



CONTACT INFORMATION
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January 23, 1974

Mr. Carey M. Yelton, Jr.
Diversified Resources Corp.
275 Glenview Bldg.
1701 Lake Avenue
Glenview, Illinois 60025

Dear Mr. Yelton:

Again, pardon the delay in our review of your copper properties in the Mackay District in Idaho. We have now completed a review of our files and previous investigations in the Mackay District. In general, based on the data we have and that you have presented to us, our interest is not significant unless you have further data indicating new exploration potential or that you would grant us a long term option so that we can plan an exhaustive exploration program on your properties and the surrounding area. If you would like to carry on further discussions under this framework we would like to have property maps of your holdings and the status of any contiguous mineral holdings.

Previously Essex examined the property holdings of a Mr. Pinder in Salt Lake City, so we do have relatively good geologic background on the Mackay District.

I hope this letter sufficiently clarifies our position and can lead to a decision by you relative to any future negotiations between us.

Very truly yours,

Paul I. Eimon
Manager of Exploration

ESSEX INTERNATIONAL, INC.

PIE:td

cc: H. Lanier

December 19, 1973

TO FT. WAYNE

DEC 26 1973

Carey M. Yelton, Jr.
Diversified Resources Corp.
275 Glenview Bldg.
1701 Lake Avenue
Glenview, Illinois 60025

Dear Mr. Yelton:

This is in reply to your letter of December 14, 1973 regarding the mining property near Mackay, Idaho.

A copy of your letter is being forwarded to Mr. Paul Eimon's office in Tucson, Arizona. I am suggesting to him that he review this property and if he has an interest he should contact you directly.

I appreciate your contacting me and I trust that Mr. Eimon will follow up to advise you of our interest.

Very truly yours,

Howard Lanier
Vice President & General Manager
Metallurgical & Mining Division

HL:cb

cc: Paul Eimon



**DIVERSIFIED
RESOURCES
CORPORATION**

275 Glenview Building
1701 Lake Avenue
Glenview, Illinois 60025

312 / 729-5570

December 14, 1973

Mr. Howard Lanier
Vice President
Essex International, Inc.
1601 Wall St.
Fort Wayne, Ind. 46804

Dear Mr. Lanier:

I am writing at the suggestion of Steve Clingan who has been attempting to reach you by phone regarding the contents of this letter.

Diversified Resources Corporation owns certain copper mining properties near the town of Mackay, Idaho. The properties have been mined intermittently since their discovery in the 1880's but currently are not being mined. The mineralization extends at least 1600 feet below the surface, with copper oxide ore extending down possibly as low as 400 feet from the surface and then becoming copper sulfide ore.

Behre Dolbear & Company, Inc., of New York, an internationally known firm of independent mining, geological and metallurgical consultants, has done a comprehensive drilling study of a very limited area of the mining property from the surface to a depth of 125 feet. Their report blocks out copper oxide ore containing approximately 48,000,000 pounds of copper. There is little doubt that substantial additional ore reserves exist, both oxide and sulfide.

The Behre Dolbear study was conducted with limited funds only to prove up sufficient copper oxide ore to provide a economic basis for conducting open pit mining operations. Diversified is prepared to proceed but does not have sufficient funds available to finance mining operations. In view of the supply and price problems facing domestic users of copper, we felt Essex International might be interested in a business relationship.

A maximum of \$1,500,000 will be required to operate the mine. Capital costs, testing, and engineering are projected at \$450,000. The remaining \$1,050,000 are working capital funds to build up a substantial inventory of copper cement. A large contingency factor is included in the working capital funds. Production of 10,000,000 pounds annually will be obtained with the above investment.

MINING
WASTE DISPOSAL
OIL AND GAS
IRRIGATION

2

Mr. H. Lanier
Dec. 14, 1973

Diversified is completely flexible on the type of business arrangement. Its principle objectives are:

1. To obtain the financing to operate the Mackay mine
2. To retain control over the Mackay mine.

Any arrangement consistent with these objectives will be considered.

A possible arrangement with Essex International might be as follows:

1. Essex International would commit to buy \$1,500,000 copper for delivery in 1974 at 60¢ per pound and Diversified would guarantee delivery of the copper. This guarantee would be secured by a pledge of the Mackay mining property, capital equipment and inventory.
2. Certain payments would be made in advance to enable the Mackay mine to begin and continue operations.
3. Diversified would agree to sell a specified amount of the Mackay mine's annual output to Essex International for a period of time at an attractive price.

The above general outline is only one possibility which we thought might be attractive to both Essex International and Diversified.

If the general approach set forth in this letter is of interest to you, we would welcome an early response so that we may determine if a common interest exists.

Very truly yours,



Carey M. Yelton, Jr.

CMY/sl

cc: Steve Clingan

January 2, 1974

Mr. Carey M. Yelton, Jr.
Diversified Resources Corp.
275 Glenview Building
1701 Lake Avenue
Glenview, Illinois 60025

Dear Mr. Yelton:

This will acknowledge your letter of December 26, 1973.
I am presently extremely occupied with the annual report of Essex,
but will be responding in more detail to your communications early
in January.

Very truly yours,

Paul I. Eimon
Manager of Exploration

ESSEX INTERNATIONAL, INC.

PIE:td

SXM
DEC 28 1973
RECEIVED



275 Glenview Building
1701 Lake Avenue
Glenview, Illinois 60025

312 / 729-5570

December 26, 1973

Mr. Paul Eimon
Essex International
Metallurgical and Mining Division
1704 W. Grant Ave.
Tucson, Arizona 85705

Dear Mr. Eimon:

You will probably receive this letter at the same time you receive a letter from Howard Lanier. I wrote Mr. Lanier about a mining property in Mackay, Idaho. (See copy of letter to Howard Lanier dated 12/14/73 enclosed.) Mr. Lanier's secretary said my letter had been referred to you for review. I am attempting to anticipate your need for additional information.

