KCN Button:	Au	1.086 Oz. per ton
	Ag	3.0
Tails:	Au	4.2 Oz. per ton
	Ag	10.0

6. Sand:

Procedure: Ground 10 lbs. of sand in ball mill wet; added mercury, ground to 80 mesh.

Assay of Hg.	Au	.05 Oz. per ton
	Ag	Nil

Conclusion: Will not amalgamate.

7. Iron Oxide:

Procedure: Leach non-magnetics in dilute hydrochloric solution to free iron oxide.

Decant iron oxide.

Assay:	Au	31.69 Oz. per ton
	Ag	60.5

8. Magnetics cyanide leach:

Procedure: Pregnant solution stripped with resin.

Assay:	Au	0.65 Oz. per ton
	Ag	2.30

9. Sand:

Procedure: 320 grams total, 80 gms. middlings and 240 gms. tails; cyanided 75 grams from heads.

Assay middlings:	Au	2.0 Oz. per ton
	Ag	5.4
Tails:	Au	0.8 Oz. per ton
	Ag	Trace
Cyanide leach:	Au	0.75 Oz. per ton
	Ag	1.50

J and J Research and Development Inc.
Gold, Silver and Platinum Ores
2027 South McQueen Road • Mesa, Arizona 85202
Phone: (602) 892-4561

10. 20 lb. sand ground 100 mesh
Procedure: Standard cyanide in mixer.
Recovery from solution in resin extracting:
Au 0.02 Oz. per ton
Ag 1.0

11. 454 grams sand:
Use chlorine leach:
Assay: Au, trace

12. 454 grams concentrates from "Bentz" mill "off table" sample.
Procedure: Free iron oxide with dilute hydrochloric solution and decant: Got a 75 -1 ratio of dry FeO
Assay: Au 30.0 Oz. per ton
Ag 10.0
Cyanided magnetics Au 1.20 Oz. per ton
Ag 3.5

13. Sands:
Procedure: Screened and washed slime from -20 mesh sands; ground to 60 mesh concentrated 9.36 -1 on 908 sample. Treated cons with dilute hydrochloric acid then decanted iron oxide.
Assay Au 31.0 Oz. per ton
Ag 60.0

Screen analysis of the furnished raw sands:

Mesh (Tyler)	Percentage	Assay Au
-20 Plus 60	17%	0.20
-60 Plus 100	48%	0.01
-100 Plus 200	20%	Trace
-200 Plus 325	14%	Trace
-325	1%	Trace

The above Au assays were from the rock in its natural state. Test 7 and 13 offered a good breakthrough and has developed a consistent pattern in all tests so far. It has the possibility of an economical process. All assays show the presence of platinum group minerals but quantities not ascertained.

J and J Research and Development Inc.

Gold, Silver and Platinum Ores

2027 South McQueen Road • Mesa, Arizona 85202

Phone. (602) 892-4561

Memo to: Jim Brochert
Testing Progress
July 12, 1982
Page 4.

The following are samples taken from milling operation in Globe, Arizona on July 9, 1982:

1. Concentrate top line:
   Assay — Au 7.287 Oz. per ton
   Ag 22.40
2. Concentrate bottom line:
   Assay — Au 0.03 Oz. per ton
   Ag 0.07
3. Sand and oversize return:
   Assay — Au 0.62 Oz. per ton
   Ag 1.90
4. 1st Slime:
   Assay — Au 0.08 Oz. per ton
   Ag 0.21
5. 2nd Slime:
   Assay — Au Trace
   Ag Trace

Jerry E. Henderson, Research Chemist

JEH:hh

REGISTERED ASSAYER
JACK STONE
5479
DEC. 31. 19 83

AQUATEC INC.
75 EEN MOUNTAIN DRIVE SOUTH BURLINGTON VERMONT 05401 TELEPHONE (802) 658-1074

October 12, 1982

Mr. Rodney Reynolds
Reynolds & Sheppard
Milton, Vermont 05468

Dear Mr. Reynolds:

AB200-ETR No. 922, 915

The following are the results of the analysis of soil samples, as identified, for gold and platinum content.

Lab Number	Sample I.D.	Gold troy oz./short ton	Platinum troy oz./short ton
21289	No. 1-bedrock	<0.1	
21290	No. 2-bedrock	0.4	<0.1
21291	No. 3-bedrock	<0.1	
21292	No. 3-1 ft. from bedrock	<0.1	
21293	No. 6-bedrock	<0.1	
21294	No. 7-bedrock	<0.1	
21334	Concentrate sample	<0.1	<0.1

If you should have any questions concerning these results, please contact me.

Sincerely,

Joseph K. Comeau, Ph.D.
Laboratory Director

JKC/mr

SKYLINE LABS, INC.
P O Box 50106 • 1700 West Grant Road
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TDV 002
JANUARY 27, 1981

Mr. Raymond F. Bert
c/o Peg Brown Realty
2301 N. Country Club
Tucson, AZ 85716

Analysis of 2 Sand Samples

ITEM	SAMPLE NO.	FIRE ASSAY Au oz/t	Ag oz/t
1	2302-2	.400	<.01
2	2302 3B	.010	<.01

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
P.O. Box 50106 • 1700 West Grant Road
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TDV 003B
MARCH 27, 1981

Mr. Raymond F. Bert
c/o Peg Brown Realty
2301 N. Country Club
Tucson, AZ 85716

Analysis of 3 Beads

ITEM	SAMPLE NO.	Pt ppm	Pd ppm
1	2302-4A	<.01	<.01
2	2302-4B	<.01	<.01
3	2302-4C	<.01	<.01

William L. Lehmbeck
Manager

Charles E. Thompson
Arizona Registered Assayer No. 8427

William L. Lehmbeck
Arizona Registered Assayer No. 8425

James A. Martin
Arizona Registered Assayer No. 11122

METAL RECOVERY SYSTEMS, INC.

426 SOUTH ROBSON
MESA, ARIZONA 85202
(602) 835-7592

ASSAY REPORT

CUSTOMER: Jim Bockert DATE: 12-16-81

ORE I.D.: Black Sands FIRE ONLY X PRE-TREAT

DATA AND RESULTS

NO.	MRS I.D.	SAMPLE SIZE	MESH	TOTAL NOBLE METALS	GOLD	SILVER AND/OR OTHERS
1	SS	0.5 A/T	As Fuen	—	.24 oz tr/T	—
2						
3						

COMMENTS:

ALL ASSAY REPORTS ARE BASED ON THE SAMPLES AS PRESENTED ONLY, AND ARE COMPUTED ON THE BASIS OF A 2000 POUND TON.

METAL RECOVERY SYSTEMS, INC.: _____ PRESIDENT

METAL RECOVERY SYSTEMS, INC.

426 SOUTH ROBSON
MESA, ARIZONA 85202
(602) 835-7592

ASSAY REPORT

CUSTOMER: Jim Bockert DATE: 12-16-81

ORE I.D.: TAILS FIRE ONLY X PRE-TREAT

DATA AND RESULTS

NO.	MRS I.D.	SAMPLE SIZE	MESH	TOTAL NOBLE METALS	GOLD	SILVER AND/OR OTHERS
1	SS	0.5 A/T	-40 Ann	—	0.6 oz tr/T	
2						
3						

COMMENTS:

ALL ASSAY REPORTS ARE BASED ON THE SAMPLES AS PRESENTED ONLY, AND ARE COMPUTED ON THE BASIS OF A 2000 POUND TON.

ALBUCHEMIST, INC.
Albuquerque, New Mexico
Phone: 268-7367

ALBUCHEMIST INC.
501 WYOMING BLVD. S.E.
ALBUQUERQUE, N.M. 87123

DATE: December 23, 1981

LAB. NO. 110581-3

FOR: Raymond Bert
BBLM Co Inc.
2301 No. Country Club Rd
Tucson, Arizona 85716

SAMPLE: Ore

DATE DELIVERED: November 5, 1981

RESULTS:

Gold	-	0.464 troy oz/ton
Silver	-	2.01 troy oz/ton

BY: Allen Duzyn
Chemist

CUSTOM REFINERY, COMPLETE ANALYSIS & FLOWSHEET DESIGN

Bahamian Refining Corporation

[redacted] N. 14TH ST., PHOENIX, ARIZ. [redacted]

TELEPHONE [redacted]

NAME: James Brockert DATE: April 29, 1982

ADDRESS: 501 Courtney Lane, Globe, AZ 85501

By hydrochemical and forrometallurgical methods, the actual values recovered from your sample are as follows:

Sample	Au Oz/T	Au Value @ $350	Ag Oz/T	Ag Value @ $7.25	Pt Group Indication	Total Value Per Ton**
BBLM Heads	.02	$7.00	.05	36¢	—	$7.36

Based on your sample, the theoretical gold recovery for various methods commonly used is as follows:

Cyanide Heap Leach —0— % of fire recovery.

Flotation 50 % of fire recovery.

Specific Gravity 60 % of fire recovery.

The average theoretical recovery LOSS of gold values using the above methods is 40 % to 50 %.

Using the SYNERGISTIC RECOVERY SYSTEM, the total values recovered from your sample are as follows:

Sample	Au Oz/T	Au Value @ $350	Ag Oz/T	Ag Value @ $7.25	Pt Group Indication	Total Value Per Ton**
BBLM Heads	.86	$301.00	3.48	$25.23	++	$326.23

The SYNERGISTIC RECOVERY of Au is 4300 % of fire recovery on your sample.

This represents ADDITIONAL GOLD VALUES of $ 294.00 /Ton using the SYNERGISTIC RECOVERY SYSTEM.

The SYNERGISTIC RECOVERY SYSTEM test we have done for you, while it is a three day lab test, is the same procedure at that used in the continuous flow production plant, except for the following:

1. Physical size of the vats.
2. The lab is a batch procedure; the plant is continuous flow.
3. A standard chemical formula is used in the lab, whereas the chemical formulation used in a plant is fine-tuned to the ore being processed.
4. Gold recovery is generally higher in a plant than in the lab. Sufficient data is not available to determine differences (if any) in the recovery of silver or platinum group metals.

**Not including Pt group value, if any.

METAL RECOVERY SYSTEMS, INC.
426 SOUTH ROBSON
MESA, ARIZONA 85202
(602) 835-7592

January 8, 1982

Mr. Jim Brockert,
Bumble Bee Mine,
Bumble Bee, AZ

Dear Jim:

Here are the results we obtained from the eleven hour production run given to us.

Total sample is estimated at 1000 pounds.

20% magnetics (est) assayed at 1.6 oz/ton	= 0.16 oz Au
80% non-magnetics (est) assayed at avg. 2.0 oz/ton	= 1.60 " "
Metallic gold collected was 2.7319 grams	= 0.09 " "
	1.85 " "

1.85 oz Au/11 hour run = 4.04 oz/24 hour @ 85% recovery = 3.4 oz Au.

We hope that this will help you to see the viability and economic feasibility of operation, and look forward to working with you on further development in the near future.

Very truly yours,
METAL RECOVERY SYSTEMS, INC.

Tony Fazzini, President

METAL RECOVERY SYSTEMS, INC.
426 SOUTH ROBSON
MESA, ARIZONA 85202
(602) 835-7592

February 12, 1982

Mr. Jim Brockert
Bumble Bee Mine
Bumble Bee, AZ

Dear Jim:

Here is the interpretation of our previous report on the eleven hour production run from the mine that you requested from us.

The final analysis was that the total yield of this run ~~was~~ would be 1.85 ounces troy of gold.

Your records show that 100 cubic yards of head ore was processed to produce this run. Using the present average of gold at $380.00 per ounce we can compute as follows:

1.85 oz. x $380.00 = $703.00 total value

$703.00 ÷ 100 cu. yds. = $7.03 per yard value.

We hope that this will clarify the issue at hand. If there are any questions, we are at your service.

Very truly yours,
METAL RECOVERY SYSTEMS, INC.

Tony Fazzini

Tony Fazzini, President

ACTION
MINING COMPANY
P.O. BOX 533
TRONA, CALIFORNIA 93562
Telephone (714) 372-5850

Date JUNE 22, 982

Name BUMBLE BEE LAND AND MINERAL

Tests and fire assays in this program have indicated that this ore carries the following amounts of precious metals:

1.5 To 3 oz Au/ton .37 To 1 oz Ag/ton ——— oz Platinum metals/ton

We have determined that CLS -1 or -13 non-cyanide leaching can recover approximately:

92 % Au 76 % Ag ——— % Pt metals

Precious metal recovery from your ore as given above depends upon the following conditions:

1. Pre-treatments as follows: 5% SOLUTION OF HCL FOR TWO HOURS THEN WASH
2. Pulverize to mesh number 80.
3. Use (CLS -1) or -13 at a strength of 3 oz per gallon of water. This would be approximately 80 pounds of CLS per ton of ore. The solution may be re-used.
4. Leach at a temperature of 150° F. or ———.
5. Heat and agitate for a period of 18 hrs.
6. Add 8 gallons of HCl acid or ——— pounds of acid powder per ton of ore.

The above conditions are the basic parameters for CLS leaching. These parameters are separate from other portions of the flow chart and may require some alteration under various conditions. It will usually be found that an ore should be concentrated before leaching. Concentrating will usually change the above parameters.

THIS ORE SHOULD BE CONCENTRATED BEFORE LEACHING FOR ECONOMICS.

Jon V. Humble
LABORATORY SUPERVISOR

NCTT NORTH COUNTY TESTING AND TECHNOLOGY, INC.
P.O. Box 2016 • Del Mar, California 92014 • (619) 481 16

August 29, 1983

Requestor: Stan Oleksi

Sample(s): 1 sample approximately 30 grams

Elements
TO Analyze: Gold (Au)

Analyst: Chris Mac Issac, Research Associate, B.S. Geochemistry

Instrumentation: Perkin Elmer 403 atomic absorption spectrometer. Located and used at Scripps Institution of Oceanography Analytical Facility.

Procedure: Sample analyzed after total dissolution with hydrofluoric and nitric acids in teflon pressure bombs. Initial sample split into five samples of .3 grams each.

Results: See attached page.

Discussion: Using the method of additions, samples were dissolved and them spiked with known amounts of gold standard. The working curve of concentration vs. absorbance units was then generated to correct for matrix effects, and to calibrate the instrument.

