

Labor cost, 2 men at 8 hours/day at \$19/hour.

Operating cost of leaching facility is power, chemicals, carbon, water, etc.

		<u>Per Month</u>
Labor	\$2.40/MT	\$ 3,342.00
Operating	\$5.00/MT	<u>6,966.00</u>
		\$10,308.00
Leaching Plant profit/month		\$ 8,758.50

With this profit and a plant purchase price of \$100,000, it would take 11.4 months to pay off plant.

We can safely assume 2 years operation on Weaver Creek on the BLM ground and State Lease Tailings M³ on BLM = 259,120.

Combined Operation

	<u>Per Month</u>	
Plant Feed M ³	7040	
Leaching Plant Feed M Tons	1393	
Placer Plant Gold	140.80	77%
Leaching Plant Gold	<u>42.37</u>	23%
Total Gold oz./mo.	183.17	
Placer Plant Profit		\$12,320.00
Leaching Plant Profit		<u>8,758.50</u>
		\$21,078.50

In order to pursue this project, the following items would have to be purchased:

1 Backhoe	\$125,000
1 Leaching Plant	<u>100,000</u>
	\$225,000

The fineness of the gold from the placer plant is no real problem if the sale of the nuggets is diligently pursued.

The placer plant must maintain 7040 M³ of plant feed monthly at a recoverable 0.02 oz. or better per M³.

The royalty of 8% of the gross would be based on \$63,360
plus \$19,066.50 = \$82,426.60
royalty = \$ 6,594.00

Total profit	\$21,078.50
Less royalty	<u>6,594.00</u>
Profit after royalty	\$14,484.50

By reducing the costs at Upper Weaver on overtime and equipment rental,
we could save \$10,701 or have a profit after royalty of \$25,185/month.

Over two years this would yield \$604,440 less new equipment
purchases = \$379,440.

More test work must be undertaken on the leaching of the classifier sands.
The grade in ounces per metric ton must be checked and the leaching
recovery must be determined.



Dan E. Lewis

BEAR CREEK - WEAVER CREEK
PRODUCTION AND SHIPMENT AND SUMMARY

7/29/87

The following is a summary of the production and disposal of the gold and silver from Bear Creek and Weaver Creek from start of operations to close down of operations:

	<u>PRODUCTION</u>					
	<u>BEAR CREEK</u>			<u>WEAVER CREEK</u>		
	+10 Mesh <u>Gms Au+Ag</u>	-10 Mesh <u>Gms Au</u> <u>Gms Ag</u>		+10 Mesh <u>Gms Au+Ag</u>	-10 Mesh <u>Gms Au</u> <u>Gms Ag</u>	
Pre Ops	91.9877					
May '86	628.7895					
June	1304.9735					
July	547.5208	1196.2731	325.7501			
August	2602.8657	246.9007	82.6165	428.6655	77.4469	9.9652
Sept.	1185.2089	47.8069	4.9902	639.0145	128.0145	15.0904
Oct.	777.4346	7.4200	1.0200	1006.1204	134.5770	18.5651
Nov.	505.9216	-	-	2104.6024	209.7845	26.8810
Dec.				476.8721	82.9497	10.6263
Jan. '87				2182.7433	140.1064	17.9481
Feb.				1599.8883	157.1215	20.1281
Mar.				1667.1970	119.8154	15.3490
April				1895.5399	209.2750	24.6118
May				<u>2449.7455</u>	<u>387.0000</u>	<u>50.4290</u>
	<u>7644.7023</u>	<u>1498.4007</u>	<u>414.3768</u>	<u>14750.387</u>	<u>1646.0910</u>	<u>209.5940</u>
	245.81 oz.	48.18 oz.	13.32 oz.	474.289 oz.	52.929 oz.	6.739 oz.
Total Au+Ag = 307.31 oz.			Total Au+Ag = 533.957 oz.			

Total Au+Ag = 841.267 oz.

SHIPMENTS

			Refined Metals		
			<u>Oz. Au+Ag</u>	<u>Oz. Au</u>	<u>Oz. Ag</u>
1.	10/27/86	Engelhard	256.55	187.532	45.966
2.	11/12/86	"	27.13	19.037	1.958
3.	4/22/87	Hoover & Strong	119.63	99.480	14.467
4.	5/19/87	Engelhard	66.47	57.299	6.221
5.	6/8/87	"	48.70	42.773	4.780
5A.	6/8/87	"	49.47	43.535	4.652
6.	6/12/87	"	48.99	43.183	4.739
7.	6/15/87	"	<u>12.45</u>	<u>12.202</u>	<u>-</u>
			629.39	505.041	82.783
				<u>82.783</u>	
			629.39	- 587.824	

The refining loss was 6.60%. This includes payment in kind on shipments #4, #5, #5A, #6 and #7. Refining loss = 6.175%.

Total shipment	629.39 oz. Au+Ag
Jar #13 Tucson	41.78 oz. "
One small bar Tucson	.7074 oz. "
Nuggets in Tucson	<u>170.0702 oz.</u>
	841.9476 oz. Au+Ag

This compares favorably with the production of 841.267 oz.

Nuggets

A total of 539 nuggets were removed from the total production. This total was 170.0702 oz. As of July 17, 1987, the total sales of these nuggets is 14.5383 oz., leaving 155.5319 oz. for sale. Other inventory in Tucson is Jar #13 - 41.78 oz., and one small bar - 0.7074 oz. = 42.4874 oz.

LA PAZ MINING, INC.

1802 WEST GRANT ROAD
SUITE 110-4
TUCSON, ARIZONA 85745
PHONE: AREA CODE 602 624-7421

May 26, 1986

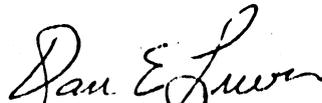
Board of Directors
La Paz Mining, Inc.
1802 West Grant Road, Suite 110-4
Tucson, Arizona 85745

Gentlemen:

Enclosed is the report, "Placer Exploration on Upper Weaver Creek - Mr. Dale Tucker Claim Holdings".

A total of 605.96 cu. yds. were excavated from 31 test pits. This material was screened to minus 4 inches, and the undersize 326.56 cu. yds. were treated in the plant. The total gold recovered was 100,010.19 mgs.

Sincerely,


Dan E. Lewis

DEL:vh

Enclosure

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 ~~435-1547~~ 325-1505

February 27, 1992

Michael Rice, Geologist
Arizona State Land Dept.
1616 West Adams
Phoenix, AZ 85007

Re: Arizona State Mining Leases
M11-3193 & M11-3950

Dear Mike:

Per your recent phone request, I herewith and herein submit a relinquishment on the part of La Paz Mining, Inc. to any right, title or interest in and to the above referenced State Leases, which at one time were under active evaluation by LA Paz.

Sincerely,

E. Grover Heinrichs, Pres.

EGH/eh

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 ##### 325-1505

February 27, 1992

Michael Rice, Geologist
Arizona State Land Dept.
1616 West Adams
Phoenix, AZ 85007

Re: Arizona State Mining Leases
M 11-3193 & M 11-3950

Dear Mike:

Regarding our recent phone conversation, in which you requested information concerning the direct mining costs on the subject state leases, located on Weaver Creek, Yavapai County, AZ.

We have examined our records and find that the costs were very inconsistent on a month to month basis, and were from a low of \$1.48/M³ to a high of \$7.09/M³ (M³ = cubic meter).

Naturally, you realize that this project was an exploration and development exercise and not a production operation. The variations in the costs were a reflection not only of an inexperienced crew but also ground conditions, the size of boulders, and the weather had an adverse effect on costs. The spotty ore occurrence also was a factor.

I am enclosing a Relinquishment on the subject leases per your request. We would also appreciate receiving by March 10 a release of the cash bond, in the amount of \$5,000., in the form of a CD at the Valley National Bank.

Sincerely,

E. Grover Heinrichs, Pres.

EGH/eh

Upper Weaver Mine

Price of Gold in mo. reports based on price on day report was written (not Avg).
Feb. month.

Aug. 1986	376.852
Sept. "	421.09
Oct. "	423.617
Nov. "	398.806
Dec. "	391.225
Jan. 1987	408.260
Feb. "	401.318
Mar. "	408.914
April "	438.721
May "	460.173

Avg 412.89 oz

Note Ag is not a significant item.

Total Au + Ag 533.957 oz during the production period from Aug. 1986 thru May 1987.

Over burden 76,686.2 M³
 Ore treated in plant 33,174.3 M³ } 2.6 : 1
 + 4" oversize boulders left in mine area 10,761.0 M³

33 $\overline{176}$ 2
 $\frac{66}{100}$

18
Sept 24⁸⁷
\$65.76

12-13-90

Success Tax Copy of Canceled Checks sent to Rice

<u>CK No</u>	<u>Date</u>	<u>Amount</u>		
2484	9-18-76	65.76	✓	Aug. may not have been pd. very little prod.
2615	10-7-76	127.78	✓	Sept. payment was not listed in report.
2708	11-12-76	192.71	✓	
2796	12-10-76	317.87	✓	
2867	1-12-87	76.08	✓	
2969	2-18-87	380.42	✓	
3042	3-16-87	242.78	✓	
3113	4-13-87	250.62	✓	
3179	5-12-87	318.52	✓	

Info. Only

	<u>yds. Mined</u>		<u>Mining Cost</u>	<u>Loss</u>	<u>Net Loss</u>
1986	3420	Sept. @ 2 yds =	\$6840.0	28,392.15	= 21,552.15
"	3721.0	Oct @ 2 yds =	7442.0	23,189.14	= 15,747.14
"	4868.0	Nov @ 2 yds =	9736.0	9,776.03	= 40.03
"	2174.0	Dec @ 2 yds =	4348.0	43,559.42	= 39,211.42
1987	3075.6	Jan @ 2 yds =	6151.20	28,097.03	= 21,945.83
"	3492.7	Feb @ 2 yds =	6985.40	24,627.36	= 17,641.96
"	3892.0	Mar @ 2 yds =	7784.0	18,924.16	= 11,140.16
"	4591.6	Apr @ 2 yds =	9183.20	42,734.18	= 33,550.90
"	4869.0	May @ 2 yds =	9738.0	17,050.70	= 7312.70
	34,103.9	Total @ 2 yds	\$68,207.80	234,350.17	= 168,142.29
			\$68,207.80		

Grover - This only shows that if you omit the mining costs we still would not owe any royalties. I wouldn't send him this info. as I would just make reference to the fact in the language of your letter. Jay

Upper Wewer, Proj. Exploration & dev.

Note

2/25/92

Criteria to establish cost per M^3 of material mined during this exploration & development period commencing August 12, 1986 thru May 31, 1987.

1. All material mined was included - both overburden & material to plant
2. Water cost was not included
3. Consulting fees & Tucson management fees not included
4. Office expense Tucson & Wewer not included
5. Rent, food & lodging expense not included.
6. Parts & repairs not included
7. Equip. Rental was included
8. Tire expense was included

State Leases 3193 & 3950

	INITIALS	DATE	REFERENCE
PREPARED BY			
CHECKED BY			
APPROVED BY			

1986 - August Direct Mining Costs

Payroll 10,654.99
 Payroll Taxes 1,144.24
 Fuel 3,610.26
\$ 15,409.49
 Field Supplies 676.51
 Equip. Rental 6,500.00
\$ 22,586.00

Curlic Meters Mined $840 + 2344.7 = 3184.7 \text{ m}^3$
 $\$ 7.09 \text{ per m}^3 = \$ 7.09 \text{ m}^3$

1986 Sept

Payroll 13,003.60
 " Taxes 929.76
 Fuel 4,368.11
 Field Supplies 2,529.91
 Equip. 6,740.00
 $27,571.38 \div 4655 \text{ m}^3 = \$ 5.92 \text{ m}^3$

Oct '86

Payroll 14,162.49
 " Taxes 3,172.50
 Fuel 3,166.25
 Field Supplies 1,501.29
 Equip. Rent 4,450.00
 $26,452.53 \div 6115 \text{ m}^3 = \$ 4.33 \text{ m}^3$

Nov. '86

Payroll 15,231.60
 " Taxes 1,009.06
 Fuel 2,331.20
 Field Supplies 641.48
 Equip. Rental 4,680.00
 Tires 2,012.45
 $27,973.34 \div 15,418 = \$ 1.55 / \text{m}^3$
 M³ mined 15,418

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

REPORT OF OPERATIONS UPPER WEAVER CREEK OCTOBER 1986

Directorate
La Paz Mining, Inc.

November 14, 1986

The following Report of Operations for the placer gold property of La Paz Mining, Inc., month of October 1986, is hereto submitted.

The plant ran a total of 16 days of the available 27 working days, to include Saturdays. The 11 days of down time were due to rebuilding a new tail conveyor and a second nugget trap on the trommel.

Mine

The material mined in October was removed from State Leases #3950 and #3193 by the use of the D-9 and 980 wheel loader.

<u>Blocks</u>	<u>Overburden Cubic Meters</u>	<u>Ore to Plant Cubic Meters</u>
2-1W	847	2357
1-1W	1085	1364
3-1W	<u>462</u>	<u>-</u>
Total	2394	3721

Cubic Meters Ore Treated by Block

<u>Block</u>	<u>September</u>	<u>October</u>	<u>Ore Year to Date</u>	<u>Overburden Year to Date</u>
1-1E	557	-	557	-
1-1W	869	1364	2233	1085
2-1E	1780	-	2717.9	840
2-1W	214	2357	3977.8	1156
3-1W	<u>-</u>	<u>-</u>	<u>-</u>	<u>1388</u>
Totals	3420	3721	9485.7	4469

Plant Production

(a) Tailings

A total of 3721 M³ of ore was treated in the plant and produced the following tailing products over 105.5 hours of operation:

	<u>+4 Inch</u>	<u>-4 Inch +3/8 Inch</u>	<u>-3/8 Sand</u>	<u>Slimes</u>	<u>Total</u>
Percentage	21.2	26.6	-39	13.2	100
Cubic Meters	788	990	1451	492	3721

(b) Water

A total of 2,748,300 gallons of water was registered by the two water meters for the month of October 1986.

Recirculated Water	1,820,400 gallons	287.6 gpm
Well Water to Bowl	<u>927,900 gallons</u>	<u>146.6 gpm</u>
	2,748,300 gallons	437.2 gpm

During the 105.5 hours of operation, the average use was 437.2 gpm.

$$\frac{2,748,300}{3721} = 738.6 \text{ gallons of water to treat one M}^3 \text{ of feed.}$$

It appears that our feed is too high by 18%. We will check our truck factor.

The water pumped from the wells was 927,900 gallons for the month of October 1986.

DW #3 BLM location	33%	306,200 gal.
DW #4 State Land Location	53%	491,787 gal.
DW #5 State Land Location	14%	<u>129,913 gal.</u>
Total		927,900 gal.

(c) Plant

<u>October</u>	<u>M³</u>	<u>Hrs.</u>	<u>M³/ Hr.</u>	<u>Grams Free Au</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
1	254	7.5	33.8	98.0844	0.386	0.0124
2	259	7.5	34.5	98.7672	0.381	0.0123
3	237	7.5	31.6	48.4649	0.204	0.007
6	291	7.0	41.5	141.7701	0.487	0.0157
7	290	8.0	36.3	128.7187	0.4439	0.0143
8	312	8.5	36.7	110.8694	0.36	0.0114
18	57	2.0	28.9	13.2079	0.23	0.007
20	259	7.0	37.0	31.0107	0.120	0.004
21	212	7.25	29.2	19.8262	0.093	0.003
22	249	8.0	31.1	18.5128	0.074	0.002
24	172	6.0	28.8	75.3347	0.438	0.014
25	115	3.0	38.5	45.0799	0.392	0.013
28	154	4.5	34.2	34.5369	0.224	0.007
29	293	7.75	37.8	14.8929	0.051	0.002
30	324	8.0	40.5	68.3612	0.211	0.007
<u>31</u>	<u>243</u>	<u>6.0</u>	<u>40.5</u>	<u>58.6825</u>	<u>0.241</u>	<u>0.008</u>
16	3721	105.5	35.2	1006.1204	0.27	0.009
Gold Bar from Retort				134.5770	0.3066	0.010
				<u>1140.6974</u>		

Weight 158.27 x 85.03% Au = 134.5770

158.27 x 11.73% Ag = 18.5651

Summary Year to Date Production

<u>Production</u>	<u>Grams Au</u>	<u>Feed M³</u>	<u>Operating Hrs.</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
August	520.7655	2344.7	75.2	0.2211	0.007
September	767.2312	3420.0	110.2	0.2243	0.007
October	<u>1140.6974</u>	<u>3721.0</u>	<u>105.5</u>	<u>0.3066</u>	<u>0.0099</u>
	<u>2428.6841</u>	<u>9485.7</u>	<u>290.9</u>	<u>0.2560</u>	<u>0.008</u>

Total ounces = 78.09

The 1140.6974 grams is composed of two products:

1006.1204 grams free gold on +10 mesh = 88.2%
134.5770 grams -10 mesh amalgamated = 11.8%
 1140.6974 grams

<u>October</u>	<u>Concentrate Grams</u>		<u>Total</u>	<u>%</u>
	<u>+10 Mesh</u>	<u>-10 Mesh</u>		<u>+10 Mesh</u>
1	750	3100	3850	19
2	710	3050	3760	19
3	1900	2100	4000	48
6	1500	2100	3600	42
7	780	3100	3880	20
8	800	3100	3900	21
18	1360	2000	3360	40
20	1500	2000	3500	43
21	1440	2950	4390	33
22	1350	3010	4360	31
24	1200	2650	3850	31
25	1400	2900	4300	33
28	1600	1800	3400	47
29	1350	2400	3750	36
30	600	2900	3500	17
31	725	2725	3450	21
<u>16</u>	<u>17245</u>	<u>41885</u>	<u>59130</u>	<u>29</u>

The 41,885 grams of -10 mesh concentrate were amalgamated, retorted, and melted to produce a gold bar containing 134.5770 gms of gold.

Amalgam Tails to Date

<u>Month</u>	<u>-10 Mesh Gms</u>
August	22,865
September	42,035
October	<u>41,885</u>
Total	106,785 gms

The amalgam tails were separated into two fractions, magnetic and non-magnetic:

50% magnetic .029 ozs. gold/ton) 4 Kgs/Day
 50% non-magnetic 1.50 ozs. gold/ton)

The small bowl tails were separated into two fractions, magnetic and non-magnetic:

67% magnetic .037 ozs./ton) 20 Kgs/Day
 33% non-magnetic .171 ozs./ton)

The non-magnetic fraction of the amalgam tails contains an appreciable amount of scheelite, calcium tungstate.

Equipment

We had 16 days of plant operation in October for a total of 105.5 hours.
The total possible hours for 27 days at 8 hours was 216 hours.

	<u>Operated Hrs.</u>	<u>Standby Hrs.</u>	<u>Mechanical Down Hrs.</u>	<u>Mechanical Available Hrs.</u>	<u>Percent Available</u>
Plant	105.5	20	90.5	125.5	58
D-9	101	107	8	208	96
980	109.5	106.5	-	216	100
TL40	107.0	93	16	200	92
Euclid	103.5	106.5	6	210	97
Drag Line	16	200	3	213	99

Fuel Consumption

	<u>D-9</u>	<u>980</u>	<u>TL40</u>	<u>Euclid</u>	<u>Plant Generator</u>	<u>Misc.</u>
Hours	101	109.5	107.0	103.5	105.5	-
Gallons	948.6	455.3	385.5	239.0	1875.0	50
Gal./Hr.	9.39	4.15	3.60	2.31	17.77	-

Total Diesel: 3953.4 gallons

The diesel cost for October was 0.589/gallon

Personnel and Payroll Distribution

<u>Employee</u>	<u>Reg. Hrs.</u>	<u>O/T Hrs.</u>	<u>Total Hrs.</u>	<u>Reg. Pay</u>	<u>O/T Pay</u>	<u>Total Pay</u>
D. Goodwin	200	-	200	4375.00	-	4375.00
D. Hathaway	Monthly			350.00		350.00
D. Jones	160	25	185	1360.00	318.75	1678.75
C. Retherford	94.5	17.5	112	897.75	249.37	1147.12
M. Rowley	160	16	176	1280.00	192.00	1472.00
R. Sipes	160	16.5	176.5	1520.00	235.12	1775.12
R. Wilson	155.5	20	175.5	1477.25	285.00	1762.25
G. Rowley	<u>154</u>	<u>17.5</u>	<u>171.5</u>	<u>1386.00</u>	<u>236.25</u>	<u>1622.25</u>
	1084.0	112.5	1196.5	12646.00	1516.49	14162.49

For the operational period in October the employee cost at Upper Weaver was:

$$\frac{14162.49}{1196.5} = \$11.84/\text{Hr.}$$

Cost per M³ treated:

$$\frac{14162.49}{3721} = \$3.81/\text{M}^3$$

The percentage of overtime hours to total hours was 9.4%.
The September figure was 8.6%.

Plant Operating Factor

<u>Month</u>	<u>Feed M³</u>	<u>No. Workdays</u>	<u>Theoretical M³</u>	<u>Possible Hrs.</u>	<u>M³/ Hr.</u>	<u>Factor %</u>
August	2344.7	17	6800	136	17.2	34.5
September	3420.0	26	10400	208	16.4	32.9
October	3721.0	27	10800	216	17.23	34.5

Royalty Calculation to Arizona State Land Department

(a) Gold Bar 158.27 grams at 85.03% Au = 134.5770 gms = 4.3272 ozs. at \$423.617 =	\$ 1,833.08
158.27 gms at 11.73% Ag = 18.5651 gms = 0.5969 ozs. at \$5.670 =	3.38
(b) Free Gold +10 mesh 1006.1204 at 850 fine = 855.20 27.4985 ozs. at \$423.617 =	<u>11,648.82</u>
	\$13,485.28

Royalty based on 5% of gross value less cost of \$36,674.42 = -\$23,189.14 loss.
Therefore, no royalty payment for October.

The gold and silver quotations are from Handy & Harmon, New York, as a monthly average for October 1986.

Direct Operating Costs

The direct operating costs are as follows:

Gross Payroll	\$14,162.49
Payroll Taxes	3,172.50
Legal Fees	470.25
Professional Fees	2,600.00
Permits and Fees	197.59
Ford Pickup Lease	800.00
Parts and Repairs	2,374.87
Fuel	3,166.25
Field Supplies	1,501.29
Travel	1,770.90
Alarm System	145.41
Equipment Rental	4,450.00
Leased Pump	936.75
Sales Expense	75.05
Telephone	186.29
Assay	150.00
Severance Tax - <i>Ch 2415 Oct 7, 86</i>	127.78
Rent - Room	315.00
Casual Labor	<u>72.00</u>
	\$36,674.42

$$\frac{1140.6974}{311} = 36.68 \text{ ozs.}$$

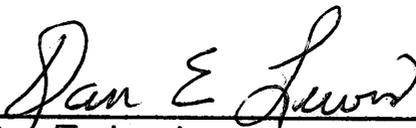
$$\frac{36,674.42}{36.68} = \$999.85 \text{ to produce one ounce of gold.}$$

$$\frac{36,674.42}{3721} = \$9.86 \text{ per M}^3 \text{ of feed.}$$

One cubic meter of feed for October contained 0.010 ozs. of gold at \$423.617 = \$4.24, or a loss of \$5.62/M³.

The loss is due to the low plant operating factor of 34.5%.

The grade of the gravel is improving, but below expectation of 0.02 oz/M³.



Dan E. Lewis
Vice President of Operations

DEL:vh

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

REPORT OF OPERATIONS UPPER WEAVER CREEK NOVEMBER 1986

Directorate
La Paz Mining, Inc.

December 10, 1986

The following Report of Operations for the placer gold property of La Paz Mining, Inc., month of November 1986, is hereto submitted.

The plant ran a total of 20 days of the available 24 working days, to include Saturdays. The down time was due to replacement of feeder drive shaft and rain.

Mine

The material mined in November was removed from State Leases #3950 and #3193 by the use of the D-9 and the 980 wheel loader.

<u>Blocks</u>	<u>Overburden Cubic Meters</u>	<u>Ore to Plant Cubic Meters</u>
1-4W	-	240
2-1W	7007	4100
3-1W	<u>3543</u>	<u>528</u>
Total	10550	4868

^{m³}
Cubic Meters Ore Treated by Block

<u>Block</u>	<u>October</u>	<u>November</u>	<u>Ore Year to Date</u>	<u>Overburden Year to Date</u>
1-1E	-	-	557.0	-
1-1W	-	-	2233.0	1085
2-1E	-	-	2717.9	840
2-1W	2357	4100	8077.8	8163
3-1W	-	528	528.0	4931
1-4W	<u>-</u>	<u>240</u>	<u>240.0</u>	<u>-</u>
Totals	2357	4868	14353.7	15019

Plant Production

(a) Tailings

A total of 4868 M³ of ore was treated in the plant and produced the following tailing products over 138.92 hours of operation:

	<u>+4 Inch</u>	<u>-4 Inch +3/8 Inch</u>	<u>-3/8 " Sand</u>	<u>Slimes</u>	<u>Total</u>
Percentage	18.1	24.4	33.6	23.9	100
Cubic Meters	881	1188	1635	1164	4868

(b) Water

A total of 5,621,800 gallons of water was registered by the two water meters for the month of November 1986.

Recirculated Water	3,882,900 gallons	465.8 gpm
Well Water to Bowl	<u>1,738,900 gallons</u>	<u>208.6 gpm</u>
	5,621,800 gallons	674.4 gpm

During the 138.92 hours of operation, the average use was 674.4 gpm.

$$\frac{5,621,800}{4868} = 1154 \text{ gallons of water to treat one M}^3 \text{ of feed.}$$

The water pumped from the wells was 1,738,900 gallons for the month of November 1986.

DW#3	BLM Location	33%	573,837 gal.
DW#4	State Land Locations	53%	921,617 gal.
DW#5	State Land Locations	14%	<u>243,446 gal.</u>
			1,738,900 gal.

(c) Plant

<u>November</u>	<u>M³</u>	<u>Hrs.</u>	<u>M³/ Hr.</u>	<u>Grams Free Au</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
1	300	7.25	41.4	53.2963	0.178	0.006
3	200	5.25	38.1	57.8050	0.289	0.009
4	260	6.75	38.2	85.0254	0.327	0.011
5	340	8.00	42.5	118.3828	0.348	0.011
6	260	7.50	34.7	119.7705	0.461	0.015
7	260	8.00	32.5	104.0284	0.400	0.013
8	257	7.75	33.2	68.3439	0.266	0.009
10	231	7.00	33.0	58.1049	0.252	0.008
11	154	5.00	30.8	46.0679	0.299	0.010
14	159	5.00	31.8	114.1735	0.718	0.023
15	302	7.25	41.7	138.3321	0.458	0.015
17	291	7.25	40.1	134.7899	0.463	0.015
18 & 19	237	7.00	33.9	10.8984	0.046	0.002
20	239	8.00	29.9	103.5725	0.433	0.014
21	248	7.67	32.3	217.3215	0.876	0.028
22	216	6.75	32.0	178.7592	0.828	0.027
24	240	6.00	40.0	258.2555	1.076	0.035
25	254	8.00	31.8	128.0572	0.504	0.016
26	240	7.50	32.0	4.1136	0.017	0.001
28	180	6.00	30.0	105.5039	0.586	0.019
<u>20</u>	<u>4868</u>	<u>138.92</u>	<u>35.04</u>	<u>2104.6024</u>	<u>0.432</u>	<u>0.014</u>
Gold Bar from Retort				<u>209.7845</u>		
				2314.3869	0.4754	0.015

Weight 247.00 gms x 84.933% Au = 209.7845 gms
 247.00 gms x 10.833% Ag = 26.8810 gms

The 2314.3869 grams is composed of two products:

2104.6024 grams free gold +10 mesh 90.9%
209.7845 grams -10 mesh gold amalgamated 9.1%
 2314.3869

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Summary Year to Date Production

<u>Production</u>	<u>Grams Au</u>	<u>Feed M³</u>	<u>Operating Hrs.</u>	<u>Grams Au/M³</u>	<u>Oz./M³</u>
August	520.7655	2344.7	75.2	0.2211	0.007
September	767.2312	3420.0	110.2	0.2243	0.007
October	1140.6974	3721.0	105.5	0.3066	0.010
November	<u>2314.3869</u>	<u>4868.0</u>	<u>138.92</u>	<u>0.475</u>	<u>0.015</u>
	4743.081	14353.7	429.82	0.330	0.011

Total Ounces = 152.51

<u>November</u>	<u>Bowl Concentrate Grams</u>		<u>Total</u>	<u>% +10 Mesh</u>
	<u>+10 Mesh</u>	<u>-10 Mesh</u>		
1	725	2820	3545	
3	880	2550	3430	
4	983	2400	3383	
5	1160	1905	3065	
6	1190	2120	3310	
7	1040	2080	3120	
8	920	2280	3200	
10	860	2190	3050	
11	900	2240	3140	
14	1000	2110	3110	
15	1040	2040	3080	
17	980	2290	3270	
18-19	1190	2100	3290	
20	1180	2050	3230	
21	1500	2020	3520	
22	1209	2120	3329	
24	918	2240	3158	
25	1120	2100	3220	
26	850	1900	2750	
<u>28</u>	<u>1050</u>	<u>2180</u>	<u>3230</u>	
20	20695	41260	61955	33.4

The 41,260 grams of -10 mesh concentrate were amalgamated, retorted, and melted to produce a gold bar weighing 247.00 grams.

Amalgam Tails to Date

<u>Month</u>	<u>-10 Mesh Grams</u>
August	22,865
September	42,035
October	41,885
November	<u>41,260</u>
	148,045 Grams

Equipment

We had 20 days of plant operation for a total of 138.92 hours. The total possible hours for 24 days at 8 hours was 192 hours.

	<u>Operated Hrs.</u>	<u>Standby Hrs.</u>	<u>Mechanical Down Hrs.</u>	<u>Mechanical Available Hrs.</u>	<u>% Available</u>
D-9	136	5	45.5	141	73
980	147.5	25.5	19.0	173	90
TL 40	109.5	47.5	35.0	157	81
Euclid	123.0	55.0	14.0	178	92
Drag Line	-	-	-	-	-
Plant	138.92	28.33	24.75	167.25	87

Fuel Consumption

	<u>D-9</u>	<u>980</u>	<u>TL40</u>	<u>Euclid</u>	<u>Plant Generator</u>
Hours	136	147.5	109.5	123.0	240
Gallons	1240.8	526.2	338.9	276.7	1100
Gal./Hr.	9.12	3.56	3.09	2.24	4.58

Total Diesel - 3482.6 Gallons

Personnel and Payroll Distribution

<u>Employee</u>	<u>Reg. Hrs.</u>	<u>O/T Hrs.</u>	<u>Total Hrs.</u>	<u>Reg. Pay</u>	<u>O/T Pay</u>	<u>Total Pay</u>
D. Goodwin	160	40	200	3500.00	875.00	4375.00
D. Hathaway	Monthly		-	350.00	-	350.00
D. Jones	160	27	187	1360.00	344.24	1704.24
C. Retherford	136	11	147	1292.00	151.50	1443.50
R. Sipes	160	27	187	1520.00	384.74	1904.74
M. Rowley	156	25	181	1248.00	300.00	1548.00
G. Rowley	160	30.5	190.5	1440.00	411.75	1851.75
R. Wilson	160	37.5	197.5	1520.00	534.37	2054.37
	<u>1092</u>	<u>198</u>	<u>1290</u>	<u>12230.00</u>	<u>3001</u>	<u>15231.60</u>

For the operational period in November the employee cost at Upper Weaver was:

$$\frac{15231.60}{1290} = \$11.81/\text{Hr.}$$

Cost per M³ treated:

$$\frac{15231.60}{4868} = \$3.13/\text{M}^3$$

The percentage of overtime hours to total hours was 15.35%.

