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CHARLES E. MELBYE
Mining Consultant

13805 Braun Road
Golden, Colorado 80401

(303) 278-1957
Telex: 450698

March 3, 1987

Mr. Grover Heinrichs
LaPaz Mining Company
1802 West Grant Road, Suite 110-4
Tucson, AZ 85745

Dear Grover:

Since talking to you on the telephone, I thought that you may want to have updated information on the **Snowstorm Gold Placer Property** in the form of a Fact Sheet, which is enclosed and which I believe you may want to read.

Briefly stated, Theodore "Ted" Zigan was the successful bidder at the Sheriff's Sale held on February 25, 1987, in Fairplay, Colorado.

Current financial pressures require that Ted Zigan sell this property as soon as possible.

Since Mr. Zigan now owns the property and since there is a required 75-day period allowed for redemption under Colorado law, the property can be sold under a more normal arrangement with an option available to do some check sampling. Mr. Zigan wishes to sell in fee simple without royalty reservation, and he is willing to discuss terms.

If you have an interest in negotiating a purchase under this new scenario, please phone me. If you have no further interest, let me request that you please return the report mailed to you in January.

Your interest to date has been appreciated, and I will look forward to your further response.

Sincerely,



Charles E. Melbye

CEM/m
Enclosures

- FACT SHEET -

**THE SHERIFF'S SALE OF SNOWSTORM GOLD PLACER PROPERTY
WAS COMPLETED
BY THE PARK COUNTY (COLORADO) SHERIFF
On February 25, 1987**

The successful bidder was Ted Zigan who held the judgment for \$3,600,000 entered against Ken Winchell on November 26, 1986, and as a result:

THE FOLLOWING PROPERTIES ARE NOW OFFERED FOR SALE

THE SNOWSTORM GOLD PLACER PROPERTY WITH THE 10,000 Y/P/D DREDGE, 70 CFS MINING WATER RIGHT, 820 ACRES OF PLACER GRAVEL LAND, 4,000 FEET OF 10 INCH P.V.C. PIPE TO DELIVER WATER FROM THE PLATTE RIVER TO THE DREDGE POND, A 20-YEAR M.L.R.B. MINING PERMIT ISSUED IN 1983 COVERING 225 ACRES OF MINERAL LAND AROUND THE DREDGE, AND SEVERAL BUILDINGS FOR LIVING, OFFICE AND HEAVY EQUIPMENT MAINTENANCE (in whole or in part).

TITLE: In Fee Simple without royalty retention.

TERMS: All Cash ... OR ...

25% down AND reasonable terms for the balance.

For a full description of the property offered for sale, phone: Charles E. Melbye at (303) 278-1957 or Ted Zigan (303) 457-3333.

The attached map shows the location and approximate acreage of each of the three tracts. The full description of the personal property will be supplied to interested parties upon payment of a nominal charge that will cover the cost of reproduction of the documents. Historical mining records are also available. Of the 820 acres offered, approximately 70 acres have been dredged or mined by hydraulic methods during the past 100 years.

The records maintained between 1942 and 1947 prove that the Bodinson dredge operated only 16 months (shut down by L208) but it processed 1,370,000 cubic yards of gravel, produced more than 12,000 ounces of gold/silver amalgam which was delivered to the U. S. Denver Mint.

The MEMORANDUMS OF BULLION RECEIVED issued by the Mint to Timberline Dredging Company show payments totaling \$434,297.46 or an average grade of \$3.62 per cubic yard at \$400 gold.

The above total does not include the sale of gold nuggets recovered, but not sold to the Mint.

The best approach is one buyer for the entire tract; however, parcels of proven reserves will be made available if one company does not buy the entire tract of approximately 820 acres.

MINING PERMITS: Obtained in 1983 on 225 acres, where the dredge is located, will be available to the purchaser of this tract.

BODINSON FLOATING DREDGE: Built in 1941, operated in 1942, 1946, and 1947, re-habbed and operated in 1975-1976, is in excellent condition. Requires some repair of electrical system and modest upgrading of equipment to comply with current OSHA standards.

WATER RIGHTS: Adjudicated in 1913; last used, 1984; consist of 70 cfs pumped from the South Platte River through a 4,000-foot, 10-inch PVC pipe to the dredge pond at the rate of 2,000 gpm. (The 400 hp diesel pump was removed and is not included).

MAINTENANCE BUILDING: Erected in 1983, prestressed concrete walls set on 6" concrete floor, 30 ft wide, 64 ft long, 18 feet high with double steel doors at entrance 22 ft x 18 ft.

OFFICE AND CREW HOUSING: 80 ft long, double wide, 3 bed room, with 2 bath, shower and tub. living room, kitchen and closed entry porch. Another furnished 2-bedroom mobile home is on site and available for purchase or lease from its owner if desired.

BUNK HOUSE: The original 6-room MacConnell Ranch house built about 1915 still exists and can be used but needs modernization.

Qualified potential purchasers will be permitted to examine the Bodinson dredge and explore the property during the 75-day period allowed for redemption under Colorado law. Phone for complete details and to schedule time to tour the property.