In future samplings it is imperative that a rigorous statistical method is used for selection of ore to be analyzed. At the concentration levels and the small size of sample, large errors can be introduced by particulate gold. (We can advise on the proper procedure)

Ron La Borde
President NCTT

NORTH COUNTY TESTING AND TECHNOLOGY, INC.
P.O. Box 2016 • Del Mar, California 92014 • (619) 481-2116

Results;	# 1	46.04	ppm	±	2.3
	# 2	47.10	ppm	±	2.3
	# 3	51.60	ppm	±	2.6
	# 4	34.50	ppm	±	1.8
	# 5	51.70	ppm	±	2.6

FREDERIC B. "FRITZ" LOOMIS
CONSULTING GEOLOGIST
2738 SOUTH VIA DEL BAC
GREEN VALLEY, ARIZONA 85614

602-648-1290

THE BLACK CANYON MINING DISTRICT
YAVAPAI COUNTY, ARIZONA

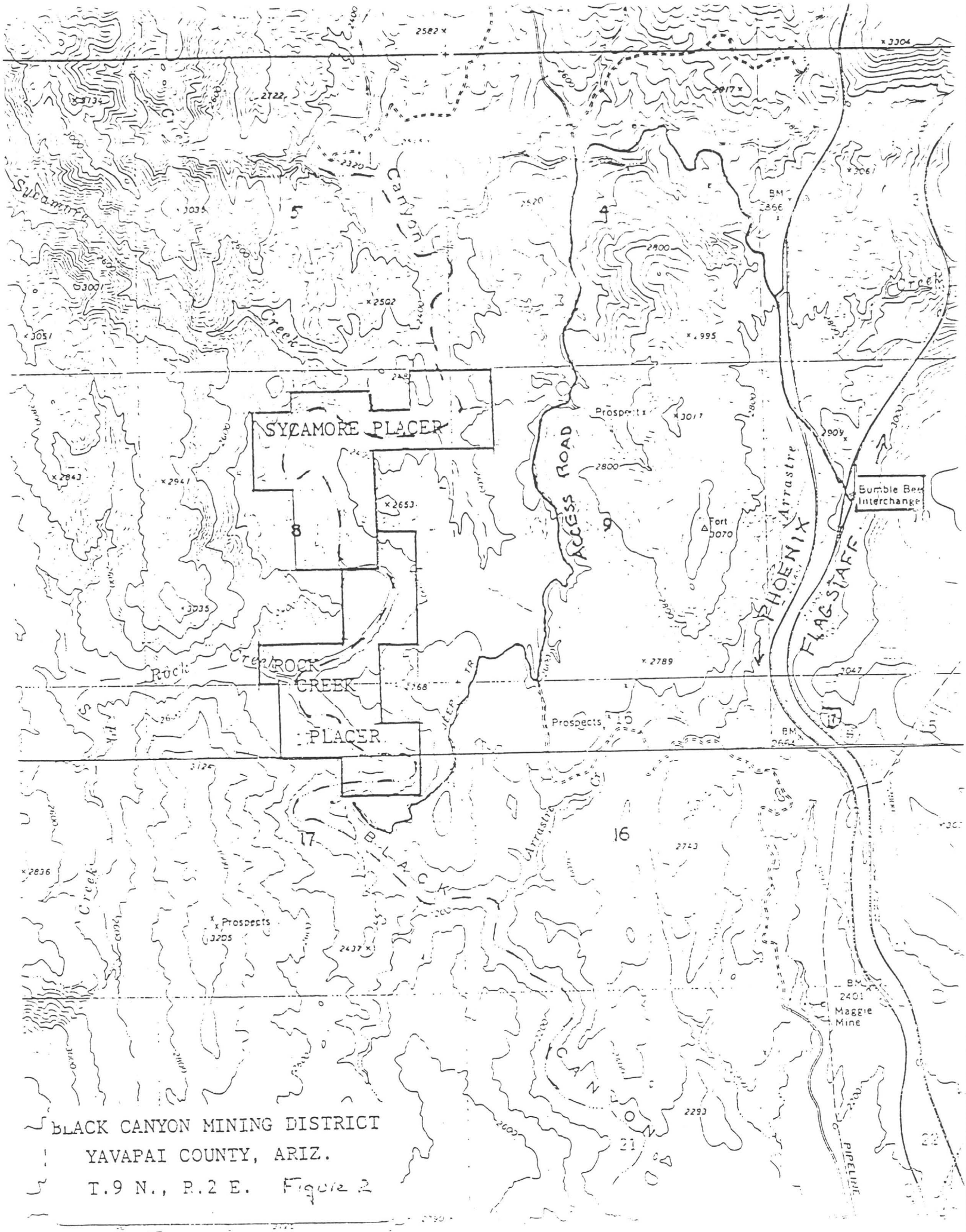
The Rock Creek and Sycamore placers are located in the Black Canyon Mining District, one of the prolific metal mining districts situated in and along the eastern flank of the Bradshaw Mountains of central Arizona (Figure 1). The region is characterized by north-northwest-trending mountains and valleys. The largest of these ranges, the Bradshaw, is approximately 45 miles long by 20 miles wide, and attains a maximum altitude of 7,971 feet. The eastern part of the region is drained chiefly by the Verde and Agua Fria rivers, of which the lower reaches are 1,600 to 2,200 feet above sea level. In general, the higher ridges and valleys are well wooded and watered, while the slopes below 5,000 feet in altitude tend to be brushy, and the country below 3,500 feet favors semiarid types of vegetation.

Black Canyon Creek, flowing from north to south along the eastern flank of the Bradshaw Mountains, is a principal tributary of the Agua Fria River. The Agua Fria in turn becomes Lake Pleasant where it is dammed north of Phoenix before emptying into the Gila River. Black Canyon Creek is a perennial stream fed by abundant rainfall in the mountains. It will provide an adequate supply of water for year-around placer operations, except possibly in a season of exceptional drought. Rainfall records at Bumble Bee, two miles east of the placer area, show an average annual rainfall of 16 inches, while at Crown King, high in the Bradshaws, annual rainfall has averaged 28 inches. Land in the Black Canyon Mining District is held by the U. S. Bureau of Land Management interspersed by some State of Arizona parcels and scattered patented tracts. BLM and State lands are subject to mineral entry, but most of the available lands in the district are currently claimed.

Although the presence of minerals in the Bradshaw Mountains was known by early trappers and trail-makers, it was not until the Civil War, when troops from California, many of whom were gold miners, came in, that parties were organized to prospect the area. Large scale mining, accompanied by the construction of concentrators and smelters, reached its height between 1888 and 1913. Interest in placer mining was stimulated after 1929 by the financial depression, reaching its height in 1941. Since then, interest has receded, although it has never completely died out. Accurate figures for the amount of gold actually produced historically are hard to assemble because substantial amounts of gold have been produced as by-products of copper, silver, lead. and zinc mines in the region. For example, the copper ores at Jerome yielded from 0.025 to more than 0.225 ounces of gold per ton. It has been estimated that $50,000,000 worth of gold has been produced in Yavapai County, of which $4,000,000 was derived from placers.

The Rock Creek and Sycamore placers acquired by DAVAGE TECHNOLOGY, INC. cover a total of 320 acres, and are located in Sections 8, 9, and 17, Township 9 North, Range 2 East, along both sides of Black Canyon Creek (Figure 2). This meandering stream is contained within a steep-walled canyon whose sides rise precipitously some 800 to 1,000 feet above a generally flat stream bed. The immediate stream banks consist of gravel benches and bars formed of coarse to fine gravels with patches of sand and silt and mud. These deposits range from zero to as much as 12 feet or more in thickness and may cover as much as 10 acres where the stream meanders from side to side within the canyon. To some extent, the canyon may be thought of as a giant sluice box with the gold-bearing gravels deposited in riffles and angles of the box.

During recent years, a number of attempts have been made to recover the gold in these placers. Test pits and trenchs have been excavated and numerous assays of the gravels, sands, and muds have been made. In general, these tests have shown that gold is present



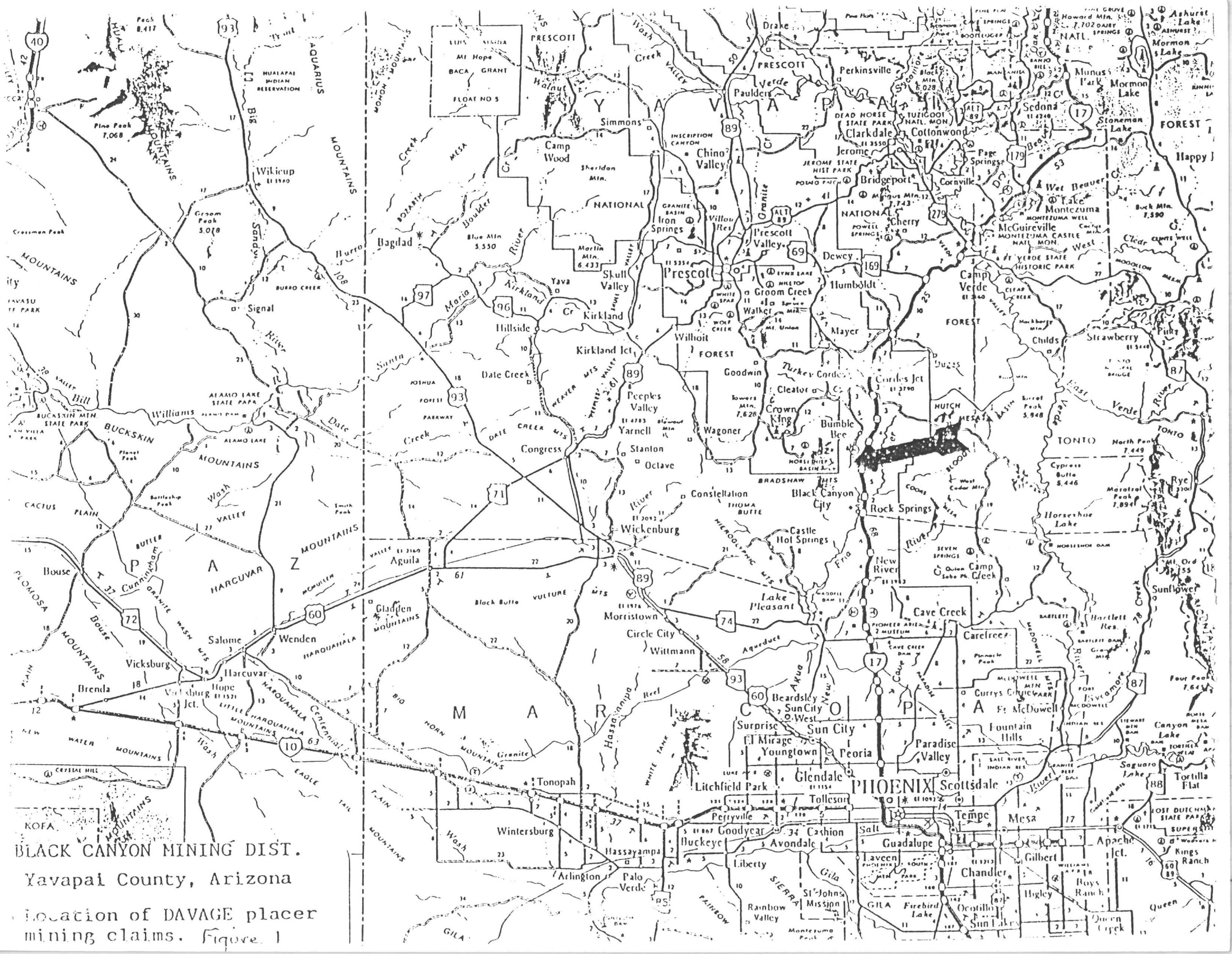
BLACK CANYON MINING DISTRICT
YAVAPAI COUNTY, ARIZ.
T.9 N., R.2 E. Figure 2

The Bradshaw range is a block-faulted uplift bounded on the east and west by down-faulted valley blocks. In general, the mountains are made up of metamorphic and igneous rocks. The oldest geologic formation, the Yavapai schist, consists of metamorphosed Precambrian sedimentary and igneous rocks which have been crumpled into northeast-trending belts, cut by various intrusives, and subjected to complex faulting. The principal intrusives consist of dikes and stocks of diorite, batholithic masses of granite with pegmatites, stocks of granodiorite and monzonite porphyry, and dikes of rhyolite porphyry. The diorite and granite are of Precambrian age; the granodiorite and monzonite porphyry are regarded as Mesozoic or early Tertiary in age. Tertiary and Quaternary volcanic and sedimentary formations in places mantle large areas of the older rocks.

The principal types of lode gold deposits in the region consist of: 1) Mesozoic or early Tertiary gold and gold-silver veins, 2) Precambrian gold-quartz veins, and 3) Precambrian gold-quartz-tourmaline replacement deposits. Of the three types of deposits, the Mesozoic or early Tertiary veins have yielded by far most of the gold produced.

In the Black Canyon Mining District, a north-trending belt of sedimentary Yavapai schist, about two miles wide, is intruded on the east and west by a north-trending strip of diorite. These formations floor a former valley and hilly pediment that is covered on the east by volcanic rocks and has been deeply dissected by the Black Canyon drainage system.

Placer gold is found throughout Black Canyon and in the streams tributary to Black Canyon Creek. The gold is derived from gold-bearing veins of the three types described above. The placer gravels in Black Canyon contain abundant large boulders; the gold particles are generally flat and fairly coarse. Black sand occurs abundantly in the gravels and adheres to the smaller gold particles.



BLACK CANYON MINING DIST.

Yavapai County, Arizona

Location of DAVAGE placer mining claims. Figure 1

throughout the deposits in amounts ranging from 0.01 to as much as 1.0 ounces of gold per ton of placer material. Silver and platinum are also present in amounts that could prove interesting. Some of the coarser gold has been recovered by sluicing, and attempts to recover the finer, more disseminated gold have been made by amalgamating it with mercury and by heap leaching concentrates using sodium cyanide. These processes failed to recover a sufficient percentage of gold to be profitable, and the attempts were abandoned. The probable reasons for the failure of these methods include: 1) much of the gold occurs in flat, leaf-like particles, being derived from the micaceous schist host rock, and the particals tend to float away when washed; 2) the bulk of the gold exists in fine particles that escape during the concentrating process; and 3) much of the fine gold is intimately associated with black sand, particles of which adhere to the gold particles defeating the extraction mechanism. It is anticipated the DAVAGE-BATTELLE machine is ideally designed to handle all of these problems.

Frederic B. Loomis

Frederic B. Loomis
23 October 1986

MINING LEASE AND AGREEMENT

THIS AGREEMENT is made, entered into and effective as of the 17th day of October, 1986 by and between BRADSHAW MINING CORPORATION, an Arizona Corporation, sole propietor, hereinafter referred to as "Lessor" and DAVAGE TECHONOLOGY Inc., a Utah Corporation, hereinafter referred to as "Lessee";

WHEREAS, the Lessor warrants that it holds a Lease to certain unpatented placer claims situated in Black Cayon Mining District in Yavapai County, Arizona, all as more particularly described in Exhibit "A" attached hereto and made a part hereof, which claim together with all rights of Lessor in and to all appurtenances, easements, rights of way and water rights now or hereafter leased or held by Lessor in, upon and under the said claims or in any appertaining thereto, and hereinafter referred to as the "SUBJECT PREMISES": AND

WHEREAS, Lessor desires to grant to Lessee and Lessee desires to obtain from Lessor a minging lease of the SUBJECT PREMISES, all on the terms and conditions as hereinafter set forth;

1. TERM.

The term of this Agreement shall be for a period COMMENCING ON THE 17th day of October, 1986, and terminating at 12:01 a.m. on October 17th, 1996, with an option to renew said lease for an additional ten (10) years, so long as the SUBJECT PROPERTY is in commercial production, subject to Force Majeure clause as herein defined, or at such time as Lessee shall terminate said lease. The term Commercial Production is defined as continuous operations based on a 20 day operation per month. The term and operation of this Agreement may be sooner terminated by Lessor or Lessee in the manner hereinafter provided.

2. WARRANTIES AND REPRESENTATIONS.

A. Lessor represents and warrants that: (i). Lessor holds a Lease to the entire undivided interest in and to the SUBJECT LEASE. (ii) Lessor has not previously transferred or encumbered his interest in and to the SUBJECT PREMISES: (iii) Lessor has the full right, power and capacity to enter into this Agreement on the terms and conditions contained herein; (iv) title to the SUBJECT PREMISES is subject to the rights of owners to certain lode claims with rights of ingress and egress thereto; (v) The unpatented mining claims have been located and appropriate record made thereof in compliance with the laws of the United States and the State of Arizona. The assessment work for the year ending September 1, 1986, prior to the effective date of this Agreement has been performed in compliance with applicable law and there is no claim of adverse mineral rights, other than that of Lessee affecting such claims.

B. Lessee represents and warrants that: (i) DAVAGE TECHNOLOGY INC.is a corporation established and organized under the laws of the State of Utah; (ii) DAVAGE TECHNOLOGY INC. is in good standing with the Utah Corporation Commission; and (iii) The undersigned corporate signators are fully authorized by the shareholders and Board of Directors of DAVAGE TECHNOLOGY INC. to enter into and execute this Mining Lease; (iv) DAVAGE TECHNOLOGY INC. does not claim any right under any prior Lease or Purchase Agreement of the premises demised herein.

3. GRANT.

Lessor hereby grants, leases, and demises the SUBJECT PREMISES, including all ores, minerals and mineral rights in placer formation in, upon and under the SUBJECT PREMISES, exclusively to Lessee, its successors, assigns with the right and privilege to explore for, develop, mine, extract, mill, store, process, remove and market therefrom all metals, ores, minerals, or materials of by products thereof whatsoever nature or sort, as allowed by the laws and regulations governing a placer claim operation (hereinafter "LEASED SUBSTANCES") and to place thereon, construct, maintain, use and at its election, remove such structures, facilities, equipment, roadways, haulageways and such other improvements as Lessee may deem necessary, useful or convenient in conducting its operations thereon; to use and consume so much of the surface as may be necessary, useful or convenient for the full enjoyment of all of the rights herein granted.

4. LESSOR PERFORMANCE.

A. BRADSHAW MINING CORPORATION will process Placer material to provide a minimum of 100 tons of 20 mesh minus material per day to DAVAGE TECHNOLOGY INC. BRADSHAW MINING CORPORATION will keep all material processed over 20 mesh. In the event BRADSHAW MINING CORPORATION cannot supply sufficient 20 mesh minus material DAVAGE TECHNOLOGY INC. may elect to process any other Placer material, as outlined in paragraph 3 above, in order to continue operations until such time as sufficient 20 mesh minus material is available.BRASHAW MINING CORPORATION will be totally responsible for its operation as far as equipment, insurance, labor, replacement of equipment, material, etc. DAVAGE TECHNOLOGY INC. will be totally responsible for its operation as far as equipment, insurance, labor, replacement of equipment, repair parts, material, etc.