Plant Operating Factor

<u>Month</u>	<u>Feed M³</u>	<u>No. Workdays</u>	<u>Theoretical M³</u>	<u>Possible Hrs.</u>	<u>M³/ Hr.</u>	<u>Factor %</u>
August	2344.7	17	6800	136	17.2	34.5
September	3420.0	26	10400	208	16.4	32.9
October	3721.0	27	10800	216	17.23	34.5
November	4868.0	24	9600	192	25.35	50.7

Royalty Calculation to Arizona State Land Department

(a) Gold Bar 247.00 gms at 84.933% Au = 209.7945 gms = 6.7455 oz. at \$398.806 =	\$ 2,690.15
247.00 at 10.883% Ag = 25.2335 gms = 0.8114 oz. at \$5.595 =	4.54
(b) Free Gold +10 mesh 2104.6024 at 850 fine = 1788.912 gms 57.5213 oz. at 398.806 =	<u>22,939.84</u>
	\$25,634.53

Royalty based on 5% of gross value less cost of \$35,610.56 =
-\$9,976.03 loss. Therefore, no royalty payment for November 1986.

The gold and silver quotations are from Handy and Harmon, New York,
as a monthly average for November 1986.

Direct Operating Costs

The direct operating costs are as follows:

Gross payroll	\$15,231.60
Payroll taxes	1,089.06
Professional fees	2,400.00
Tires	2,012.45

Parts and repairs	\$ 1,797.99
Ford Pickup rental	800.00
Field supplies	641.48
Fuel	2,331.20
Travel, etc.	1,028.48
First aid equipment	653.15
Equipment rental	4,680.00
Telephone	102.32
Room rent, Sierra Vista Motel	315.00
Severance tax <i>Chk 2708 11-12-86</i>	192.71
Maps	7.32
Sales expense bullion	154.63
Cost water wells over 36 months (4)	<u>2,173.17</u>
	\$35,610.56

$$\frac{2314.7845}{31.1} = 74.43 \text{ oz.}$$

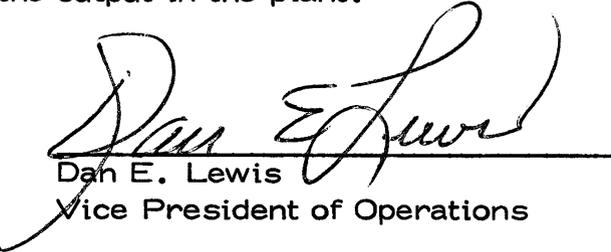
$$\text{Then, } \frac{35,610.56}{74.43} = \$478.44 \text{ to produce one ounce of gold.}$$

$$\frac{35,610.87}{4868} = \$7.32 \text{ per cubic meter of feed}$$

One cubic meter of feed for November contained 0.015 oz. of gold at \$398.806 = \$5.98, or a loss of \$1.34/M³.

For the month of November the average gold content improved to 0.015 oz. per M³, and the plant feed averaged 25.34 M³/Hr. at a plant operating factor of 50.7%. We are attempting to arrive at 0.02 oz./M³ with an average feed of 42.5 M³/Hr., with a plant operating factor of 85%. These parameters for November would have lowered the cost to \$218 to produce an ounce of gold as versus actual cost of \$478.44/oz.

A vibrating grizzly will be installed in the mining pit to screen off the plus 5-inch boulders. This will cut down on transport of this excess material and also will increase the output in the plant.


 Dan E. Lewis
 Vice President of Operations

DEL:vh

Dec. '86

Payroll	17,020.85		
" Taxes	990.63		
Fuel	2,829.74		
Field Supplies	4,003.36		
Equip. Rental			
Tires	596.90		
Equip. Transport	3,118.50		
Repairs	12,686.05		
	<u>41,246.03</u>	÷ 7188	\$5.74/M ³

M³ mined 7,188

Totals Year 1986

5.74/M³ Dec.

1.55 Nov.

4.33 Oct.

5.92 Sept.

7.09 Aug.

$$\frac{24.63}{5} = 4.93 \text{ Avg. 1986 M}^3$$

Pg. 3

1987

JANUARY

Payroll 17,396.09

" Taxes 4,230.99

Fuel 4,629.08

Field Supplies 577.89

Equip. Rental 10,525.00

37,359.05 ÷ 10,712.1 = \$3.49/M³

M³ mined 10,712.1

Feb

Payroll 17,961.74

" Taxes 1,509.81

Fuel 4,029.26

Field Supplies 949.88

Equip. Rental 7,382.40

31,832.35 ÷ 9798.7 = 3.24/M³

March

Payroll 15,322.80

" Taxes 1,889.16

Fuel 1,159.74

Field Supplies 2,023.65

Equip. Rental 3,040.00

Tires 2,076.45

25,511.80 ÷ 11,451 = \$2.23/M³

M³ mined 11,451

April 1987

Payroll	21,617.83
" Taxes	3,199.97
Fuel	5,638.45
Field Supplies	811.92
Equip. Rental	—

$$31,268.17 \div 21,095.6 = \$1.48/M^3$$

M^3 mined 21,095.6

May 1987

Payroll	21,449.41
" Taxes	1,518.89
Fuel	6,832.57
Field Supplies	742.22
Equip. Rental (3 mos)	7,520.00

$$38,063.09 \div 24,345 = \$1.56$$

M^3 mined 24,345

Summary 1987

\$1.56 May mining terminated end of May, 1987

1.48 April

2.23 March

3.24 Feb

3.49 JAN.

$$12.00 \div 5 \text{ mos} = \text{Avg. 1987 } M^3 \text{ mined } \$2.40$$

$$2.40 + 4.93 = 7.33 \div 2 = \$3.67$$

Avg. 1986 & 1987 cost M^3 mined \$3.67

Tucker

Golden Cross #1 then #18

Sec. 29 T10N14W

236988 - 237005

236988 Golden Cross #1
#18

BK 1713/957

BK 1713/992

Located 4-8-85

John S. Teller

P.O. Box 129

Heber, AZ 85928

~~Sec. 154206~~

~~154207~~

~~Omega~~

~~Staminal~~

Prometheus 154209

Olympus 154210

Restoration on STATE LAND

Seedlings

Morgan Stine
282-1849

Ken Haws
Taylor, Az 536-7268

William Grantham

Steaks Ruger Co.

Riley Callock & Applewhite
Ave

Plx 1-258-7701

Atty. NORMAN D. James

Paseejo Ranch

9000 acres

Kintland Az

Atty. Brook Lupton

Tom Baum

263-2546

Legal description

Down Steaks

Ed Pecan

6/25/86

Geo. Shade
Linda Stitzer

Golden Goose

Denning Report
of 1961

C. E. Succup

Schuman Mfg. Equip. Co.

Morrisville

ph.

388-2351

John Hardy

36" Bowl \$8000
24" " \$6000
P.O. Box 95

Safety & welfare
Concern to people & Livestock
No hazard to Livestock
Reclamation

Intermittent usage

30 Penny weight = 103.5
 " " 24/172
 2 " Upper Weaver

Sample No. 1 Inventory

Tare - 19.6901

Serial members 1 thru 9
 in black display case
 Aug. 21 1986 J&F.

31.1 19.4408
 933
 1108
 933
 1750
 1555
 1950

1 - 29.1309
 19.6901
 9.4408 = 0.3036 oz

2 22.3911
 19.6901
 2.7010 = 0.0868 g

311 12.7010
 2711 2488
 2130
 1866
 2640
 2488
 1520

3. 21.1894
 19.6901
 1.4993 = 0.0482 g

311 11.4993
 1244
 2553
 2488
 650
 622
 28

4 20.6371
 19.6901
 0.9470 = 0.0305

7. 20.9127
 19.6901 = 0.0393
 1.2226

5. 20.6787
 19.6901
 0.9886 = 0.0318

8. 20.6321
 19.6901
 0.9420 = 0.0303

6. 20.6469
 19.6901
 0.9568 = 0.0308

9. 45.0438
 25.2271 = 0.8117

9/11/86

Golden Age Mng. Co.
A. B. Thomas Salt Lake City
Blake

Lease property 6000' Elev. 420 acres
From Tracker Fe title

30 miles S.W. Minimucca

Water Rights =

2 cu ft second = 7.48 gal to cu ft.

Mountain springs - (source)

cu - 6' Bottom to bed rock

5000.00 / month ^{advance} lease payments / ^{to owners}
he has \$104,000 into property Don Hargrove
6 months in arrears. ex Newmont

Payments Hargrove to Thomas Thomas
to Owners.

800 five estimated

Royalty to Owners 6%

" " Golden Age Mng. Co. 7% negotiable

Mng fraction Black Sands analysis by Dawson Lab SLC
.063 Au/T .20 Ag/T

Power available within 4 miles.

Calder Properties available down the canyon

Romack " " up stream

1/800/858-9825
Boyer Box

BRIAN

DEVAN

ATLANTA GA

404 665-5454

Used > 20 hrs.

Kwikon Bowl \$12,000.

Get some hose

locally Asco

House of Hose

~~Phx~~

RTC Precious

Inc.

514/432-5343

Quebec.

Bob

~~514/432-5343~~

Ev's

Montreal Beyond

AVCO AIRWAY EXPRESS, INC.

Rate Schedule
Effective 1 February 1980

1)	\$16.24	26)	\$34.99	51)	\$47.50	76)	\$54.46
2)	16.95	27)	35.27	52)	47.75	77)	55.17
3)	17.74	28)	35.54	53)	47.97	78)	55.89
4)	18.53	29)	35.82	54)	48.22	79)	56.60
5)	19.32	30)	36.10	55)	48.45	80)	57.32
6)	20.70	31)	38.41	56)	48.69	81)	58.04
7)	22.09	32)	38.72	57)	48.92	82)	58.75
8)	23.47	33)	39.01	58)	49.16	83)	59.48
9)	24.86	34)	39.30	59)	49.37	84)	60.19
10)	26.45	35)	39.61	60)	49.61	85)	60.90
11)	27.63	36)	40.17	61)	50.34	86)	61.61
12)	28.29	37)	40.47	62)	50.57	87)	62.34
13)	28.97	38)	40.76	63)	50.80	88)	63.05
14)	29.63	39)	41.27	64)	51.07	89)	63.77
15)	29.70	40)	42.84	65)	51.31	90)	64.50
16)	30.72	41)	43.97	66)	51.53	91)	65.21
17)	31.13	42)	44.29	67)	51.77	92)	65.92
18)	31.52	43)	44.60	68)	52.01	93)	66.64
19)	31.92	44)	44.92	69)	52.23	94)	67.36
20)	32.29	45)	45.24	70)	52.48	95)	68.08
21)	33.25	46)	45.55	71)	52.74	96)	68.79
22)	33.70	47)	45.86	72)	52.99	97)	69.50
23)	34.01	48)	46.17	73)	53.24	98)	70.14
24)	34.35	49)	46.51	74)	53.49	99)	70.94
25)	34.70	50)	46.82	75)	53.74	100)	71.61

DISPATCH PACKET SERVICE *\$13.00

*Pertains to small packages 200 cubic inches or less and weighing no more than two pounds

SATURDAY DELIVERY \$15.00
HAZARDOUS CARGO 3.25

ADDITIONAL PACKAGES \$2.00
SIGNATURE SERVICE 7.50

Jim Crammond

10/14/80

AZ STATE LAND Dept.

Withdrawal Rate
of water

1055 Whipple
Prescott, A

86301

Gross figure of

150 gal/min. state & federal

100 g " from state wells

pumping 16 hrs./day

96,000 gals. from SUTELAND

Acres Feet 92.17 acre feet/yr.

6 day week

Phelps Dodge Pbx 1-234-8100

Linda of P.D. Salvage & Surplus Sales Dept.

~~Walter~~ Douglas Frank Cordova
364-2441

Morenci Bill Nelson
865-4571 ext. 290

Y Hidalgo Frank Straneva
505 436 7711

Treppel Art Salcedo
505 538 5331

DON Cope 602/234-8383

Bagdad Cyprus

1-633 2241

Silver STATE Equip.
33,000 ON SKID MOUNT

Don Kelly
General Mgr.

A month free

11-7-86
Grover - Please see Mr. Jay

Ray Stallace 11-7-86
8865 - 4076 Called

7000' Elevation

Graterville - 5 mi above
10 Claims - Unpatented 30 years

Lode gold

Alice Springs - Plenty of water.
Always running -

40' Raise

97' Tunnel

5" Drift

6" to 30" quartz
Several leads

Trends NE-SW

Found Wells
- Andrew Bell

2 - V. shafts 50' ea

Best Assays - Bureau of Mines
- George Roseman

Highest 762 oz P.T. " " " "
Still has the samples

Lowest 1/2 oz

Forest Service - has approved the property

Averages - 2 or 3 oz P.T.

Strike is 1 1/2 mi long

Width 6' wide average

Dan also has seen property
Grover has seen the property

~~Werner~~

Well permit —

Site permit —

Boyd Tenney 445-4099 +
~~255-4628~~

1927648

\$1,00,000

Diane Hinton AG's office
255-1610

Nov. 25, 1986

E. Grace Heinrichs

Jay E. Fuller

Violet I. Heinrichs

Assignor will hold bank harmless

Knight & Mollenhour
Where is canopy?

M. Rice permission to go ahead on mining &
building reservoirs

Need plan approval before stork piling

Meeting

4/19/80

J.E.F.; EGH, JJM, DEL

U. Weaver

Payroll made out by Danzel ^{for crew} except his own pay.
Invoices send to Tucson 1st & 15th of Month.

Danzel G. 175.00/day

Teller claims No one fiddles with it til.
Steve & Dale T ~~Sattle~~ with each other.

#10,000 Monday to Wickenburg bank

2" ball on hitch

P.O. Box in Congress Notify BANK
" others

#50,000/mo. costs @ B/c & U/W

→ Non liability Notice plus heavy ^{clear} plastic

Test existing well

Drove Stanton or Jim Corbin AG

Type up & reinstate R.B. on Board of LA Paz Bear Creek

Vega trailer buy out

Buy Generator @ Nick's Detroit Diesel

What is the status of 100 KW billing from Cummins,
El Paso?

450,300
135,000
300,000
300,000
600,000

10

Ray Crosby

8/20/86

Grease 1 stroke / 2 weeks
2 " / mo.

Daily profit on Huber Mine

1002 clean up on 1003 yd.
1702. 980 yd
Can operate 7 to 8 months

\$1,000/mo.
for CAT
D-B

Crew A
D-B CAT 46 A
980 Loader
966 "
730 15/8

750/yd top
to bottom
Took 2 years
for permits

2 Wash plants Elk 5000'
1) Same as ours
2) 100 yd. / hr 1903 plant

N. Downsville, Calif.

Several million yds. +
5.12¢ / yd. by filter
170 seeded acres

Cost \$100,000 to Huber
to Huber 5% ROYALTY

105 oz including some impurities

90.678 oz Au 375.50 # 30 500

91.128

La Paz - Bear Creek

Sand & Gravel Plant Reject Prices for
20 MULE TEAM BACKHOES & WELDING.

+ 4" rock boulders }
+ 5/8" rock cobbles } \$ 3.25 per cubic yard
Classifier sand } F.O.B. plant

Pea Gravel } \$ 4.00 per cubic yard
Fo b plant.

Plant effluent Slimes } All you can carry for free.
bring your own paper bags.

List of Chgs To B/C

① Invested capital that needs to be returned

② Equipment to be leased

20% OH

420
494

\$914,000

Mar 1111

12 1

First & Last - Pts

Equip Lease -

$\frac{.0219}{.0219} - \$9198.7$

$\$42,000 - @.0219 = 11,298 \times 7 \text{ mo} = \$79,086$

Nov to May 31, 86 - 7 mo -

\$493,000 -
9

800

UPPER WEAVER

September 1, 1987

PROPOSAL

The enclosed package is the proposal for a private funding of a closely held corporation set up for the purpose of exploration and the mining of placer gold in Nevada. The present position holder, La Paz, Inc. ("LAP"), has three (3) potential sites for the mining of placer gold. Included is the THP property, DC property and SG property. The proposal sets forth description of the properties and costs of proposed projects at each of those sites.

The new corporation will be made up of La Paz Mining, Inc. who will own 51% of the shares of the corporation, George Levy and Associates 6%, the remaining 43% or portion thereof will be sold to you as investor. Four thousand three-hundred (4300) shares will be sold to investors at a cost of \$383.72 per share (43%). The corporation will have 10,000 common shares.

The information provided to you as an investor is confidential in nature and is part of non-disclosure agreement (see page 3, THP property). Any additional information required will be answered by the present interested parties.

If you should have any questions regarding this proposal please call George Levy at 201-327-7089.

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THP PROPERTY

THE PLACER AREA - NEVADA

Information from Various Old Reports 1*

The area is located in a district of several non-producing hard rock gold mines and various placer deposits that were worked in the past. The specific placer deposit has had sporadic activity since the early 1930's. The operations were not properly supervised and were not systematic and efficient. Lack of sufficient capital for exploration and operations and established security measures have also contributed to the economic failure of a productive operation. It has been stated by several placer engineers that this particular area is the best remaining placer deposit in Nevada.

General Geology

In general, the primary auriferous mineralization and deposits occur where a thrust of older Paleozoic rocks overlap onto younger Triassic rocks which are both cut by later granodiorite intrusives. These deposits are found in a window of the upper plate in shear zones radiating from the intrusive mass. Subsequent erosion of the mineralized zones was the source of the placer deposit along the creek. The creek from its mouth has a length of 6 miles. The placer ground to be tested varies from 50 feet to 150 feet in width, by 18 to 60 feet in thickness. The area of primary interest is 4.1 miles in length, over which we are attempting to secure or have secured options to operate. The total placer gravel in the optional areas contain 5,100,000 cubic yards (yd³) of material that is underlain to bedrock, 1,200,000 yd³ of placer gravel that is believed to average \$23/yd³ at \$400 gold. It is difficult at the present time to determine an average value for the following reasons:

- (a) Insufficient testing has been completed, or the data was not properly recorded.
- (b) Very little data is available or nonexistent on the thickness of the uneconomic overburden overlaying the pay gravel.
- (c) The recoveries of gold from some of the past intermittent operations and test programs were said to be from 30 to 60%.

* These numbers refer to footnotes which can be found on page 36.

- (d) Thickness of the pay gravels as taken from old reports varies from 3 feet to 18 feet and grades from \$00 to \$800/cu.yd.

One channel sample across the creek for a distance of 160 feet averaged \$30/yd³ at \$400 gold. No data on distance above bedrock. At the time this sample was taken, the overburden was said to have been sampled, and various samples averaged from \$5 to \$15.

Character of the Gold

There have been many large nuggets recovered from past operations, the largest at 22 ounces. Most of the gold recovered was in small flat pieces. Many are dendritic in shape and some as stream-worn nuggets. Some are wire shaped and a large amount of fine gold is present. The gold is often coated with limonitic and manganiferous films. This coating has made amalgamation of the concentrates difficult in the past, resulting in a high gold loss. Pre-treatment of the concentrates with caustic prior to amalgamation will make the gold easily recoverable.

One report discusses the possibility of channels and pockets. They cited evidence that most of the gold lays at the contact of the alluvium and bedrock and is more or less uniform across this contact rather than in a definite channel. Some pocketing will exist in the low places in the weathered bedrock. Certainly old channels will exist on the higher elevations along the channel slopes.

Water

There is sufficient water at depth along the bedrock surface to sustain a recovery process. The trommel wash water will be settled and recirculated through the plant. The two bowls will require 250 gpm each of clear water from the bedrock sump. Considering an 8-hour operation per day, the available water would be around 1000 gpm.

Test Program

As a full scale recovery plant will be installed during the test program, the water will be developed and the tailing ponds will be constructed. The larger plant was deemed necessary as a large yardage of so-called overburden must be tested to determine the depth to the pay gravel. With 40 days for the test program, it was necessary to use a unit capable of treating 40 to 60 yd³ per hour.

Various bulk samples of 400 yd³ will be treated in the plant during the 40-day test period. These samples will be taken from grass roots to bedrock over varying thickness along the creek drainage. Twenty (20) seismic profiles will be run at right

angles to the drainage to develop bedrock profiles. This data should give:

- (a) Yardage and grade of the pay zone, the width of the pay channel, and the variation in pay channel thickness along the creek.
- (b) A determination of overburden to be stripped and its grade.
- (c) A screen analysis of the gravel and sand to be treated.
- (d) Size analysis of the recovered gold.

 /S/
Dan E. Lewis 2

LA PAZ MINING INC. 3

La Paz Mining, Inc., was incorporated in the state of Arizona in August 1984 for the purpose of finding, developing, and producing from placer gold properties in the western U.S. a production company oriented to placer mining.

In placer mining, initial product has a marketable value (gold nuggets) that afford a quick way to get into production and start cash flow. The testing period for an average placer is generally two or three months.

The incorporators joined forces to pool their respective talents and experience, which represent over 100 years in various phases of the mining industry, Jay E. Fuller, Martin J. Haims, E. Grover Heinrichs, and Dan E. Lewis. All are residents (most with 30 years or more) of Tucson, and are the officers and controlling stockholders of the corporation.

In line are all the necessary administrative and technical personnel for several operations, including a complete pilot plant for testing, two complete production plants, along with all the mining equipment. A third production plant would be made available in the future. All the machinery and equipment mentioned owned by the corporation (not leased), and the equipment is worth at least \$1,500,000.

Equipment includes trommels, classifiers, concentrators, conveyors, lighting plants, welders, pumps, diesel ore trucks, front end loaders, dozers, house trailers, 4x4 pickup trucks, semi vans, grizzlys with feeders, generators, fuel tanks, crane and dragline, lab equipment, pond liners, electric line cables, water line piping, tools, and the amenities for servicing the equipment and much more. The mining equipment can handle several thousand cubic yards per day, single shift (eight hours).

Cash in banks is in the upper six figures, and a considerable gold inventory is on hand.

La Paz currently has two properties; one property located in Arizona is producing about 400 cu. yds. of auriferous sand and gravel; and the second property, which had a capacity of 800+ yds. per day, located in New Mexico, has been shut down on order of the U.S. Army Corps of Engineers because of environmental reasons.

There are three (3) adjacent properties in Nevada in an area of significant past gold production, that have been evaluated geologically, one in particular, known as the THP Property, on which the owner has approved proposed lease agreement. 4 Two (2) properties, known as the DC and SG, are in the same immediate area, and the owners have expressed an interest in dealing with LAP. Water rights for all the area, including the other two (2) properties, are controlled by the THP property owners.

LAP will construct a production facility on the THP Property to check available geologic reports confirming mineralized zones (channels) as to width, depth, thickness and length, and recheck the gold values per year, stripping ratios, and estimated reserves.

On the DC and SG properties, LAP would construct and operate a pilot plant, and on rotation, simultaneously test the two properties to establish the same data as the THP Property. Upon proof of report LAP would proceed and construct other production facilities.

LAP' non-polluting process consists of washing gravels with clean water, no chemicals, pollutants, etc. added whatsoever. The resultant product (readily marketable) being gold nuggets and gold dust. Depending on the area the gold will vary in purity from 70% to 90% pure (700 - 900 fine). The balance is usually 10% - 15% silver, and the remaining material usually being miscellaneous minerals of little or no economic value.

Equity funding in the amount of \$1,650,000.00 will be necessary to fund a closely held corporation which will prospect for and mine the gold. The \$1,650,000 is broken down as follows: \$1,500,000 is necessary to finance the actual prospecting and mining of the gold; and \$150,000 to Levy & Associates for their efforts in organizing the project and assisting in obtaining the financing. The \$1,500,000 is further broken down as follows: \$500,000 for the THP project; \$500,000 for the DC project; and \$500,000 for the SG project. See page 9 infra. Possibly portions of the funding might be expensed providing certain tax advantages to source of the funds.

**SUMMARY OF
THP, DC, AND SG NEVADA PROPERTIES
PRELIMINARY FEASIBILITY STUDY
TOTAL INVESTMENT: \$1,650,000.00**

Criteria

1. Production per year depends upon stripping ratios which could be 1 to 1, 2 to 1, or 3 to 1. Mining would be from 400 to 3200 yards³ per day.
2. Processing through the plant could vary from 200 to 800 yards³ per day per plant.
3. Figuring conservatively an average of 200 yards³ per day x 260 days per year = 52,000 yds³ x 3 plants - 156,000 yds³ per year.

Alternative A: Value of \$30,000 per yd³, less production cost of \$10.00 per yd³ = \$20.00 per yd³ gross profit.

\$20.00 gross profit x 156,000 yds³ per year = \$3,120,000 gross profit per year.

Alternative B: Value of \$30.00 per yd³, less \$6.00 production cost = \$24.00 per yd³ gross profit.

\$24.00 gross profit x 156,000 yds³ per year = \$3,744,000 gross profit per year.

4. Figuring optimistically an average of 500 yds³ per day x 260 days per year = 130,000 yds³ x 3 plants - 390,000 yds³ per year.

Alternative A: Value of \$30.00 per yd³, less production cost of \$10.00 per yd³ = \$20.00 per yd³ gross profit x 390,000 yds³ per year = \$7,800,000 gross profit per year.

Alternative B: Value of \$30.00 per yd³, less production cost of \$6.00 per yd³ = \$24.00 per yd³ gross profit x 390,000 yds³ per year = \$9,360,000 gross profit per year.

NOTE: Until the test work is completed, it is impossible to be more definitive. A precise feasibility study will be available on completion of the testing.

The royalty 5 would be 9% to Thacker Properties, Inc. as stated in the Proposed Lease Agreement between La Paz and Thacker Properties, Inc., (Page 3, item 3), with ore values above \$15.10 per cubic yard.

The royalty 5 would be 4% to Golden Age Minerals Inc. as stated in the proposed Agreement between La Paz Mining, Inc. and Golden Age Minerals, Inc., (Page 2, Item 1 (b)), with ore values above \$15.10 per cubic yard.

The possibility of acquiring other properties for less royalty than the Thacker property is quite possible. The Thacker family holds the only water rights to all of Willow Creek sufficient to sustain a running mining operation, LAP acquiring those rights in a lease agreement, not only for mining on Thacker ground but also for the mining of the other properties that LAP acquire in the Willow Creek area.

**AN ESTIMATED FEASIBILITY STUDY
THP PROPERTY, NEVADA**

1. One month to move the production plant 800 miles to the site, process the permitting, and complete 10,000 feet of seismic lines.	\$ 100,000
2. Two months to construct the production facility.	125,000
3. Forty production days of testing sufficient cubic yards to recheck the channels. There will be gold values recovered during this period; however, there will be material of little or no value along with good value productive material run through the plant. Therefore, the proportions of values are unknown at this point.	125,000
4. If, during Item 3 above, the productive channels check out according to the reports submitted to us, we estimate to produce two months before sales establish cash flow. Working Capital =	150,000
	<hr/>
Total Funding for THP Property (Estimated)	\$ 500,000 <u>6</u>
Estimated reserves from reports submitted \$440/oz. gold; .068 oz./yd ³ = \$30 per yd ³ x 150,000 yds ³ =	\$ 4,500,000
Possible reserves, 700,000 yds ³ x \$30	\$ <u>21,000,000</u>
TOTAL	\$ 25,500,000
Total costs estimated not knowing mining conditions, and stripping ratios \$10 per yard ³ x 850,000 yards ³ =	\$ <u>8,500,000</u>
Pre Tax Gross Profit	\$ 17,000,000

**AN ESTIMATED FEASIBILITY STUDY
DC PROPERTY, NEVADA**

1. One month to move the pilot plant 800 miles to the site, process permitting, and construct plant.	\$ 50,000
2. Three months of testing sufficient cubic yards to recheck the channels.	120,000
3. Depending upon the results of Item 2, two months to move production plant 800 miles and construct at site.	200,000
4. Working Capital,	<u>130,000</u>
Total Funding for DC Property (Estimated)	\$ 500,000

\$440/oz. gold; .068 oz. per yard³ =
\$30 per yard³.

Possible reserves, 5,000,000 yards³ x \$30 = \$150,000,000

Total costs, \$10 per yard³ x 5,000,000 yards³ = 50,000,000

Pre Tax Gross Profit \$100,000,000

**AN ESTIMATED FEASIBILITY STUDY
SG PROPERTY, NEVADA**

1. Same procedure as above. Funding (Estimated)	\$ 500,000
Possible reserves, 500,000 yards ³ x \$30 =	15,000,000
Total costs, \$10 per yard ³ x 500,000 yards ³ =	<u>5,000,000</u>
Pre Tax Gross Profit	\$ 10,000,000

NOTE: The testing and production of these properties may possibly be concurrent to the same time frame of the THP Property and the cost of the production on all the properties could possibly be \$6 per yard³ instead of the \$10 as figured.

**AN ESTIMATED FEASIBILITY
STUDY**

THP PROPERTY, NEVADA 7

A PROPOSED JOINT VENTURE

**ESTIMATED SCHEDULE OF DEVELOPMENT
EXPENDITURES
THP PROPERTY NEVADA**

Phase I

a) Moving

Equipment move, transport plant
800 miles, estimated 9 loads on
semi truck + cost of loading and
unloading + cost of watchman in
Nevada - 1 month
3 men + equipment + expenses

\$ 41,000

b) Permitting

1 man + expenses - 1 month

4,600

c) Surveying, Land & Seismic

1. Land Surveying, 2-3 men +
expenses, 1 month

7,800

2. Seismic Surveying, 3 men,
1-1/2 to 2 months

36,600

Contingency Fund

10,000

\$ 100,000

Phase II

Construction Plant Facility

a) Road access

b) Water development

c) Pond and tailing construction

d) Pipe laying and pump set-up

e) Electrical hookup

f) Trommel, Grizzly, Classifier, Sluice set-up

Contingency Fund

18,000

32,000

23,000

9,000

9,000

23,000

11,000

\$ 125,000

Phase III

Production and Test Program

40 days of testing and production to confirm grade and yardage limits on reserves	\$	113,000
Contingency fund		<u>12,000</u>
	\$	125,000

Phase IV

Full production from the defined zones established during the test period	\$	<u>150,000</u>
Total required for period	\$	500,000

ESTIMATED SCHEDULE OF DEVELOPMENT EXPENDITURES
THP PROPERTY, NEVADA

Expenditure Activity	1ST MONTH	2ND MONTH	3RD MONTH	4TH MONTH	5TH MONTH	6TH MONTH	ESTIMATED EXPENDITURE
I Moving, Permitting, and Surveying							
a) Moving Equipment	41,000						41,000
b) Permitting	4,600						4,600
c) 1. Land Surveying	7,800						7,800
2. Seismic Surveying	12,200	24,400					36,600
II Construct Production Facility							
a) Road Access	10,000	8,000					18,000
b) Water development		15,000	17,000				32,000
c) Pond construction		10,000	13,000				23,000
d) Pipe laying & pump set up		4,500	4,500				9,000
e) Electrical Hookup		4,500	4,500				9,000
f) Trommel, Grizzly & Classifier, sluice set up		23,000		*			23,000
III Production & Test							
40 days of Production & Testing		20,000	48,000	45,000			113,000
Contingency Fund	8,000	10,000	10,000	5,000			33,000
IV Production						**	
Working Capital				50,000	60,000	40,000	150,000
Total/Mo. Required	83,600	119,400	97,000	100,000	60,000	40,000	500,000

La Paz Mining, Inc. 6/87

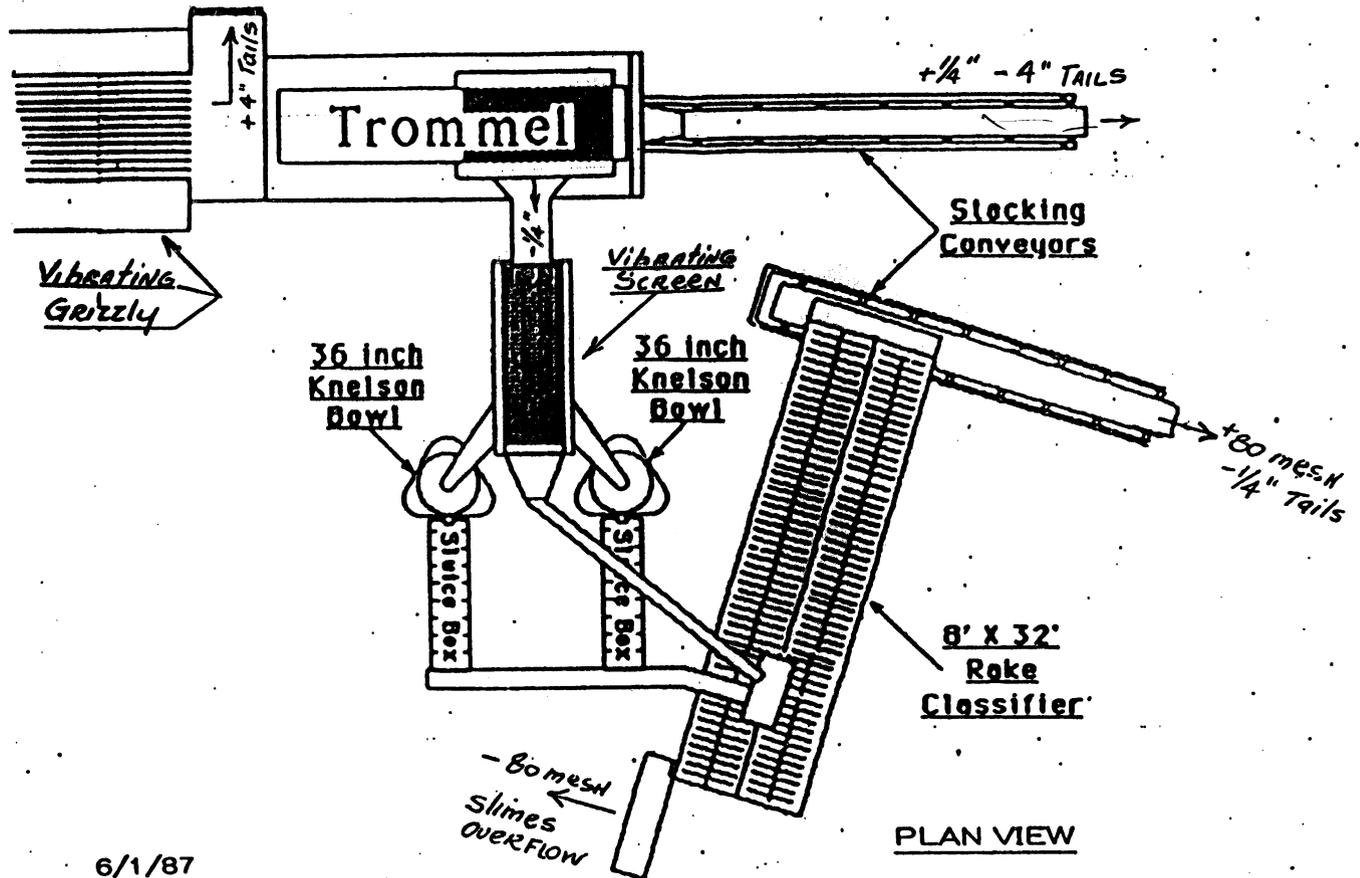
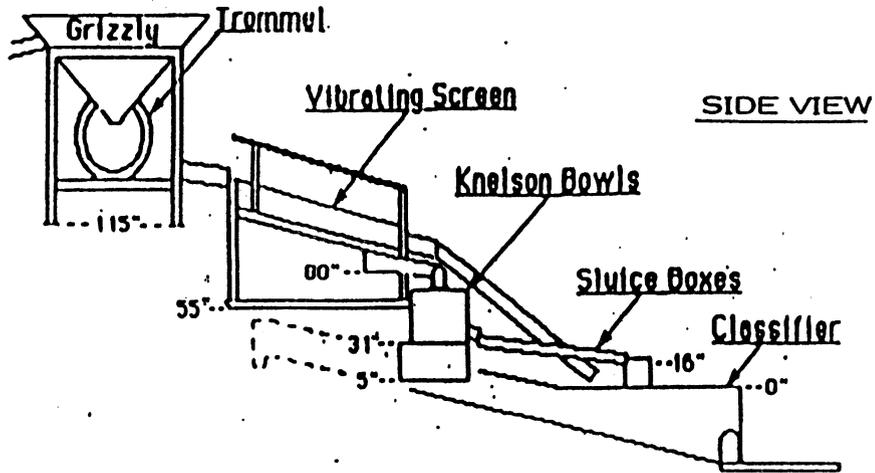
* Full production commences

** Cash flow starts

PRODUCTION EQUIPMENT

LA PAZ MINING, INC.

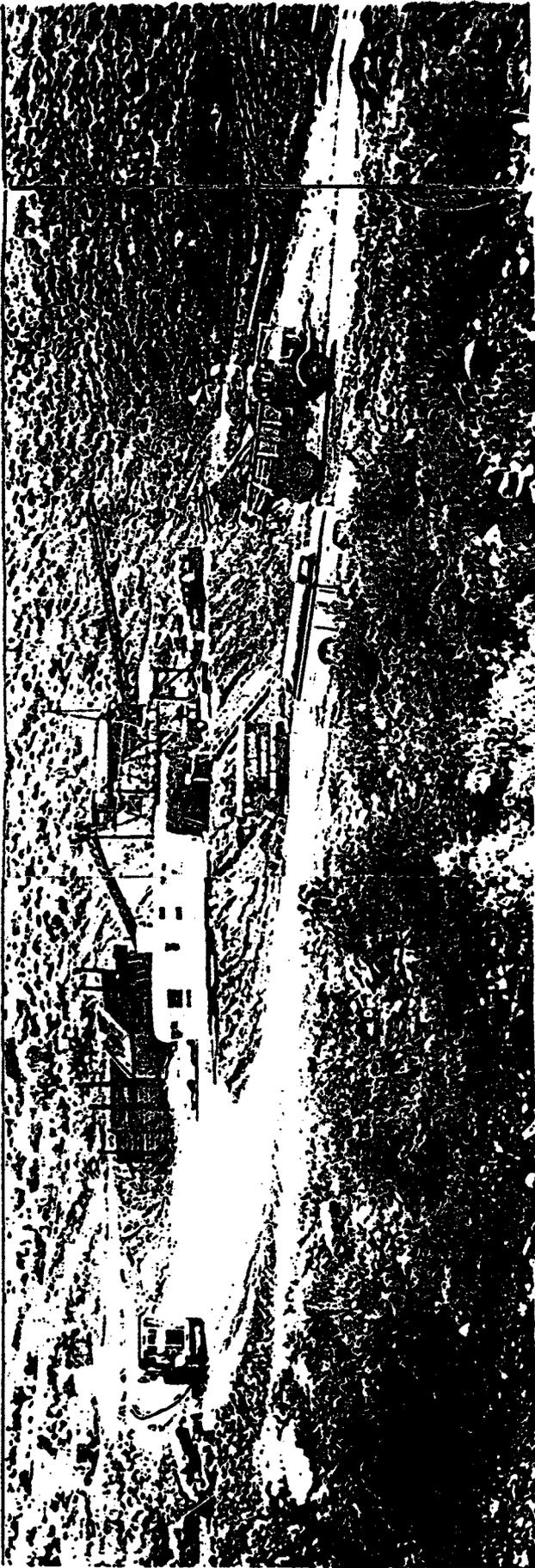
GOLD PROCESSING PLANT



6/1/87

THP NEVADA PROJECT
MAJOR COMPONENTS PRODUCTION EQUIPMENT LIST

1.	Kushmaul 3 Compartment Steel Tank	007
2.	Knelson Hydro Concentrator Bowl, 30"	009
3.	" " " " with motor & shroud	010
4.	" " " ", 7-1/2"	012
5.	Ford End Dump 10 Wheel Diesel Truck	022
6.	Fruehauf Storage Van (Two)	023, 024
7.	Converter Dolly	025
8.	Cat Front End Loader 966-C, 5 Yd.	029
9.	International Loader 530-A	030
10.	Cat D-8 Crawler with 22M Ripper	031
11.	Diesel Generator 20KW	035
12.	" " Cummins 100KW	036
13.	" Deutz Gorman Rupp Pump	037
14.	Goldfield Trommel, Trailer-Mounted with Vibrating Grizzly, Shakerscreens, 2 Conveyors, 4 Sluice Boxes, Pneumatic Nugget Trap and Pneumatic Levelers	038
14a.	Vega House Trailer	
15.	Milton Roy Pump & Back Pressure Valve	049a
16.	Dorr-Oliver Rake Classifier	049
17.	Miller Welder, Gas Powered	055
18.	Chev. Pickup 4x4 Truck, 1978	056
19.	Two - Willing Water Flow Meters	058
20.	Chain Saw, 20"	026
21.	Hand Disc Grinder	027
22.	B&D 3/4" Electric Impact Wrench	028
23.	Rotating Filter Screen	070
24.	Vacuum Pump on Trailer w/Engine Fabricated by La Paz & Harry Kieth	071
25.	Misc. Hand Tools	
26.	Misc. Laboratory Supplies & Equipment	
27.	Misc. 6" and 8" Pipe	
28.	Misc. Electric Cable	
29.	Misc. Surveyor Supplies	



LA PAZ MINING, INC.

Upper Weaver Project
August 1986

Showing: Ore Truck, Trommel, Dozer, Backhoe,
Fuel Truck, and Field Office

TYPICAL PLACER OPERATION



International
Front end Loader
Item 9 on Equip.
List attached.

Cat D-8 Dozer
with ripper
Item 10 on
Equip. list
attached.



Goldfield Trommel
with vibrating grizzly
Item 14 on Equip.
attached.

Production Equipment



In the distance Goldfield Trommel and vibrating Grizzly & Conveyor. Item 14 on Equip. List. In operating position.

D-8 Dozer in center of picture. Item 10 on Equip. List. Dozer is constructing a water pond.



International Ft. End Loader, Item 9.

Vega Trailer, Item 14a.

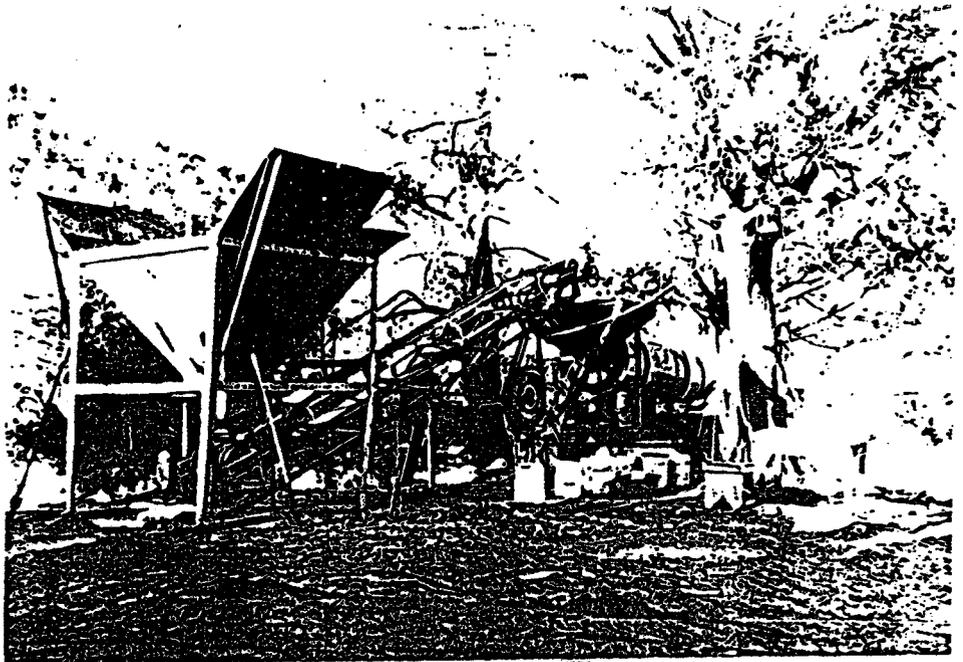
EXPLORATION EQUIPMENT

EXPLORATION EQUIPMENT
FOR DC & SG NEVADA PROJECTS

1.	Knelson Hydro Concentrator Bowl, 7-1/2"	004
2.	Kushmaul Hopper w/Clam Gate	007a
3.	Kushmaul 4" Gravel Grizzly	007b
4.	Kushmaul Conveyor Electric Motor	007c
5.	Kushmaul Trommel Electric Dr. Motor & Gearbox	007d
6.	Kushmaul Sump Pump (Electric) NK-15	007e
7.	Kushmaul "Z" Electronics Console	007f
8.	Kushmaul Tools	008
9.	Mainland Machinery Blue Goose Trommel, Trailer-mounted w/Pump	002
10.	Simplex Rake Classifier	005
11.	Classifier Electric Motor	006
12.	Ashton 18' Conveyor	053
13.	Variable Speed Feeder Belt with Motor	065
14.	20KW Detroit Diesel Generator, Trailer-Mounted with Izuzu Motor	069

EXPL. OF ALL THE
EQUIPMENT

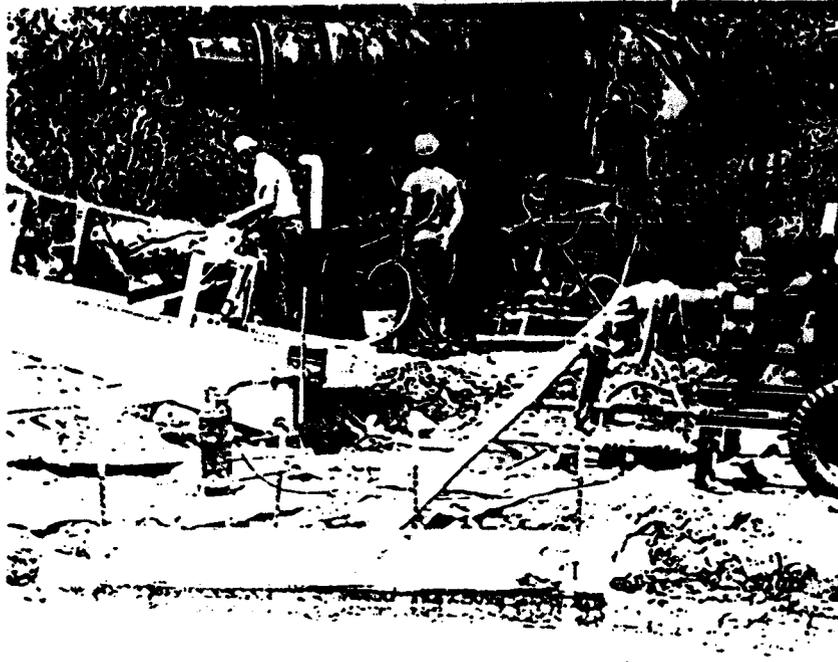
From lt. to rt.
Kushmaul Hopper,
Conveyor,
Blue Goose Trommel
Items 2, 12, 9 on
Expl. List.



Expl. Equip.
From lt. to rt.
Classifier,
Knelson Bowl,
Conveyor,
Hopper,
Loader.
Items 10, 1, 12, 2 on
Expl. List
Loader is on Production
List item 9.

Expl. Equip.
Console Control Panel
Item 7 on Expl. List
Attached.



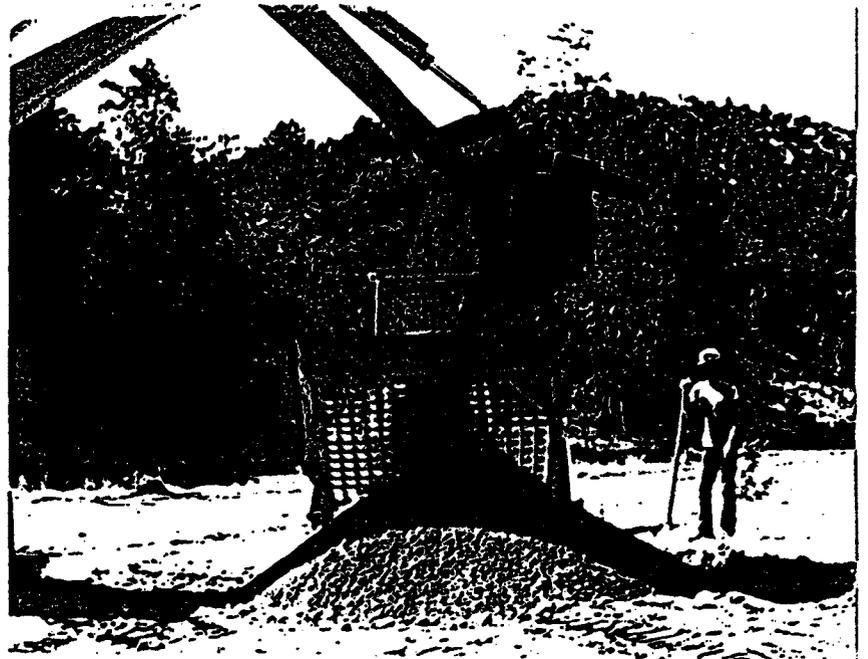


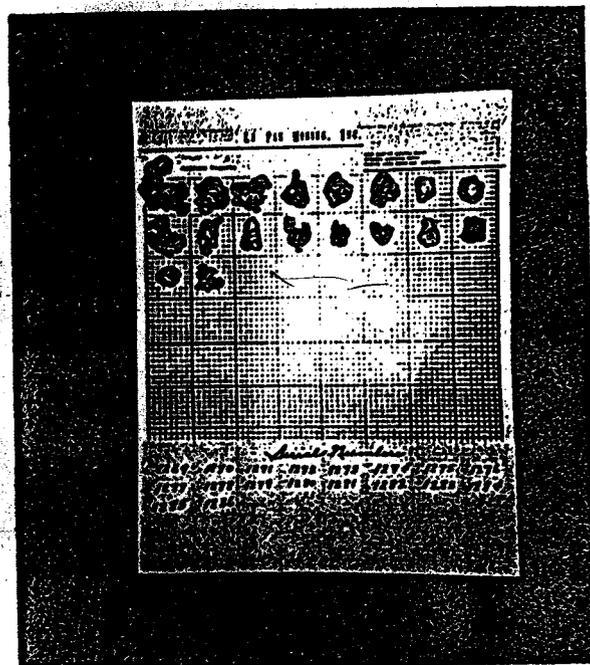
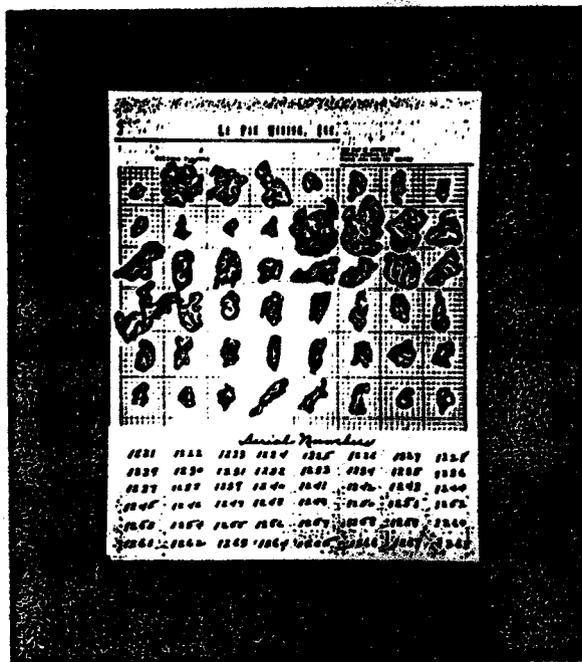
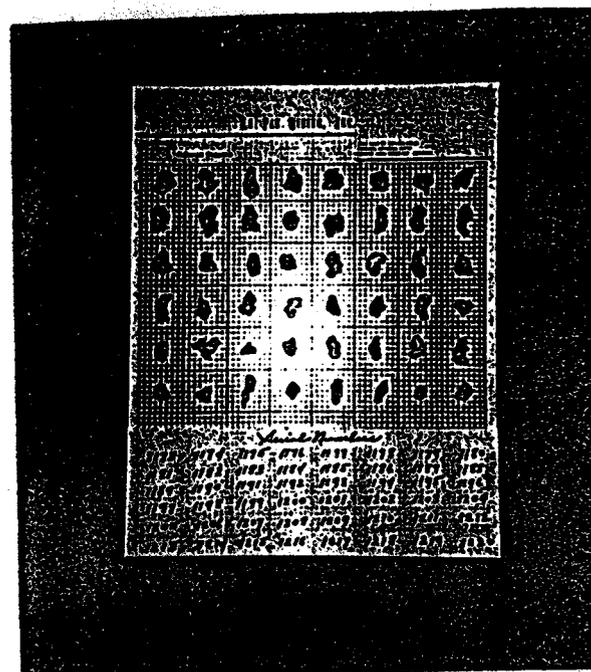
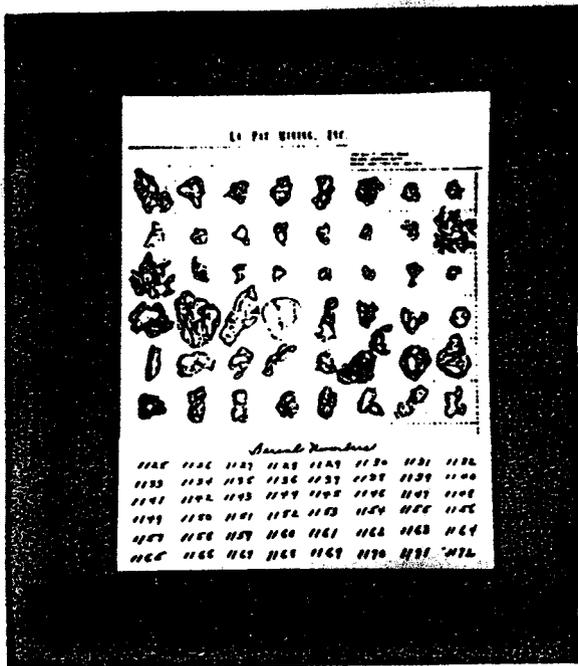
Expl. Equip.

Lt. to Rt.
Sump pump item 6
Classifier item 10
Blue Goose Trommel item 9
Knelson Bowl item 1

Expl. Equip.

4" Gravel Grizzly with a
measured sample for testing





GOLD NUGGETS

A partial representation of our present inventory of over 800 nuggets, which vary in weight from over 2 oz. each down to 0.2 oz. The size of an individual nugget can be determined here by observing and comparing the nugget to the large square (1"x1") on the graph paper under each nugget.

RESUMES

RESUME
E. GROVER HEINRICHS

Brief Career Highlights

January 1987

40 Years of Experience in Natural Resource Development and Related Fields

- 1984 - Present President of La Paz Mining, Inc.
- 1981 - 1984 Mining representative in Arizona for Japanese trading company
- 1979 - 1981 Managing Director, British Columbia Copper Smelter Consortium. An industrial offset program of UTC and General Dynamics for the purpose of selling F-16 fighter aircraft to the Canadian government.
- 1974 - 1979 Manager of Exploration and Advisor in Mining to Chairman of the Board of Essex International, Inc., a subsidiary of United Technologies Corporation (UTC)
- 1970 - 1974 Assistant Manager of Exploration, Essex International, Inc.
- 1958 - 1970 Vice President, Heinrichs Geoexploration Company, Tucson, Arizona
- 1955 - 1958 Owner, Heinrichs Exploration Company, Golden, Colorado
- 1953 - 1955 Surveyor, Computer, Office Manager - Midwestern Geophysical Lab Corporation, Tulsa, Oklahoma
- 1951 - 1953 Ranch Owner, Cody, Wyoming
- 1947 - 1951 U.S. Geological Survey, Denver, Colorado Party Chief, topo mapping
- 1944 - 1946 U.S. Marine Corps, Honorable Discharge
- 1943 - 1944 Trammer Boss, Nchanga Consolidated Copper Company, Chingola, Zambia, Africa

RESUME

January, 1983

E. GROVER HEINRICHS

Office

1802 West Grant Road
Suite 110-4
Tucson, Arizona 85745
Phone: (602) 624-7421

Residence

9101 E. Indian Canyon Road
Tucson, Arizona 85749
Phone: (602) 749-3900

- Mining and Metals Advisor for Trade Mission to China
- Mining representative in Az. for a Japanese Trading Co.
- Manager of Several Ongoing Exploration Programs
- Managing Director of B. C. Copper Smelter Consortium
- Manager of Exploration
- Minerals Specialist
- Minerals Landsman Specialist

SUMMARY:

Thirty-four years of experience in the natural resource development field with major emphasis on mining related activities. A minerals specialist with a business background. Activities have been world-wide in scope. Recent work includes Mining and Metals Advisor for Trade Mission to China, Manager of several ongoing exploration programs, and Managing Director of a joint venture to establish a consortium to operate a copper smelter in British Columbia as part of an industrial offset program related to a large aircraft contract to the Canadian government. The job included setting up a budget, site selection, negotiating for concentrate feed; obtaining new members to the consortium; dealing with governmental agencies and politicians; selecting consultants and contract engineering companies required for feasibility studies.

Advisor in mining to the Chairman of the Board and Chief Executive Officer, Essex Group, Inc. (subsidiary of United Technologies), a major wire fabricating corporation (200,000 tons copper per year).

SUMMARY: (Continued)

Negotiator for Essex investigating the feasibility of building a foreign copper smelter, involving a foreign government and several major mining corporations. Compiled historical and economic study reports for the Chief Executive Officer on several large companies, with the view of possible acquisition. Prepared dossiers on various foreign countries for the Chairman of the Board. The compilation emphasized topical information on mining, trade, commerce and political structure, with thumbnail sketch of the particular country's history.

EXPERIENCE:

Managing Director, British Columbia Copper Smelter Consortium - 1979 to present

Developed a preliminary feasibility study and set up a proposed budget and investigative program designed to determine the economic possibilities of a B. C. copper smelter; all under the sponsorship of General Dynamics and United Technologies, as part of their industrial offset program of their proposed F-16 fighter plane contract offer to the Canadian government.

Advisor in Mining to Chairman of the Board and Manager of Exploration, Essex Group, Inc. - 1974 - 1979

Advisor in mining to the Chairman of the Board, reporting directly to him the following on a routine basis: significant changes in mining and metallurgical trends and important events in the mining world - particularly as they may affect the copper industry; advise on unique mining business opportunities, prepare briefs and outline tactics for possible mergers and acquisitions; monitor and report copper production, reserves, both new and expanded or reduced facilities; report copper price changes and analyze trends in copper market.

Identify, compile and up-date information on known, non-producing copper reserves throughout the world, with emphasis on domestic supplies.

Prepare dossiers on various countries with emphasis on mining, trade, commerce and politics for Chairman's use on worldwide business trips.

Assistant Manager of Exploration, Essox International, Inc. - 1970-1974

Supervised contract exploration work. Assisted Manager of Exploration and Chief Geologist in development of exploration program and budget. Conducted mineral title search and negotiated for mining properties and coordinated these activities with legal counsel.

EXPERIENCE: (Continued)

Vice President and Director, Heinrichs Geos exploration Company -
1958-1970

Responsible for all phases of operation, including financing, personnel hiring and advertising. Organized, planned and executed mining and petroleum exploration projects and exploration instrumentation evaluation for clients, including many major corporations worldwide. Advisor to independent in Piceance Creek Basin, Colorado, oil shale developments.

Owner, Heinrichs Exploration Company - 1955-1958

Under contract to Union Oil Company uranium mine development. Operated small mining exploration and underground mining business in western U. S.

Office Manager, Computer and Surveyor, Midwestern Geophysical
Laboratory Corporation - 1952-1955

Assisted Party Chief in operation of contract seismic surveys for Sun Oil Company, The California Company and Independents; resulted in the discovery of two major oil fields in Colorado.

Rancher - Owner, 5,000 acres near Cody, Wyoming - 1950-1952

Party Chief, U. S. Geological Survey - 1947-1950

Conducted all phases of topographic mapping, establishing vertical and horizontal control, Alldate planetable, and stereo multiplex operations. Assisted in evaluation of new map-making concepts and techniques, instrumentation and equipment. Part of 5-man crew under direction of Harry Kelsh (Kelsh plotter fame) to establish for the first time an instrument elevation on the Yukon River at Circle City, Alaska.

U. S. Marine Corps - 1944-1946 - Honorable Discharge

Trammer Boss, N'Changa Consolidated Copper Company, Zambia,
Africa - 1943-1944

Responsible for movement of ore to the mill and waste to the dump from the shaft collar.

EDUCATION:

Cambridge Matriculation, Plumtree, Zimbabwe-Rhodesia, Africa.
Primary - Ruth, Nevada; Grass Valley, California; Baguio, Philippine Islands; Golden, Colorado.