B. Production Royalty Payments - Commencing at such time, if any, as LEASED SUBSTANCES are mined, semi-refined, and/or sold from the SUBJECT PREMISES, Lessee shall pay to Lessor as Production Royalty Payments, twenty percent (20%) of the "Gross Smeltered Returns" derived from the sale by Lessee of LEASED SUBSTANCES from the SUBJECT PREMISES. The term "Gross Smeltered Returns" as used herein shall mean the

gross proceeds (values) smeltered or marketed from the LEASED SUBSTANCES to include all metals, ores, minerals, or materials of by products thereof whatsoever nature or sort received by Lessee from the smeltered or sale of LEASED SUBSTANCES. Lessor reserves the right to accept the twenty percent (20%) in smeltered form or in United States Dollars by written notice to Lessee. Production Royalty Payments are to be paid not less than on a monthly basis.

(i) Production taxes, severance taxes, and sales privilege, and other taxes (other than income taxes, or estate taxes) measured by production or the value of production shall be at the expense of the Lessee.

(ii) Gross Smelter Returns shall be calculated for each calendar month in which Gross Smelter Returns are realized and such Production Royalty Payments as are due Lessor hereunder shall be made within ten (10) working days of reciept by Lessee of payment or settlement from smeltered values or other sales agents. Such payments shall be accompanied by a settlement sheet and a statement summarizing the computation of Gross Smelter Returns and the credits to which Lessee and Lessor are entitled.

C. Method of Making Payment. All payments required to be made by Lessee to Lessor and the statement summarizing the computation of Gross Smeltered Returns and Lessee's credit's shall be delivered to BRADSHAW MINING CORPORATION,-5921 W. Thomas Road, Suite 10, Phoenix, Arizona 85033, and a copy of the statement forwarded to the Treasurer, Bradshaw Mining Corporation, in care of (C/o) David J. Gordon-Accountant, 211 E. Osborne Road, Phoenix, AZ 85012. Upon making payment in the manner described above, Lessee shall be relieved of any responsibility for the further distribution thereof. The deposit of any payment hereunder, on or before the due date thereof, shall be deemed timely payment hereunder.

5. ADVERSE CLAIMS - DISPUTES.

In the case of any adverse claim dispute, or question as to the ownership of the SUBJECT PREMISES or as to the right to receive the Minimum Advance or Production Royalties payable under this Agreement, Lessee shall not be deemed to be in default in payment thereof under this Agreement until final disposition of such claim, dispute, or question, and Lessee may withhold payments due Lessor hereunder with respect to the portion of the SUBJECT PREMISES involved in such adverse claim or dispute. However, Lessee shall nevertheless deliver, on the specified payment dates, to Valley National Bank, the appropiate payments with instructions to deposit said monies in a separate interest-bearing account until Lessee is furnished with the orginal or certified copy of instruments disposing of such claim or dispute or until delivery to Lessee of proof sufficient in the opinion of Lessee's counsel to settle the same; in which event, Lessee shall make payment of the

amounts so desposited in accordance with the instruments of proof so furnished, plus accrued interest.

In the event that such claim or dispute is not settled by counsel within ten (10) days from Lessee's instructions to Valley National Bank to withhold payment(s) due Lessor, then either party may submit such claim or dispute to arbitration in Phoenix, Arizona, pursuant to Arizona Revised Statutes, Section 12-1501 through Section 12-1517, and the Rules of the American Arbitration Association governing commercial transactions then existing, to the extent that such rules are not inconsistent with said Statutes and this Agreement. Judgement upon the award rendered under arbitration may be entered in any court having jurisdiction. The cost of the arbitration procedure shall be borne by the losing party, or, if the decision is not clearly in favor of one party, then equally between the parties, and shall be made a part of any award or judgement rendered.

6. INSPECTION BY LESSOR.

Lessor may designate in writing representaatives or agents who may, at Lessor's risk and expense, enter upon the SUBJECT PREMISES to inspect the same at the SUBJECT PREMISES to inspect the same at such times and upon such notice to Lessee as shall not unreasonably or unnecessarily hinder or interrupt the operations of Lessee. Such representatives or agents shall have the right to inspect the accounts and records used in calculating production Royalties paid to Lessor at reasonable times. Said books and records shall be made available at the office of Lessee or Lessee's counsel.

7. OBLIGATIONS OF AND INDEMNITY BY LESSEE.

A. Conduct Of Operations Protection From Liens. Lessee agrees to comply with valid and applicable local, state, and federal laws and rules and regulations of the regulatory agencies thereof governing its operations hereunder. Lessee shall pay expenses incurred by it in its operations on the SUBJECT PREMISES and allow no liens arising from any act of Optionee to remain upon the interest of Lessor in and to the SUBJECT PREMISES; provided, however, that if Lessee, in good faith, disputes the validity or amount of any claim, lien, or liability asserted against it with respect to the SUBJECT PREMISES, it shall not be required to pay or discharge the same until the amount and validity thereof have been finally determined. If lessor post the notices of non-liability specified by A.R.S. Section 33-990, Lessee agrees to keep such notices posted during the term of this Agreement.

B. Idemnification of Lessor - Lessee shall indemnify and save Lessor free and harmless from all claims that may arise out of its occupation of the SUBJECT PREMISES and operations by it, its employees, licensees, or agents and shall indemnify and defend Lessor against any suit, claim,

judgement, or demand whatsoever arising out of negligence on the part of Lessee in the exercise of any of its right pursuant to this Agreement, provided that Lessor shall not have been a contributing cause to the event giving rise to such suit, claim demand or judgement.

C. Taxes - Lessee shall pay all taxes, assessments, and charges levied against the SUBJECT PREMISES, and Lessee shall pay all property taxes levied or assessed upon equipment it places upon the SUBJECT PREMISES, and upon improvements it installs thereon until such time as this Agreement expires or is terminated. Lessor shall pay any taxes, assessments, and other governmental charges imposed upon the payments to Lessor by Lessee. Lessee shall have the right to contest in the courts or otherwise, the validity or amount of any taxes or assessments, if it deems the same unlawful, unjust, or excessive, and to take such other steps or proceedings as it may deem necessary to secure a cancellation, reduction, readjustment, or equalization thereof before it shall be required to pay the same, but in no event shall Lessee permit or allow title to the SUBJECT PREMISES to be lost as the result of nonpayment of such taxes, assessments, or other such charges.

D. Insurance Lessee shall, at all times, maintain liability and property insurance in the amounts hereinafter specified. Lessee shall also comply with all provisions of the workmen's compensation laws of the State of Arizona. In connection herewith, Lessee shall carry at all times during the term of this Agreement workmen's compensation insurance, provided, however, that Lessee may qualify as a selfinsurer with respect to workmen's compensation insurance in accordance with applicable laws and regulations, and further, on the date of execution of this Agreement, Lessee will procure and keep in force during the term hereof a policy of public liability insurance in which Lessee and Lessor are named as insureds, and the said policy shall be for not less than $300,000.00 for injuries sustained by one (1) person and $500,000.00 for injuries sustained by more than one (1) person in one accident. Lessee shall furnish BRADSHAW MINING CORPORATION a certificate showing that such liability insurance is in force and effect at all times during the term of this Lease. Said certificate shall contain an endorsement providing that Lessor shall be given twenty (20) days notice of cancellation of the policy for any reason. Lessee shall pay the premiums as they accrue, and if not so paid, the Lessor may at his option pay such premiums. Such accrued premiums, whether or not paid by Lessee, shall be deemed additional rent and shall be due and payable on the next lease payment day. Payment of such premiums by Lessor shall not be deemed a waiver of the default in payment by Lessee and Lessor, whether or not it shall have paid such premiums, shall have recourse to all remedies hereinbefore and hereinafter provided in the event of default by Lessee in the performance of the terms and conditions of this Lease.

E. Obligations Of Lessee Upon Expiration Or Termination

Upon expiration or termination of this Agreement upon written request given by Lessor within thirty (30) days of such termination or expiration, Lessee shall furnish Lessor, within thirty (30) days after the date of such request, copies of all non-interpretive geological, geochemical, and geophysical surveys and assay data pertaining to the SUBJECT PREMISES prepared by or for Lessee. Lessee shall comply with all local, state, and federal statutes and regulations, including, but not limited to, restoration of the surface of areas disturbed by it. Should Lessee leave any material stockpiled on the SUBJECT PREMISES for more than (90) days after the termination of this Agreement, said material shall be deemed to be the property of the Lessor and title shall pass to Lessor.

F. Assessment Work (Annual Labor) - Lessee shall be responsible for the performance and filing of annual labor beginning with the 1987 assessment year unless this Lease is terminated as hereinafter provided. In the event this Lease is terminated within three (3) months of the end of any assessment year, Lessee shall be responsible for the performance and filing of annual labor for that year (assessment work is to be completed prior to 1st day of September each year and filing not later than the 30th day of December of each year).

Lessee shall file suitable affidavits of annual labor with the Yavapai County Recorder as well as the Bureau of Land Management. Lessee shall deliver copies of the assessment work to Lessor by August 1, of each year beginning in 1987, and copies of the recorded Affadavits by December 1, of each year beginning in 1987. In the event Lessee fails to do so, Lessor may proceed to perform and record said annual labor at the cost and expense of Lessee. Lessor's performance and recording of the annual labor does not restrict or limit any of its other remedies under this Agreement.

G. Other Operation Reports To Lessor - Lessee will submit to Lessor copies of all geological, ;mineral, and other pertinent reports pertaining to Placer Explorations on subject leased property, when performed by Lessee.

8. INDEMNIFICATION OF THE LESSEE.

Lesssor shall indemnify and save Lessee free and harmless from all claims that may arise out of his ownership of the SUBJECT PREMISES and shall indemnify and defend Lessee against any law suit, claim, judgement or demand whatsoever arising out of said ownership, provided that Lessee shall not have been a contributing cause to the event giving rise to such suit, claim, demand or judgement.

9. TITLE MATTERS AND DATA.

A. Title Defects, Defense, and Protection. - If, during the term of the Lease, (i) Lessor's title to any of the

SUBJECT PREMISES is contested or questioned by any person or entity; (ii) and if Lessor is unable or unwilling to promptly correct the defects or alleged defects in title; Lessee may attempt, with all reasonable dispatch, to perfect, defend, or initiate litigation to protect such title. In that event, Lessor shall execute all documents and shall take other such actions as are reasonably necessary to assist Lessee in its effort to perfect, defend, or protect such title. If title is less than as represented in Section 2 herein, then the costs and expenses of perfecting, defending, or correcting title (including but without being limited to, the cost of attorney's fees and the cost of releasing or satisfying any mortgages, liens, and encumbrances), shall be a credit against payments thereafter to be made by Lessee under the provisions of Section 5. Lessee shall have the right to amend or relocate any or all SUBJECT PREMISES. Any such amendments or relocations shall be in the name of Lessor and title to such amendment or relocation shall vest immediately in Lessor, subject to the terms of this Agreement.

B. Lesser Interest Provisions - If the rights and title to the SUBJECT PREMISES granted hereunder are less than an entire undivided title and interest thereof, Lessee shall have the right and option, without waiving any other rights it may have hereunder, to reduce all payments otherwise payable under Section 4 to the same proportion thereof as the undivided rights and title actually owned by the Lessee bears to the entire undivided title and interest in and to the SUBJECT PREMISES as described in Exhibit "A" and the areas included therein.

C. General - Nothing herein contained and no notice of action taken by Lessee under this Section 9 shall limit or detract from its right to terminate this Agreement in the manner hereinafter provided.

10. TERMINATION--REMOVAL OF PROPERTY.

A. Termination by Lessor - In the event Lessee defaults in the performance of any of its obligations hereunder, except for the payment of minimum advance or production royalties, and said default continues for thirty (30) days without being cured, or if Lessee has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Lessor may terminate this Agreement by delivering to Escrow Officer for delivery to Lessee written notice of such termination, all subject to Lessee's right to remove its property and equipment from the SUBJECT PREMISES as hereinafter provided. Lessor shall have no right to terminate this Agreement except as set forth in this paragraph A of this Section 10.

(i) In the event Lessee defaults on the payment of any minimum advance of production royalties, this Agreement shall terminate if payment to Lessor is not made within twenty (20) days of the default. Lessor may terminate this Agreement by delivering to escrow officer for delivery to Lessee written notice of such termination, all subject to Lessee's right to remove its property and equipment from the SUBJECT PREMISES as herein provided.

B. Complete Termination - Lessee shall have the right to terminate this Agreement in its entirety at any time upon written notice to Lessor. Upon the giving of notice in the manner hereinafter provided, all right and interest of Lessee under this Agreement shall terminate, and Lessee shall not be required to make any further payments nor perform any further obligations hereunder (except restoration of area mined or disturbed) concerning the SUBJECT PREMISES, except as to payments or obligations, if any, the due date performance of which occurs prior to termination.

C. Removal Of Property - Upon any termination or expiration of this Agreement with respect to the SUBJECT PREMISES, Lessee shall have a period of ninty (90) days from and after the effective date to termination in which to complete the removal therefrom of all of its machinery, buildings, structures, facilities, equipment, and other property of every nature and description erected, placed or situated thereon. Any property of Lessee not so removed at the end of One Hundred Twenty (120) days shall become the property of the Lessor.

11. NOTICES.

Any notice or communication required or permitted hereunder shall be effective when perscnally delivered or shall be effective when addressed to:

If to Lessor:

BRADSHAW MINING CORPORATION
5921 W. THOMAS ROAD, SUITE 10
PHOENIX, ARIZONA 85033

If to Lessee:

DAVAGE TECHNOLOGY INC.
7065 WEST ALLISON
CHANDLER, ARIZONA 85226

12. BINDING EFFECT--ASSIGNMENT.

The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall inure to the benefit of and be binding upon their respective personal representatives, heirs, successors, and assigns; but no change or division of ownership of the SUBJECT PREMISES or payments hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of any party hereunder. No such change or divisions in the ownership of the SUBJECT PREMISES shall be binding upon Lessee for any purpose until the first day of the month next succeeding the

month in which such person or entity acquiring any interest shall furnish lessee at the address set forth in Section 11 with the instrument or instruments, or certified copies thereof evidencing such change, transfer, or division of property.

13. NO IMPLIED COVENANTS.

A. It is expressly agreed that no implied covenant or conditions whatsoever shall be read into this Agreement relating to the prospecting, developing, mining, or treating of the SUBJECT PREMISES or the time therefor; it being expressly agreed that subject only to the express obligations of this Agreement any operations of whatever nature conducted by Lessee upon the SUBJECT PREMISES shall be conducted at such time and in such manner as Lessee, in its sole discretion, deems advisable.

B. It is agreed that no implied covenant or statement whatsoever shall be read into this Agreement relating to the mineral content of the SUBJECT PREMISES; it being expressly agreed that Lessee has formed its own independent opinion as to the mineral content or value of the SUBJECT PREMISES.

14. SUSPENSIONS OF OPERATIONS--Force Majeure.

Lessee shall not be liable for failure to perform any of its obligations hereunder excepting the payment of Minimum Advance Royalties, during periods in which performance is pervented by any cause reasonably beyond Lessee's control, which causes hereinafter are called "Force Majeure". For purposes of this Agreement, the term "Force Majeure" shall include acts of God, fire, flood, shortage of water, labor disputes, material shortages, insurrection or mob violence, requirements or regulations of governmental entities, and other causes of a similar nature which are reasonably beyond the control of Lessee. Lessee shall not be required to settle labor disputes, other than internal, nor to test the validity of any governmental requirements or regulations.

15. DISPUTES NOT TO INTERRUPT OPERATIONS.

Subject to the right of Lessor to terminate this Agreement for default as prodided in paragraph A of Section 10, disputes or differences between the parties hereto shall not interrupt performance of this Agreement or the continuation of operations hereunder. In the event of any dispute or difference, operations may be continued in the same manner as prior to such dispute or difference until the matters in dispute have been finally determined between the parties; and therupon, the parties' further performance shall be governened by the terms of the settlement or final determination of the dispute or difference.

16. CONSTRUCTION--ENTIRE AGREEMENT.

THIS AGREEMENT shall be construed in accordance with the laws of the State of Arizona. The headings and subheadings used herein are for convenience only and shall not be a part of the Agreement for purposes of construction. All of the agreements and understandings between Lessor and Lessee are contained herein.

THIS AGREEMENT shall be binding upon and inure to the benefit of the personal representatives, heirs, successors, and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Mining Lease Agreement effective as of the date first in this instrument written.