RESUME

N A M E : DAN ELWOOD LEWIS

DATE OF BIRTH : April 2, 1922
Age : 61

PLACE OF BIRTH : Prescott, Arizona

MARITAL STATUS : Married
Wife: Pottie Van Cleave Lewis

CHILDREN : Diana Lewis Polhemus
Robert S. Lewis
Mark Lewis
Laurel Lewis

EDUCATION :

1940 Winslow Arizona High School

1948 University of Arizona
B.S. Mining Geology

1949 University of Arizona
Graduate School - Completed
Academic Work Master of Geology

1958 University of Arizona
Professional Degree
Engineering Geology

MILITARY SERVICE :

1943-1945 U.S.A.A.F. Pilot
Rank - First Lieutenant

PUBLICATIONS : Case History of a Geochemical Copper Anomalous
Copper Zone at Pinanduan, Sabah, Malaysia
Geology Survey Borneo
Annual Report for 1964

The Karang Copper Prospect,
Karamauk Valley Sabah, Malaysia
Geology Survey Bull. 8,
Borneo, Malaysia

- 1949 : Geologist and Chief Engineer
Taysan Gold Mining Company
Batangas, Philippines
Quartz veins in diorite
- 1950 : Geologist
Misamis Chromite,
A. Soriano Corporation
300-ton per day Chromite Mine
Mindanao, Philippines
Metallurgical chromite occurring in
belt of ultrabasics. Examined numerous
mineral outcrops in Mindanao
- 1951-1952 : Chief Geologist
A. Soriano Corporation,
Manila, Philippines
Examined numerous mineral outcrops
throughout the Philippines. Commenced
the initial geological studies of
the Lutopan Copper Deposit
(Atlas Consolidated Mining and Dev. Corp.)
on the Island of Cebu. Commenced the
geological studies of the Mati Iron Mine,
Mindanao.
Resurveyed the Masbate Consolidated
Gold Mine, a 4000-ton per day Gold Mine
prior to the War, but ore reserves did
not warrant reopening.
- 1953 : Chief Geologist
Atlas Consolidated Mining & Dev. Corp.
A. Soriano Corporation
Commenced diamond drilling of the
Toledo Porphyry Copper Deposit and
the Mati Iron Mine.
- 1953-1954 : Field Assistant to Dr. Chester Longwell
US Geological Survey
Spent the field season September 1953
to February, 1954 mapping in
Southern Nevada.
- 1954 : Chief Geologist of ACMDC
A. Soriano Corporation
Mapped Central Cebu and continued diamond
drilling the Lutopan orebodies.
Ore reserves blocked out amounted to
128 million tons.

- 1955-1957 : Resident Manager
Mati Iron Mines, ACMDC
A. Soriano Corporation
General Manager
Constructed complete facilities
for mining and shipping 1,000
tons of iron ore per day.
- 1958 : Chief Engineer and Geologist
Toledo Copper Mine, ACMDC
Toledo, Cebu City
In charge of all engineering to
produce copper ore for an 8000-ton
per day Mill.
- 1959-1960 : General Superintendent
Atlas Consolidated Mining & Dev. Corp.
Toledo Mine.
The Mine and Mill were expanded to
handle 14,000 tons per day.
- 1961-1962 : Assistant Resident Manager
ACMDC, Toledo Mine
- 1963-1964 : Chief Geologist and Head of Exploration
A. Soriano Corporation, Manila
Examined and carried out exploration
work on numerous mineral prospects
in Sabah, Malaysia and in the
Philippines.
- 1965-1967 : Assistant Vice President
A. Soriano Corporation,
Head of Mineral Exploration
Located and carried out exploration
work including diamond drilling of
the Mungkok Copper Deposit,
Sabah, Malaysia
We were forced to leave Borneo
because of the Sabah dispute between
Malaysia and the Philippines.

Located and staked claims on the large
Nickel laterite Deposit at Long Point,
Palawan, Philippines

1969-1979

Vice President

A. Soriano Corporation

In charge of Mineral Exploration

Completed the blocking out of ore reserves on two nickel laterite projects - the Pujada Nickel Laterite, Mindanao; and the Palawan Nickel Laterite. 250 million tons 1.50% Ni.

Current programs consist of completing the geological and metallurgical studies on a sandstone to produce flint grade glass sand in the Philippines - the 600 tons per day of quartz sand will be processed by the Glass Plant of San Miguel Corporation. The remaining programs consist of evaluating the exploration data on a gold-platinum placer deposit and a proposed underground lode gold mine.

1979 to May 31,
1982

Retired from A. Soriano Corporation and joined San Miguel Corporation to form a non-metallics mining department as General Manager and Vice-President of Tagbita Silica Industries Corporation. To put into operation of beneficiated glass sand for San Miguel Glass Products. Geologic Consultant for Western Mindoco Philippines at their 20,000 T/day copper mine.

May 31, 1982 to
present

Retired from San Miguel Corporation and to continue as a Consultant for 4-6 months per year. Consulting Geologist, Atlas Consolidated Mining and Development Corporation

Vice-President - Commonwealth International Inc. 1802 West Grand Road, #110 A Tucson Arizona 85705

MEMBERSHIP : American Institute of Mining Engineers
Member 1953
American Geological Society
Member 1970
Philippine Society of Mining and Met.
Engineers
Member 1953
Philippine Geological Society
Member 1955
Theta Tau Engineering Honorary

AWARDS : Medal Meritous - Knights of Malta 1976
For Airfield Construction
Otilion Ieper Colony

REFERENCES : Mr. Paul I. Eimon
Vice-President - Exploration
Pioneer Nuclear Inc.
Amarillo, Texas

Mr. David Lowell
5115 N. Oracle Road
Tucson, Arizona 85718
U.S.A.

Mr. Kenyon Richard
11 E. Orange Grove Road
Tucson, Arizona 85718
U.S.A.

ADDRESS : Philippines :

DAN E. LEWIS
San Miguel Corporation
P.O. Box 271, Manila,
Philippines

U. S. A. :

DAN E. LEWIS
740-E Placita del Mirador
Tucson, Arizona 85718

FOOTNOTES

1 W. Don Quigley, Consultant, July 27, 1979. AAPG Cert. #1296 and APGS Cert. #3038.

W.W. Pearson - Mining Contractor }
M.M. Martin - Geologist } August 30, 1984
R. Winter - Geologist, Metallurgist }
H. Harris - Metallurgist }

W.B. Winter - Geologist - Sept. 27, 1984

S.W. Johnson, M.E. Lic. # 1960

2 La Paz provided confidential and proprietary information for a limited purpose and under certain terms and conditions.

CONFIDENTIAL INFORMATION is proprietary to and a valuable trade secret of La Paz and any disclosure or unauthorized use thereof will cause irreparable harm and loss to La Paz.

Limit dissemination of **CONFIDENTIAL INFORMATION** to only those who have a need to know to perform limited tasks.

3 LAP

4 Not fully executed.

5 Royalties to be deducted from all income projections following.

6 See page 11-12 Phases I, II, III, IV for projected breakdown of THP.

7 DC and SG studies comparable see page 9 preceding.

UPPER WEAVER FEASIBILITY STUDY

The following operational data are outlined for mining the placer deposit on Upper Weaver Creek located on BLM land.

The operation on the State Lease has shown that 35% of the mined material is rejected in the pit as +4 inch material and 65% is hauled to the plant. The desired feed for the plant is 40 M³ per hour of -4 inch material, 8-hour day, and 22 days per month.

	<u>M³/Hr.</u>	<u>M³/Day</u>	<u>M³/Mo.</u>
Mine	62	492	10,830
Plant:	40	320	7,040

The plant rejects from the above plant feed are:

		<u>M³/Hr.</u>	<u>M³/Day</u>	<u>M³/Mo.</u>
-4 Inch +3/8 Inch	29%	12	96	2,112
-3/8 Inch Sand	39%	15	120	2,640 Classifier Sand
Slimes	32%	<u>13</u>	<u>104</u>	<u>2,288</u>
		40	320	7,040

A recovery of gold from the present plant is based on 0.02 oz. of gold per M³ at a price of \$450 per ounce. The fineness will be considered further on in the report.

	<u>Per Hr.</u>	<u>Per Day</u>	<u>Per Mo.</u>
M ³	40	320	7,040
0.02 oz. Au	0.80	6.40	140.80
\$ Value \$450	\$360	\$2880	\$63,360

The labor cost is based on 5 men, superintendent, and watchman. This allows for 48 hours of overtime on 5 men for maintenance on Saturdays and operation if required to hold the monthly tonnage.

The direct costs are based on direct operating costs only.

*Labor	\$2.25/M ³ of feed	\$15,840.00
**Direct Costs	\$5.00/M ³ of feed	35,200.00
	\$7.25/M ³ of feed	\$51,040.00
Weaver operating profit/month		\$12,320.00

*Savings may be made in the Labor Cost as the overtime amounts to \$0.46/M³/month.

**Equipment rental amounts to \$1.06/M³ mainly for backhoe rental. These two costs amount to \$10,701/month that could be added to profit.

Classifier Sands

The classifier sands amount to:

<u>M³/Hr.</u>	<u>M³/Day</u>	<u>M³/Month</u>
15	120	2640

The classifier sands were screened to remove the +20 mesh material. The -20 mesh is 33% of the classifier feed. Using a specific gravity of 1.6 as shown from tests, we have the following:

	<u>Per Hr.</u>	<u>Per Day</u>	<u>Per Mo.</u>
M ³	15	120	2640
M Tons	24	192	4224
MT -20 Mesh	8.00	64	1393

The test work contains 2 gold products:

- (a) Fine gold that can be amalgamated
- (b) Gold that can not be amalgamated

(a) 6.79 Mg + (b) 5.43 Mg = 0.0338 oz./MT
Assay Tons 361.5

	<u>Per Hr.</u>	<u>Per Day</u>	<u>Per Mo.</u>
-20 Mesh M Tons	8.00	64.00	1393.0
0.0338 oz./MT	0.2704	2.16	47.08
90% recovery	0.2434	1.94	42.37
\$ Value \$450	109.53	873.00	19,066.5

Labor cost, 2 men at 8 hours/day at \$19/hour.

Operating cost of leaching facility is power, chemicals, carbon, water, etc.

		<u>Per Month</u>
Labor	\$2.40/MT	\$ 3,342.00
Operating	\$5.00/MT	<u>6,966.00</u>
		\$10,308.00
Leaching Plant profit/month		\$ 8,758.50

With this profit and a plant purchase price of \$100,000, it would take 11.4 months to pay off plant.

We can safely assume 2 years operation on Weaver Creek on the BLM ground and State Lease Tailings M³ on BLM = 259,120.

Combined Operation

	<u>Per Month</u>	
Plant Feed M ³	7040	
Leaching Plant Feed M Tons	1393	
Placer Plant Gold	140.80	77%
Leaching Plant Gold	<u>42.37</u>	23%
Total Gold oz./mo.	183.17	
Placer Plant Profit		\$12,320.00
Leaching Plant Profit		<u>8,758.50</u>
		\$21,078.50

In order to pursue this project, the following items would have to be purchased:

1 Backhoe	\$125,000
1 Leaching Plant	<u>100,000</u>
	\$225,000

The fineness of the gold from the placer plant is no real problem if the sale of the nuggets is diligently pursued.

The placer plant must maintain 7040 M³ of plant feed monthly at a recoverable 0.02 oz. or better per M³.

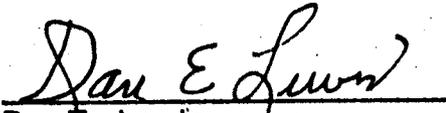
The royalty of 8% of the gross would be based on \$83,300
plus \$19,066.50 = \$82,426.60
royalty = \$ 6,594.00

Total profit	\$21,078.50
Less royalty	<u>6,594.00</u>
Profit after royalty	\$14,484.50

By reducing the costs at Upper Weaver on overtime and equipment rental, we could save \$10,701 or have a profit after royalty of \$25,185/month.

Over two years this would yield \$604,440 less new equipment purchases = \$379,440.

More test work must be undertaken on the leaching of the classifier sands. The grade in ounces per metric ton must be checked and the leaching recovery must be determined.



Dan E. Lewis

M.A.

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

REPORT OF OPERATIONS UPPER WEAVER CREEK NOVEMBER 1986

Directorate
La Paz Mining, Inc.

December 10, 1986

The following Report of Operations for the placer gold property of La Paz Mining, Inc., month of November 1986, is hereto submitted.

The plant ran a total of 20 days of the available 24 working days, to include Saturdays. The down time was due to replacement of feeder drive shaft and rain.

Mine

The material mined in November was removed from State Leases #3950 and #3193 by the use of the D-9 and the 980 wheel loader.

<u>Blocks</u>	<u>Overburden Cubic Meters</u>	<u>Ore to Plant Cubic Meters</u>
1-4W	-	240
2-1W	7007	4100
3-1W	<u>3543</u>	<u>528</u>
Total	10550	4868

Cubic Meters Ore Treated by Block

<u>Block</u>	<u>October</u>	<u>November</u>	<u>Ore Year to Date</u>	<u>Overburden Year to Date</u>
1-1E	-	-	557.0	-
1-1W	-	-	2233.0	1085
2-1E	-	-	2717.9	840
2-1W	2357	4100	8077.8	8163
3-1W	-	528	528.0	4931
1-4W	-	<u>240</u>	<u>240.0</u>	-
Totals	2357	4868	14353.7	15010

Plant Production

(a) Tailings

A total of 4868 M³ of ore was treated in the plant and produced the following tailing products over 138.92 hours of operation:

	<u>+4 Inch</u>	<u>-4 Inch +3/8 Inch</u>	<u>-3/8 " Sand</u>	<u>Slimes</u>	<u>Total</u>
Percentage	18.1	24.4	33.6	23.9	100
Cubic Meters	881	1188	1635	1164	4868

(b) Water

A total of 5,621,800 gallons of water was registered by the two water meters for the month of November 1986.

Recirculated Water	3,882,900 gallons	465.8 gpm
Well Water to Bowl	<u>1,738,900 gallons</u>	<u>208.6 gpm</u>
	5,621,800 gallons	674.4 gpm

During the 138.92 hours of operation, the average use was 674.4 gpm.

$$\frac{5,621,800}{4868} = 1154 \text{ gallons of water to treat one M}^3 \text{ of feed.}$$

The water pumped from the wells was 1,738,900 gallons for the month of November 1986.

DW#3	BLM Location	33%	573,837 gal.
DW#4	State Land Locations	53%	921,617 gal.
DW#5	State Land Locations	14%	<u>243,446 gal.</u>
			1,738,900 gal.

(c) Plant

<u>November</u>	<u>M³</u>	<u>Hrs.</u>	<u>M³/ Hr.</u>	<u>Grams Free Au</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
1	300	7.25	41.4	53.2963	0.178	0.008
3	200	5.25	38.1	57.8050	0.289	0.009
4	260	6.75	38.2	85.0254	0.327	0.011
5	340	8.00	42.5	118.3828	0.348	0.011
6	260	7.50	34.7	119.7705	0.461	0.015
7	260	8.00	32.5	104.0284	0.400	0.013
8	257	7.75	33.2	68.3439	0.266	0.009
10	231	7.00	33.0	58.1049	0.252	0.008
11	154	5.00	30.8	46.0679	0.299	0.010
14	159	5.00	31.8	114.1735	0.718	0.023
15	302	7.25	41.7	138.3321	0.458	0.015
17	291	7.25	40.1	134.7899	0.463	0.015
18 & 19	237	7.00	33.9	10.8984	0.046	0.002
20	239	8.00	29.9	103.5725	0.433	0.014
21	248	7.67	32.3	217.3215	0.876	0.028
22	216	6.75	32.0	178.7592	0.828	0.027
24	240	6.00	40.0	258.2555	1.076	0.035
25	254	8.00	31.8	128.0572	0.504	0.016
26	240	7.50	32.0	4.1136	0.017	0.001
28	180	6.00	30.0	105.5039	0.586	0.019
<u>20</u>	<u>4868</u>	<u>138.92</u>	<u>35.04</u>	<u>2104.6024</u>	<u>0.432</u>	<u>0.014</u>
Gold Bar from Retort				209.7845		
				<u>2314.3869</u>	0.4754	0.015

Weight 247.00 gms x 84.933% Au = 209.7845 gms
 247.00 gms x 10.833% Ag = 26.8810 gms

The 2314.3869 grams is composed of two products:

2104.6024 grams free gold +10 mesh	90.9%
<u>209.7845 grams -10 mesh gold amalgamated</u>	9.1%
2314.3869	

Summary Year to Date Production

<u>Production</u>	<u>Grams Au</u>	<u>Feed M³</u>	<u>Operating Hrs.</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
August	520.7655	2344.7	75.2	0.2211	0.007
September	767.2312	3420.0	110.2	0.2243	0.007
October	1140.6974	3721.0	105.5	0.3066	0.010
November	2314.3869	4868.0	138.92	0.475	0.015
	<u>4743.081</u>	<u>14353.7</u>	<u>429.82</u>	<u>0.330</u>	<u>0.011</u>

Total Ounces = 152.51

<u>November</u>	<u>Bowl Concentrate Grams</u>		<u>Total</u>	<u>% +10 Mesh</u>
	<u>+10 Mesh</u>	<u>-10 Mesh</u>		
1	725	2820	3545	
3	880	2550	3430	
4	983	2400	3383	
5	1160	1905	3065	
6	1190	2120	3310	
7	1040	2080	3120	
8	920	2280	3200	
10	860	2190	3050	
11	900	2240	3140	
14	1000	2110	3110	
15	1040	2040	3080	
17	980	2290	3270	
18-19	1190	2100	3290	
20	1180	2050	3230	
21	1500	2020	3520	
22	1209	2120	3329	
24	918	2240	3158	
25	1120	2100	3220	
26	850	1900	2750	
28	1050	2180	3230	
<u>20</u>	<u>20695</u>	<u>41260</u>	<u>61955</u>	<u>33.4</u>

The 41,260 grams of -10 mesh concentrate were amalgamated, retorted, and melted to produce a gold bar weighing 247.00 grams.

Amalgam Tails to Date

<u>Month</u>	<u>-10 Mesh Grams</u>
August	22,865
September	42,035
October	41,885
November	<u>41,260</u>
	148,045 Grams

Equipment

We had 20 days of plant operation for a total of 138.92 hours. The total possible hours for 24 days at 8 hours was 192 hours.

	<u>Operated Hrs.</u>	<u>Standby Hrs.</u>	<u>Mechanical Down Hrs.</u>	<u>Mechanical Available Hrs.</u>	<u>% Available</u>
D-9	136	5	45.5	141	73
980	147.5	25.5	19.0	173	90
TL 40	109.5	47.5	35.0	157	81
Euclid	123.0	55.0	14.0	178	92
Drag Line	-	-	-	-	-
Plant	138.92	28.33	24.75	167.25	87

Fuel Consumption

	<u>D-9</u>	<u>980</u>	<u>TL40</u>	<u>Euclid</u>	<u>Plant Generator</u>
Hours	136	147.5	109.5	123.0	240
Gallons	1240.8	526.2	338.9	276.7	1100
Gal./Hr.	9.12	3.56	3.09	2.24	4.58

Total Diesel - 3482.6 Gallons

Personnel and Payroll Distribution

<u>Employee</u>	<u>Reg. Hrs.</u>	<u>O/T Hrs.</u>	<u>Total Hrs.</u>	<u>Reg. Pay</u>	<u>O/T Pay</u>	<u>Total Pay</u>
D. Goodwin	160	40	200	3500.00	875.00	4375.00
D. Hathaway	Monthly		-	350.00	-	350.00
D. Jones	160	27	187	1360.00	344.24	1704.24
C. Retherford	136	11	147	1292.00	151.50	1443.50
R. Sipes	160	27	187	1520.00	384.74	1904.74
M. Rowley	158	25	181	1248.00	300.00	1548.00
G. Rowley	160	30.5	190.5	1440.00	411.75	1851.75
R. Wilson	160	37.5	197.5	1520.00	534.37	2054.37
	<u>1092</u>	<u>198</u>	<u>1290</u>	<u>12230.00</u>	<u>3001</u>	<u>15231.60</u>

For the operational period in November the employee cost at Upper Weaver was:

$$\frac{15231.60}{1290} = \$11.81/\text{Hr.}$$

Cost per M³ treated:

$$\frac{15231.60}{4868} = \$3.13/\text{M}^3$$

The percentage of overtime hours to total hours was 15.35%.

Plant Operating Factor

<u>Month</u>	<u>Feed M³</u>	<u>No. Workdays</u>	<u>Theoretical M³</u>	<u>Possible Hrs.</u>	<u>M³/ Hr.</u>	<u>Factor %</u>
August	2344.7	17	6800	136	17.2	34.5
September	3420.0	26	10400	208	16.4	32.9
October	3721.0	27	10800	216	17.23	34.5
November	4868.0	24	9600	192	25.35	50.7

Royalty Calculation to Arizona State Land Department

(a) Gold Bar 247.00 gms at 84.933% Au = 209.7945 gms = 6.7455 oz. at \$398.806 =	\$ 2,690.15
247.00 at 10.883% Ag = 25.2335 gms = 0.8114 oz. at \$5.595 =	4.54
(b) Free Gold +10 mesh 2104.6024 at 850 fine = 1788.912 gms 57.5213 oz. at 398.806 =	<u>22,939.84</u>
	\$25,634.53

Royalty based on 5% of gross value less cost of \$35,610.56 =
-\$9,976.03 loss. Therefore, no royalty payment for November 1986.

The gold and silver quotations are from Handy and Harmon, New York,
as a monthly average for November 1986.

Direct Operating Costs

The direct operating costs are as follows:

Gross payroll	\$15,231.60
Payroll taxes	1,089.06
Professional fees	2,400.00
Tires	2,012.45

Parts and repairs	\$ 1,797.99
Ford Pickup rental	800.00
Field supplies	641.48
Fuel	2,331.20
Travel, etc.	1,028.48
First aid equipment	653.15
Equipment rental	4,680.00
Telephone	102.32
Room rent, Sierra Vista Motel	315.00
Severance tax	192.71
Maps	7.32
Sales expense bullion	154.63
Cost water wells over 36 months (4)	<u>2,173.17</u>

\$35,610.58

$$\frac{2314.7845}{31.1} = 74.43 \text{ oz.}$$

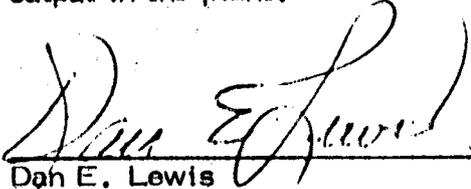
$$\text{Then, } \frac{35,610.58}{74.43} = \$478.44 \text{ to produce one ounce of gold.}$$

$$\frac{35,610.87}{4868} = \$7.32 \text{ per cubic meter of feed}$$

One cubic meter of feed for November contained 0.015 oz. of gold at \$398.806 = \$5.98, or a loss of \$1.34/M³.

For the month of November the average gold content improved to 0.015 oz. per M³, and the plant feed averaged 25.34 M³/Hr. at a plant operating factor of 50.7%. We are attempting to arrive at 0.02 oz./M³ with an average feed of 42.5 M³/Hr., with a plant operating factor of 85%. These parameters for November would have lowered the cost to \$218 to produce an ounce of gold as versus actual cost of \$478.44/oz.

A vibrating grizzly will be installed in the mining pit to screen off the plus 5-inch boulders. This will cut down on transport of this excess material and also will increase the output in the plant.


 Dan E. Lewis
 Vice President of Operations

DEL:vh

M. Haimis

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

REPORT OF OPERATIONS UPPER WEAVER CREEK MARCH 1987

Directorate
La Paz Mining, Inc.

April 14, 1987

The following Report of Operations for the placer gold property of La Paz Mining, Inc., month of March 1987, is hereto submitted.

The plant ran a total of 16 days of the available 23 working days to include 1 Saturday. The down time was due to down time on plant.

Mine

The material mined in March was removed from State Leases #3950 and #3193 by the use of the D-9, D-8, and 980 wheel loader.

<u>Blocks</u>	<u>Overburden Cubic Meters</u>	<u>Ore to Plant Cubic Meters</u>
6-2W	694	713.0
6-3W	656	825.0
7-3W	5823	2269.0
8-3W	<u>386</u>	<u>85.0</u>
Total	7559	3892.0

Cubic Meters Ore Treated by Block to Date

<u>Block</u>	<u>State Lease #3193</u>		<u>State Lease #3950</u>	
	<u>M³ Ore</u>	<u>M³ Overburden</u>	<u>M³ Ore</u>	<u>M³ Overburden</u>
1-1E	-	-	557.0	-
1-1W	2308.6	1394.0	-	-
1-2W	942.0	1003.0	-	-
1-4W	240.0	-	-	-
2-1E	-	-	-	-
2-1W	8077.8	8163.0	2717.9	840.0
3-1W	528.0	4931.0	-	-
6-2W	3084.3	5129.1	-	-
6-3W	1286.3	2237.0	-	-
7-2W	1686.1	4551.0	-	-
7-3W	2759.8	6999.8	-	-
8-2W	1843.2	1008.4	-	-
8-3W	<u>957.2</u>	<u>5290.1</u>	-	-
	23713.1	40706.1	3274.9	840.0
		<u>M³ Ore</u>	<u>M³ Overburden</u>	
Total		26988.0	41546.1	

Plant Production

(a) Tailings

A total of 3892.0 M³ of ore was treated in the plant and produced the following over 106 hours of operation:

	<u>-4 Inch +3/8 Inch</u>	<u>-3/8 Inch Sand</u>	<u>Slimes</u>	<u>Total</u>
Percentage	31	42.0	27.0	100
Cubic Meters	1208.0	1634.0	1050.0	3892

The feed to the pit grizzly was 5189 M³ and 1297 M³ of +4 inch rock was discarded in the mine area. The minus 4-inch or 3892 M³ was hauled to the plant. The grizzly rejected 25% plus 4-inch.

(b) Water

A total of 4,021,400 gallons of water was registered by the two water meters for the month of March 1987.

Recirculated Water	2,721,300 gallons	428 gpm
*Well Water to Bowl	<u>1,300,100 gallons</u>	<u>204 gpm</u>
	4,021,400 gallons	632 gpm

During the 106 hours of operation, the average use was 632 gpm
 $\frac{4,021,400}{3892} = 1033$ gallons of water to treat one M³ of feed.

The water wells yielded 1,118,086 gallons for March 1987. Well #5 was not operated.

DW#3 BLM Location	429,033 gallons
DW#4 State Land Location	<u>689,053 gallons</u>
	1,118,086 gallons

*The #5 Well was disconnected and 182,014 gallons of recirculated water was pumped to the bowl water; thus, well water was 1,118,086 gallons.

(c) Plant

<u>March</u>	<u>M³</u>	<u>Hrs.</u>	<u>M³/ Hr.</u>	<u>Grams Free Au</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
2	216	7.00	30.9	150.8498	0.6984	0.022
3	97	2.75	35.3	3.7198	0.0383	0.001
7	292	8.00	36.5	30.3358	0.1039	0.003
9	335	8.00	41.9	87.9049	0.2624	0.008
13	216	6.50	33.2	118.6410	0.5493	0.018
16	184	5.00	36.8	127.1385	0.6910	0.022
17	194	5.75	33.7	92.1647	0.4751	0.015
18	162	4.50	36.0	46.2992	0.2858	0.009
19	216	6.50	33.2	43.3665	0.2008	0.007
20	238	7.50	31.7	38.2892	0.1809	0.005
23	367	8.50	43.2	342.1881	0.9324	0.030
24	231	6.50	35.5	166.6726	0.7215	0.023
25	302	7.00	43.1	87.3819	0.2893	0.009
27	259	8.50	30.5	165.2101	0.6379	0.021
30	250	5.00	50.0	88.5909	0.3544	0.011
31	333	9.00	37.0	78.4440	0.2356	0.008
<u>16</u>	<u>3892</u>	<u>106.00</u>	<u>36.7</u>	<u>1667.1970</u>	<u>0.4284</u>	<u>0.0137</u>

Weight of Retorted Amalgam:

148.6570 gms x 5.10% loss in melting = 141.0755 gms

141.0755 x 84.93% Au = 119.8154

141.0755 x 10.88% Ag = 15.3490

Free Gold = 1667.1970

Au from Retort = 119.8154

1787.0124

0.4592

0.0148

Summary Year to Date

<u>Production</u>	<u>Grams Au</u>	<u>Feed M³</u>	<u>Operating Hrs.</u>	<u>Grams Au/ M³</u>	<u>Oz./ M³</u>
1986	5302.9028	16527.7	506.57	0.321	0.010
January 87	2322.8497	3075.6	109.75	0.755	0.024
February 87	1757.0098	3492.7	106.75	0.5031	0.016
March 87	<u>1787.0124</u>	<u>3892.0</u>	<u>106.00</u>	<u>0.4592</u>	<u>0.0148</u>
	11169.7747	26988.0	829.07	0.4139	0.0133

<u>March</u>	<u>Concentrate Grams</u> <u>-10 Mesh</u>
2	1960
3	2090
7	2150
9	2320
13	2020
16	2150
17	2340
18	2200
19	2350
20	2380
23	1950
24	2180
25	1970
27	1900
30	2485
<u>31</u>	<u>2204</u>
16	34849

The 34,849 grams of -10 mesh concentrate were amalgamated and retorted to produce 148,6570 gms of retorted matte.

Amalgam Tails to Date

<u>Month</u>	<u>-10 Mesh</u>
1986	177,435 grams
January 87	39,140 grams
February 87	38,685 grams
March 87	<u>34,849 grams</u>
	289,909 grams

Equipment

We had 16 days of plant operation for a total of 106 hours. The total possible hours of 23 days at 8 hours per day was 184 hours.

	<u>Operated</u> <u>Hrs.</u>	<u>Standby</u> <u>Hrs.</u>	<u>Mechanical</u> <u>Down Hrs.</u>	<u>Mechanical</u> <u>Available Hrs.</u>	<u>%</u> <u>Available</u>
D-9	103.5	21	11.5	124.5	91.5
D-8	14.5	168	1.5	182.5	99
TL40	16	-	168	16	8
Euclid	109	27	-	136	100
980	114	62	16	176	92
Plant	106	-	78	106	57.6
530	116.5	67.5	-	184	100
Pit Grizzly	106	76	2	182	99
Ford Trk	106	78	-	184	100

Fuel Consumption

	<u>D-9</u>	<u>980</u>	<u>500</u>	<u>Euclid</u>	<u>Gen.</u>	<u>D-8</u>	<u>Rental</u>	<u>Ford</u>
Hrs.	103.5	114	116.5	109	152	14.5	-	106
Gal.	1337.3	543.6	202.3	426.5	1456.5	168.7	41.4	96.9
Gal./Hr.	12.9	4.76	1.74	3.91	9.58	11.6		1.00

An additional 115 gallons used by pit grizzly and water pump.

Total Diesel - 4388.2 gallons

Personnel and Payroll Distribution

<u>Employee</u>	<u>Reg.</u> <u>Hrs.</u>	<u>O/T</u> <u>Hrs.</u>	<u>Total</u> <u>Hrs.</u>	<u>Reg.</u> <u>Pay</u>	<u>O/T</u> <u>Pay</u>	<u>Total</u> <u>Pay</u>
D. Goodwin	Monthly	-	-	5000.00	-	5000.00
D. Hathaway	Monthly	-	-	350.00	-	350.00
D. Jones	119.0	32.5	151.5	1071.00	438.75	1509.75
R. Nichols	129.5	42.0	171.5	2023.44	984.36	3007.80
C. Retherford	110.5	4.0	114.5	1049.75	57.00	1106.75
M. Rowley	115.0	17.5	132.5	1035.00	236.25	1271.25
G. Rowley	116.0	15.5	131.5	1044.00	209.25	1253.25
R. Sipes	129.0	42.0	171.0	1225.50	598.50	1824.00
Total	799.0	153.5	952.5	12798.69	2524.11	15322.80

For the operational period in March, the employee cost at Upper Weaver was:

$$\frac{15322.80}{952.50} = \$16.09/\text{Hr.}$$

Labor cost per M³ treated:

$$\frac{15322.80}{3892.0} = \$3.94/\text{M}^3$$

The percentage of overtime hours to total hours was 16.1%.

Plant Operating Factor

<u>Month</u>	<u>Feed M³</u>	<u>No. Workdays</u>	<u>Theoretical M³</u>	<u>Possible Hrs.</u>	<u>M³/ Hr.</u>	<u>Factor %</u>
1986	16527.7	120	48,000	960	17.22	34.43
Jan. 87	3075.6	26	10,400	208	14.79	29.60
Feb. 87	3492.7	24	9,600	192	18.19	36.40
Mar. 87	3892.0	23	9,200	184	21.15	42.30
	<u>26988.0</u>	<u>193</u>	<u>77,200</u>	<u>1544</u>	<u>17.48</u>	<u>34.96</u>

The plant operating factor is based on 50 M³/hour of feed and during March we averaged 42.30% of base feed. We treated 50 M³/hour on March 30. We worked on Saturday, March 7; however, no production on Saturday after this date as Saturday is utilized for repair and maintenance.

The lost time was due to damaged gear box on trommel drive and replacing screening section on trommel. The TL40 loader was down through the month of March.

Royalty Calculation to Arizona State Land Department

(a) Amalgamated gold 141.0755 grams at 84.93% Au = 119.8154 grams = 3.8526 oz. at \$408.914 =	\$ 1,575.38
141.0755 grams at 10.86% Ag = 15.3490 grams = 0.4935 oz. Ag at \$5.682 =	2.80
(b) Free gold +10 mesh 1667.1970 gms at 850 fine = 1417.1174 gms = 45.5665 oz. at \$408.914 =	<u>18,632.78</u> \$20,210.96

Royalty based on 5% of gross value less cost of \$39,135.12 = loss of \$18,924.16.

The gold and silver quotations are from Handy and Harmon, New York, as a monthly average for March 1987.

Direct Operating Costs

The direct operating costs are as follows:

Gross payroll	\$15,322.80
Payroll taxes	1,889.16
Professional fees	1,000.00
Parts and repairs	3,503.53

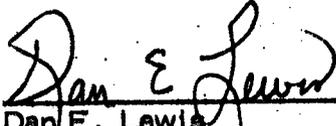
Tires	\$ 2,076.45
Field supplies	2,023.65
Fuel	1,159.74
Room rent	915.00
Travel	324.18
Severance tax	242.78
Insurance payroll	3,355.35
Two motors	800.00
Tools	34.50
Misc. and check charge	179.74
Chemicals	800.00
Sales expense	95.07
Equipment rental	3,040.00
Pickup rental	800.00
Cost of wells over 36 mos. (8)	<u>2,173.17</u>
Total	\$39,135.12

$$\frac{1536.9328}{31.1} = 49.19 \text{ fineness calculated at } 849$$

$$\frac{39,135.12}{49.19} = \$795.59 \text{ to produce one ounce of gold}$$

$$\frac{39,135.12}{3892} = \$10.05 \text{ per cubic meter of feed}$$

One cubic meter of feed for March contained 0.0148 oz. of gold at \$408.914 = \$6.05, or a loss of \$4.01/M³ of feed.



 Dan E. Lewis
 Vice President of Operations

DEL:vh



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
PHOENIX DISTRICT OFFICE
2015 WEST DEER VALLEY ROAD
PHOENIX, ARIZONA 85027

IN REPLY REFER TO:
3809(027)
MPO-83-L-13

RECEIVED OCT 24 1989

October 23, 1989

La Paz Mining Inc.
Mr. Grover Heinrichs
1301 East Fort Lowell Road
Tucson, Arizona 85719

Dear Mr Heinrichs:

The purpose of this letter is to inform you as a potentially interested party that a reclamation contract will be awarded by Merchants Bonding Company to the successful bidder for earth work to be done in the vicinity of Stanton, Arizona. The specifics of the job are as follows:

1. Project location is T. 10 N., R. 5 W., sec 24, SE1/4 and sec 25 NE1/4 G&SRB meridian (project map and project vicinity map enclosed).
2. Approximate area within which surface reclamation (re-contouring, erosion control etc.) will need to be done is 22.5 acres (see map).
3. A BLM representative (Hank Molz) will be on the project site at 10:00 AM on November 1st and 2nd to meet with all prospective bidders for purposes of project layout and to answer any questions.
4. All bids, in order to be considered, must be received by Merchants Bonding Company no later than the close of business on November 20, 1989. All bids will be in written form and must be submitted to the following address:

Merchants Bonding Company
Mr. Stan McCormack
8777 East Via De Ventura, Suite 396
Scottsdale, Arizona 85258
5. The successful bidder will have thirty (30) calendar days following bid award to complete the said reclamation project.
6. The BLM will be available to work with the successful bidder and will conduct a final field compliance upon project completion.

7. Merchants Bonding Company will issue payment in full to the successful bidder following a field compliance and notification by BLM of satisfactory project completion. No payments will be made by Merchants Bonding Company until such time that the total job has been satisfactorily completed.

8. Total dollars of the awarded contract will not exceed (\$10,000.00) ten thousand dollars.

9. The successful bidder will notify the BLM of the proposed work start up date.

10. Should you have any questions please contact Hank Molz, BLM Surface Protection Specialist at (602) 863-4464.

Sincerely,

Frank E. Daniels

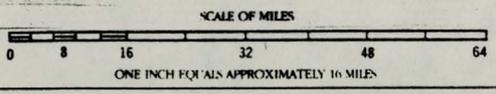
for

Carole K. Hamilton
Area Manager
Lower Gila Resource Area

Enclosures: 2

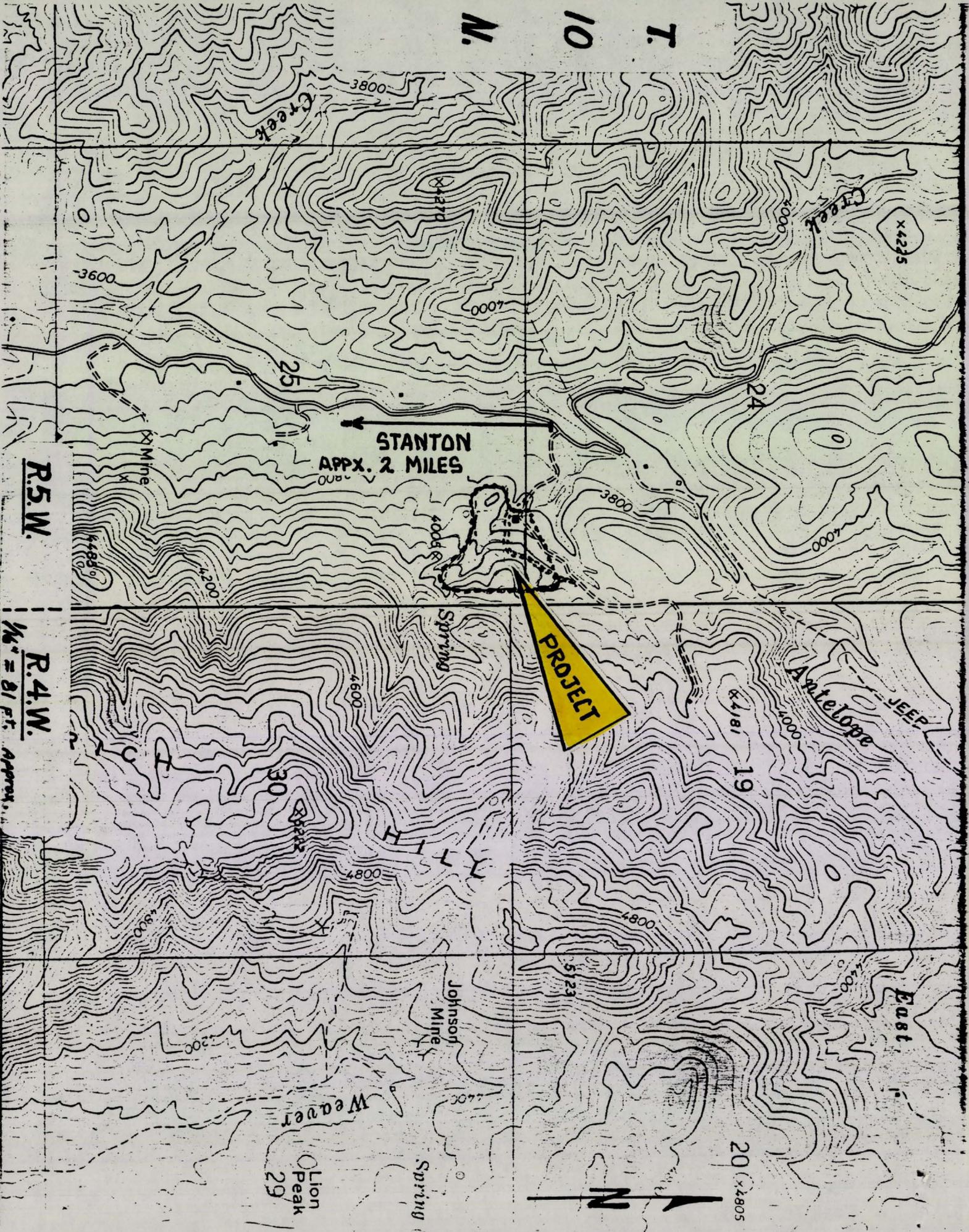


PROJECT VICINITY MAP



DANGER
 LEAVE RIGHT OF ROAD
 UNTRAVELLED ROADS
 GREEN TO PUBLIC ONLY
 ALL WARNING SIGNS

T. 10 N.



R.5.W.

R.4.W.

Scale = 81 ft. Approx.

PROJECT

STANTON
APPX. 2 MILES

N

20 4805

Lion Peak
29

Spring

Johnson Mine

Weaver

Antelope

JEEP

East

19

30

24

25

3600

3800

4000

4000

X 4225

X 4370

XI Mine

4485

4200

4000

3800

4000

4600

X 4181

4087

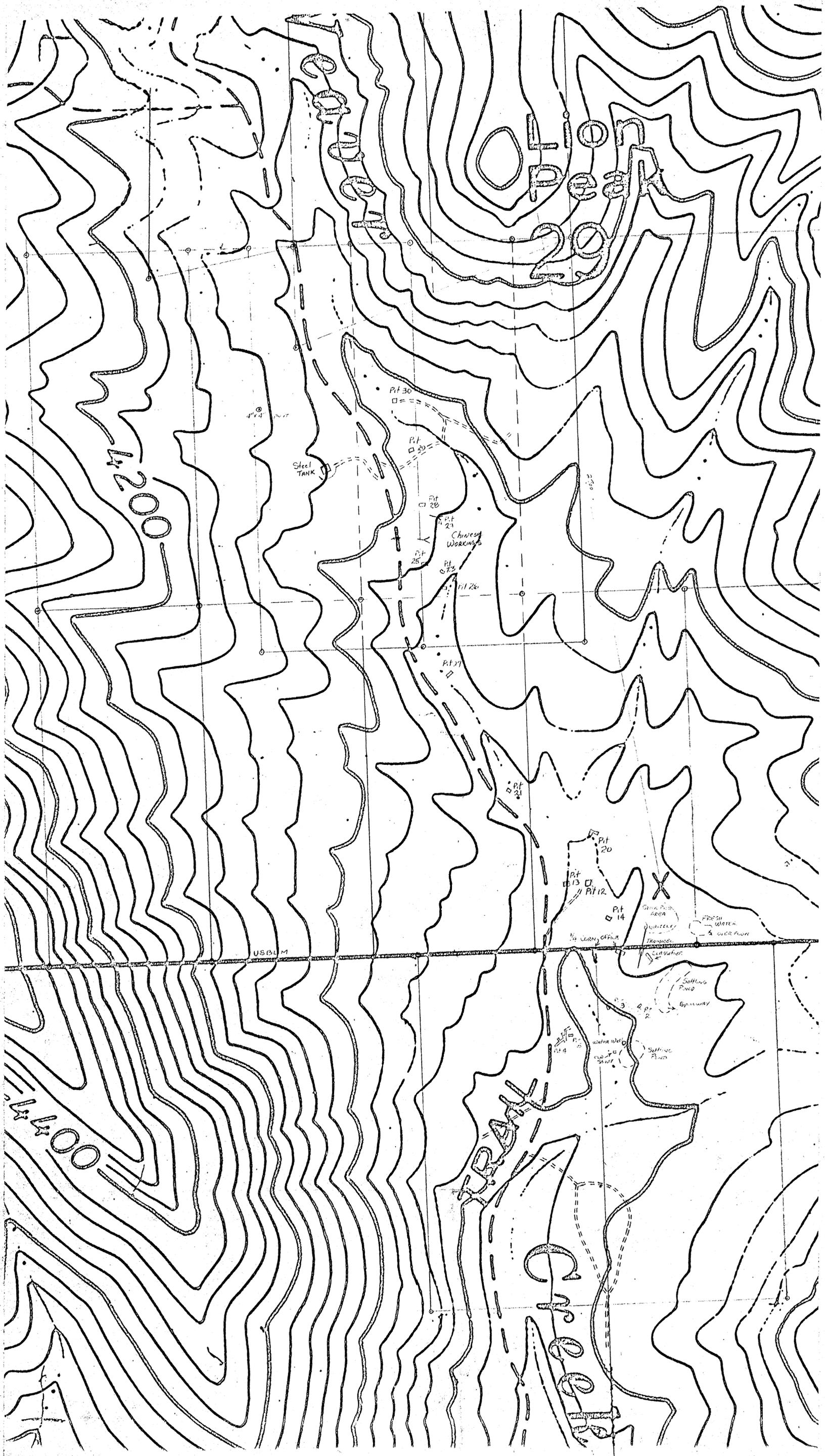
4800

523

4600

4200

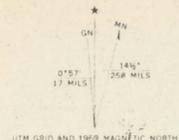
4400



MAP 2
 LA PÁZ MINING, INC.
 Upper Weaver Project
 Yavapai County, Arizona
 Sec. 29 & 32 T10N R4W GSRBM
 Prepared for U.S.B.L.M.
 Plan of Operation
 September 1986
 Scale: 1"=200'



Mapped, edited, and published by the Geological Survey
Control by USGS and USC&GS
Topography by photogrammetric methods from aerial
photographs taken 1968. Field checked 1969
Polyconic projection. 1927 North American datum
10,000-foot grid based on Arizona coordinate system, central zone
1000-meter Universal Transverse Mercator grid ticks,
zone 12, shown in blue
Fine red dashed lines indicate selected fence lines



CONTOUR INTERVAL 40 FEET
DATUM IS MEAN SEA LEVEL



ROAD CLASSIFICATION

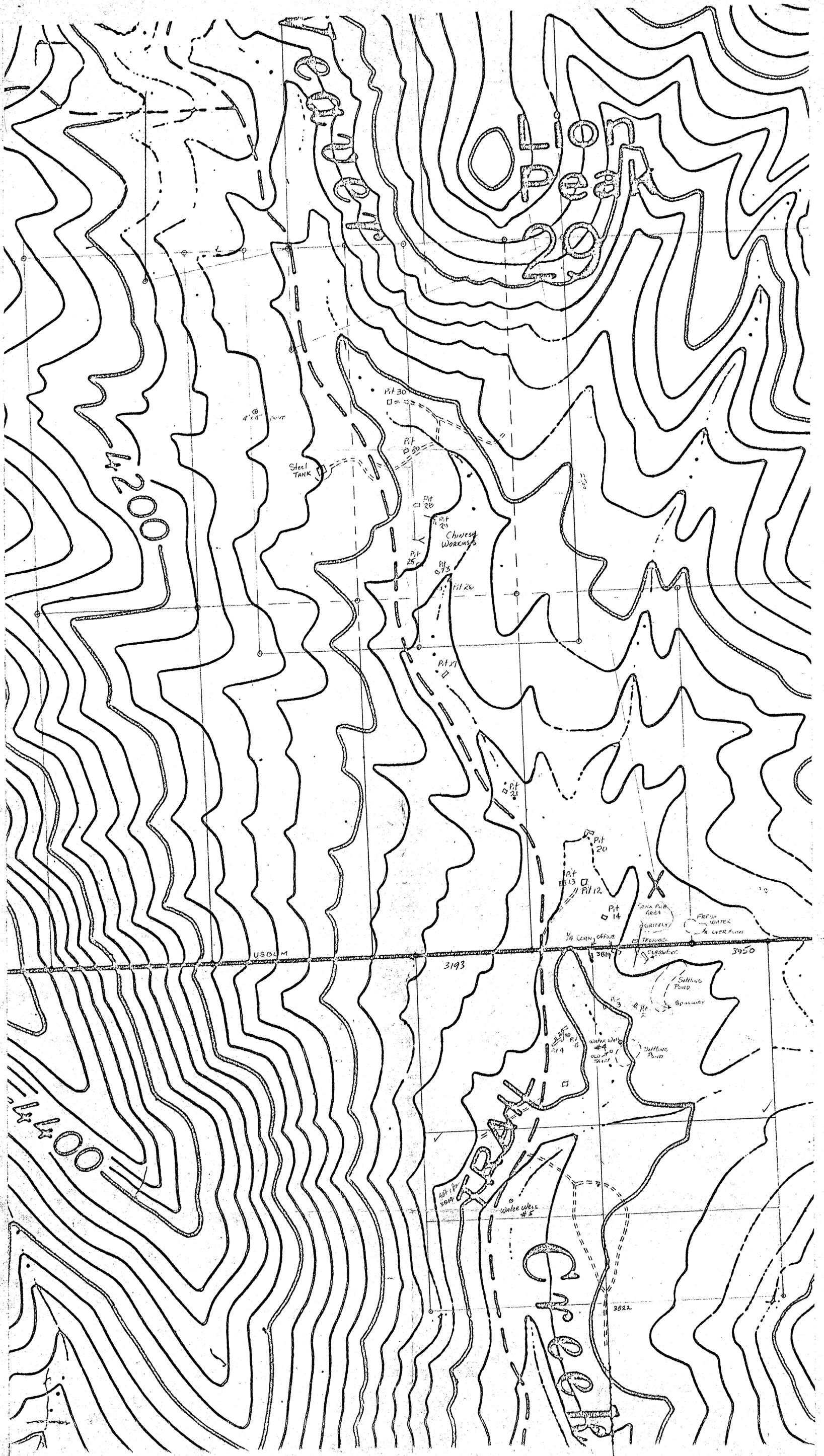
Primary highway, hard surface	Light duty road, hard or improved surface
Secondary highway, hard surface	Unimproved road
○ Interstate Route	□ U. S. Route
	○ State Route

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

YARNELL, ARIZ.
N3407.5-W11237.5/7.5

1969

AMS 3452 11 NW—SERIES V888



MAP 2
 LA PAZ MINING, INC.
 Upper Weaver Project
 Yavapai County, Arizona
 Sec. 29 & 32 T10N R4W GSRBM
 Prepared for U.S.B.L.M.
 Plan of Operation
 September 1986
 Scale : 1"=200'

Sec 29

Elev. EST. 3860

50' contour

3950

3193

PLANT SITE

1/4 COR EST
29
32
TION R 4W

Dragline Ramp

Tailing Settling Ponds

Dikes

SEC 32

TION R 4W

Mining Limits

AREA B
POND

AREA A

ADIT 2
elev. 3815

ADIT 1
elev. 3814

20+00

19+00

5/30/86
Scale 1" = 100'

w/c

3920

3880

3840

3800

3760

13+00

14+00

16+00

17+00

15+00

#1

#13

#12

#14

#4

#5

#3

#2

#15

#16

#17

#18

#19

#20

#21

#22

#16

#18

13+00

14+00

16+00

17+00

15+00

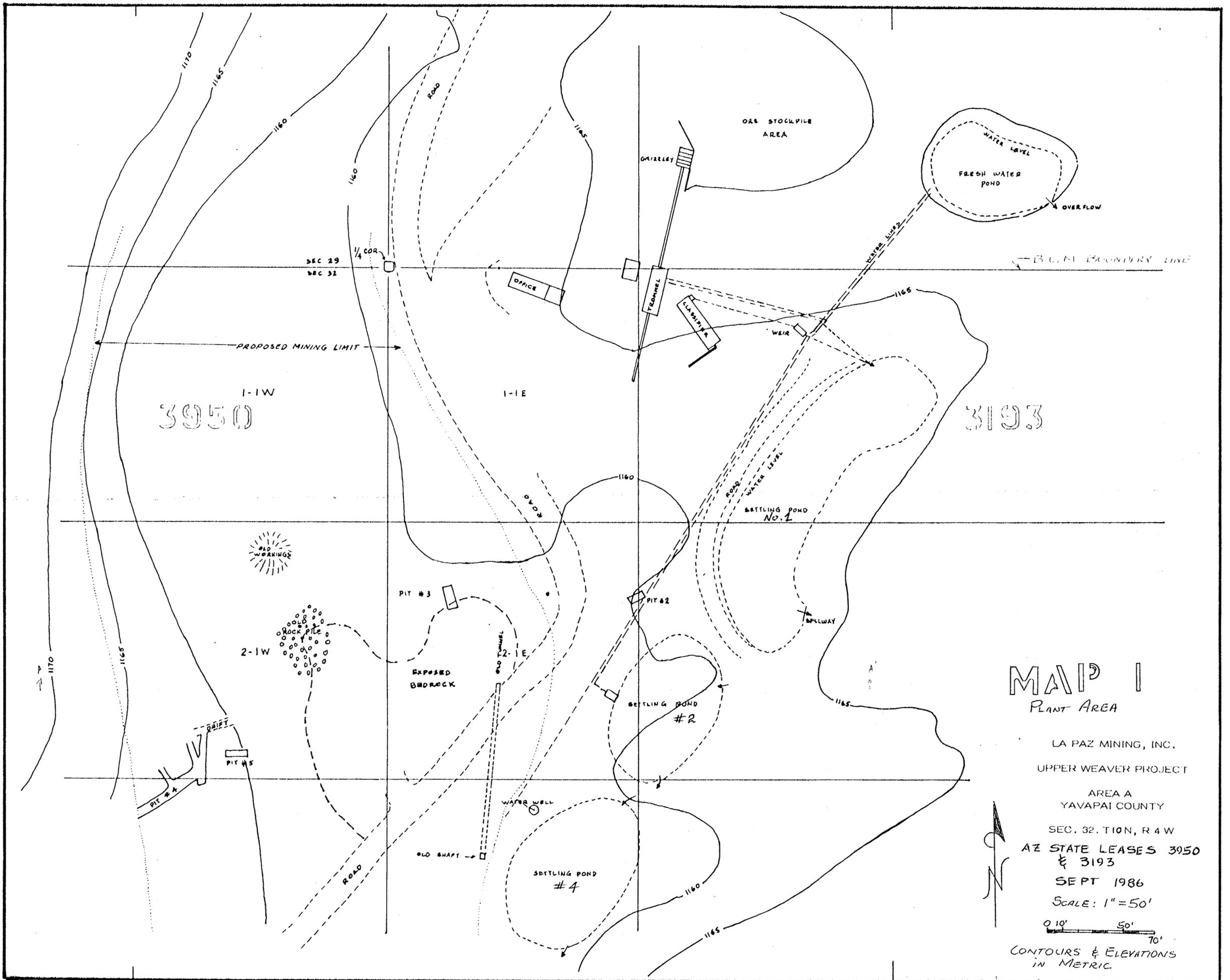
18+00

19+00

20+00

#9

w/c



MAP I

PLANT AREA

LA PAZ MINING, INC.
UPPER WEAVER PROJECT

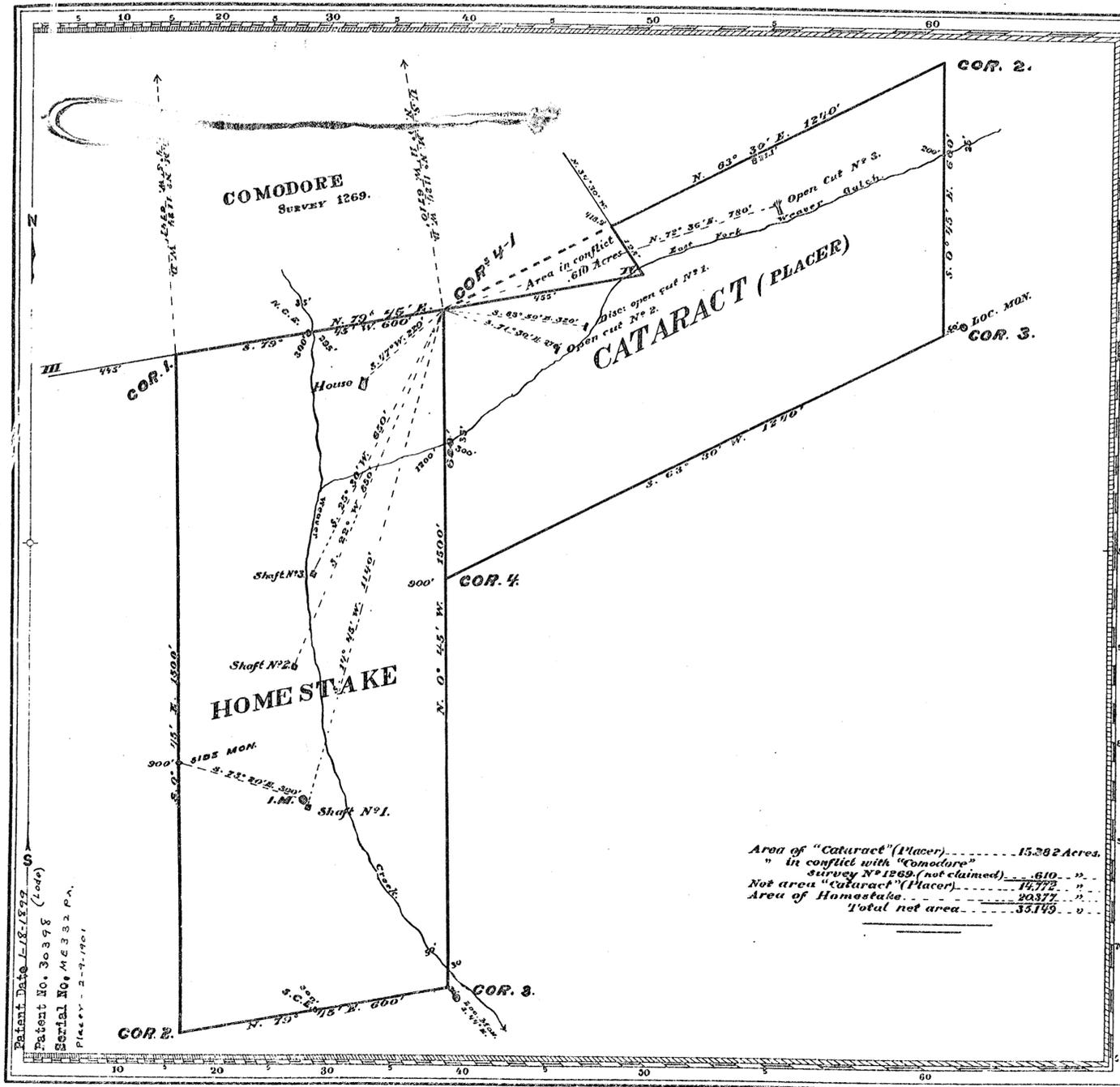
AREA A
YAVAPAI COUNTY
SEC. 32, T. 10N, R. 4W
AZ STATE LEASES 3950
& 3193



SEPT 1986
SCALE: 1" = 50'



CONTOURS & ELEVATIONS
IN METRIC



Area of "Cataract" (Placer)	15.282 Acres.
" in conflict with "Comodore" survey N° 1269 (not claimed)	.610 "
Net area "Cataract" (Placer)	14.672 "
Area of Homestake	20.377 "
Total net area	33.149 "

Patent Date 1-18-1872
 Patent No. 30398 (Lode)
 Serial No. 41332 P.M.
 Placer - 2-7-1861

Claim Located Homestake Lode, Jan. 1, 1839
Cataract Placer, Apr. 11, 1895
 Mineral Survey No. 1263

Lot No. _____
 Prescott Land District.

PLAT
 OF THE CLAIM OF
J. W. SMITH.
 KNOWN AS THE

HOMESTAKE LODE
 AND
CATARACT (PLACER)
 IN WEAVER MINING DISTRICT,
YAVAPAI COUNTY, ARIZONA.
 Containing an Area of 35.149 Acres.
 Scale of 200 Feet to the inch.
 Variation 17° E.

SURVEYED AUG. 16-17, 1897, BY
J. J. FISHER,
 U.S. Deputy Mineral Surveyor.

The Original field Notes of the Survey of the Mining Claim of
J. W. SMITH.