LESSOR:
BRADSHAW MINING CORPORATION
an Arizona Corporation

By _____
Raymond F. Bert, President

Attest:

_____
Daniel D. Oleksy, Secretary

LESSEE:
DAVAGE TECHNOLOGY INC.
an Utah Corporation

By _____
Dr. Joseph B. Davidson,
President

Attest:

_____
Dorothy I. Zemba, Secretary

State of ARIZONA)
) ss.
County of Marizopa)

On this, the 20 day of October, 1986, before me, the undersigned Notary Public, personally appeared Raymond F. Bert, who acknowledged himself to be president of Bradshaw Mining Corporation, an Arizona Corporation, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official seal.

Karen Ingoldsby
Notary Public

My Commission Expires:

My Commission Expires Aug. 7, 1988

State of ARIZONA)
) ss.
County of Maricopa)

On this, the 20 day of October, 1986, before me, the undersigned Notary Public, personally appeared Dr. Joseph B. Davidson who acknowledged himself to be president of Davage Technology Inc., a Utah Corporation, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal.

Karen Ingoldsby
Notary Public

My Commission Expires:

My Commission Expires Aug. 7, 1988

STATE OF ARIZONA, County of [illegible] } ss	I hereby certify that the within instrument was filed and recorded ____ 19__ at ____ M.	Fee No.
in Docket [illegible] Page ___		

When recorded mail to:
[illegible]
P. O. BOX 92[illegible]
Black Canyon City, AZ 85[illegible]

Instrument # 01[illegible]
Recorded Official Records
of Yavapai County, Arizona.
[illegible] 2 85 [illegible]
at the request of [signature]
Patsy Jenney County Recorder Fee 2
[signature: Patsy Jenney]

INDEXED

Fee $ 5 /

NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment ☐ Relocation
2. ☒ Placer ☐ Lode ☐ Millsite ☐ Tunnelsite
3. The name and address of the Locator is
James Brockert, Mary Lou Brockert, Matthew Brockert, Sheila Brockert,
Earl Brockert, Robert Bracamonte, Raymond F. Bert & Peggy C. Bert
Name

5921 W. Thomas Road, #10
Address

Phoenix — Arizona — 85033
City — State — Zip

4. The name of the claim is SYCAMORE PLACER - 160 Acres
5. The date of the location is January [illegible]
6. The claim is ____ feet long and ____ feet wide. The distance from the Location monument to each end of the claim is ____ feet in a ____ direction and ____ feet in a ____ direction. (See item 10 below)
7. The general course of the claim is from the South to the No to the East
8. The location of the claim is in Section 8 & 9, Township 9N Range 2E G&SRB&M, Black Canyon Mining District, Yavapai County, Arizona.
9. Previously recorded, the previous claim name was Sycamore Placer - 160 Acres ____ recorded in Docket 1493 Book 180-281 Black Canyon Mining District, Yavapai County Arizona
10. The location of the claim with reference to a natural object or permanent monument is ____

The bearing and distance between the corners of the claim are:
The bearing and distance between the corners of the claim are:
Beginning at the NE Corner of the SW¼ SW¼ NW¼ NE¼ of Section 8 T9N R2E at a Stone
Monument and Orange Painted 2 " X 4" where this notice is posted; thence to the
true point of beginning at the NW Corner of the SW¼ NW¼ NE¼, thence West 660 feet
to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence
East 660 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker &
2 X 4, thence East 1,320 feet to a stone marker & 2 X 4, thence North 1,980 feet to
a stone marker & 2 X 4, thence East 1,980 feet to a stone marker & 2 X 4, thence
North 1,320 feet to a stone marker & 2 X 4, thence West 1,320 feet to a stone marker
& 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence West 660 feet to
a stone marker & 2 X 4, thence North 330 feet to a stone marker & 2 X 4, thence West
1,320 feet to a stone marker & 2 X 4, thence South 330 feet to the true point of
beginning. = 160 acres in Sec. 8.

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Date Jan 1 1985 — [signature] Signature

MAP OF MINING CLAIM LOCATION

1. The name of the claim is SYCAMORE PLACER - 160 Acres

2. The point of beginning corner of the claim is 660 feet in a southerly direction to a survey monument or permanent natural object described as Quarter section of sections 8 & 9, T9N R2E, GRS&BM

3. The type of location monument is Stone and Orange Painted 2 x 4 x 3'

The type of corner and end monuments are Stone and 2 x 4

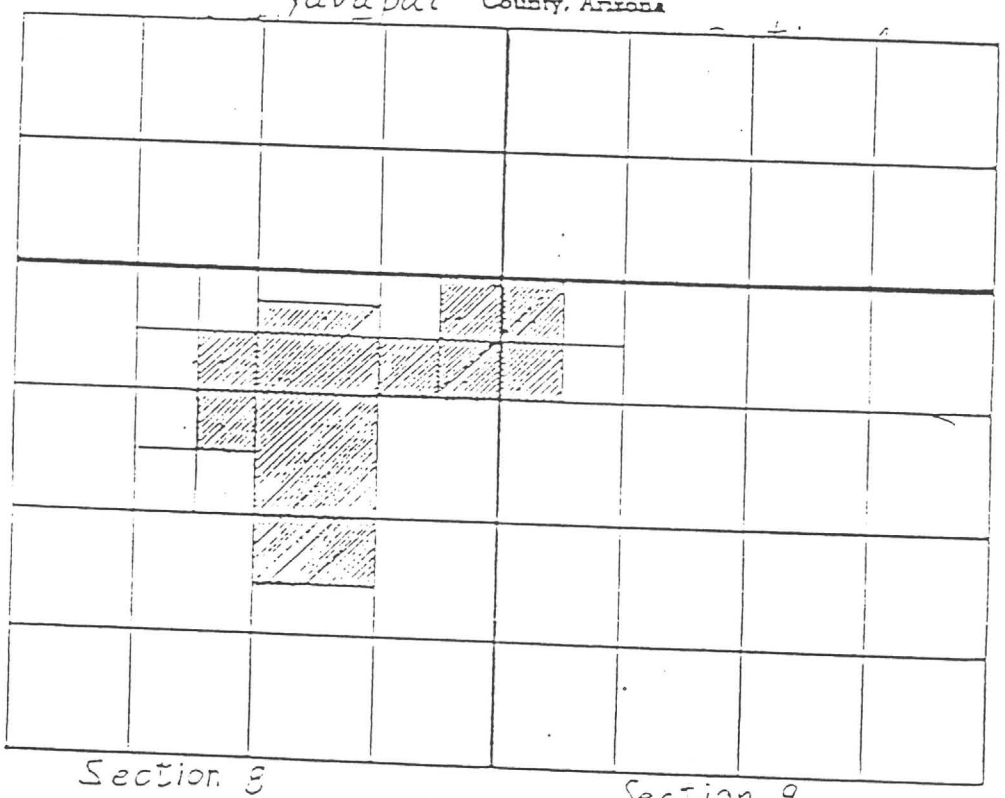
4. The bearing and distance between the corners of the claim are beginning at the

The bearing and distance between the corners of the claim are:
Beginning at the NE Corner of the SW¼ SW¼ NW¼ NE¼ of Section 8 T9N R2E at a Stone Monument and Orange Painted 2 " X 4" where this notice is posted; thence to the true point of beginning at the NW Corner of the SW¼ NW¼ NE¼, thence West 660 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence East 660 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence East 1,320 feet to a stone marker & 2 X 4, thence North 1,980 feet to a stone marker & 2 X 4, thence East 1,980 feet to a stone marker & 2 X 4, thence North 1,320 feet to a stone marker & 2 X 4, thence West 1,320 feet to a stone marker & 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence West 660 feet to a stone marker & 2 X 4, thence North 330 feet to a stone marker & 2 X 4, thence West 1,320 feet to a stone marker & 2 X 4, thence South 330 feet to the true point of beginning. = 160 acres in Sec. 8.

Sycamore Placer - 160 acres

Section 8 & 9 Township 9N Range 2E

Yavapai County, Arizona



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Date Jan. 1, 1985

Signature

County of ______ ______

In Docket No. ______ Page ______

When recorded mail to:

Raymond F. Bert
P. O. Box 327
Black Canyon City, AZ 85324

Instrument # 02
Recorded Official Records
of Yavapai County, Arizona.
JAN 2 '85 -8 05 AM
at the request of Raymond Bert
PATSY C. JENNEY, County Recorder Fee ___
Deputy Patsy C Jenney

INDEXED
MICROFILMED

Fee $

NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment ☐ Relocation

2. ☒ Placer ☐ Lode ☐ Millsite ☐ Tunnelsite

3. The name and address of the Locator is
James Brockert, Mary Lou Brockert, Matthew Brockert, Sheila Brockert, Earl Brockert, Robert Bracamonte, Raymond F. Bert and Peggy C. Bert.

Name

5921 W. Thomas Road, #10

Address

Phoenix, Arizona 85033

City State Zip

4. The name of the claim is ROCK CREEK PLACER - 160 Acres

5. The date of the location is January 1, 1985

6. The claim is ______ feet long and ______ feet wide. The distance from the Location monument to each end of the claim is ______ feet in a ______ direction and ______ feet in a ______ direction. (See Item 10 and Map of Location).

7. The general course of the claim is from the south to the north.

8. The location of the claim is in Sections 8 & 17, Township 9N, Range 2E G&SRB&M, Black Canyon Mining District, Yavapai County, Arizona.

9. Previously recorded, the previous claim name was Rock Creek Placer - 160 Acres recorded in Docket 1497 Book 292-293
Black Canyon Mining District, Yavapai County, Arizona.

10. The location of the claim with reference to a natural object or permanent monument is ______

The bearing and distance between the corners of the claim are:
beginning at the NE Corner of the SW¼ SE¼ SE¼ SW¼ of Section 8 T9N R2E at a Stone monument and Orange Painted 2" X 4" where this notice is posted; thence to the true point of beginning at the SW Corner of the SE¼ SE¼ SW¼, thence East 330 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence East 990 feet to a stone marker & 2 X 4, thence North 1,320 feet & 2 X 4, thence East 1,320 feet to a stone marker & 2 X 4, thence to a stone marker & 2 X 4, thence West 660 feet to a stone marker & 2 X 4, thence East 660 feet to a stone marker North 1,320 feet to a stone marker & 2 X 4, thence West 660 feet & 2 X 4, thence North 1,980 feet to a stone marker & 2 X 4, thence to a stone marker & 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker West 660 feet to a stone marker & 2 X 4, thence South 660 feet & 2 X 4, thence West 1,320 feet to a stone marker & 2 X 4, thence to the true point of beginning. = 160 acres (80 acres in Sec. 8 & 80 acres in Sec. 17).

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Date Jan 1 1985

Raymond F. Bert
Signature

MAP OF MINING CLAIM LOCATION

1. The name of the claim is ROCK CREEK PLACER - 160 Acres

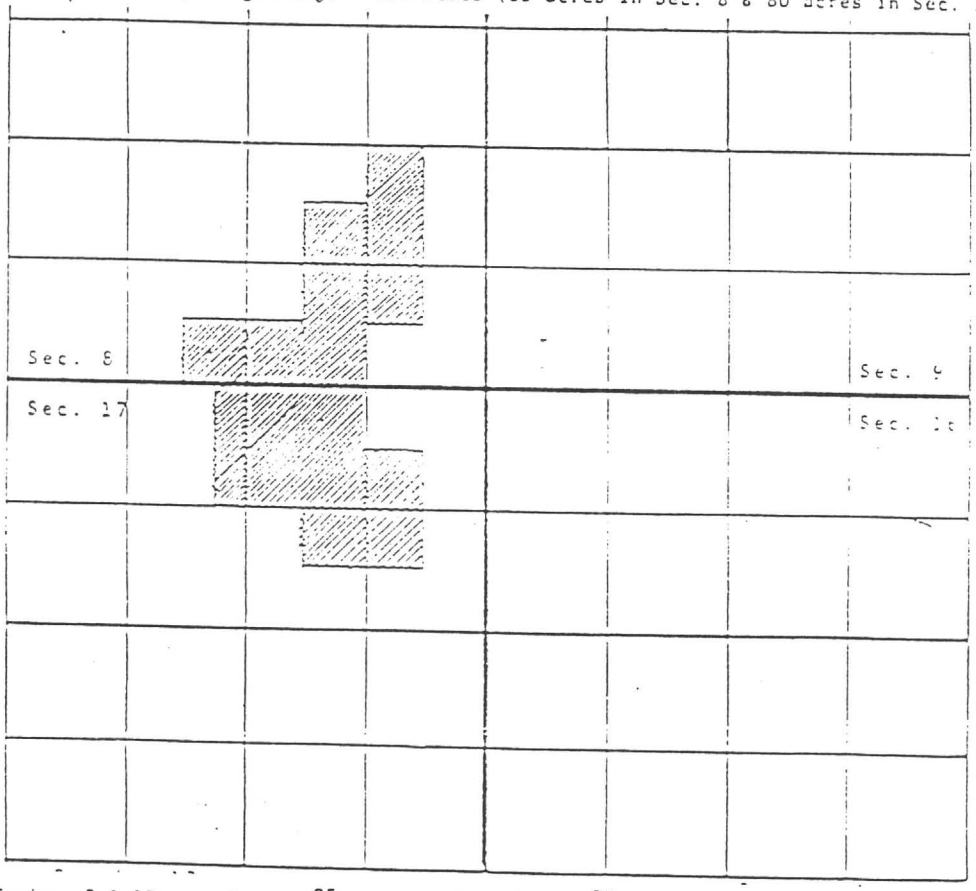
2. The point of beginning corner of the claim is [illegible] feet in a [illegible] direction to a survey monument or permanent natural object described as the Quarter Section of sections 8 and 17, T9N R2E G&SRB&M.

3. The type of location monument is Stone and Orange painted 2 X 4.

The type of corner and end monuments are stone and 2 X 4 X 2'.

4. The bearing and distance between the corners of the claim are beginning at the

The bearing and distance between the corners of the claim are:
Beginning at the NE Corner of the SW¼ SE¼ SE¼ SW¼ of Section 8 T9N R2E at a Stone Monument and Orange Painted 2" X 4" where this notice is posted; thence to the true point of beginning at the SW Corner of the SE¼ SE¼ SW¼, thence East 330 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence East 990 feet to a stone marker & 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence East 1,320 feet to a stone marker & 2 X 4, thence North 1,320 feet to a stone marker & 2 X 4, thence West 660 feet to a stone marker & 2 X 4, thence North 1,320 feet to a stone marker & 2 X 4, thence East 660 feet to a stone marker & 2 X 4, thence North 1,980 feet to a stone marker & 2 X 4, thence West 660 feet to a stone marker & 2 X 4, thence South 660 feet to a stone marker & 2 X 4, thence West 660 feet to a stone marker & 2 X 4, thence South 1,320 feet to a stone marker & 2 X 4, thence West 1,320 feet to a stone marker & 2 X 4, thence South 660 feet to the true point of beginning. = 160 acres (80 acres in Sec. 8 & 80 acres in Sec. 17).



Section 8 & 17 Range 2E Township 9N G&SRB&M

Date June 1, 1985

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Signature

PLANT NO. 3 - ARIVACA

This site consists of three (3) claims about 12 miles south of Arivaca, Arizona in the Mule Ridge-California Gulch area north of the Mexican border.

Extensive sampling of both hillsides and the valley, plus subsequent analysis by Battelle, all indicate large tonnages of black sand and gravel containing an average of 0.3 ozs. of gold per ton (.75 cu. yds.). Davage management, however, has taken a very conservative view of these assay figures and has based all income calculations on a concentration of 0.15 oz. per ton at a market value of $350.00 per oz.

Estimated period of plant operation at this site is about four (4) years until depletion of deposit.

USE OF PROCEEDS

PLANT NO. 3 - ARIVACA

Purchase of Mobile Recovery Plant	$ 735,995
START-UP EXPENSES:	
Plant transfer costs to mine site	$ 8,000
Site preparation	2,500
Well drilling and pump	2,500
Three (3) operations water storage tanks	18,000
One (1) fresh water storage tank	2,000
Two (2) fuel storage tanks (Diesel/Propane)	900
Three (3) mobile homes (Personnel)	30,000
County and State permits	1,500
Equipment storage shed	10,000
Two (2) used pick-up trucks	15,000
680 Case front-end loader	35,000
Conveyor belt system	8,000
4" booster pump for well	1,200
OSHA safety equipment	3,000
Atomic absorption machine	12,000
Refining furnace	3,500
Operating expense reserves (Two months)	24,000
Consulting fees (Legal, accounting, geological, technical, etc.)	85,000
	$ 262,100
TOTAL	$ 998,095

INCOME/EXPENSE PROJECTION - ARIVACA

PLANT NO. 3 - ARIVACA

INCOME:

Processing 200 tons (133.3 cu. yds.) per day	
Production of thirty (30) ozs. per day @ $350.00 per oz.	$ 10,500
Thirty (30) days production of 900 ozs. @ 350.00 per oz.	$ 315,000

EXPENSE:

Gross payroll - two technicians @ $500 per week	$ 4,333
Gross payroll - two guards @ $5.00 per hour	1,600
Payroll taxes - Federal/State	1,187
Equipment rental costs	755
Insurance - plant and vehicles	900
Utilities	200
Diesel fuel (generator & tractor)	1,800
On-site refining costs	600
Misc. hardware, hoses, etc.	300
Administrative (reports, scheduling, etc.)	325
	$ 12,000

MONTHLY INCOME	(900 ozs.)	$ 315,000
MONTHLY EXPENSE	(34.3 ozs.)	$ 12,000
MONTHLY NET PROFIT	(865.7 ozs.)	$ 303,000

INCOME EXPENSE PROJECTION - ANNUAL

PLANT NO. 3 - ARIVACA

	1st Year	2nd Year	3rd Year
EXPENSE:			
Total estimated operating expenses (5% cost increase allowed per annum)	$ 144,000	$ 151,200	$ 158,760
INCOME:			
Total estimated gross income (based on $350.00 per oz.)	$ 3,465,000 (11 mos.)	$ 3,780,000	$ 3,780,000
Gold production projected in ounces	9,900	10,800	10,800
NET INCOME	$ 3,321,000	$ 3,628,800	$ 3,621,240
NET GOLD PRODUCTION IN OZS.	9,489	10,368	10,346
OPERATING PARTNER'S INTEREST 57% (*)	$ 1,892,970	$ 2,068,416	$ 2,064,107
Ozs.	5,408	5,910	5,897
VENTURE PARTNER'S INTEREST 43%	$ 1,428,030	$ 1,560,384	$ 1,557,133
Ozs.	4,080	4,458	4,449

TOTAL THREE YEAR RETURN

Operating Partner	$6,025,493	17,216 ozs.
Venture Partner	$4,545,547	12,987 ozs.

(*) 5% due Battelle for license rights

All figures above computed on a base price of $350.00 per ounce and production of 1.5 ounces per hour (10 tons).

THE ORO BLANCO PLACERS

SANTA CRUZ COUNTY, ARIZONA

The Oro Blanco Mining District covers the southwestern part of Santa Cruz County, lying west of the Atascosa and Tumacacori Mountains. It is about 25 miles west-northwest of Nogales, and a few miles north of the Mexican boundary. The name means "white gold," and comes from the Spanish for the color of the gold found, being a light color due to its high silver content.

The topography of the district is very rugged with rough, steep-walled, and narrow ridges and low mountains dissected irregularly by canyons and washes. The maximum elevation in the area is 5,375 feet above sea level at Montana Peak, in the central part of the district, while the average elevation in the gulchs and washes is 3,700 to 3,750 feet. The Oro Blanco district is situated in the Nogales Ranger District of the Coronado National Forest. Average annual rainfall is about 15 inches, most of which falls in thunderstorms and flash floods during the summer "monsoon" season. A winter rainy season in December and January sometimes brings additional rainfall. The local water supply comes mainly from small reservoirs or from shallow wells.

Geologically, most of the district is covered by a succession of Mesozoic rhyolite and quartz latite ash flows, tuffs, and

interbedded arkose overlain by Late Cretaceous terrestrial sediments. Intrusive into the flows and tuffs are widely scattered, stock-like masses of Middle Mesozoic quartz monzonite and granodiorite. In the Laramide orogenic period, diorite intrusions in the form of a large sill and numerous dikes invaded the Mesozoic formations. In the Tertiary, dike swarms and plugs of quartz monzonite and rhyolite were widely emplaced, generally aligned in a northwest striking direction. Deformation in the form of normal faults, tilting, and minor doming occurred in Laramide time. The prominent structures have northwest and northeast striking alignments and have broken the formations into slightly tilted structural blocks.

Mineralization in the district occurs in three general types of deposits: quartz-sulfide veins, with associated wall rock replacement, filling fractures and shear zones in Mesozoic volcanics and sediments; gold and silver deposits in flat-dipping, shallow, silicified zones in Mesozoic tuff beds; and deposits in steeply-dipping, tabular zones of brecciated and sheared tuff and conglomerate containing spotty native gold and silver. Placer deposits derived from the mineralized zones are found in almost every ravine and gulch. Gold is also found on the hillsides and on the surface of the ground, especially where the soil is reddened by decomposed pyrite. The gold is not coarse, but consists mainly of flower sized particles and flakes. Occasional nuggets have been found, ranging in size from pinhead to not more than 30 grams.

The Oro Blanco gold deposits and placers were found and worked

48,500 ounces of gold have been recovered from the Oro Blanco mining district. Of this amount, 37,000 ounces were taken from the Ruby mine in the northern part of the district. The balance was from scattered small mines and placers throughout the district. Placer operations were never very successful because of the fine disseminated nature of the gold in them.

DAVAGE has acquired three placers of approximately 20 acres each located at and near the confluence of Warsaw and Tres Amigos Creeks and California Gulch, in Sections 19 and 20, Township 23 South, Range 11 East, Santa Cruz County, Arizona. The properties contain an estimated 4,000,000 cubic yards of sand and gravel considered prime place ore concentrated in streambed and bank deposits in and along the three washes. In addition, there is unconsolidated scree material on the hillsides adjacent to the washes. A total of twenty (20) grab samples have been taken from the stream beds and banks, and these have been processed using the BATTELLE machine (described elsewhere), yielding a conservative average of 0.15 ounces of gold per cubic yard of sand and gravel. In addition, samples from the hillside slopes have yielded gold averaging 0.05 ounces per cubic yard. It is estimated that as much as 60,000 ounces of gold may be present in the area covered by the placer claims. The machine, having a recovery factor of 95 percent will yield approximately 50,000 ounces of gold from this prospect.

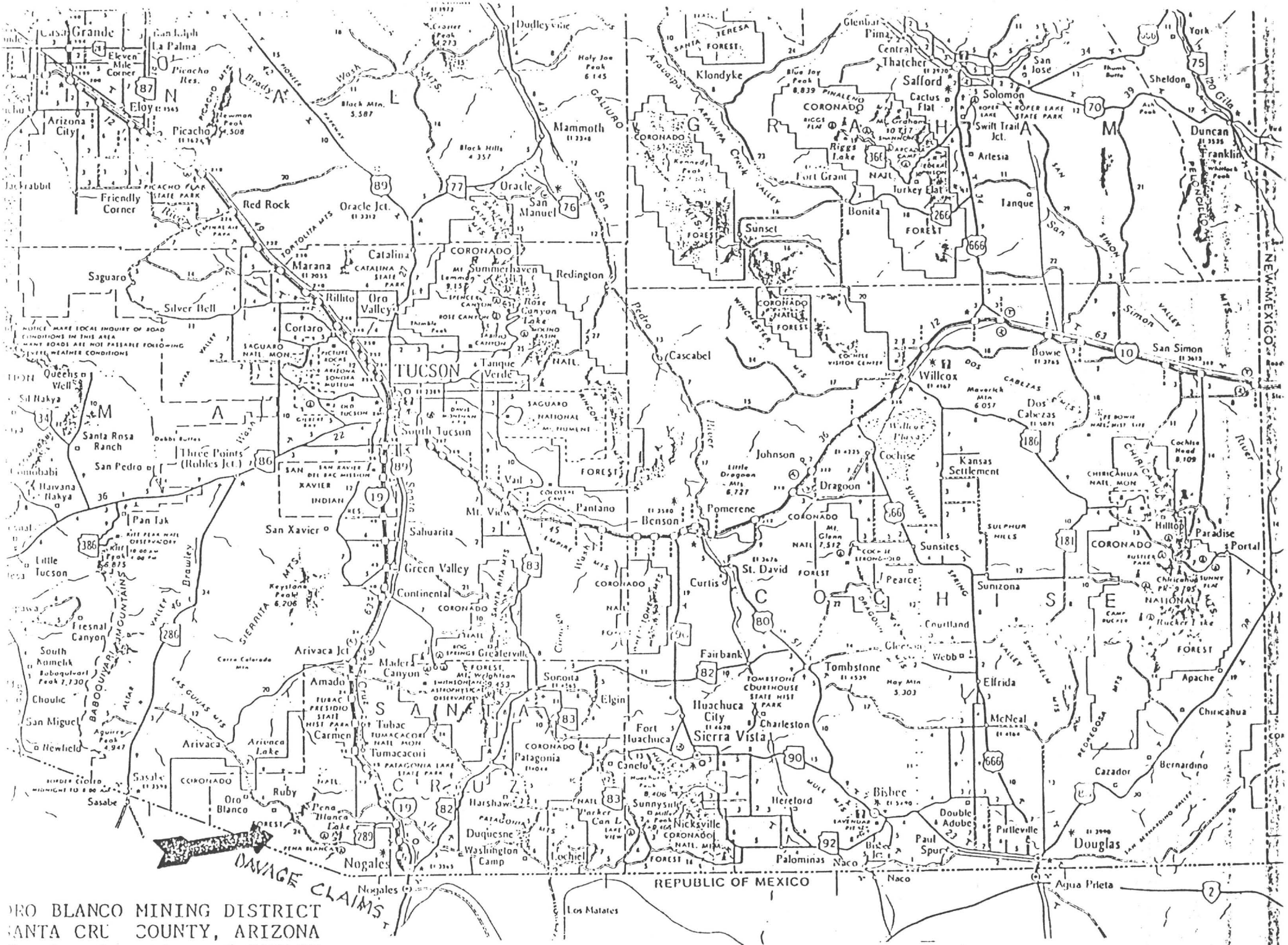
Frederic B. Loomis

Frederic B. Loomis
6 October 1986

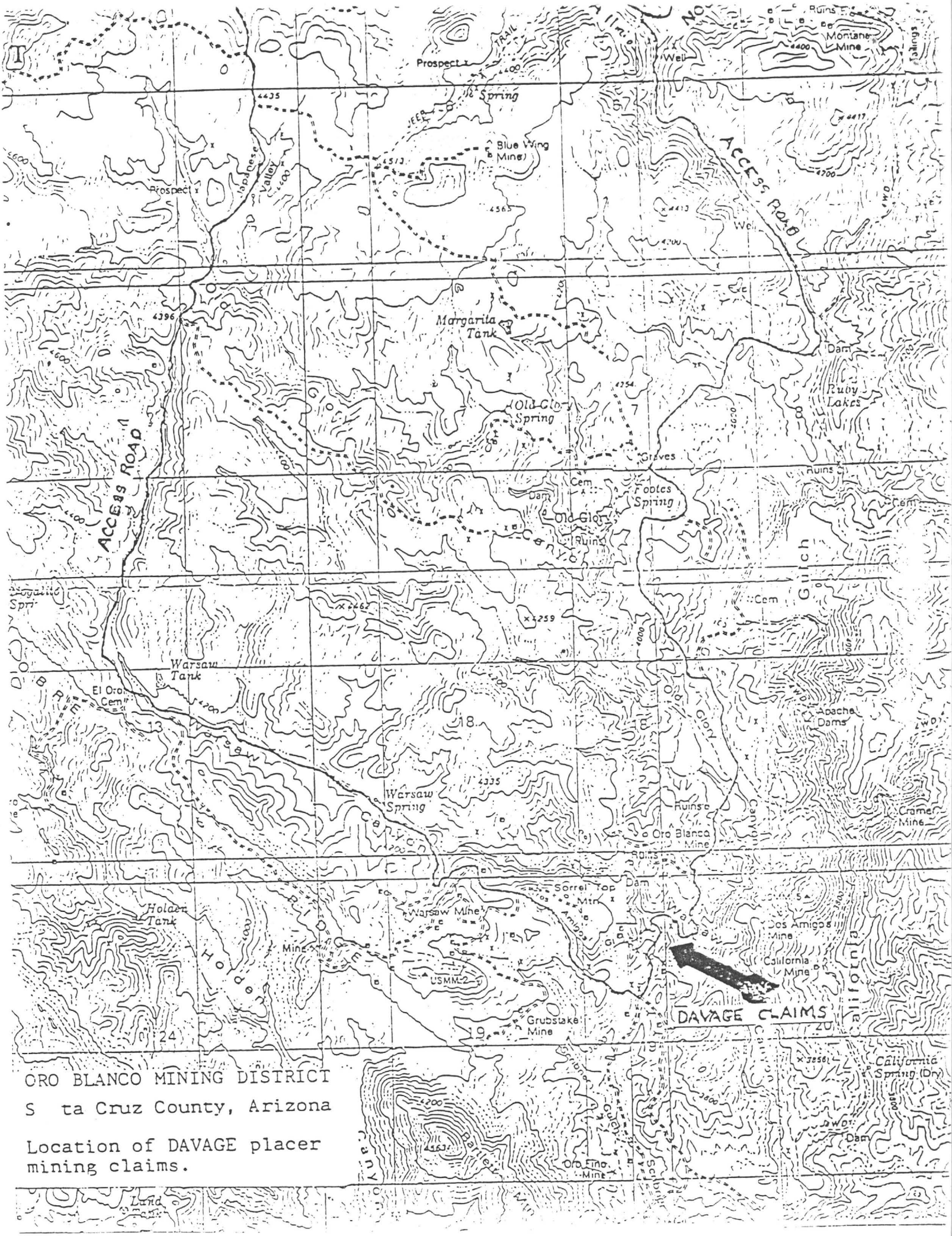
in a small way by the early Spaniards and Mexicans prior to the Gadsden Purchase in 1863. The first American locations were made in the late 1860's and early 1870's. The enriched, oxidized, surface ore was treated in arrastres, but when sulfides were encountered, the ore was roasted in crude adobe furnaces to liberate the precious metals. In the 1880's and 1890's, several small mills were operating to recover the values from numerous small mines. Amalgamation and cyanidation were introduced in the early 1900's, but the shortage of adequate water limited operations. By 1914, mining activity had almost ceased in the district.

Placer deposits in the Oro Blanco District were worked in a desultory way from 1896 to 1904, often with a small and wholly inadequate water supply, and in some places with dry-washing machines worked by hand. An attempt at sluicing was made in 1906, but the earthen dam built to contain runoff water was destroyed in a flash flood and the enterprise failed. During 1932, Gold Bar Placer Company installed a small scrubber and barrel concentrator near the mouth of Warsaw Creek - in the area of today's DAVAGE claims. Water for the plant was pumped from a small reservoir in the canyon. The one short run that was made presumably failed to recover the fine gold present. During the depression years, 1934-42, there was sporadic activity in the area, but results were minimal.

Production records collected and maintained by the Arizona Bureau of Mines to 1916 and by the Arizona Bureau of Geology and Mining Technology to 1976, indicate that a total of



ORO BLANCO MINING DISTRICT
SANTA CRUZ COUNTY, ARIZONA
Showing Location of DAVAGE
Placer Mining Claims.



ORO BLANCO MINING DISTRICT

S ta Cruz County, Arizona

Location of DAVAGE placer mining claims.

USE OF PROCEEDS

PLANT NO.2 - SYCAMORE

Purchase of Mobile Recovery Plant	$ 735,995

START-UP EXPENSES:

Plant transfer costs to mine site	$ 8,000
Site preparation	2,000
County and State permits	1,500
One (1) fresh water storage tank	2,000
4" booster pump	1,000
Electrical/Lighting system	10,000
Security fencing	6,500
Three (3) mobile homes (Personnel)	30,000
Three (3) septic tank systems	1,800
Equipment storage shed	10,000
Two (2) used pick-up trucks	17,000
680 Case front-end loader	35,000
Conveyor belt system	8,000
OSHA safety equipment	3,000
Atomic absorption machine	12,000
Refining furnace	3,500
Operating Expense reserves (Two months)	26,000
Consulting fees (Legal, accounting, geological, technical, etc.)	85,000
	$ 252,300

TOTAL	$ 998,295

NOTE: It may be possible for some auxiliary equipment and/or manpower to be shared by Plants No. 1 and No. 2, thus reducing costs for both operations.