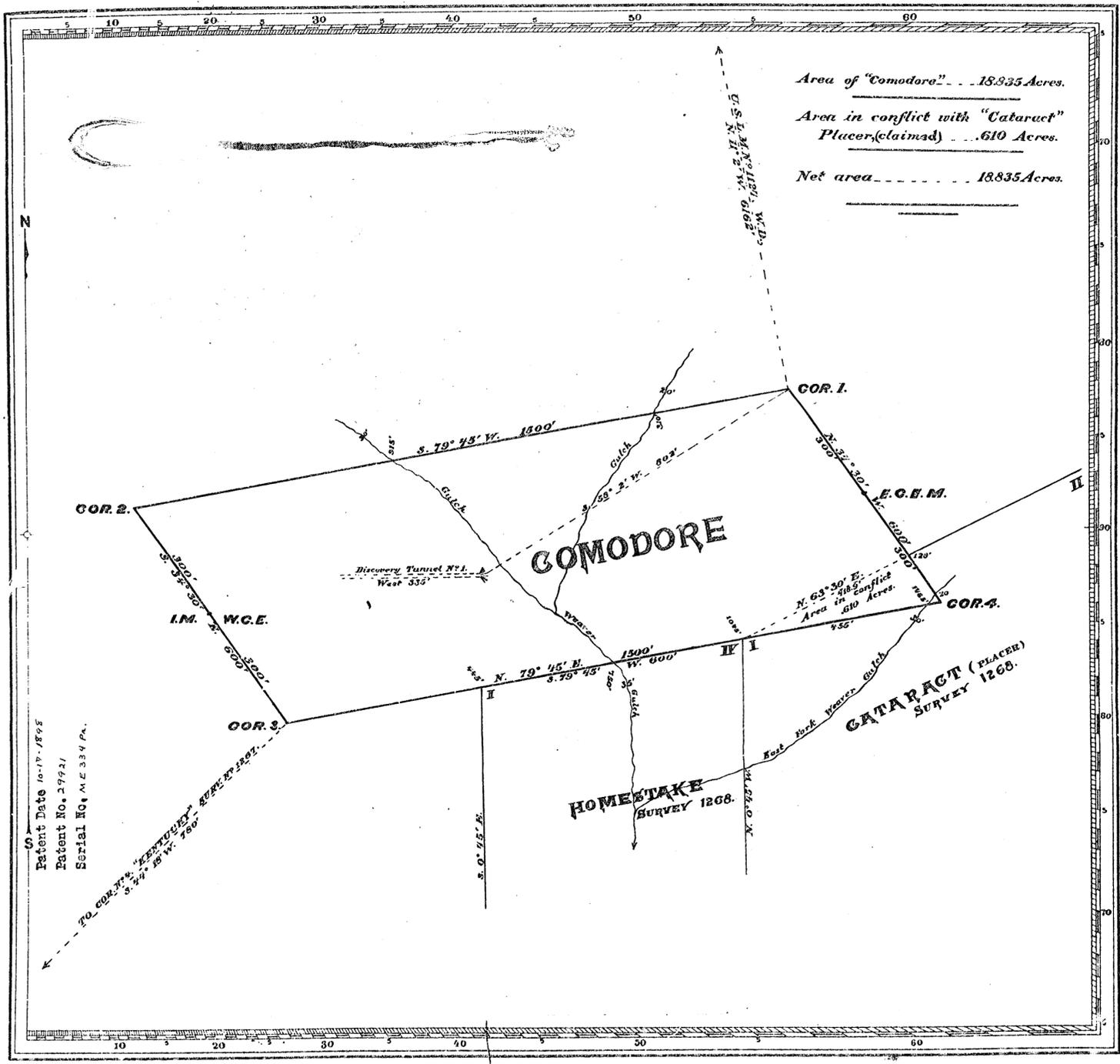
Known as the
HOMESTAKE LODE
 AND
CATARACT (PLACER)

from which this plat has been made under my direction, have been examined and approved, and are on file in this office, and I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects or permanent monuments as will perpetuate and fix the locus thereof.
 I further certify that Five Hundred Dollars worth of labor has been expended or improvements made upon said Mining Claim by claimant or his grantors, and that said improvements consist of

3 Shafts, 3 Open cuts and 1 House.

that the location of said improvements is correctly shown upon this plat, and that no portion of said labor or improvements has been included in the estimate of expenditures upon any other claim.
 And I further certify that this is a correct plat of said Mining Claim made in conformity with said original field notes of the survey thereof, and the same is hereby approved.

U.S. Surveyor General's Office. George Lohr
Tucson, Ariz. U.S. Surveyor General for
October 26, 1897 Arizona.



Area of "Comodoro" . . . 18,835 Acres.
 Area in conflict with "Cataract"
 Placer (claimed) . . . 610 Acres.
 Net area 18,835 Acres.

Patent Date 10-17-1895
 Patent No. 29921
 Serial No. M.E. 334 P.A.

Claim Located January 22, 1880.
 Amended August 10, 1891.
 Mineral Survey No. 1269.

Lot No. 111
 Prescott Land District.

PLAT
 OF THE CLAIM OF
J. W. SMITH AND LAURA HAMILTON,
 KNOWN AS THE

COMODORE

IN WEAVER MINING DISTRICT,
YAVAPAI COUNTY, ARIZONA
 Containing an Area of 18,835 Acres.
 Scale of 200 feet to the inch.
 Variation 14° E.

SURVEYED AUGUST 15, 1897 BY
J. J. FISHER
 U.S. Deputy Mineral Surveyor.

The Original Field Notes of the Survey of the Mining Claim of
J. W. SMITH AND LAURA HAMILTON
 known as the

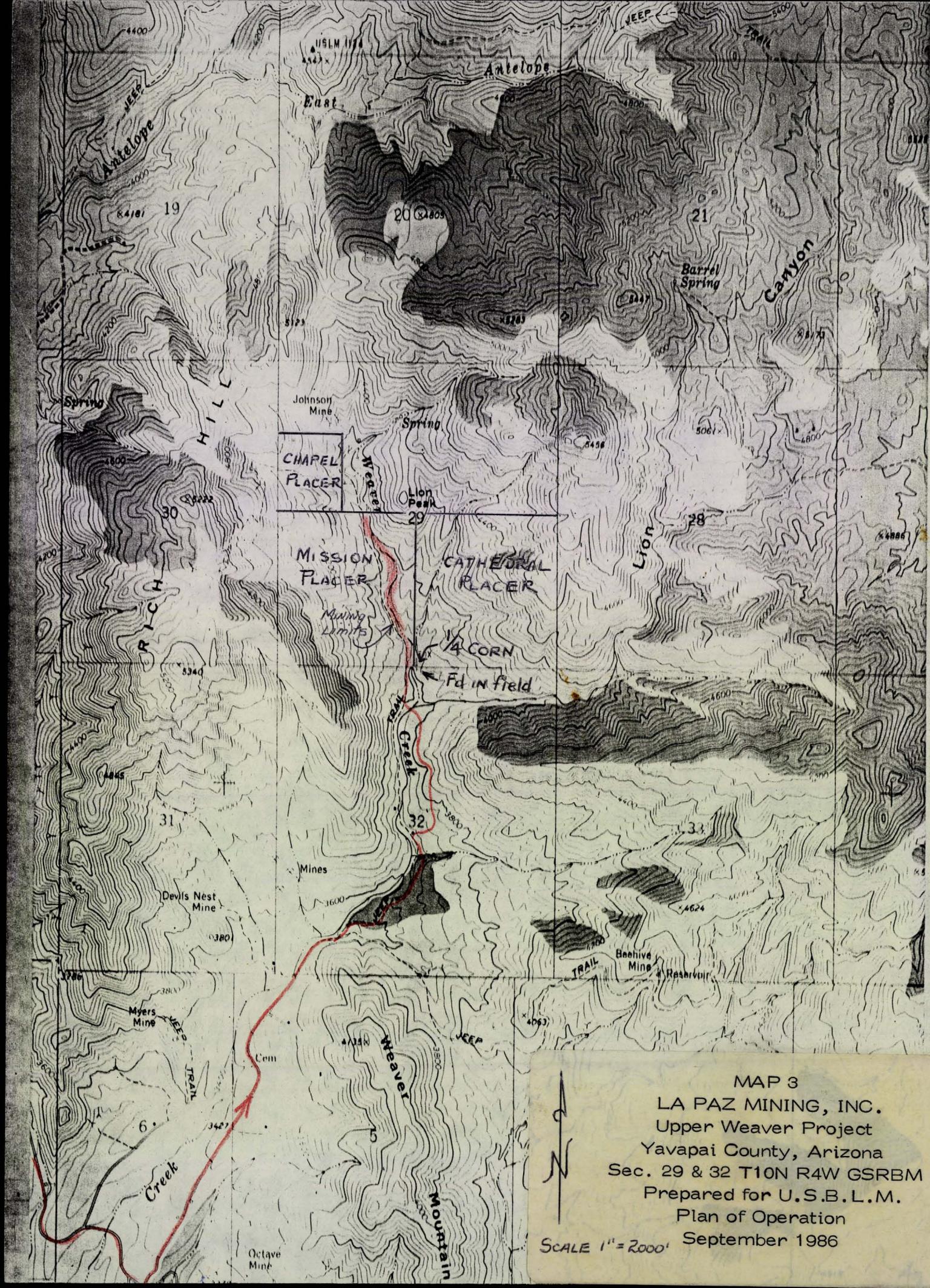
COMODORE

from which this plat has been made under my direction & have been examined and approved, and are on file in this Office and I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent, serve fully to identify the premises, and that such reference is made therein to natural objects or permanent monuments as will perpetuate and fix the locus thereof.
 I further certify that Five Hundred Dollars worth of labor has been expended or improvements made upon said Mining Claim by claimants or their grantors, and that said improvements consist of

1 Discovery Tunnel, 4 x 6 x 335 FT

that the location of said improvements is correctly shown upon this plat, and that no portion of said labor or improvements has been included in the estimate of expenditures upon any other claim.
 And I further certify that this is a correct plat of said Mining Claim made in conformity with said original field notes of the survey thereof, and the same is hereby approved.

U.S. Surveyor General's Office. *George Christ*
 Tucson, Ariz. U.S. Surveyor General for
 October 6, 1897. Arizona.

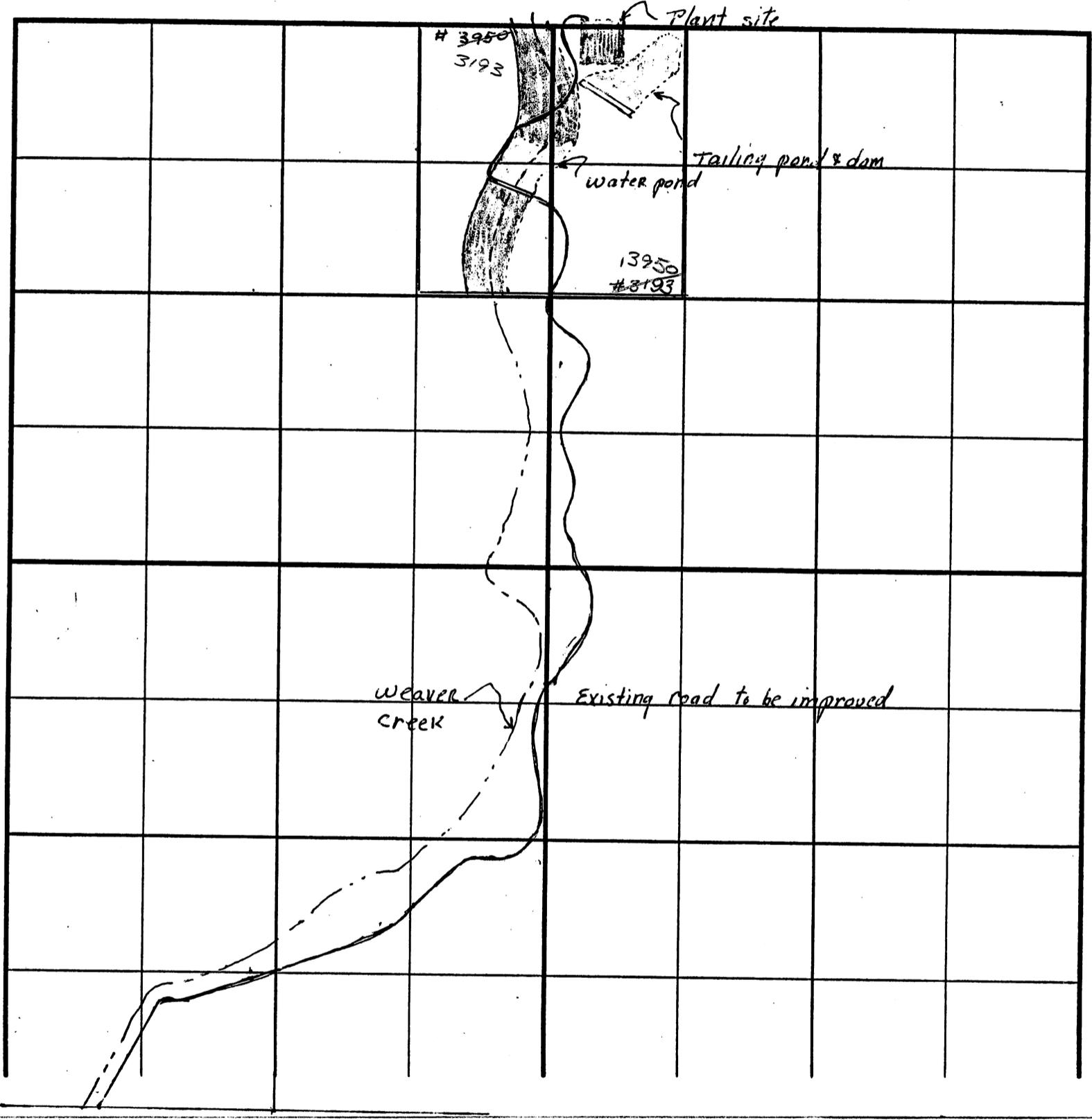


MAP 3
 LA PAZ MINING, INC.
 Upper Weaver Project
 Yavapai County, Arizona
 Sec. 29 & 32 T10N R4W GSRBM
 Prepared for U.S.B.L.M.
 Plan of Operation
 September 1986
 SCALE 1" = 2000'

EXHIBIT B
(Affected Land)

SECTION PLAT SHEET

SECTION 32 TOWNSHIP 4N RANGE 10W
COUNTY YAVAPAI STATE ARIZONA SCALE 1" = 660'





United States Department of the Interior

ON REPLY REFER TO:

BUREAU OF LAND MANAGEMENT
Phoenix District Office
2013 West Deer Valley Road
Phoenix, Arizona 85027
Telephone: (602) 863-4464

MINING PLAN OF OPERATIONS

Yavapai County

MPO- _____

A. OPERATOR

Name of Operator La Paz Mining, Inc.

Address of Operator 1301 E. Ft. Lowell Road

Tucson, Arizona 85719 Telephone (602) 325-1514

Name of Field Representative Darrel Goodwin

Address of Field Representative P. O. Box 586, Congress, Arizona 85332

Telephone 427-3661

B. CLAIM OWNER

Complete only when the owner is different from the operator.

Name	Address	Telephone
<u>Dale and Marie Tucker</u>	<u>10633 Wheatridge Drive</u>	<u>(602) 933-2433</u>
	<u>Sun City, Arizona 85351</u>	

ENCLOSURE (/)

AZ-020-3809-1 (3/84)

C. CLAIM IDENTIFICATION

Name(s) of the claims(s) on which the operation will be conducted:

Name and type of claim (lode or placer)	BLM Serial No.	Township	Range	Section
Chapel Placer	35505	10N	4W	29
Mission Placer	35504	"	"	"
Cathedral Placer	35506	"	"	"
Mission Lode 1	44848	"	"	"
" " 2	44849	"	"	"
Golden Cross 1	236988 thru	"	"	"
thru 18	237005			

D. MAPS

Attached as part of this Plan of Operations is a map of all claims listed above in B. (USGS Topographic Map). Also attached is an engineered map or a sketch map depicting the project area showing clearly the proposed physical plant, mine, dumps and disposal areas, roads, etc. (Approximately 1" = 400' or greater). Show existing roads as solid lines and proposed roads and any roads to be upgraded as dashed lines on the attached maps. Identify cuts in excess of three vertical feet.

F. DESCRIPTION OF OPERATIONS

and Process Method:

Mining Method: /A typical placer gravel wash plant operation is planned,
Gravel material will be mined using a D-9 dozer with ripper. Then loading
material using a 980 Cat front end loader into a 12/20 yd. capacity end dump
truck to be hauled to wash plant where it will be sized and gravity concentrated
at the plant. No chemicals will be used. All 20 mesh material and larger
will be returned to the mined out area for reclamation. Minus 20 mesh
material will be separated and concentrated using a hydro-centrifugal bowl
concentrator and rake classifier with the classifier feed going to a tailings
pond and excavated and sun dried and returned to the mined out area as a
top soil. Mine face will be approximately 150' to 200' wide and 15' high and mining of
gravels will commence at the south boundary of Sec. 29, T4N, R10W, and
proceed in the drainage bottom 150'-200' in width upstream approximately 1/2
mile to the Mission Placer north boundary. Total disturbed area will
approximate 18 acres. We plan to use existing settling ponds on State land
if the State will allow us to do so. If not, then a system of ponds will be
developed north of the present trommel site.

Horizontal control will be maintained on 50 meter blocks as per attached
map, scale 1" = 50'.

Note: Plan of operation is subject to modification from time to time depending
on the situation as development of the ore body proceeds.

I. COMMENCEMENT OF OPERATIONS

Desired start-up date is: on or about 12/1/86. (A date not to precede plan approval.)

J. OTHER RULES AND REGULATIONS

Note: Under 43 CFR 3833 all mining claims in Arizona must be filed with the Bureau of Land Management, 2400 Valley Bank Center, Phoenix, Arizona 85073. Under Arizona statute all mining claims must be recorded with the appropriate county.

The operator should be familiar with the State Mining Codes administered by the Arizona State Mine Inspector, 705 Capitol Tower, Phoenix, Arizona 85007, and regulations administered by the USDI, Mine Safety and Health Administration.

Water is a very limited resource in Arizona making it necessary to record and regulate its use. All mining claimants/operators that plan to use, store, or divert water are required under Arizona statute to file an application or Notice of Intent to drill with the Department of Water Resources prior to the use of the water source. They can be contacted by telephone at (602) 255-1554 or by letter at 99 E. Virginia, Phoenix, Arizona 85004.

K. ENCLOSURES

1. Exhibit A - Map of general area showing mining claims. Map 3
2. Exhibit B - Operations site map. Map 2
3. Exhibit C - Plant site area, Map 1.

SUBMITTED BY:

Signature:

E. Grover Heinrichs
E. Grover Heinrichs, President

Date:

9/2/86

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

May 22, 1987

Michael Rice
Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

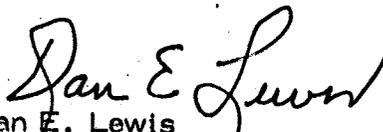
Re: Upper Weaver Project

Dear Mike:

I am enclosing the April Operations Report for the placer property on Weaver Creek. The operations are being conducted on State Leases #3193 and 3950.

Also enclosed is the Affidavit of Mineral Production for April 1987.

Sincerely,



Dan E. Lewis
Vice President of Operations

DEL:vh

Enclosures

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT

1624 West Adams
Phoenix, Arizona 85007

Month of April, 1987.

Mineral Lease No. #3193, 3950

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS

County of Yavapai)

La Paz Mining Inc, being duly sworn on oath
Name of Lessee or Agent deposits and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3193, 3950, and that during the month of April, 1987, Placer Gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 58.54 oz gold ; 0.7914 oz silver short tons, (If necessary, use separate sheet for value and cost accounting below).

- | | |
|---|---------------------------|
| 1. That the gross value of said material produced is | \$ <u>25,687.07</u> |
| 2. That the cost of processing of said material produced is | \$ <u>68,421.25</u> |
| 3. That the costs of transportation to place of sale is | \$ _____ |
| 4. That the total applicable taxes and other costs is | \$ _____ |
| 5. Total of 2, 3 & 4 is | \$ _____ |
| 6. That the net value of said material produced is (1 less 5) | \$ <u>-42,734.18 loss</u> |

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.

Dave E. Lewis
Signature Title

STATE OF ARIZONA)
County of _____)

Firm

Subscribed and sworn to before me this _____ day of _____, 19____.

My Commission expires:

Notary Public

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

June 16, 1987

Michael Rice
Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

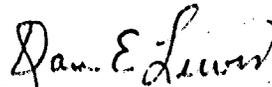
Re: Upper Weaver Project

Dear Mike:

I am enclosing the May 1987 Report of Operations and the Affidavit of Mineral Production.

I have estimated a cost of \$0.25 per M³ to replace and rearrange the 96,500 M³ of material as restoration of the mined area. The replanting cost of trees and grasses will be a slight additional cost.

Sincerely,



Dan E. Lewis
Vice President of Operations

DEL:vh

Enclosures

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT

1624 West Adams
Phoenix, Arizona 85007

Month of May, 19 27,

Mineral Lease No. #3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)

County of Yavapai) SS

Name of Lessee or Agent _____, being duly sworn on oath deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3193, and that during the month of May, 19 27, Place gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 87,597.50 oz gold & 1,621.5036 lbs silver short tons, (If necessary, use separate sheet for value and cost accounting below).

- | | |
|---|---------------------------|
| 1. That the gross value of said material produced is | \$ <u>40,559.30</u> |
| 2. That the cost of processing of said material produced in. | \$ <u>58,065.00</u> |
| 3. That the costs of transportation to place of sale in. | \$ _____ |
| 4. That the total applicable taxes and other costs in. | \$ _____ |
| 5. Total of 2, 3 & 4 is | \$ _____ |
| 6. That the net value of said material produced in (1 less 5) | \$ <u>-17,050.70 loss</u> |

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein in to the best of my knowledge and belief true, correct and complete.

John E. Lawrence V.P. & Partner
Signature Title
Lo Paz Mining Inc.
Firm

STATE OF ARIZONA)

County of _____)

Subscribed and sworn to before me this _____ day of _____, 19 _____

My Commission expires:

Notary Public

LA PAZ MINING, INC.

File

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

April 16, 1987

Michael Rice
Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Re: Upper Weaver Project

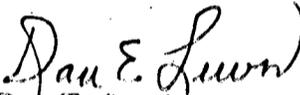
Dear Mike:

I am enclosing the March Operational Report for the placer property on Weaver Creek that is currently under option to La Paz Mining, Inc.

Also enclosed is the Affidavit of Mineral Production for March 1987.

The rehabilitation program has started, with the work proceeding north from the south boundary of the State Leases. The stockpiled strip material is being spread along the slopes of Weaver Creek. The boulders as much as possible are first placed on the bottom along bedrock.

Sincerely,


Dan E. Lewis
Vice President Operations

DEL:vh

Enclosures

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

March 18, 1987

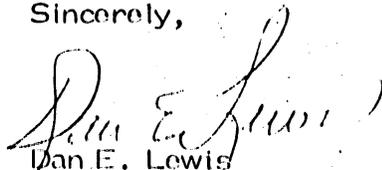
Michael Rice
Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Dear Mike:

Enclosed is the Affidavit of Mineral, Ore or Rock Production report
for the month of February 1987.

Also enclosed is a copy of my Report of Operations, Upper Weaver
Creek, for February 1987.

Sincerely,



Dan E. Lewis
Vice President Operations

DEL:vh

Enclosures

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
1624 West Adams
Phoenix, Arizona 85007

Month of February, 1987.

Mineral Lease No. 39508 3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
County of Pima) SS
Yavapai)

La Paz Mining Inc being duly sworn on oath
Name of Lessee or Agent deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 39508 3193, and that during the month of February, 1987, Placer Gold & Silver (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 48.7789 oz gold & 0.6472 oz silver short tons, (If necessary, use separate sheet for value and cost accounting below).

- | | |
|---|----------------------|
| 1. That the gross value of said material produced is | \$ <u>19,579.40</u> |
| 2. That the cost of processing of said material produced is. | \$ <u>44,206.76</u> |
| 3. That the costs of transportation to place of sale is | \$ _____ |
| 4. That the total applicable taxes and other costs is | \$ _____ |
| 5. Total of 2, 3 & 4 is | \$ <u>44,206.76</u> |
| 6. That the net value of said material produced is (1 less 5) <u>loss</u> | \$ <u>-24,627.36</u> |

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.

Don E. Lewis V.P. Operations
Signature Title
La Paz Mining Inc
Firm

STATE OF ARIZONA)
County of _____)

Subscribed and sworn to before me this _____ day of _____, 19____.
My Commission expires:

Notary Public

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE AREA CODE 602 325-1514

March 10, 1987

Michael Rice, Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Re: Upper Weaver Project

Dear Mike:

I am enclosing the January Operations Report for the placer property on Weaver Creek that is currently under option to La Paz Mining, Inc.

Also enclosed is the Affidavit of Mineral Production for January 1987.

Sincerely,

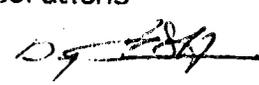


Dan E. Lewis
Vice President of Operations

DEL:vh

Enclosures

*Received
more for
3/10/87*



File

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

January 20, 1987

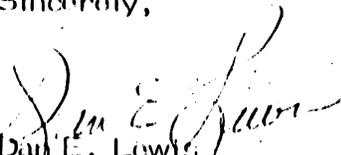
Mike Rice
Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Dear Mike:

I am enclosing a copy of the December Report of Operations for Upper Weaver Creek. Mechanical problems and weather were the factors that contributed to the low operating time.

We have moved an additional dozer to Weaver to start the rehabilitation work in replacing the gravel and sand along the mined out areas of Weaver Creek.

Sincerely,


Dan E. Lewis
Vice President - Operations

DFL:vh

Enclosure

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
1624 West Adams
Phoenix, Arizona 85007

Month of December, 1986.

Mineral Lease No. #3950 *3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS
County of Yavapai)

La Paz Mining Inc Formerly Dale & Marie Tucker, being duly sworn on oath
Name of Lessee or Agent) deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. #3950, #3193, and that during the month of December, 1986, Placer Gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 15,007 ozs gold & 0.3417 ozs ag short tons, (If necessary, use separate sheet for value and cost accounting below).

- | | |
|---|----------------------|
| 1. That the gross value of said material produced is | \$ <u>6135.34</u> |
| 2. That the cost of processing of said material produced is | \$ <u>49,624.86</u> |
| 3. That the costs of transportation to place of sale is | \$ _____ |
| 4. That the total applicable taxes and other costs is | \$ _____ |
| 5. Total of 2, 3 & 4 is | \$ <u>49,694.76</u> |
| 6. That the net value of said material produced is (1 less 5) | \$ <u>-43,559.42</u> |

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.

Dave E. Lewis V.P. Operations
Signature Title
La Paz Mining Inc
Firm

STATE OF ARIZONA)
County of _____)

Subscribed and sworn to before me this _____ day of _____, 19____.
My Commission expires:

Notary Public

File

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1314

December 10, 1986

Michael Rice, Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Re: Upper Weaver Project

Dear Mike:

I am enclosing the November Operations Report for the placer property on Weaver Creek that is currently under option to La Paz Mining, Inc.

Also enclosed is the Affidavit of Mineral Production for November 1986.

Sincerely,



Dan E. Lewis
Vice President of Operations

DEL:vh

Enclosures

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

December 1, 1986

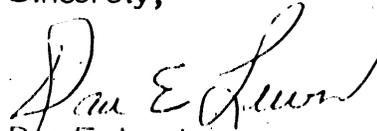
Michael Rice, Natural Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Re: Upper Weaver Project

Dear Mike:

I am enclosing the Report of Operation for the months of September and October 1986, Upper Weaver Project. I have combined the total costs to include taxes under Processing Expenses. This is broken down in the monthly reports.

Sincerely,



Dan E. Lewis
Vice President of Operations

DEL:vh

Enclosures:

September Report
October Report
Affidavit of Mineral Prod., August 1986
Affidavit of Mineral Prod., September 1986
Affidavit of Mineral Prod., October 1986

IMPORTANT INSTRUCTIONS

Colored copy aug

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
 1624 West Adams
 Phoenix, Arizona 85007

Month of August, 1986.

Mineral Lease No. 3950-3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS

County of Yavapai)

MR Dale Tucker - ^{arrange} being duly sworn on oath
 Name of Lessee or Agent deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3950, 3193, and that during the month of August, 1986, Placer Gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 14.068 mpy gold & 0.3204 oz of silver short tons, (If necessary, use separate sheet for value and cost accounting below).

1. That the gross value of said material produced is \$ 5303.36
2. That the cost of processing of said material produced is \$ 29 440.56
3. That the costs of transportation to place of sale is \$
4. That the total applicable taxes and other costs is \$
5. Total of 2, 3 & 4 is \$ 29 440.56
6. That the net value of said material produced is (1 less 5) less \$ - 24,137.20 less

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.

Jim Edwards V.P. operations
 Signature Title

La Paz Mining Inc
 Firm

STATE OF ARIZONA)
 County of Pima)

Subscribed and sworn to before me this 8th day of Sept, 1986.

My Commission expires:
Sept. 14, 1986

Grace V. Moran
 Notary Public

IMPORTANT INSTRUCTIONS

- 1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
1624 West Adams
Phoenix, Arizona 85007

Month of September, 1986.

Mineral Lease No. 3950-3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS
County of Yavapai)

MR. Dale Tucker, being duly sworn on oath
Name of Lessee or Agent deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3950-3193, and that during the month of September, 1986, Placer Gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is 21.587 oz gold 0.4852 oz silver short tons, (If necessary, use separate sheet for value and cost accounting below).

- 1. That the gross value of said material produced is \$ 90,922.72
2. That the cost of processing of said material produced is \$ 37,484.87
3. That the costs of transportation to place of sale is \$
4. That the total applicable taxes and other costs is \$ 8
5. Total of 2, 3 & 4 is \$ 37,484.27
6. That the net value of said material produced is (1 less 5) \$ -28,392.15

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.

Signature Title
V.P. Operations

Firm

STATE OF ARIZONA)
County of)

Subscribed and sworn to before me this day of 19
My Commission expires:

Notary Public

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

September 9, 1986

Mike Rice
Mineral Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

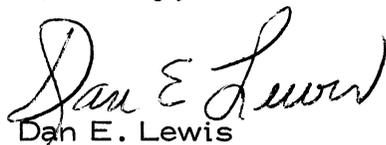
Dear Mike:

I am enclosing the Affidavit of Mineral, Ore or Rock Production report for the month of August 1986. Also enclosed is a copy of a map showing the facilities and mining area A .

August is at best considered a break-in period for the equipment and opening up the mining face. It must be remembered that the first day of operation was August 12, 1986.

I am leaving for the Philippines tomorrow and will be back in the office by the end of September.

Sincerely,



Dan E. Lewis
Vice President Operations

DEL:vh

Enclosures

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
2. Proof of weights, tonnage, values and costs must be submitted with this form.
3. Do not make payment until billed; the State Land Department will make credits and bill for royalty due at the rate of five per cent (5%) of net value.
4. Payment will be due within fifteen (15) days from the date of State Land Department billing.
5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
1624 West Adams
Phoenix, Arizona 85007

Month of August, 19 86 Mineral Lease No. 3950 & 3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS
County of Yavapai)

Dale and Marie Tucker, being duly sworn on oath
Name of Lessee or Agent deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3950, 3193, and that during the month of August, 19 86, placer gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

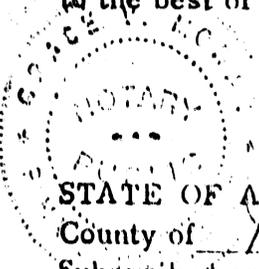
That within fifteen (15) days from the date of billing for royalty by the State Land Department based on the report below, he will remit or cause to be remitted to the State Land Department the amount of that royalty billing.

That the total amount of material named above that was produced from said lease area during the above month is _____ short tons, (If necessary, use separate sheet for value and cost accounting below).