INCOME/EXPENSE PROJECTION - MONTHLY

PLANT NO. 2 - SYCAMORE

INCOME:

Processing 100 tons concentrates per day (20 hrs.) Gross production of 80 ozs. less 16 ozs. (20%)* = 64 Ozs. 64 ozs. per day @ $350.00 per oz.	$ 22,400
Thirty (30) days production of 1,920 ozs. @ $350.00 per oz.	$ 672,000

EXPENSE:

Gross payroll - two technician @ $500 per week	$ 4,333
Gross payroll - two guards @ $5.00 per hour	1,600
Payroll taxes - Federal/State	1,187
Insurance	1,400
Utilities	450
Diesel fuel	1,800
Equipment rental costs	900
On-site refining costs	600
Misc. hardware, hoses, etc.	300
Administrative (reports, scheduling, etc.)	325
	$ 12,895

MONTHLY INCOME	(1,920 ozs.)	$ 672,000
MONTHLY EXPENSE	(36.8 ozs.)	12,895
MONTHLY NET PROFIT	(1,883.2 ozs.)	$ 659,105

* Royality to Bradshaw Mining for crushing of materials before processing.

PLANT NO. 1 - ROCK CREEK

This site consists of 160 acres and is one of four contiguous claims (Bumble Bee Claim Group) located in the southeast portion of the Bradshaw Mountain Range approximately 68 miles north of Phoenix, Arizona. Mr. James Brochert and Mr. Raymond Bert, both active principals of the Bradshaw Mining Corporation, have performed extensive mining activity since 1980 using a sluice operation. Other than recovery of gold nuggets, they have determined most of the fine gold was being lost rather than recovered by their efforts.

Davage Technology has selected this site for their first plant since their system is designed for recovery of fine gold. Water is available year-round from the Agua Fria River and Rock Creek which flows continually at the site. This area is like a large sluice box (trough) collecting gold, silver and other precious metals on the Black Canyon water shed.

An agreement has been entered into between Bradshaw Mining Corporation to perform all crushing of materials and deliver the concentrates for processing by the Davage-Battelle system which will expedit the gold recovery.

Reliable assays indicate the concentrates will yield 1.0 oz. per ton with five (5) tons being processed per hour by the mobile plant. For crushing and delivery of the concentrates to Davage, Bradshaw Mining will receive 20% of the gross product.

Management has based their projections on recovery of 0.8 oz. per ton of concentrates, processing five (5) tons per hour with operating time of twenty (20) hours per day.

Although there is no guarantee of what values may be extracted, past mining history and assay work indicates evidence of over 7 million (7,000,000) cubic yards of ore at this site.

Estimated period of plant operation at Rock Creek is between 15-20 years before depletion of deposit.

PLANT NO. 1

Rock Creek Claim
Black Canyon Placer
Bradshaw Mountains
Bumble Bee, Arizona

PLANT NO. 2

Sycamore Claim
Black Canyon Placer
Bradshaw Mountains
Bumble Bee, Arizona

PLANT NO. 3

Mule Ridge-California Gulch
Placer deposit
Arivaca, Arizona

PLANT NO. 4

The site for operation of Plant No. 4 is either Poison Creek in the Bradshaw Mountains adjacent to Plants 1 and 2 or Arivaca near Plant No. 3. Final selection will be management's decision in the near future.

SUMMARY OF JOINT VENTURE

Davage Technology, Inc. wishes to establish from one (1) to four (4) joint ventures in 1986 with one or more investors to exploit the proven gold recovery capabilities of the Davage-Battelle patented system, the first of which is immediately available and ready to put into operation. The purchase of three additional mobile plants is planned as soon as funds are available from this offering. Battelle has agreed to build these units with delivery expected within 90-120 days after placement of order. Site preparation will commence upon commitment of funds.

It should be emphasized that each of these joint ventures represents an investment in a gold recovery system which can be used on many promising sites, rather than an investment in a single mining property.

An investment of $1,000,000 is required to start production at Rock Creek, Bradshaw Mountains, Arizona (see Use of Proceeds, Plant No. 1). It is estimated that approximately the same amount will be needed for the three additional plants planned for this year. For funds committed, Davage Technology, Inc. will assign a 43% ownership of the mobile plant and 43% of the net income from the gold recovery operations. Net profit projections are based on an averaged gold price of $350.00 per oz. and may be taken by joint venture partner "in kind". Davage Technology, Inc. will retain a 57% ownership of the equipment and 52% of the net profit since 5% goes to Battelle Memorial Institute for worldwide license rights.

Davage Technology, Inc. will provide--through its subsidiary, Flying J Mines--the license from Battelle to utilize the equipment and the technology it embodies, complete operating services including personnel, accounting reports and delivery and/or sale of gold.

Davage Technology, Inc. reserves the right to purchase the joint partner's 43% interest in the mobile plant after thirty-six (36) months from start of operations.

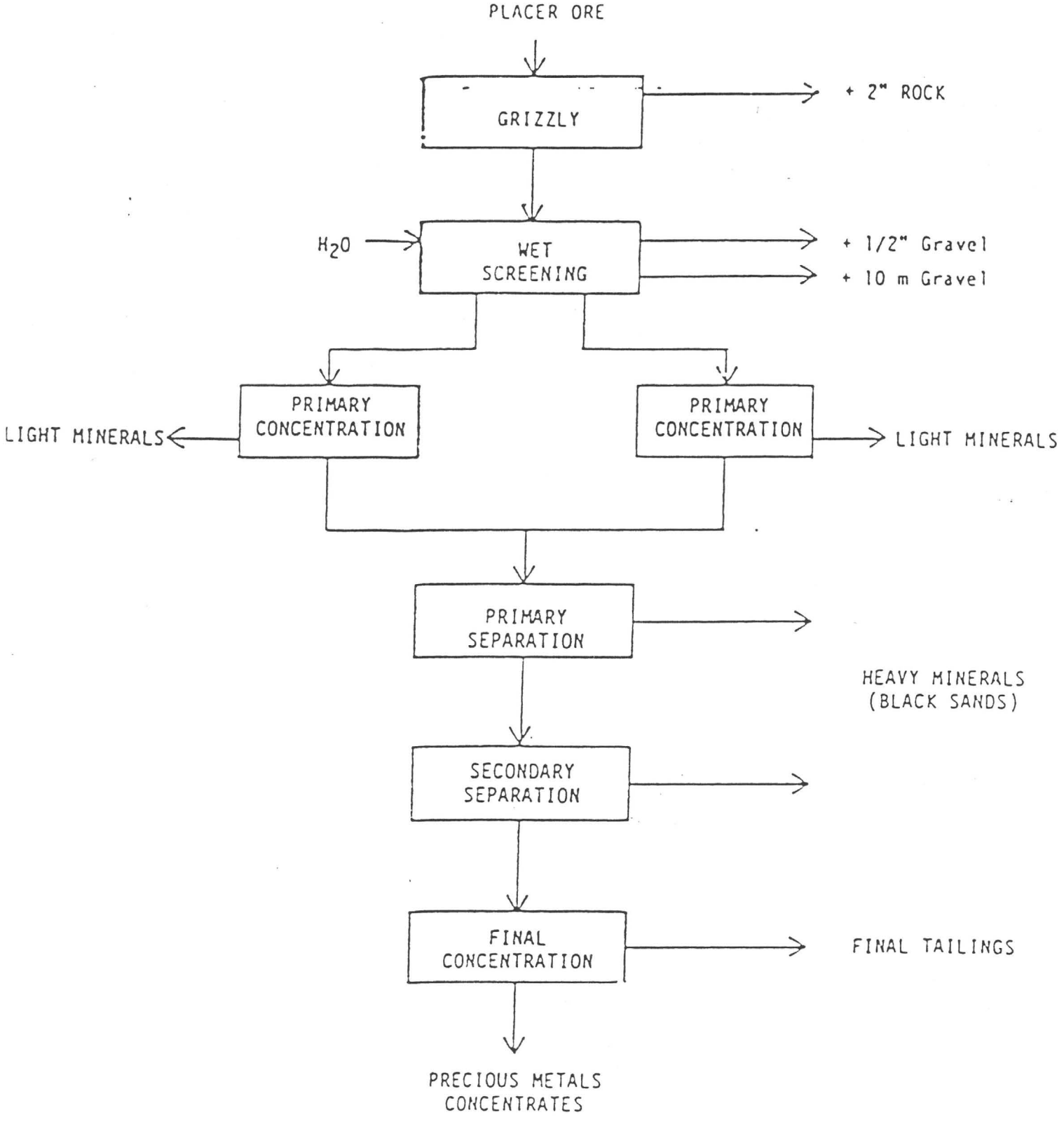
Tendering of funds will be through an escrow agent selected by mutual agreement. Delivery of gold will be on a monthly basis on site unless otherwise agreed upon.

TAX ASPECTS

The full implications of Federal, State and Local laws which may affect the tax consequences of participating in the joint venture are too complex and numerous to be described herein and because of the recent Federal, State and Local tax changes.

EACH PROSPECTIVE PARTNER SHOULD SATISFY HIMSELF AS TO THE INCOME TAX AND OTHER TAX CONSEQUENCES OF PARTICIPATING IN THE JOINT VENTURE BY OBTAINING ADVICE FROM HIS OWN TAX ADVISOR.

Preliminary operating cost estimates indicate that the process could operate on placer gravels that contain gold values in the range of 0.02 to 0.03 oz. per ton.



BLOCK DIAGRAM OF BATTELLE'S MOBILE PILOT PLANT FOR GOLD RECOVERY FROM PLACER DEPOSITS

minerals of no interest. As previously mentioned, this step is carried out on two separate size fractions. The heavy mineral concentrates from this step are recombined for further processing.

The next two steps (3 and 4) of the process are the primary and secondary separation steps. In these steps, the black sand and other heavy minerals are separated from the gold particles.

The final, secondary concentration step processes the concentrates from the previous separation steps and produces a final clean gold concentrate.

Results from laboratory-scale experiments on several placer gravel samples indicate gold recoveries greater than 90 percent (90%) in less than 1 percent (1%) of the feed material.

The mobile pilot plant now being operated was designed to process 10 tons per hour of virgin placer ore. The concentration ratio for the pilot plant is about 16,000:1. The unit uses only 235 gpm water and this can be recycled by use of a simple settling pond. Power requirements for the mobile unit are only 120 kw. The unit can be fed using a grizzly and conveyor, or slurries, such as tailings from primary recovery operations, can be pumped to the unit.

The mobile unit was designed, not only for further evaluation of the process, but also to be used as a mobile sampling and evaluation tool for placers. Several hundred tons of gravels can be economically processed in a short time to determine gold values in the placer deposits. This method of placer evaluation reduces the "nugget" effect often encountered in placer sampling and evaluation.

The pilot plant equipment, which weighs about 6 to 7 tons, is mounted in a totally enclosed 40-foot semi-trailer.

This mobile unit has been monitored to evaluate processing capabilities. All indications are that the unit performs as designed. The laboratory tests and the pilot plant operations, to date, indicate that gold as fine as 325 mesh can be recovered and that a high percentage of particles of 200 mesh are recovered by the process.

OPERATING PARTNER

Davage Technology, Inc. was formed as a public company in 1981 through merger with an inactive publicly-owned entity based in Salt Lake City, Utah. Dr. Joseph B. Davidson, president of Davage, and associates transferred a variety of oil, gas and mining properties in Ohio, Kentucky and Arizona to Davage Technology in exchange for stock in the company. In early 1985 the company withdrew from the oil and gas business and later that year moved its headquarters from Akron, Ohio to Phoenix, Arizona. Since then, the company has concentrated on plans for gold, platinum and silver recovery operations using the Davage-Battelle process. Dr. Davidson has personally supervised all the field operations, aided by his technician, Joel Zemba, who will operate the first plant upon delivery to the mine site.

In June 1986, at a cost of approximately three million dollars, Davage Technology, Inc. acquired Paragon Steel Structures of Chandler, Arizona, the country's leading designer and manufacturer of steel-framed, pre-engineered homes, as well as commercial, industrial and agricultural buildings. Two other steel building marketing firms have since been acquired and consolidated with Paragon, which is operated separately as a wholly-owned subsidiary of Davage Technology, Inc.

Following these acquisitions, Davage Technology, Inc. has approximately 12.5 million shares outstanding, which are currently actively traded over-the-counter. Following early completion of new consolidated financial reports, (which will be available upon request) prepared by its international auditors, Coopers & Lybrand, the company plans to apply for listing of its shares on the National Association of Securities Dealers (NASD) automated trading system. The company's general counsel is Streich, Lang, Weeks & Carson, one of Phoenix's leading corporate law firms.

R E S U M E

JOSEPH B. DAVIDSON

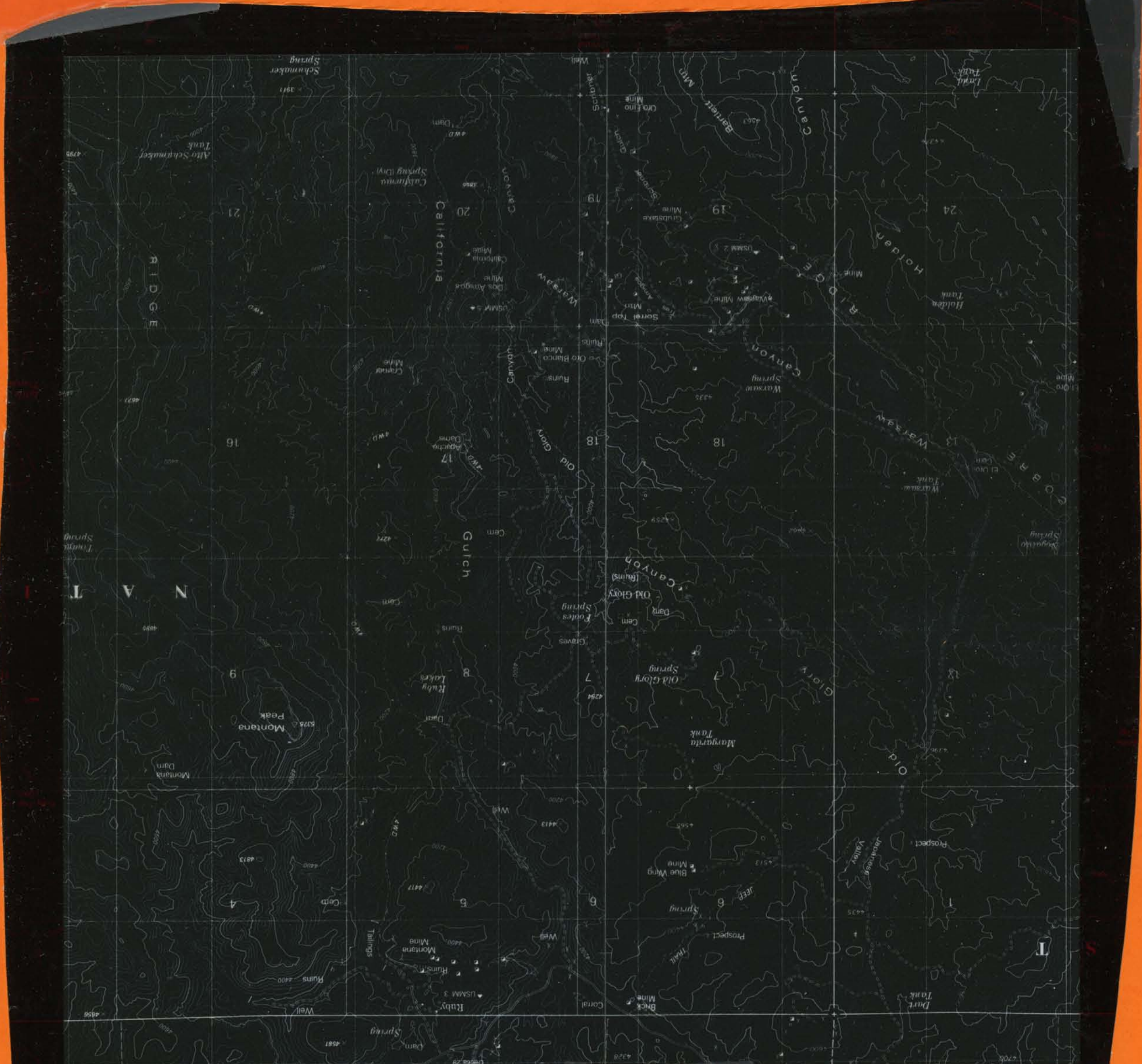
Joseph B. Davidson, owner of Flying J Mines for nearly ten years, is 63 years of age and resides in Phoenix, Arizona. He is a graduate of Michigan State University, obtaining his DVM degree with emphasis in Chemistry. Dr. Davidson has researched and developed feed and chemical products, has authored several books and was a general practitioner as a Doctor of Veterinary Medicine for 14 years.

Dr. Davidson has had varied investment and management roles in the past 30 years and was in the oil and gas field for 15 years. He is currently president of Davage Technology, Inc., a Utah corporation, which cooperated with Battelle Memorial Institute in development of the patented gold recovery system for which Davage has worldwide license rights. He is also serving temporarily as president of Paragon Steel Structures, Inc., a Delaware corporation which Davage recently acquired. His principal interest however, is field management of gold recovery operations using the Battelle process.

Flying J Mines was organized in the mid 70's for the purpose of mining valuab minerals and related purposes. It, and its principals, have since acquired interests in several unpatented and patented mining properties in Nevada and Arizona. Its exploration, development and operations have included drilling and trench sampling, directing geological evaluations with independent geologists, assaying, mining and processing ores.

In 1982, Dr. Davidson, having encountered the well-known problem of separating gold from black sand in an Arizona mining operation, took the problem to Battelle Memorial Institute, Columbus, Ohio. After a thorough review, Battelle agreed to s a solution. Two years later the present system was developed and successfully fi tested at four varying sites under Dr. Davidson's personal direction.

A more complete resume can be found in Who's Who in the Midwest, Who's Who America, or 1984 edition of the Dictionary of International Biography.



PHOENIX BLUE PRINT COMPANY
1414 North Seventh Street • Phoenix, Arizona 85014 • (602) 264-6871
FILM CONTROL NUMBER 2X

DURING RECENT YEARS, A NUMBER OF ATTEMPTS HAVE BEEN MADE TO RECOVER THE GOLD IN THIS ALLUVIAL PLAIN. TEST PITS AND TRENCHES HAVE BEEN EXCAVATED AND NUMEROUS ASSAYS OF THE GRAVELS, SANDS AND MUDS HAVE BEEN MADE. IN GENERAL, THESE TESTS HAVE SHOWN THAT GOLD IS PRESENT THROUGHOUT THE DEPOSITS IN AMOUNTS RANGING FROM 0.01 TO AS MUCH AS 1.0 OUNCES OF GOLD PER TON. SILVER AND PLATINUM ARE ALSO PRESENT IN AMOUNTS THAT COULD PROVE INTERESTING. SOME OF THE COARSER GOLD HAS BEEN RECOVERED BY SLUICING, AND ATTEMPTS TO RECOVER THE FINER, MORE DISSEMINATED GOLD HAVE BEEN MADE BY AMALGAMATING IT WITH MERCURY AND BY HEAP LEACHING CONCENTRATES USING SODIUM CYANIDE. THESE PROCESSES FAILED TO RECOVER A SUFFICIENT PERCENTAGE OF GOLD TO BE PROFITABLE, AND THE ATTEMPTS WERE ABANDONED. THE PROBABLE REASONS FOR THE FAILURE OF THESE METHODS INCLUDE: 1) MUCH OF THE GOLD OCCURS IN VERY SMALL FLAT-LIKE PARTICLES, BEING DERIVED FROM THE MACACEOUS SCHIST HOST ROCK, AND THE PARTICALS TEND TO FLOAT AWAY WHEN WASHED; 2) THE BULK OF THE GOLD EXISTS IN FINE PARTICLES THAT ESCAPE DURING THE CONCENTRATING PROCESS; AND 3) MUCH OF THE FINE GOLD IS INTIMATELY ASSOCIATED WITH BLACK SAND, PARTICLES OF WHICH ADHERE TO THE GOLD PARTICLES DEFEATING THE EXTRACTION MECHANISM. IT IS ANTICIPATED THE DAVAGE-BATTELLE MACHINE IS IDEALLY DESIGNED TO HANDLE ALL OF THESE PROBLEMS.

SS: FREDERIC B. LOOMIS
10/23/86

NOTES FROM "THE BLACK CANYON MINING DISTRICT", YAVAPAI COUNTY, AZ

Allied Beverage

Imported and Domestic Wines

3308B North 27th Avenue * Phoenix, Arizona 85017 * Phone (602) 258-1880

Extended Payments to Property Owner

		Tons	
1)	down Payment	0	25 000
2)		0	10,000
3)		500	24,500
4)		2200	24,500
5)	Material	2200	
6)			
7)			
8)			
9)			
10)			
11)			
12)		2200	

245,000

10/hr x 10 x 2200 Tons

280,000

20.300

21,000 tons

at 200

4,200,000

2)

① 280,000

② 294000

574 000

③ 294000

868 000

④ 1722000

☒

10T Gross at 10 hrs 288,680

Cost of Goods unit 30,000 + 25% 102,170

– – Property 10,000 + 10% (or 5%) 24,430

Cost of Goods 126,600 43%

Overhead Wages 5500

Legal 500

** Cost of Sales 2% 5590

Travel 14000

Lodg 2000

Tax 1700

*** Ins 500

29790 29790 10%

154390 53%

x12 = 1563480

NET 134290 47%

10 Tons @ 24 hrs

Gross 692840

Cost of Goods unit 203 210 29%

Land 34 640 05%

237,850 34%

Overhead 24,200 + 14690 = 38 890 6%

276,740 40%

NET 416,100 60%

4,993,200.00

59.95 100 gals 25¢

Scotts & McDonell 2 miles No of McDonell

Alamo 244 0897

Korte 994-9088

947-3555

OPERATIONAL SCHEDULE

PHASE I

Week 1
- a) Obtain contract with property owners
- b) Obtain contract for Battelle Recovery Unit

Week 2, Week 3, Week 4
- a) Hire independant geologist to evaluate property,
- b) locate best minable areas,
- c) determine % recovery possible with Battelle Unit

Projected Expense $ 17,220

PHASE II

Week 5
- a) Submit Plan of Operation to Bureau of Land Management
- b) Obtain Damage and Restoration Bond
- c) Obtain Liability Insurance
- d) obtain Federal & State & county Permits

Week 6
- a) Designate mill and mine sites
- b) Contract for roads & mill site & water drainage
- c) Contract for well and water system
- d) & contract for both utilities
- e) Purchase trash screen & stacker

Week 7
- a) Install trash screen and stacker

Week 8
- b) Install Battelle Unit

Projected Expense $135,560

PHASE III

9. Shakedown Run
10. Product evaluation
11. Ecological & Mineralogy evaluation
12. Engineering adjustments

Week 9 — Shake Down
Week 10 — Operation
Week 11 — ecological follow up evaluation
Week 12

Projected Expense $ 82,970

Total Projected Expense $235,750

OPERATIONAL EXPENSES

PRE-OPERATION - 2 MONTHS

GEOLOGICAL VERIFICATION	$ 5,000
SITE & ACCESS PREPARATION	10,000
WELL & H_2O SYSTEM	14,~~180~~ 200
PREPAID INSURANCE	10,000
STATE & FEDERAL PERMITS	1,500
PROPERTY LEASE & DOWNPAYMENT	25,000
BATTELLE UNIT LEASE & SETUP	60,000
GENERAL OVERHEAD	37,200
Truck lease	1000
MOBILE OFFICE & LIVING QTRS	11,000
Electrical & area lighting	10,000
SECURITY FENCING	6,500
SEPTIC SYSTEM	1,800
TRASH SCREEN & STACKER	24,~~160~~ 200
UTILITY GENERATOR	3,000
UTILITY FUEL & OIL	600
LEGAL FEES	1,000
15% contingency	
	$~~200,760~~ 210700 222000

~~31,450~~ ~~211,690~~ 33 300 255 300

SHAKEDOWN OPERATION - 1ST MONTH

PROPERTY LEASE	10,000
BATTELLE LEASE	30,000
GENERAL OVERHEAD	~~18,600~~ 19200
GELOGICAL VERIFICATION	3,000
~~TRUCK LEASE~~	~~1,000~~
~~UTILITIES~~ & misc	~~600~~
15% contingency	
	$ ~~62,900~~
~~MINIMUM CAPITAL REQUIRED~~	~~62000~~ 62200

~~9440~~ ~~72,340~~ ~~9300~~ 71 500

$272,~~540~~ 700

FULL OPERATION - 2ND MONTH

PROPERTY LEASE	$ 24,~~430~~ 500
BATTELLE LEASE	102,~~170~~ 200
GENERAL OVERHEAD	~~18,600~~ 19200
15% contingency	
	~~145,200~~ 145 700
~~OPTIMAL~~ CAPITAL REQUIRED	

21900 167600 ~~21,700~~ ~~166,940~~

$417,740

Reserve funds 5600

15% 494,400 56000 500000

62,700 ~~460,900~~ 494,400 ~~546,400~~

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

10/20/1987

ASSUMPTIONS ON BATTELLE PRECIOUS METAL RECOVERY, PROJECT # 1

Ore value @ 0.40 oz Au/ton
Au @ $450/oz
Recovery @ 85%
Refining @ 10%
Process 10 tons/hour @ 10 hours/day @ 22 days/month

		Gross Revenue per month	$ 302,940
Cost of unit @ $30,000/mo + 25% gross		$105,735	(35%)
Cost of property per month		10,000	(3%)
Cost of Goods		$115,735	(38%)

Cost of General Overhead

Wages & Salaries		
Administrative	2@ $ 4,000	
Admin. Asst.	1@ 1,500	
Legal & Accnt	300	
Cost of Sales	18,720	
Travel & Auto	14,000	
Lodging & Esp	2,000	
Emp. Taxes	1,700	
Cost of Overhead		$ 12,220 (4%)
NET PER MONTH		$ 174,985 (58%)
NET PER YEAR		$2,099,820

OPERATIONAL EXPENSES

Pre-Operation - 2 months	
Geological Verification	$ ~~5~~ 5,000
Site & Access Preparation	10,000
Well & H_2O System	14,180
Trash Screen & Stacker	24,160
Property Down Payment (Lease)	25,000
Battelle Unit Lease & Setup	60,000
~~Administrative~~ & Legal	~~24,440~~ 10,000
Operation - 1st month	~~37,200~~
Property Lease	10,000
Battelle Operation Contract	~~30,000~~
~~Administrative~~	~~12,220~~
Contingency of 15%	30,750
TOTAL STARTUP CAPITAL	$ 235,750

prepaid insurance 10,000
State fee Permits 1500
Security fencing 6500
Mobile Living qtrs & Office 10,000
Septic Sys 1800
utility Generator 2000
utility fuel & oil 300
Geologist 3000
utilities 300
Truck lease 1000.00

operation 2nd month
Property lease 24430
Battelle 102170
overhead 39290

(602) 246-9573

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

10/20/1987

ASSUMPTIONS ON BATTELLE PRECIOUS METAL RECOVERY, PROJECT # 1

Gross Revenue
Ore value @ 0.40 oz Au/ton less 10% dilution factor = 0.36 oz Au/ton
Au @ $450/oz 162.00
Recovery @ ~~85%~~ 90% efficiency 145.80
Refining @ 10% ~~of recovered value~~ 131.22
Process 10 tons/hour @ 10 hours/day @ 22 days/month

Gross Revenue per month $ 302,940 (288,684.80)

Cost of Goods Battelle

~~Cost of~~ unit @ $30,000/mo + 25%* gross	$105,735 (102,171)	(35%)*
Cost of property per month	10,000	(3%)
Cost of Goods	$115,735 (152,171)	(38%)

Cost of General Overhead

Wages & Salaries	
Administrative 2@	$ 4,000
Admin. Asst. 1@	1,500
Legal & Accnt	300-500
Cost of Sales**	~~18,720~~
Travel & Auto	14,000
Lodging & Exp	2,000
Emp. Taxes	1,700
Cost of Overhead	$ ~~12,220~~ 38,100 (~~4%~~) 10%

Ins 500

possible NET PER MONTH $ 174,985 (~~58%~~) (54,071)

possible NET PER YEAR $2,099,820

OPERATIONAL EXPENSES

Pre-Operation - 2 months	
Geological Verification	$ 5,000
Site & Access Preparation	10,000
Well & H_2O System	14,180
Trash Screen & Stacker	24,160
Property Down Payment	25,000
Battelle Unit Lease & Setup	60,000
General overhead ~~Administrative~~ & Legal	24.440
Shutdown Operation - 1 month	
Property Lease	10,000
Battelle Operation Contract	30,000
General overhead ~~Administrative~~	12,220
Contingency of 15%	30,750

TOTAL STARTUP CAPITAL $ 230,750

on line operation

Permits 1500
Area lighting 10,000
Fencing 6500
Mobile Home 10,000
Septic System 1800
~~electrical~~ 2,000 utility generator
Geo 3000
utilities 300
office & reporting supplies 1000
Ins 8,000

(602) 246-9573

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

10/28/1987

ASSUMPTIONS ON BATTELLE PRECIOUS METAL RECOVERY, PROJECT # 1

GROSS REVENUE

ORE VALUE @ 0.40 OZ AU/TON LESS 10% DELETION FACTOR = 0.36 OZ
AU @ $450/OZ
RECOVERY @ 90% EFFICIENCY
REFINING @ 10% OF RECOVERED VALUE

10 HOURS/DAY, 10 TONS/HOUR, 22 DAYS PER MONTH

GROSS REVENUE PER MONTH	$288,684	
COST OF GOODS		
BATTELL UNIT @ $30,000/MO + 25% GROSS*	$102,170	(35%)
PROPERTY @ $10,000/MO OR 5% ADJUSTED GROSS	$ 24,430	(08%)
COST OF GOODS	$126,600	(43%)
GENERAL OVERHEAD		
ADMINISTRATIVE WAGES @2	$ 4,000	
ADMINISTRATIVE ASST WAGES @1	1,500	
LEGAL & ACCOUNTING	500	
COST OF SALES**	5,590	
TRAVEL & AUTO EXPENSES	~~14,000~~ 2810	
LODGING & SUBSISTANCE	2,000	
EMPLOYEE TAXES	1,700	
LIABILITY INSURANCE	500	
	$ 39,~~790~~ 18600 145200	6 ~~(10%)~~ 4%
TOTAL EXPENSES	$~~154~~,390	(~~53%~~) 49
ASSUMED NET INCOME @ 10 HOURS/DAY	$~~134~~,290	(~~47%~~) 51%
	143484	

24 HOURS/DAY, 10 TONS/HOUR, 22 DAYS PER MONTH

GROSS REVENUE PER MONTH	$ 692,840	
COST OF GOODS		
BATTELLE UNIT	$203,210 24482	(29%)
PROPERTY	~~34,640~~	(~~05%~~) 4
COST OF GOODS	$~~237,850~~ 227670	(~~34%~~) 33
	21 340	
GENERAL OVERHEAD	$ 38,890 249030	(~~06%~~) 03
TOTAL EXPENSES	$ 276,740	(~~40%~~) 36
ASSUMED NET INCOME @ 24 HOURS/DAY	$ 416,100	(~~60%~~) 64
	~~443810~~	

YEARLY NET INCOME PROJECTIONS

@ 10 HOURS/DAY OPERATION	$ 1,563,480	1,721,808
@ 24 HOURS/DAY OPERATION	$ 4,993,200	5,325,720

(602) 246-9573

Gross =		288 684	
cost of goods	112171		39%
overhead	38100		13%
	150,271		52%
	net	138 413	48%
	net	1 660,956/yr	

Based on 24 hour day

Gross =		692,840	
cost of Goods	173,210 ~~~~213,210~~ ~~221 171~~ sales 14389 213210	~~213210~~	~~31%~~
overhead	~~38589~~		
		251800	36
	net	441,040	64%

travel & auto exp	4/ ~~[illegible]~~ x2	1200
		500 truck
		120
		2820

USE OF PROCEEDS

PLANT NO. 1 - ROCK CREEK

Purchase of Mobile Recovery Plant	$ 735,995

START-UP EXPENSES:

Plant transfer costs to mine site	$ 8,000
Site preparation	2,000
County and State permits	1,500
One (1) fresh water storage tank	2,000
4" booster pump	1,000
Electrical/Lighting system	10,000
Security fencing	6,500
Three (3) mobile homes (Personnel)	30,000
Three (3) septic tank systems	1,800
Equipment storage shed	10,000
Two (2) used pick-up trucks	17,000
680 Case front-end loader	35,000
Conveyor belt system	8,000
OSHA safety equipment	3,000
Atomic absorption machine	12,000
Refining furnace	3,500
Operating Expense reserves (Two months)	26,000
Consulting fees (Legal, accounting, geological, technical, etc.)	85,000
	$ 252,300

TOTAL	$ 998,295

INCOME/EXPENSE PROJECTION - MONTHLY

PLANT NO. 1 - ROCK CREEK

INCOME:

Processing 100 tons concentrates per day (20 hrs.) Gross production of 80 ozs. less 16 ozs. (20%)* = 64 Ozs. 64 ozs. per day @ $350.00 per oz.	$ 22,400
Thirty (30) days production of 1,920 ozs. @ $350.00 per oz.	$ 672,000

EXPENSE:

Gross payroll - two technician @ $500 per week	$ 4,333
Gross payroll - two guards @ $5.00 per hour	1,600
Payroll taxes - Federal/State	1,187
Insurance	1,400
Utilities	450
Diesel fuel	1,800
Equipment rental costs	900
On-site refining costs	600
Misc. hardware, hoses, etc.	300
Administrative (reports, scheduling, etc.)	325
	$ 12,895

MONTHLY INCOME	(1,920 ozs.)	$ 672,000
MONTHLY EXPENSE	(36.8 ozs.)	12,895
MONTHLY NET PROFIT	(1,883.2 ozs.)	$ 659,105

* Royality to Bradshaw Mining for crushing of materials before processing.