1. That the gross value of said material produced is	\$ <u>5,303.36</u>
2. That the cost of processing of said material produced is.	\$ <u>29,440.56</u>
3. That the costs of transportation to place of sale is	\$ <u>--</u>
4. That the total applicable taxes and other costs is	\$ <u>--</u>
5. Total of 2, 3 & 4 is	\$ <u>29,440.56</u>
6. That the net value of said material produced is (1 less 5)	\$ <u>- 24,137.20 loss</u>

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.



[Signature] V.P. Operations
Signature Title

La Paz Mining, Inc.
Firm

STATE OF ARIZONA)
County of Yuma)

Subscribed and sworn to before me this 8th day of September, 19 86.

My Commission expires;
September 14, 1986

[Signature]
Notary Public

ADDENDUM TO AFFIDAVIT OF
MINERAL, ORE OR ROCK PRODUCTION

To: Arizona State Land Department

Date: September 12, 1986

Mineral Lease No. 3950 & 3193

Month of August 1986

Cubic Meters Produced: 2344.7

Direct Cost to Produce: \$29,440.56

(a) Gold Bar 92.10 gms @84.09% Au = 77.4469 gms
2.490 ozs. @376.852/oz.* = \$ 938.46

Gold Bar 92.10 gms @10.82% Ag = 9.9652 gms
0.3204 ozs. @5.21833/oz.* = \$ 1.67

(b) Free Gold +10 mesh 428.6655 @840
fineness = 360.0790 gms Au =
11.578 ozs. @376.852/oz.* = \$4,363.23

Total \$5,303.36

*The Gold and Silver quotations are from Handy & Harmon (H & H) average for month of August 1986.



E. Grover Heinrichs
President
La Paz Mining, Inc.

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325 1514

Date: Aug. 16, 1986

Mike Rico, Resource Planner
Arizona State Land Department
1624 W. Adams
Phoenix, Arizona 85007

Re: Upper Weaver Project ³¹⁹³
AZ State ^{Mine} Leases ¹⁵ M 3950 and M 3913

Dear Mike:

This is to advise you that we are planning to ship gold concentrate and/or amalgam from the subject property on or about Aug. 23, 1986.
The material is estimated to contain approximately 41.5 ^{OUNCES OF} GRAMS gold.

This advisory is in conformance with the criteria as per your Mining Plan Conditions of Approval, accepted and dated July 28, 1986, by Dale and Marlo Tucker.

The shipper will be La Paz Mining, Inc. at Upper Weaver. The recipient will be La Paz Mining, Inc. at the letterhead address and phone number.

Sincerely,

FOR LA PAZ MINING, INC.

J. Gene Pinnolo
Pres.

LA PAZ MINING, INC.

1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

87
STATE
LAND
FILE

September 9, 1986

Mike Rice
Mineral Resource Planner
Arizona State Land Department
1624 West Adams
Phoenix, Arizona 85007

Dear Mike:

I am enclosing the Affidavit of Mineral, Ore or Rock Production report for the month of August 1986. Also enclosed is a copy of a map showing the facilities and mining area A, together with my Upper Weaver Production Report for August.

August is at best considered a break-in period for the equipment and opening up the mining face. It must be remembered that the first day of operation was August 12, 1986.

I am leaving for the Philippines tomorrow and will be back in the office by the end of September.

Sincerely,



Dan E. Lewis
Vice President Operations

DEL:vh

Enclosures

IMPORTANT INSTRUCTIONS

1. Do not report on this form sand and gravel, building stone sold before processing, or limestone, silica, shale or clay to be manufactured into building material. Use this form for all other mineral, ore, rock or earth material. For report of other material, request proper form from State Land Department and indicate name of material produced.
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5. Lessee's records are subject to audit by the State Land Department.
6. Reports must be notarized and submitted within fifteen (15) days from the end of each month.

STATE LAND DEPARTMENT
 1624 West Adams
 Phoenix, Arizona 85007

Month of August, 19 86 Mineral Lease No. 3950 & 3193

AFFIDAVIT OF MINERAL, ORE OR ROCK PRODUCTION

STATE OF ARIZONA)
) SS
 County of Yavapai)

Dale and Marie Tucker, being duly sworn on oath
 Name of Lessee or Agent deposes and says:

That he is the Lessee or lessee's authorized agent of record for the Arizona State Mineral Lease No. 3950, 3193, and that during the month of August, 19 86, placer gold (name type of mineral, ore or rock) was removed from said lease area in amounts and at values and costs as indicated below, and that no materials other than those indicated below or otherwise reported to the State Land Department were removed from said lease area during the above month.

That all weight or sale receipts or other proof of production and costs related to the production herein reported are submitted with this affidavit.

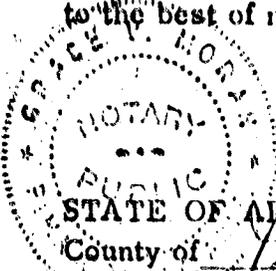
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3. That the costs of transportation to place of sale is	\$ <u>--</u>
4. That the total applicable taxes and other costs is	\$ <u>--</u>
5. Total of 2, 3 & 4 is	\$ <u>29,440.56</u>
6. That the net value of said material produced is (1 less 5)	\$ <u>- 24,137.20 loss</u>

CERTIFICATION:

I hereby certify under penalty of perjury, that the information contained herein is to the best of my knowledge and belief true, correct and complete.



Dale E. Tucker V.P. Operations
 Signature Title
La Paz Mining, Inc.
 Firm

Subscribed and sworn to before me this 8th day of September, 19 86.
 My Commission expires: September 14, 1986

Grace V. Moran
 Notary Public

Upper Weaver
 October 22 1986
 Receipt sent to Steve Langhofer
 Serial Nos 99 thru 116

Serial Number	Weight	Spot Price ¹⁰⁻²¹⁻⁸⁶ #	Acq. Price
99	.0743 oz	1 1/2 = 47.28	47.28
100	.1255 oz	1 1/2 = 79.81	79.81
101	.0442 oz	1 = 18.76	18.76
102	.0516 oz	1 1/4 = 27.33	27.33
103	.0289 oz	1 = 12.25	12.25
104	.1252 oz	1 = 78.53	78.53
105	.3208 oz	2 = 272.04	272.04
106	.0784 oz	1 1/2 = 49.84	49.84
107	.0771 oz	1 1/2 = 49.06	49.06
108	.1056 oz	1 1/2 = 67.13	67.13
109	.0457 oz	1 = 19.36	19.36
110	.0318 oz	1 = 13.49	13.49
111	.1180 oz	1 = 92.44	92.44
112	.1375 oz	1 1/2 = 87.44	87.44
113	.0935 oz	1 1/2 = 59.44	59.44
114	.1432 oz	1 1/2 = 59.29	59.29
115	.0438 oz	1 = 18.57	18.57
116	.0408 oz	1 = 17.30	17.30
1.7759 oz		Total #	\$ 1069.96
			# 1069.96

Receivable from Steve Langhofer
 for sales to his investors
 J.F.J.

LA PAZ MINING, INC.

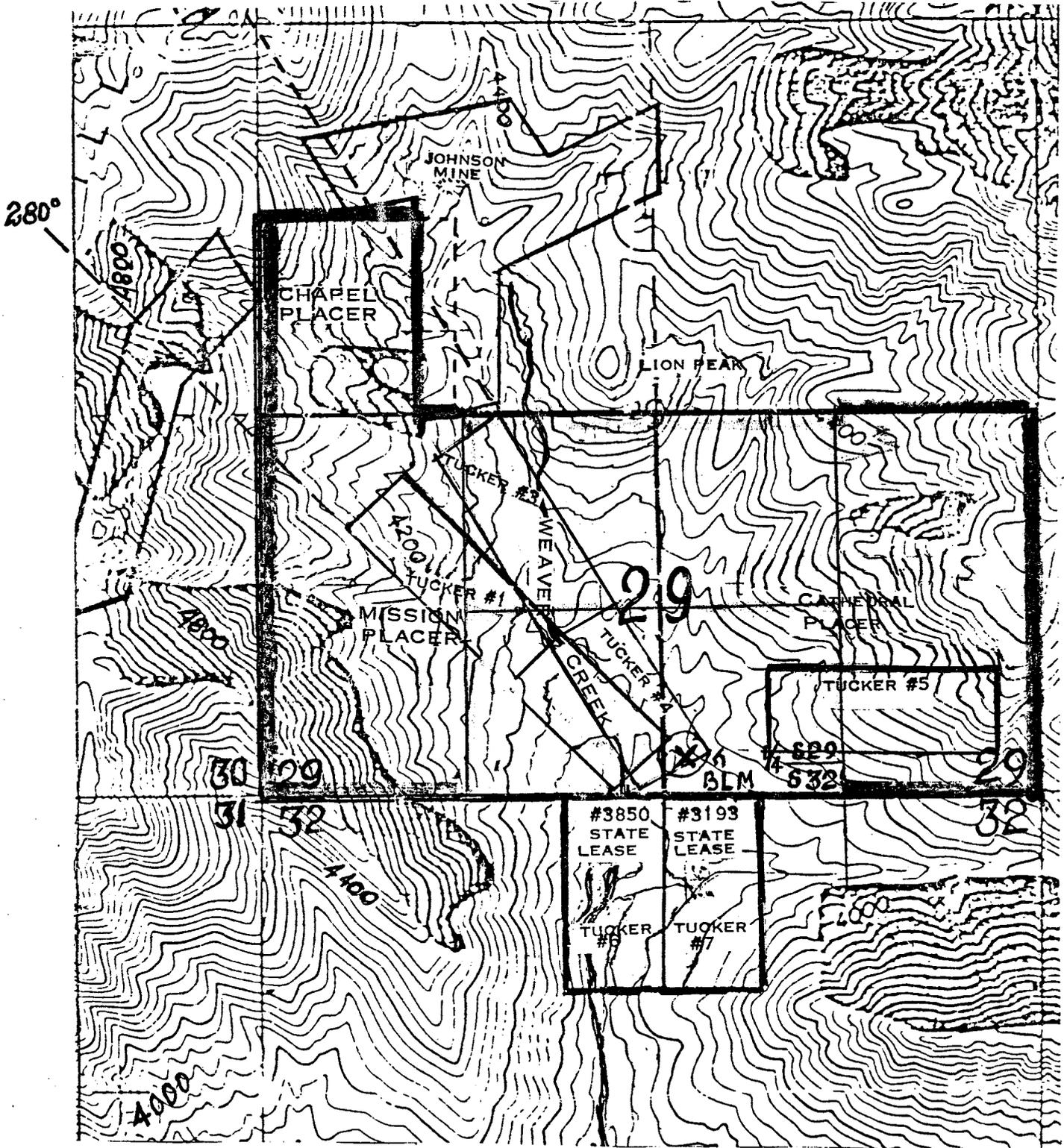
1301 EAST FT. LOWELL ROAD
TUCSON, ARIZONA 85719
PHONE: AREA CODE 602 325-1514

LA PAZ MINING, INC.
RICH HILL INVESTORS
UPPER WEAVER - JOINT VENTURE
EXPENSES FROM JANUARY 1, 1986 THRU DECEMBER 31, 1986

Gross Payroll	\$132,949.37
Payroll Taxes Expense	11,823.92
Casual Labor	520.00
Professional Fees	63,880.32
Insurance	6,871.00
License, Fees and Permits	445.61
Jacobs Assay Office	4,206.00
Well Drilling	78,234.10
Heavy Equipment Leased and/or Rented	120,548.08
Repairs and Parts	39,755.02
Cost of Transporting Equipment	8,808.50
Gas, Oil, Diesel, etc.	30,138.92
Field Supplies	30,357.95
Small Tools	3,705.59
Travel Related Expense	17,614.47
Freight	96.31
Office Equipment and Supplies	404.42
Telephone	1,661.43
Sales Expense	260.08
AZ State Severance Tax	704.12
Leases	100,000.00
Assignment Fees (Lease)	150.00
Misc. Expenses	412.24
	<hr/>
Total	\$662,554.31

*Original
mailed to
J. Langhofer
3/3/87
J.*

EXHIBIT "A"



Scale: 1"=1000' (approx.)

T.10 N., R.4 W. Yavapai County, Arizona

① C.A. Kinsey Sold But he will
P.O. Box 333 tell you who.
Congress. Az 85332 AME 91474
Phone 427-6252

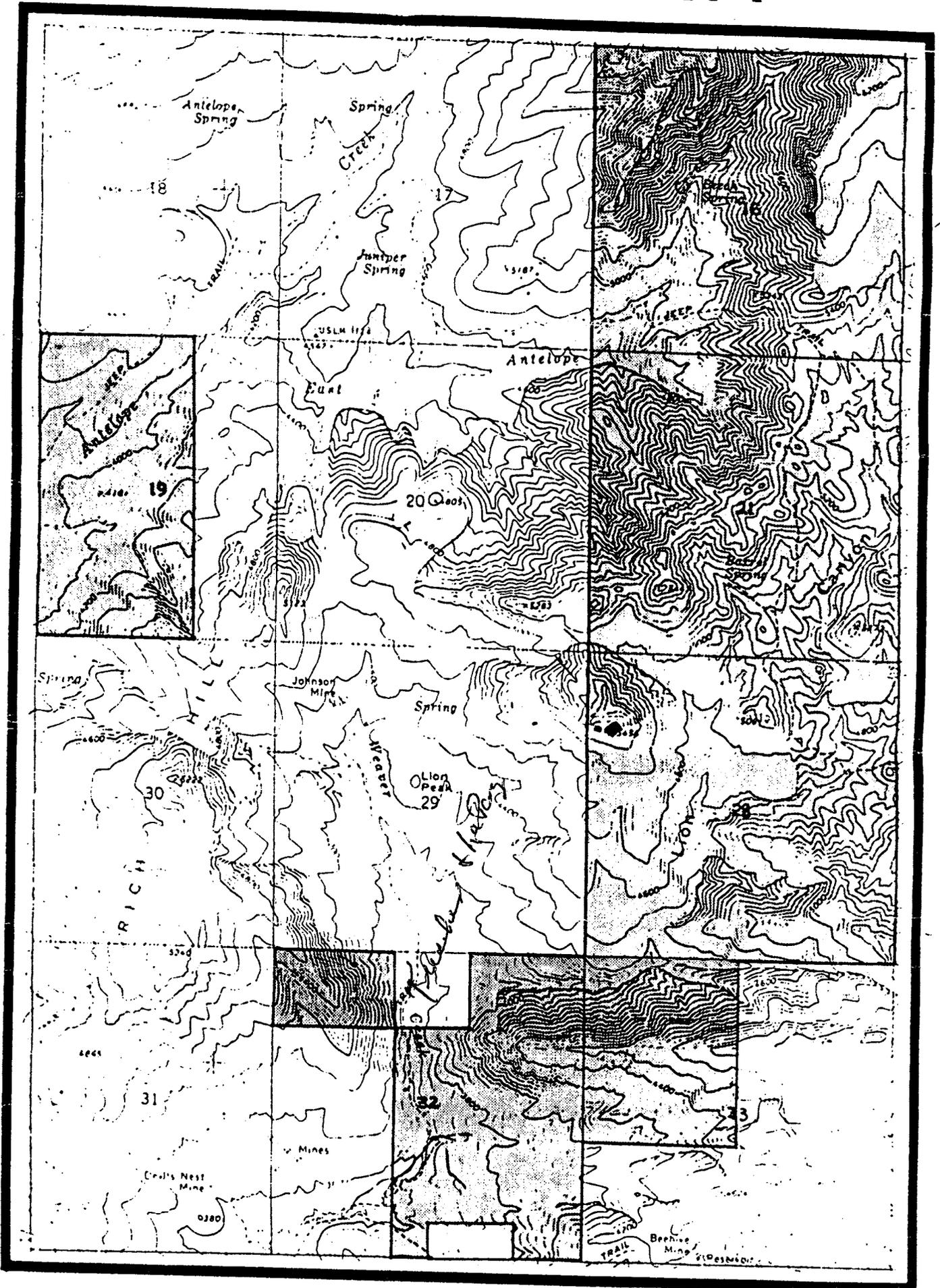
② Wayne Peters
5335 West VERNON Ave
Phoenix, Az 85035

③ Thomas Lee Blackburn ⑧ claims
P.O. Box 1463 AME 34,931
Portsmouth, OH. AME 145652

④ Jack Culp Pat. Claims & BLM
Phone 965-2344 Claims
Wickenburg, Az.

Theodolite Standard
Laser

FOR SALE OR LEASE MINING PROPERTY



TOWNSHIP 10 NORTH, RANGE 4 WEST

CHARLES H. DUNNING

MINING ENGINEER
PHOENIX, ARIZONA

OFFICE
817 W. MADISON ST.
PHONE ALPINE 8-8278

RESIDENCE
1628 W. EARL DR.
PHONE AMHERST 8-1188

Preliminary Report

GOLDEN GOOSE MINE

To: Mr. Ieland Kelley, 6540 North Black Canyon Highway, Phoenix, Arizona **Cr 77136**

Persuant to your request and accompanied by Mr. Jim Zito, Mr. Russel Jackson, and yourself, on March 2, 1961, I made an inspection of certain gold placer claims.

Location and Holdings

These placer claims are located in Weaver Canyon, about 12 miles in a north-easterly direction from Congress Junction, Arizona.

The area in question consists of three placer claims of 20 acres each. They are contiguous lengthwise in the bed of Weaver Creek near its head. The area is thus 3960 feet long, along the creek bed, and 660 feet wide. Approximately half the width is on each side of the creek bed.

Purpose of Examination

The purpose of the examination was to determine from the history of the area, from results of preliminary testing, and from visual aspects, whether or not a thorough, scientific, but rather expensive testing of the area is justified. Such a test plan should determine within a high degree of accuracy the amount of yardage available, and the average content per yard in recoverable gold.

Such positive and detailed information is essential. There are some problems that must be met to economically mine the area. They are the very problems that have inhibited the mining of the area in the past except in a very small way. None of these problems are insurmountable, but they will require considerable capital. In order to justify such capital, positive determination must be made as to the net dollars that can be recovered.

History

Weaver Creek was discovered by the Peoples-Weaver Party in the summer of 1863. Weaver Creek was one of the riches in Arizona history. The fact however that the creek bed contained a large proportion of heavy boulders, and the fact that there was water only during a short period of the year, inhibited the old-timers (or later comers) from doing any extensive mining, or of mining to bed rock.

CHARLES H. DUNNING
MINING ENGINEER

Page 2 -
Preliminary Report - Golden Goose Mine

Rich Hill, which constitutes the west wall of upper Weaver Canyon, was more spectacular. Here was nugget gold lying on top of the ground and one acre is reported to have produced over \$1,000,000. This was the richest deposit of such type ever found anywhere.

Geologists have various theories regarding the origin of that deposit which will not be discussed here.

During the depression of the '30s the area of Weaver Creek came alive again. Many hundreds of men eked out a living by the use of merely a hand shovel and rocker. Probably they did not average over a half yard per day, and were still confronted with the mass of boulders, bed rock difficult to reach, and lack of water.

Total recorded production as reported by the mint, from Rich Hill and Weaver Creek is over \$2,200,000. However, very little of the early day production ever reached the mint, and even today only a small portion gets to the mint, or is recorded anywhere, as will be shown later.

It might also be added here that it is an old rule in placer mining (it may or may not be true at any one location) that the last two inches above bed rock will contain more gold than twenty feet above it.

Weaver Gulch and Rich Hill have long been famous for producing a nugget type gold. Such gold is of course recovered easier by crude methods than fine gold. There is nothing on which to base an estimate of the amount of fine gold which was included in the yardage but not recovered.

Even yesterday, an old timer operating a little sluice and rocker, and merely picking out the nuggets remarked that he was losing half the total gold.

The finegold must be picked up with mercury, but when so amalgamated the law requires that it be sent to the mint which will pay approximately \$34.85 (on a 100% purity basis. Weaver creek gold brings about \$32.50.) This old timer couldn't bother with such low grade stuff. Rather than extract it all it was easier to run another yard and pick out the nuggets.

Nugget gold is "gold in its natural state" and is a free commodity. Due to the law of supply and demand it is salable at a much higher price than gold per se.

CHARLES H. DUNNING

MINING ENGINEER

Page 3 -

Preliminary Report - Golden Goose Mine

The Area - More Details

The lower two thirds of the acreage comprises Weaver Creek, its unreached bed rock, and old small workings. There are also several unmined gravel banks to the side of the main wash. As one approaches the upper third of the acreage it is apparent that a large area of what was once a mountain top, or mountain mesa, and part of Rich Hill, has slid into the canyon. It is delineated by both physical and botanical features.

And yet it has had some stream action. The boulders are rounded and the gold is mostly in stream bed style rounded nuggets. This implies that it has undergone some washing concentration which would increase its gold content per yard. The yardage is quite large but there was evidently too much low grade overburden to appeal to the old timers.

Another virgin spot is of special note. Near the upper end of the lower claim there is a place where a shear zone in the bed rock crosses the creek bed. This bed rock material is very soft but the lower wall of the zone, as exposed in the wall of the canyon, is very hard. The result should be a deep and rather large depression in the creek bed that would be a natural gold trap. It has never been reached.

Altogether you have an area 1320 yards long by 220 yards wide. Probably 25% of the area, such as canyon walls, or outcropping rock on the hillside has no overlying gold bearing gravel, and therefore no value. But you do have some 300,000 square yards of potent area. The depth is guess work. Very few pits have reached bed rock. Most, along the creek bed show a depth of from 8 to 20 feet, or say 4.0 yards. In the area of the big slide the thickness is much greater - probably over 100 feet in places. An average thickness of four yards would seem quite conservative.

And that would make a total of over 1,000,000 cubic yards.

The average gold content can only be determined by the extensive and expensive test work you are planning. Your preliminary testing of about 40 yards showed an average of \$15.00 per yard. I consider that you hit a rich spot and no such average is probable.

However, every element of fact which we can put together to complete the picture indicates that the yardage you have is plenty large enough, and the value per yard plenty high enough, to justify the thorough testing per your plan.

CHARLES H. DUNNING
MINING ENGINEER

Page 4 -
Preliminary Report - Golden Goose Mine.

Some might say: "If it looks that good why bother with expensive testing?" Besides the basic reason of making sure, another important reason is that if you know exactly the yardage, exactly the gold content, and exactly the physical characteristics, you can then solve in advance any problems such as boulder handling, waste disposal, plant site, water supply, etc., with positive intelligence - and thus avoid many costly mistakes often made even on good ore deposits, when the urge is to get the cart before the horse.

Your final capital needs may run as high as a half million dollars. Surely the installation of an excavation and pilot milling operation which you propose for the test work, and in which I concur, should first be made to avoid making any costly mistakes.

The plan is to put three complete trenches across the gravel beds - each to bedrock. Selection of the sites will be made mathematically, not by anyone's choice by placing them at the center of each claim. You will find that the problem of excavation in these keyed-in river channel boulders will be sufficiently difficult to justify the early purchase of the same sized 2½ yard mine type power shovel needed for later full scale operations. You should also have available one heavy duty mine type truck sufficiently rugged to haul away boulders. The fine material should be handled as you would in a commercial plant and the pilot mill should have a capacity of about 100 yards daily. As a means of caution and conserving capital until the testing is completed, most of the equipment should be purchased used.

I can recommend that such a line of procedure and positive tests be undertaken.

To those who might join you I can say that while the initial steps in any mining enterprise are highly speculative, this enterprise appears to give one an excellent run for his money, and chance of very high profit. The property has the potential of becoming a large open pit mine.



Respectfully Submitted,

Charles H. Dunning
Charles H. Dunning,
Mining Engineer.

March 2, 1961

Office
817-W. Madison
Ph. 254-6181

CHARLES H. DUNNING
Mining Engineer
Phoenix, Arizona

Residence
1435 W. Earl Dr.
Ph. Amherst 5-1132

Progress Report

GOLDEN GOOSE MINE

Golden Goose Prospecting Company
6540 North Black Canyon Highway
Phoenix 17, Arizona

Dear Sirs:

Per request of your prospector/president Mr. Lee Kelley, on April 30, 1963, I made a new inspection of your 400 acres Golden Goose holdings in Weaver Creek. The purpose was to review what had been accomplished since my preliminary examination and report of March 2, 1961, and to advise as to further procedure.

Mr Kelley has accomplished a great deal considering the limited funds available. He has built a good road up the canyon, the entire length of the ~~XXXXXX~~ claims over a mile long; has put down three water wells, one dug, and two drilled; has obtained a 3/4 year shovel and other essential equipment, and dug several test pits along the deposit; and has built a small screening plant for testing the gravel as excavated, and making a practical clean-up of high grade gold.

The results stemming therefrom have been very important. The wells have proven a much better water supply than expected. Lack of water has always been a draw-back to operations in Weaver Creek. While no exact estimate of the water supply he has developed has been ~~XXXXXXXXXXXX~~ or can be made at present, it now appears to be ample for operations as planned.

In my previous report I stated that most all the gold should be found ~~in~~ close to bed rock. This would be especially true where there are ridges across the canyon bottom, or rough spots, or pot holes.

Mr. Kelley has excavated to bedrock with the small shovel at several places along the creek bed, testing primarily the high ridges of bedrock, and due to the limitations of too small equipment, having difficulty reaching the channels of bed rock, where most of the gold is presumed to be. This work was done primarily for testing purposes, but has definitely proved the above. The bedrock has usually been found to be very rich whereas the overburden is so low grade that it would only be profitable to recover gold from it with a very large plant.

page 2

As stated in my Preliminary Report, such a plant, with extra heavy excavation and accessory equipment, would require large capital.

Because of the concentrates and pocky nature of the gold, as proven by the test pits, (and also the shortage of funds), I would now advise a different procedure. But it is an especially interesting one.

I suggest starting at the lower end of your claims and running a shovel trench, following the bottom of the creek bed, on up through the mile long channel, on your claims. Follow up the very "V" bottom of the ancient creek. The overburden, nearly down to bedrock, would be cast aside for further treatment. Following the

overburden removal the bedrock bottom of the canyon would be cleaned as you go and the cleanings run through your present little plant, which, with some improvements, should be adequate. (Furthermore, the larger nugget type gold that you will get from the deeper channels has an open market value considerably greater than ordinary gold).

This would require a much larger shovel, i.e. 2 1/2 to 3 yards. The reason for this is that the depth of excavation (15 to 18 ft) requires a shovel with a casting height and distance only possible with a shovel of that size. It would be impractical, in fact quite impossible with your present little shovel, as the material would have to be rehandled several times, or hauled away in trucks. A larger shovel could also dispose of the extra large boulders with less effort, and operate at the lower cost per yard of overburden removed. Mr Kelley advises that he has a line on such a shovel, at a bargain.

After the shovel has cut a swath through the overburden, your smaller shovel would follow up and clean the bedrock. A backhoe or dragline attachment might be useful. the

The width of this trench should be held to a minimum required to operate this larger shovel, but would follow the bottom of the old creek bed, for that is where the greatest concentration of gold should occur. But I would advise that at regular intervals (say every 50 feet) short cut cross trenches be run in the same manner, which would lend valuable information on which to base future plans.

Another important discovery has recently been made, which would require relatively little capital, and could be of immediate importance. Near the area of the old tunnel there is a slide of clayey material (~~xxxxxxx~~ locally called the Avalanche the probable source of which was Rich Hill. It is similar in character to the gold bearing gravels which made Rich Hill famous. (Production from Rich Hill is not definitely known, but one acre is reported to have produced over a million dollars in gold nuggets).

Everytime this avalanche material has been tested at the Golden Goose it has been found to contain gold, two test runs producing rich results, even with the test plant not being adequate to handle this clayey material. Mr Kelley tells me he has tried to run some thru the plant, but most of it, as mined, comes in chunks the size of a baseball, and up to a foot through; the plant is not able to screen it and break it up sufficiently to release the nuggets stuck in the clay. (The plant effectively handles the other gravels, probably missing most of the fine gold, but getting the nuggets, but is inadequate for this avalanche clayey material.) There is an old fashioned machine called a log-washer designed especially for such problems, and which should thoroughly disintegrate this clay, thus releasing the gold. Such a machine is not expensive to buy, to build, or to operate.

Altogether this new approach of going after the high grade on bedrock, rather than a big scale operation on low grade, becomes very alluring. It fulfills both ideas of testing and preserving the low grade for the future, and building to that with a minimum of capital.

It is technically sound, and in my opinion spectacular concentrations of gold will be found.

Respectfully submitted

Charles H. Dunning
Registered Mining Engineer

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine Barbara Lee and other placer claims

Date August 20, 1960

District Weaver, Yavapai Co.

Engineer Travis P. Lane

Subject: Visit of August 11th.

Property: The property comprises the Barbara Lee placer claim located on Weaver Creek some 9 miles easterly from Congress Junction, also several other placer claims up creek from the Barbara Lee including a claim at the junction of Lyon Creek and Weaver Creek.

Ownership: The claims, all on state land, are held by Leland Kelley, Oak Park Motel, Yarnell, Arizona. Mr. Kelley purchased the Barbara Lee claim in the early part of this year and located the other claims more recently.

The placer deposit in the rocky gulch of Weaver Creek was intensively worked during the period 1860-1883, and the early day output of gold is estimated at somewhat more than \$1,000,000. Since this early period mining activity in the area had been intermittent with small production. The extremely rough terrain and bouldery creek bed limited operations to highly personal individual efforts and for this reason past attempts to work the deposits on a substantial scale have to date proven unsuccessful.

Mr. Kelley is working alone on the Barbara Lee claims. His mining equipment includes principally a small crude portable washing, screening and riffle-slucice recovery plant, a small scraper hoist with bucket and lines, and a 105 cu. ft. compressor to provide air for the scraper and to aid in cleaning up in cracks and seams in the bedrock. His aim is to demonstrate on a small plant scale sufficient potential to justify installing a large plant. He has collected a fair amount of nuggets (with little or no fine gold) in his test work and claims to have proven a value of about \$3.00 per yard (including boulders) for the material he has worked (40 yards in one run plus some smaller other batch runs). Mr. Kelley contemplated moving in an end-loader and thus step up the scale of his operations.

August 11th: Mat Leland Kelley, Oak Park Motel, Yarnell, and visited his placer property in Weaver Gulch some 9 miles from Congress. He purchased the Barbara Lee claim a short time ago and has worked a small amount of boulder-gravel material in the stream bed and on the banks of Weaver Creek at this place. He also has located one placer claim above here on Lyon Creek at its junction with Weaver Creek, and several placer claims on Weaver Creek above the junction. All of his claims are on state land. His aim is to demonstrate on a small plant scale sufficient potential to justify a large scale operation. He has collected a good quantity of nuggets in his test work and claims to have proven \$3.00 per yard including boulders, for the material he has worked (40 yards in one run plus some smaller other batch runs). He contemplates moving in an end loader and increasing the scale of his work. He is working alone.