INCOME/EX[illegible] [illegible] - ANNUAL

PLANT NO. 1 - ROCK CREEK

	1st Year	2nd Year	3rd Year
EXPENSE:			
Total estimated operating expenses (5% cost increase allowed per annum)	$ 154,740	$ 162,477	$ 170,600
INCOME:			
Total estimated gross income (based on $350.00 per oz.)	$ 7,392,000 (11 Mos.)	$ 8,064,000	$ 8,064,000
Gold production projected in ounces	21,120	23,040	23,040
NET INCOME	$ 7,237,260	$ 7,901,523	$ 7,893,400
NET GOLD PRODUCTION IN OZS.	20,673	22,576	22,553
OPERATING PARTNER'S INTEREST 57% (*)	$ 4,125,238	$ 4,503,868	$ 4,499,238
ozs.	11,786	12,868	12,85[illegible]
VENTURE PARTNER'S INTEREST 43%	$ 3,112,022	$ 3,397,655	$ 3,394,162
ozs.	8,891	9,708	9,697

TOTAL THREE YEAR RETURN

Operating Partner	$13,128,344	37,509 ozs.
Venture Partner	$ 9,903,839	28,296 ozs.

(*) 5% due Battelle for license rights

All figures above computed on a base price of $350.00 per ounce and net production (after crushing royality) of .64 oz. per ton of concentrates per hour.

FREDERIC B. "FRITZ" LOOMIS
CONSULTING GEOLOGIST
2738 SOUTH VIA DEL BAC
GREEN VALLEY, ARIZONA 85614

602-648-1290

THE BLACK CANYON MINING DISTRICT
YAVAPAI COUNTY, ARIZONA

The Rock Creek and Sycamore placers are located in the Black Canyon Mining District, one of the prolific metal mining districts situated in and along the eastern flank of the Bradshaw Mountains of central Arizona (Figure 1). The region is characterized by north-northwest-trending mountains and valleys. The largest of these ranges, the Bradshaw, is approximately 45 miles long by 20 miles wide, and attains a maximum altitude of 7,971 feet. The eastern part of the region is drained chiefly by the Verde and Agua Fria rivers, of which the lower reaches are 1,600 to 2,200 feet above sea level. In general, the higher ridges and valleys are well wooded and watered, while the slopes below 5,000 feet in altitude tend to be brushy, and the country below 3,500 feet favors semiarid types of vegetation.

Black Canyon Creek, flowing from north to south along the eastern flank of the Bradshaw Mountains, is a principal tributary of the Agua Fria River. The Agua Fria in turn becomes Lake Pleasant where it is dammed north of Phoenix before emptying into the Gila River. Black Canyon Creek is a perennial stream fed by abundant rainfall in the mountains. It will provide an adequate supply of water for year-around placer operations, except possibly in a season of exceptional drought. Rainfall records at Bumble Bee, two miles east of the placer area, show an average annual rainfall of 16 inches, while at Crown King, high in the Bradshaws, annual rainfall has averaged 28 inches. Land in the Black Canyon Mining District is held by the U. S. Bureau of Land Management interspersed by some State of Arizona parcels and scattered patented tracts. BLM and State lands are subject to mineral entry, but most of the available lands in the district are currently claimed.

The Bradshaw range is a block-faulted uplift bounded on the east and west by down-faulted valley blocks. In general, the mountains are made up of metamorphic and igneous rocks. The oldest geologic formation, the Yavapai schist, consists of metamorphosed Precambrian sedimentary and igneous rocks which have been crumpled into northeast-trending belts, cut by various intrusives, and subjected to complex faulting. The principal intrusives consist of dikes and stocks of diorite, batholithic masses of granite with pegmatites, stocks of granodiorite and monzonite porphyry, and dikes of rhyolite porphyry. The diorite and granite are of Precambrian age; the granodiorite and monzonite porphyry are regarded as Mesozoic or early Tertiary in age. Tertiary and Quaternary volcanic and sedimentary formations in places mantle large areas of the older rocks.

The principal types of lode gold deposits in the region consist of: 1) Mesozoic or early Tertiary gold and gold-silver veins, 2) Precambrian gold-quartz veins, and 3) Precambrian gold-quartz-tourmaline replacement deposits. Of the three types of deposits, the Mesozoic or early Tertiary veins have yielded by far most of the gold produced.

In the Black Canyon Mining District, a north-trending belt of sedimentary Yavapai schist, about two miles wide, is intruded on the east and west by a north-trending strip of diorite. These formations floor a former valley and hilly pediment that is covered on the east by volcanic rocks and has been deeply dissected by the Black Canyon drainage system.

Placer gold is found throughout Black Canyon and in the streams tributary to Black Canyon Creek. The gold is derived from gold-bearing veins of the three types described above. The placer gravels in Black Canyon contain abundant large boulders; the gold particles are generally flat and fairly coarse. Black sand occurs abundantly in the gravels and adheres to the smaller gold particles.

Although the presence of minerals in the Bradshaw Mountains was known by early trappers and trail-makers, it was not until the Civil War, when troops from California, many of whom were gold miners, came in, that parties were organized to prospect the area. Large scale mining, accompanied by the construction of concentrators and smelters, reached its height between 1888 and 1913. Interest in placer mining was stimulated after 1929 by the financial depression, reaching its height in 1941. Since then, interest has receded, although it has never completely died out. Accurate figures for the amount of gold actually produced historically are hard to assemble because substantial amounts of gold have been produced as by-products of copper, silver, lead. and zinc mines in the region. For example, the copper ores at Jerome yielded from 0.025 to more than 0.225 ounces of gold per ton. It has been estimated that $50,000,000 worth of gold has been produced in Yavapai County, of which $4,000,000 was derived from placers.

The Rock Creek and Sycamore placers acquired by DAVAGE TECHNOLOGY, INC. cover a total of 320 acres, and are located in Sections 8, 9, and 17, Township 9 North, Range 2 East, along both sides of Black Canyon Creek (Figure 2). This meandering stream is contained within a steep-walled canyon whose sides rise precipitously some 800 to 1,000 feet above a generally flat stream bed. The immediate stream banks consist of gravel benches and bars formed of coarse to fine gravels with patches of sand and silt and mud. These deposits range from zero to as much as 12 feet or more in thickness and may cover as much as 10 acres where the stream meanders from side to side within the canyon. To some extent, the canyon may be thought. of as a giant sluice box with the gold-bearing gravels deposited in riffles and angles of the box.

During recent years, a number of attempts have been made to recover the gold in these placers. Test pits and trenchs have been excavated and numerous assays of the gravels, sands, and muds have been made. In general, these tests have shown that gold is present

throughout the deposits in amounts ranging from 0.01 to as much as 1.0 ounces of gold per ton of placer material. Silver and platinum are also present in amounts that could prove interesting. Some of the coarser gold has been recovered by sluicing, and attempts to recover the finer, more disseminated gold have been made by amalgamating it with mercury and by heap leaching concentrates using sodium cyanide. These processes failed to recover a sufficient percentage of gold to be profitable, and the attempts were abandoned. The probable reasons for the failure of these methods include: 1) much of the gold occurs in flat, leaf-like particles, being derived from the micaceous schist host rock, and the particals tend to float away when washed; 2) the bulk of the gold exists in fine particles that escape during the concentrating process; and 3) much of the fine gold is intimately associated with black sand, particles of which adhere to the gold particles defeating the extraction mechanism. It is anticipated the DAVAGE-BATTELLE machine is ideally designed to handle all of these problems.

Frederic B. Loomis

Frederic B. Loomis

23 October 1986

The Oro Blanco Players

Santa Cruz County Cal

To _____

Date _____ Time _____

While You Were Out

Mrs.
Miss
Mr. _____

Telephoned ..... ☐	Returned Your Call ... ☐
Wants You To Phone .. ☐	Will Phone Again..... ☐
Came In To See You... ☐	Wants You To Stop By. ☐

Phone: _____

_____

_____

_____

Signed _____

1825 West Indian School
Phoenix, Arizona 85015
248-8833

in a small way by the early Spaniards and Mexicans prior to the Gadsden Purchase in 1863. The first American locations were made in the late 1860's and early 1870's. The enriched, oxidized, surface ore was treated in arrastres, but when sulfides were encountered, the ore was roasted in crude adobe furnaces to liberate the precious metals. In the 1880's and 1890's, several small mills were operating to recover the values from numerous small mines. Amalgamation and cyanidation were introduced in the early 1900's, but the shortage of adequate water limited operations. By 1914, mining activity had almost ceased in the district.

Placer deposits in the Oro Blanco District were worked in a desultory way from 1896 to 1904, often with a small and wholly inadequate water supply, and in some places with dry-washing machines worked by hand. An attempt at sluicing was made in 1906, but the earthen dam built to contain runoff water was destroyed in a flash flood and the enterprise failed. During 1932, Gold Bar Placer Company installed a small scrubber and barrel concentrator near the mouth of Warsaw Creek - in the area of today's DAVAGE claims. Water for the plant was pumped from a small reservoir in the canyon. The one short run that was made presumably failed to recover the fine gold present. During the depression years, 1934-42, there was sporadic activity in the area, but results were minimal.

Production records collected and maintained by the Arizona Bureau of Mines to 1916 and by the Arizona Bureau of Geology and Mining Technology to 1976, indicate that a total of

48,500 ounces of gold have been recovered from the Oro Blanco mining district. Of this amount, 37,000 ounces were taken from the Ruby mine in the northern part of the district. The balance was from scattered small mines and placers throughout the district. Placer operations were never very successful because of the fine disseminated nature of the gold in them.

DAVAGE has acquired three placers of approximately 20 acres each located at and near the confluence of Warsaw and Tres Amigos Creeks and California Gulch, in Sections 19 and 20, Township 23 South, Range 11 East, Santa Cruz County, Arizona. The properties contain an estimated 4,000,000 cubic yards of sand and gravel considered prime place ore concentrated in streambed and bank deposits in and along the three washes. In addition, there is unconsolidated scree material on the hillsides adjacent to the washes. A total of twenty (20) grab samples have been taken from the stream beds and banks, and these have been processed using the BATTELLE machine (described elsewhere), yielding a conservative average of 0.15 ounces of gold per cubic yard of sand and gravel. In addition, samples from the hillside slopes have yielded gold averaging 0.05 ounces per cubic yard. It is estimated that as much as 60,000 ounces of gold may be present in the area covered by the placer claims. The machine, having a recovery factor of 95 percent will yield approximately 50,000 ounces of gold from this prospect.

Frederic B. Loomis

Frederic B. Loomis
6 October 1986

B. Lessee represents and warrants that: (i) DAVAGE TECHNOLOGY INC.is a corporation established and organized under the laws of the State of Utah; (ii) DAVAGE TECHNOLOGY INC. is in good standing with the Utah Corporation Commission; and (iii) The undersigned corporate signators are fully authorized by the shareholders and Board of Directors of DAVAGE TECHNOLOGY INC. to enter into and execute this Mining Lease; (iv) DAVAGE TECHNOLOGY INC. does not claim any right under any prior Lease or Purchase Agreement of the premises demised herein.

3. GRANT.

Lessor hereby grants, leases, and demises the SUBJECT PREMISES, including all ores, minerals and mineral rights in placer formation in, upon and under the SUBJECT PREMISES, exclusively to Lessee, its successors, assigns with the right and privilege to explore for, develop, mine, extract, mill, store, process, remove and market therefrom all metals, ores, minerals, or materials of by products thereof whatsoever nature or sort, as allowed by the laws and regulations governing a placer claim operation (hereinafter "LEASED SUBSTANCES") and to place thereon, construct, maintain, use and at its election, remove such structures, facilities, equipment, roadways, haulageways and such other improvements as Lessee may deem necessary, useful or convenient in conducting its operations thereon; to use and consume so much of the surface as may be necessary, useful or convenient for the full enjoyment of all of the rights herein granted.

4. LESSOR PERFORMANCE.

A. BRADSHAW MINING CORPORATION will process Placer material to provide a minimum of 100 tons of 20 mesh minus material per day to DAVAGE TECHNOLOGY INC. BRADSHAW MINING CORPORATION will keep all material processed over 20 mesh. In the event BRADSHAW MINING CORPORATION cannot supply sufficient 20 mesh minus material DAVAGE TECHNOLOGY INC. may elect to process any other Placer material, as outlined in paragraph 3 above, in order to continue operations until such time as sufficient 20 mesh minus material is available.BRASHAW MINING CORPORATION will be totally responsible for its operation as far as equipment, insurance, labor, replacement of equipment, material, etc. DAVAGE TECHNOLOGY INC. will be totally responsible for its operation as far as equipment, insurance, labor, replacement of equipment, repair parts, material, etc.

B. Production Royalty Payments - Commencing at such time, if any, as LEASED SUBSTANCES are mined, semi-refined, and/or sold from the SUBJECT PREMISES, Lessee shall pay to Lessor as Production Royalty Payments, twenty percent (20%) of the "Gross Smeltered Returns" derived from the sale by Lessee of LEASED SUBSTANCES from the SUBJECT PREMISES. The term "Gross Smeltered Returns" as used herein shall mean the

gross proceeds (values) smeltered or marketed from the LEASED SUBSTANCES to include all metals, ores, minerals, or materials of by products thereof whatsoever nature or sort received by Lessee from the smeltered or sale of LEASED SUBSTANCES. Lessor reserves the right to accept the twenty percent (20%) in smeltered form or in United States Dollars by written notice to Lessee. Production Royalty Payments are to be paid not less than on a monthly basis.

(i) Production taxes, severance taxes, and sales privilege, and other taxes (other than income taxes, or estate taxes) measured by production or the value of production shall be at the expense of the Lessee.

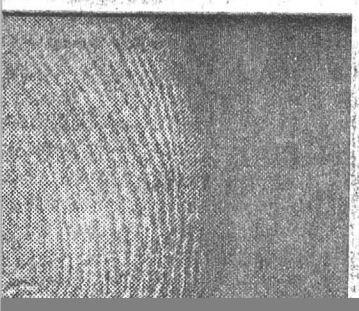
(ii) Gross Smelter Returns shall be calculated for each calendar month in which Gross Smelter Returns are realized and such Production Royalty Payments as are due Lessor hereunder shall be made within ten (10) working days of reciept by Lessee of payment or settlement from smeltered values or other sales agents. Such payments shall be accompanied by a settlement sheet and a statement summarizing the computation of Gross Smelter Returns and the credits to which Lessee and Lessor are entitled.

C. Method of Making Payment. All payments required to be made by Lessee to Lessor and the statement summarizing the computation of Gross Smeltered Returns and Lessee's credit's shall be delivered to BRADSHAW MINING CORPORATION,-5921 W. Thomas Road, Suite 10, Phoenix, Arizona 85033, and a copy of the statement forwarded to the Treasurer, Bradshaw Mining Corporation, in care of (C/o) David J. Gordon-Accountant, 211 E. Osborne Road, Phoenix, AZ 85012. Upon making payment in the manner described above, Lessee shall be relieved of any responsibility for the further distribution thereof. The deposit of any payment hereunder, on or before the due date thereof, shall be deemed timely payment hereunder.

5. ADVERSE CLAIMS - DISPUTES.

In the case of any adverse claim dispute, or question as to the ownership of the SUBJECT PREMISES or as to the right to receive the Minimum Advance or Production Royalties payable under this Agreement, Lessee shall not be deemed to be in default in payment thereof under this Agreement until final disposition of such claim, dispute, or question, and Lessee may withhold payments due Lessor hereunder with respect to the portion of the SUBJECT PREMISES involved in such adverse claim or dispute. However, Lessee shall nevertheless deliver, on the specified payment dates, to Valley National Bank, the appropiate payments with instructions to deposit said monies in a separate interest-bearing account until Lessee is furnished with the orginal or certified copy of instruments disposing of such claim or dispute or until delivery to Lessee of proof sufficient in the opinion of Lessee's counsel to settle the same; in which event, Lessee shall make payment of the

Sunday, October 4, 1987



Microscopic-gold mining finds ones that got away

By GUY WEBSTER
The Arizona Republic