TPL WR 8-13-60

DEPARTMENT OF MINERAL RESOURCES

State of Arizona

MINE OWNER'S REPORT

Date January 26, 1961

- 1. Mine: Golden Goose Mine
- 2. Location: Sec. 32729 Twp. 109 Range 47W Nearest Town Congress Distance 8 miles.
 Direction East of Nearest R.R. Congress Junction Distance 8 miles.
 Road Conditions good gravel road
- 3. Mining District and County: Manuel District, Yavapai Co.
- 4. Former Name of Mine: _____
- 5. Owner: Helvid "Lee" Kelley
 Address: Box 231, Congress, Yavapai
- 6. Operator: Temporary 6540 N. Black Canyon
 Address: Highway, Phoenix - Cr 7-7136
- 7. Principal Minerals: gold nuggets
- 8. Number of Claims: Lode _____ Patented _____ Unpatented _____
 Placer 10 Patented _____ Unpatented 10

9. Type of Surrounding Terrain: as placer deposit in a canyon, surrounded by steep mountains.

10. Geology and Mineralization: The deposit is probably from 3 distinct sources, deposited in 3 distinct time periods. One of the deposits is apparently from a landslide from Gird Hill, and contains many gold nuggets.

11. Dimension and Value of Ore Body: placer deposit, 50 yards wide, 10 yards deep, 3750 ft long, with extra area, to a total cubic yardage of possibly one million yards.

Please give as complete information as possible and attach copies of engineer's reports, shipment returns, maps, etc. if you wish to have them available in this Department's files for inspection by prospective lessors or buyers.

12. Ore "Blocked Out" or "In Sight" 1,000,000 cubic yards,
estimated by owner to grow to 1,500,000
in months.

Ore Probable: same

13. Mine Workings—Amount and Condition:

No.	Feet	Condition
Shafts. 3	10 ft., 20 ft., 14 ft.	
Raises.		
Tunnels. 5	200 ft., 40 ft., 20 ft., 160 ft., 50 ft.	dangerous, no timber was used.
Crosscuts.		
Stopes.		

14. Water Supply: during the winter of 1959-60 there
was a sub-flow thru the canyon.

15. Brief History: Originally discovered 1863, site
of Arizona Gold Rush of 1863. a
documented recorded history of
producing gold nuggets as large as
goose eggs.

16. Remarks: Major problem is boulders. 90%
of deposit will not pass 2 1/2" grizzly
screen. With 250 power shovel and say
\$80,000 boulder screening plant, Euclid or truck,
to total investment of \$400,000, the mine could
produce \$20,000 daily.

17. If Property for Sale, List Approximate Price and Terms:

\$1,500,000

18. Signature: Richard Kelley

1960 Champion Gold - owner of ...

GEO. L. DICKINSON—Vice-President
 GEO. G. DICKINSON—Vice-President
 ROBERT L. DICKINSON—Vice-President
 R. J. A. HANCOCK, Ph. D.—Consulting Chemist

DICKINSON LABORATORIES, INC.
 ASSAYERS — CHEMISTS — METALLURGISTS
 UMPIRES
 WATER ANALYSIS
 PHONE EE 2-8284 & EE 2-3128 — P. O. BOX 7008
 1300 WEST MAIN ST. EL PASO, TEXAS

June 20, 1960.



CERTIFICATE OF ASSAY

ASSAYED FOR: Mr. Leland Kelley La 17334
 ADDRESS: ~~East Rochester, N. York~~ Congress, Ariz.
 MARKED: Black Sands

Gold Oms. per ton	Silver Oms. per ton	% Lead	% Copper	% Zinc	% Bi	% Calcium Fluoride	Effective Units	% Mn	% Iron
48.640									

Handwritten notes in the Gold column:
 \$35.00
 \$1,700 per ton

CHARGES \$3.00

Geo. L. Dickinson ASSAYER

SUBSIDIARIES:
 Texas Testing Laboratories • Cottonseed Oils • Physical Testing • Farm Service Laboratory • Soil and Water Analyses

A. G. DICKINSON - PRESIDENT
 HERT L. DICKINSON - VICE-PRESIDENT
 J. A. HARGOBE, PH. D. - CHEMISTRY CHIEF

ASSAYERS - CHEMISTS & METALLURGISTS
 STATE ANALYSIS
 PHONE RE 2-0004 & RE 2-3113 - P.O. BOX 7000
 1300 WEST MAIN ST. EL PASO, TEXAS

June 20, 1960.

CERTIFICATE OF ASSAY

ORDERED FOR: Mr. Island Kolley Lab No. 17334
 ADDRESS: ~~Dept. Geologist, El Paso~~ Coconino, Ariz.
 SAMPLE: Black Sand

Gold Oz. per ton	Silver Oz. per ton	% Lead	% Copper	% Zinc	% Bismuth	% Cobalt Fluoride	Effective Units	% Manganese	% Iron
<u>0.000</u> <u>25 per cent</u> <u>1700 per cent</u>									

CHARGE 03.00

Geo. Dickinson ASSAYER

ASSOCIATES:
 Texas Testing Laboratories • Cottonseed Oils • Physical Testing • Farm Service Laboratory • Soil and Water Analyses

GEN. L. DICKINSON - President
 GEO. G. DE JONGH - Vice President
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 DR. I. A. HANCOCK, JR. - Chairman, Operating

DICKINSON LABORATORIES, INC.
 ASSAYERS - CHEMISTS - METALLURGISTS
 WALTER H. HALL, JR.
 GEORGE H. Z. 2-2224 & H. Z. 2-2122 - P. O. BOX 7528
 1203 WEST MAIN ST. EL PASO, TEXAS

JULY 19, 1960.



ASSAYED FOR: Mr. Leland Kelley
Congress, Ariz.

Lab No. 17460

ADDRESS: _____

MARKED: Black Sand

Gold Oz. per ton	Silver Oz. per ton	% Lead	% Copper	% Zinc	% Bismuth	% Cadmium Thousandths	Mercury Ounces	% Manganese	% Iron
0.030	0.17								
<i>91.85 per Ton</i>									

CHARGE \$5.00

Leland Kelley
 ASSAYER

QUALITY CONTROL: Condensed Oil • Physical Testing • Test Services Laboratory • Soil and Water Analysis

GEO. L. DICKINSON—President
 GEO. G. DICKINSON—Vice-President
 ROBERT L. DICKINSON—Vice-President
 DR. I. A. HANCOCK Ph. D.—Consulting Chemist

DICKINSON LABORATORIES, INC.
 ANALYTICAL - CHEMISTS - METALLURGISTS
 INDUSTRIAL
 WALTER ANALYTICAL
 PHONE EE 2-6284 & EE 2-4128 - P. O. BOX 7698
 1300 WEST MAIN ST. EL PASO, TEXAS

JULY 19, 1960.



ASSAYED FOR: Mr. Leland Kelley
 Congress, Ariz.

Lab No. 17460

ADDRESS: Congress, Ariz.

MARKED: Black Sand

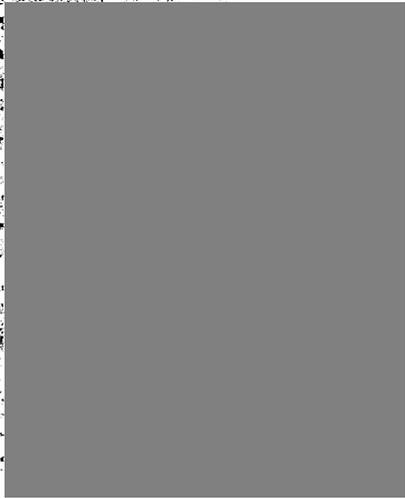
Gold Oz. per ton	Silver Oz. per ton	% Lead	% Copper	% Zinc	% Silicon	% Calcium Fluoride	Estimative Units	% Manganese	% Iron
0.030	0.17								
<i>9/1000000</i>									

CHARGES \$5.00

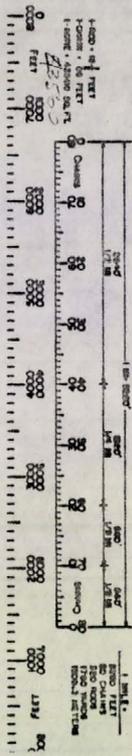
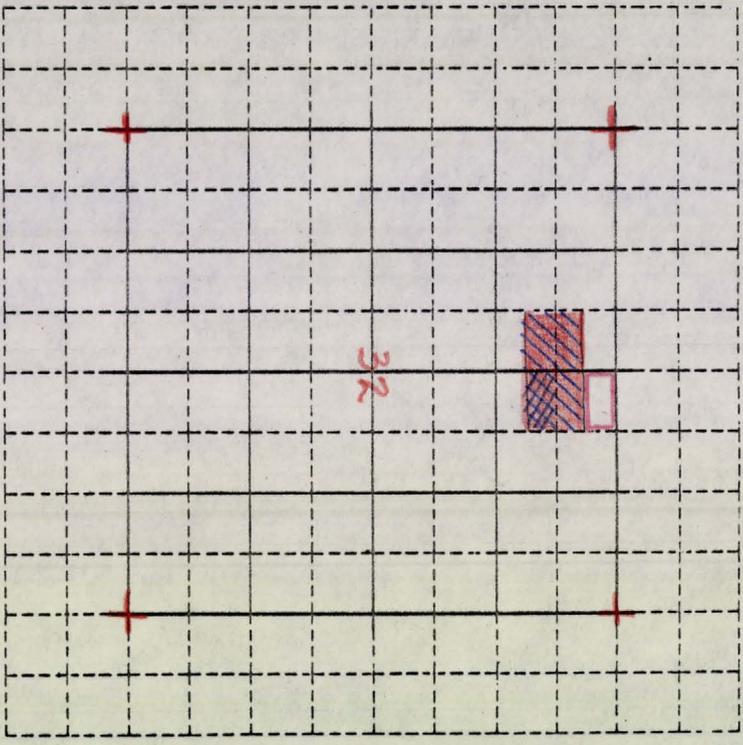
L. R. G. J.

M ASSAYER

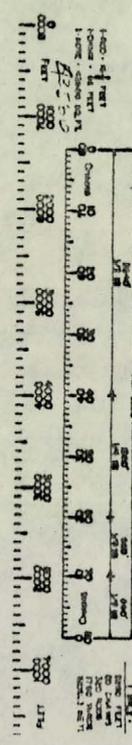
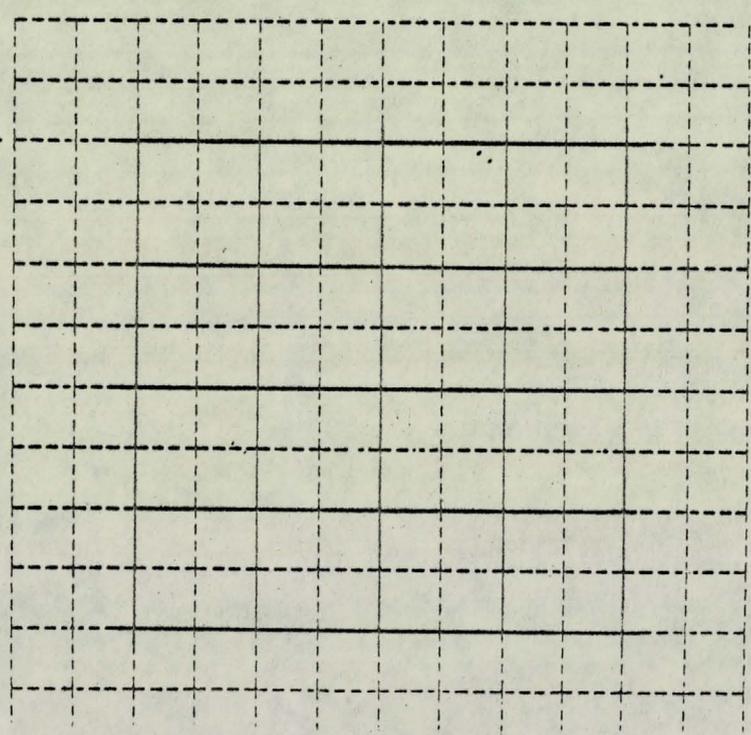
SUBSIDIARIES:
 Texas Testing Laboratories • Cottonseed Oils • Physical Testing • Service Laboratory • and Water Analysis



ARIZONA STATE LAND DEPT.
SEC. 32 TWP. 10N
RGE. 4E



ARIZONA STATE LAND DE
SEC. TWP
RGE.

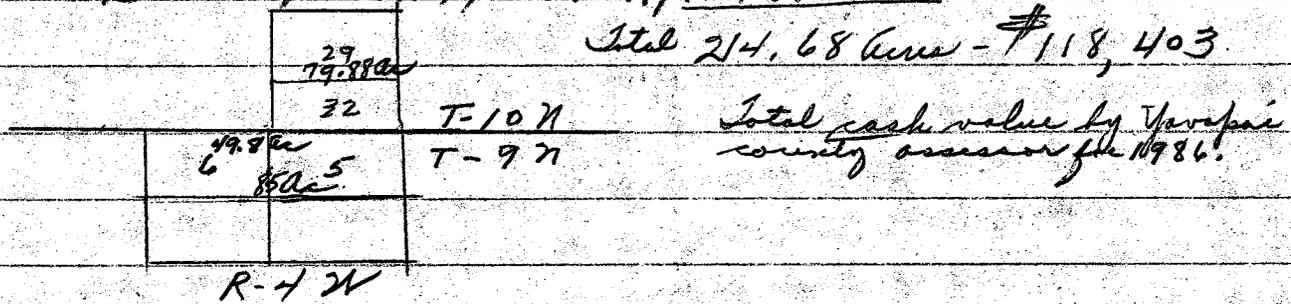


Parcel No. 1986 Assessor's Full Cash Value by
 Yavapai County, Az. Full Cash Value

3. Parcel No 204-22-013 49.8 Ac. \$27,291
 In S 1/2 of Sec 6 T-9 N, R-4 W

2. Parcel No 204-22-011 85 Ac. \$27,927
 In Sec 546 T-9 N, R-4 W

1. Parcel No 204-23-24 79.88 Ac \$61,185
 In Sec 29 T-10 N, R-4 W



Average Cash Value $\frac{\$118,403 \text{ Acres}}{214.68 \text{ Ac}} = \$552/\text{Ac}$
 The above mentioned parcels are in the immediate area.

Our Commercial Lease Request

20 Acres \times Av. C. Value $\frac{\$552}{\text{Ac}} = \$11,040$

$\frac{\$552}{20 \text{ Ac}} = \$11,040$ Value of the 20 ac Lease Request

\$11,000 Value 20 ac

10% Cost per lease to State per year

\$11,000 Per year

\$91.66 Per Month

1/4 Corn

N²NW¹NE

per letter

4/24/87

Plant site

added

S²NW¹NE

N²SW¹NE

Deleted

S²NE¹NE¹W

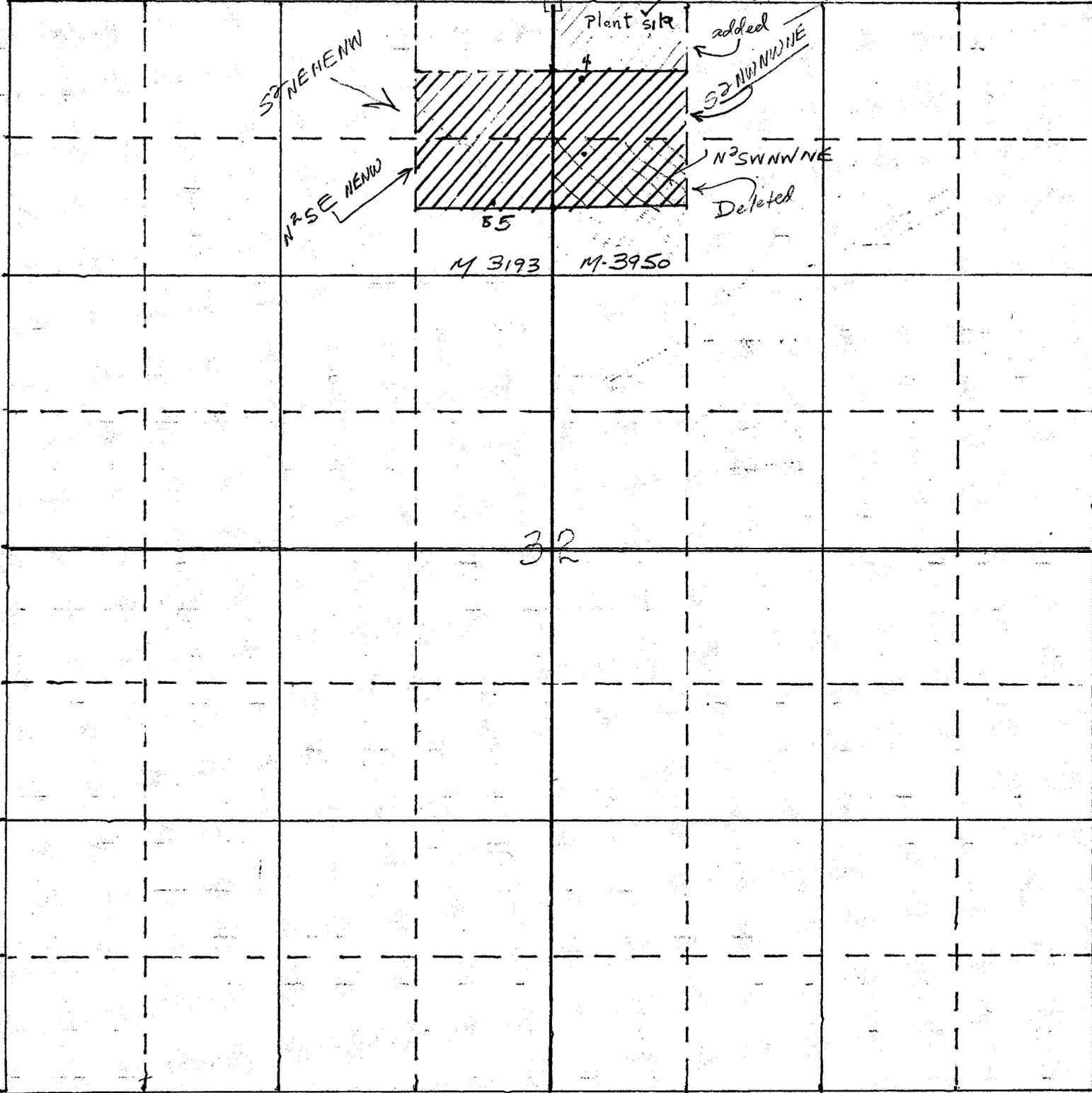
N²SE¹NE¹W

55

M-3193

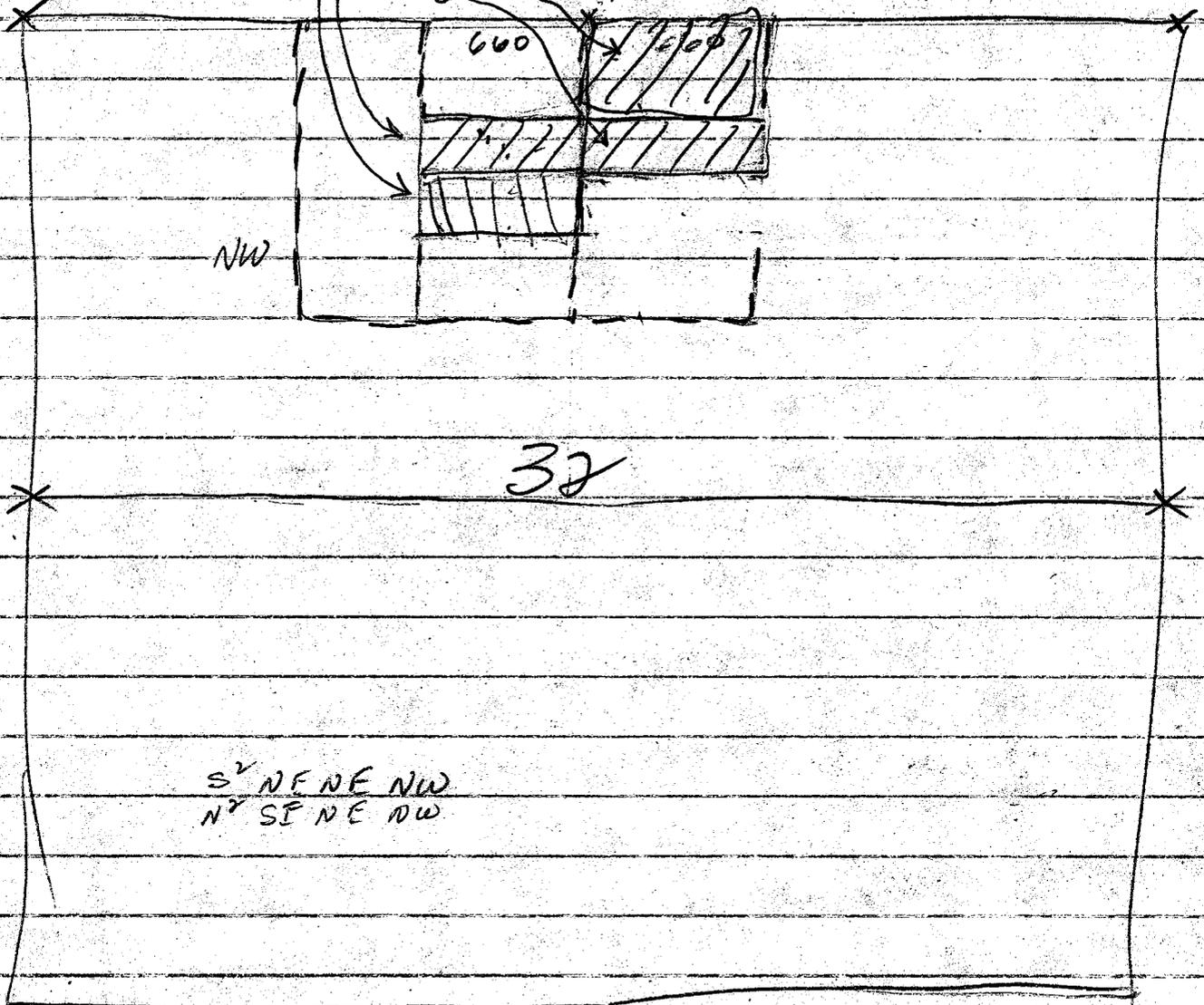
M-3950

32



Section 32

S² NE⁴ NE⁹, NW⁴ 5 ac TION RAW
N² SE⁴ NE⁴ NW⁴ 5 ac
S² NW⁴ NW⁴ NE⁴ 5 ac
N² SW⁴ NW⁴ NE⁴ 5 ac



~~Upper Heater Wells~~
Upper Heater Wells

#3 Hole depth 800' BLM
8" stand pipe 0-32' Sec 29
6" casing 0-563.5' T10N R4W
pump setting 7 315' SE 1/4
yield 35 g/min

#4 Hole depth 950' State
8" stand 0-33' State Lease
6" casing 0-650' 3103 3173
pump setting 550' T10N R4W
yield 40-50 g/min Sec 32
NW 1/4

#5 Hole depth 518' State
8" stand pipe 0-20' Lease # 3950
6" casing 0-516.5' T10N R4W
pump setting 400' NW 1/4
yield 14 gpm min

~~Upper Kanran Wells~~
Upper Kanran Wells

#3 Hole depth 800' BLM
8" stand pipe 0-32' Sec 27
6" casing 0-563.5' T10N R4W
pump setting 7 315' SE 1/4
yield 35 g/min

#4 Hole depth 950' State
8" stand 0-33' state lease
6" casing 0-650' 3109
pump setting 550' T10N R4W
yield 40-50 g/min Sec 32
NE 1/4

#5 Hole depth 518' State
8" stand pipe 0-20' Lease # 3950
6" casing 0-516.5' T10N R4W
pump setting 400' NW 1/4
yield 14 gpm min

175
15
2-15
2-15

175
15
2-15
2-15

RECEIVED MAR 17 1987



Arizona Department of Water Resources

99 East Virginia Avenue
Phoenix, Arizona 85004
(602) 255-1553

MAR 2 1987

Evan Mecham, Governor
Alan P. Kleinman, Director

B.100 040 32 B A D WR 514945 CRT
TUCKER, DALE
2 REPL-514103 C6
10633 WHEATRIDGE DR
SUN CITY AZ 85351

Gentlemen:

The Department of Water Resources issued drilling authority approximately 6 months ago for the well referenced by our file and registration number on the label at the top of the form.

Our records show that this well has been drilled and that the driller has filed a log of the well. The file does not contain a Completion Report that specifies the pump equipment installed.

There is no time limit by which you must install the pump. However, if pump equipment has been installed, the law requires you to furnish a Completion Report to this Department.

If you have not as yet installed pump equipment, this letter constitutes a reminder from this Department and to advise you that when you do install the equipment of your requirement to furnish the necessary Completion Report per Arizona Revised Statute 45-600.

Please contact this office if further assistance or information is required.

Sincerely,

Richard A. Gessner
Chief, Operations Division

RAG:
6-month CRT

DWR-55-18-9/83

*This is the 1st hole drilled,
no completion report ^{required} as no pump was
installed. Hole made about 1 gal/min. or
less & considered a "dry hole".*



*SPARE FOR
 FILE
 Sent to
 7/16/86*

NOTICE OF APPLICATION TO APPROPRIATE WATER

On the 27th day of March, 19 86, LA PAZ MINING, INC.,
by and for the State of Arizona, 1802 West Grant Road, Suite 110-4, Tucson, Arizona 85745
 filed Application for a Permit to appropriate Public Water of the State of Arizona No. 33-90515.
 The application states:

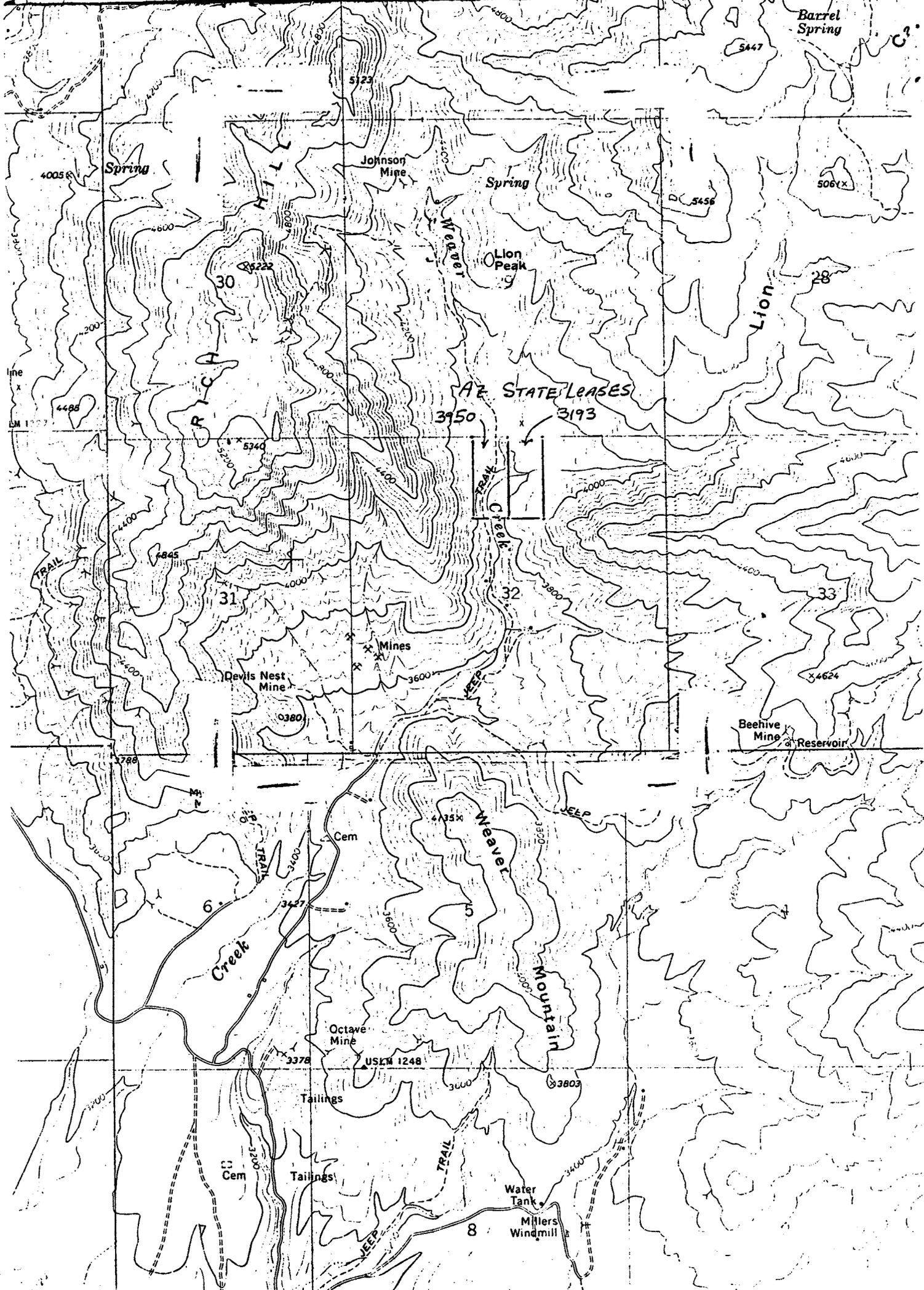
1. Source of water Weaver Creek, a tributary of the Hassayampa River,
a tributary of the Gila River
2. Proposed use and amount 5,256,000 gallons per annum for placer gravity operation
on Arizona State Leases 03193 and 03950.
Tailing water will be clarified and returned to pond for recirculation.
Water loss due to evaporation and seepage.
3. Point of diversion NE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 32, Township 10 North, Range 4 West,
Gila and Salt River Base and Meridian, Yavapai County, Arizona
4. Place of use NW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 32, Township 10 North, Range 4 West,
Gila and Salt River Base and Meridian, Yavapai County, Arizona
5. Description of dam and reservoir Reservoir capacity will be 2.48 acre feet.
(LA PAZ)

Other: See map on reverse side.

Any person whose water rights may be affected may, within sixty days of the issuance of this Notice, file a written protest to the application with the Arizona Department of Water Resources, 99 East Virginia, Phoenix, Arizona 85004. The protesting party shall send a copy of the protest to the applicant. The protest shall state:

1. The name and address of the protesting party.
2. The location of the protesting party's point of diversion of water.
3. The grounds for protest.
4. That a copy of the protest has been mailed or delivered to the applicant.

Issued this 1st day of May, 19 86.



Barrel Spring

Spring

Johnson Mine

Spring

Lion Peak

AZ STATE LEASES

3950

3193

30

31

32

33

Mines

Devils Nest Mine

Beehive Mine Reservoir

Creek

Weaver

Mountain

Octave Mine

USLM 1248

Tailings

Tailings

Water Tank

Mills Windmill

6

5

8