Enclosed is a copy of the Behre Dolbear report, background information on Diversified Resources and the Mackay property, and detailed cash flow projections. While we talk of a total financing need of \$1.5 million, the bulk of these funds are to carry receivables and build up inventory. This is, of course, financing as opposed to risk investing.

As the cash flow shows, the real risk exposure is in the vicinity of \$500,000. We are quite willing to structure a financing that will limit the investor's exposure and protect him with the property itself. We are confident of the success of the project because copper from the Mackay mine was heap leached successfully in 1969. Unfortunately, the company had expended virtually all of its funds on a vat leaching process before determining that heap leaching would work. For this and other reasons, the company was unable to continue operations.

After you have reviewed the enclosed data, we would be pleased to meet with you if you wish to proceed.

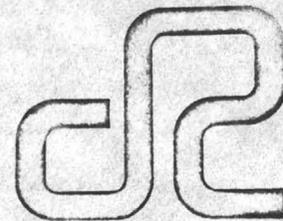
Sincerely,

Carey M. Yelton, Jr.

CMY/sl

enc.

MINING
WASTE DISPOSAL
OIL AND GAS
IRRIGATION



DIVERSIFIED
RESOURCES
CORPORATION

275 Glenview Building
1701 Lake Avenue
Glenview, Illinois 60025

312 / 729-5570

December 14, 1973

Mr. Howard Lanier
Vice President
Essex International, Inc.
1601 Wall St.
Fort Wayne, Ind. 46804

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Behre Dolbear & Company, Inc., of New York, an internationally known firm of independent mining, geological and metallurgical consultants, has done a comprehensive drilling study of a very limited area of the mining property from the surface to a depth of 125 feet. Their report blocks out copper oxide ore containing approximately 48,000,000 pounds of copper. There is little doubt that substantial additional ore reserves exist, both oxide and sulfide.

The Behre Dolbear study was conducted with limited funds only to prove up sufficient copper oxide ore to provide a economic basis for conducting open pit mining operations. Diversified is prepared to proceed but does not have sufficient funds available to finance mining operations. In view of the supply and price problems facing domestic users of copper, we felt Essex International might be interested in a business relationship.

A maximum of \$1,500,000 will be required to operate the mine. Capital costs, testing, and engineering are projected at \$450,000. The remaining \$1,050,000 are working capital funds to build up a substantial inventory of copper cement. A large contingency factor is included in the working capital funds. Production of 10,000,000 pounds annually will be obtained with the above investment.

MINING
WASTE DISPOSAL
OIL AND GAS
IRRIGATION

2

Mr. H. Lanier
Dec. 14, 1973

Diversified is completely flexible on the type of business arrangement. Its principle objectives are:

1. To obtain the financing to operate the Mackay mine
2. To retain control over the Mackay mine.

Any arrangement consistent with these objectives will be considered.

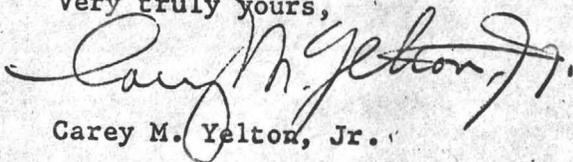
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If the general approach set forth in this letter is of interest to you, we would welcome an early response so that we may determine if a common interest exists.

Very truly yours,



Carey M. Yelton, Jr.

CMY/sl

cc: Steve Clingan

THE COMPANY

Myko, Inc. (the "Company") is a wholly owned subsidiary of Diversified Resources Corporation. The Company is a Delaware corporation and was incorporated in 1972. Its main office is at 1701 Lake Avenue, Glenview, Illinois 60025.

In addition to the mining claims comprising the Mackay Mine Properties (an interest in which the Company tentatively plans to offer as described herein) the Company owns eleven other mining properties. While considerable funds have been expended in acquiring these properties and in exploration and development work on the properties, the Company does not plan to resume operation of these properties until adequate financing is arranged.

DIVERSIFIED RESOURCES CORPORATION

Diversified Resources Corporation is a Nevada Corporation. It was organized in 1956 under the name of Mohave Uranium Company. The name of the Company was changed to Diversified Resources Corporation in 1972.

Diversified Resources Corporation has three wholly owned subsidiaries.

U. S. Ecology Corporation

U. S. Ecology Corporation is a Delaware Corporation which is interested in the broad spectrum of conservation of natural resources and more specifically in the treatment and disposal of semi-solid waste materials. Through a predecessor corporation, it has been designing and installing systems for the treatment and disposal of semi-solid waste material since 1956. It was one of the pioneers in the use of the spray method of land disposal of semi-solid waste materials. This system is now generally referred to as the "living filter" method and is now generally accepted as one of the best methods of disposing of such materials without pollution of the environment. It also is a system that permits the recycling of natural resources. Since 1956, U. S. Ecology Corporation has designed and installed more than 100 of such systems in 17 states and Puerto Rico. These systems are disposing of semi-solid waste materials from canneries, meat packing plants, animal feed lots, combination animal feed lots waste materials and sanitary sewage plant sludge, etc.

U. S. Ecology Corporation has patents on the pivotal spray systems used in these systems as well as on certain aspects of the process involved.

U. S. Ecology Corporation also has an option to acquire a company that manufactures and installs package treatment plants for sanitary sewage. This company has patents on a number of devices used in this type of plant. It has installed its units in Alaska, Hawaii, California, Washington and Oregon. Many of these units have been installed on Government installations.

U. S. Ecology Corporation also handles the sales of a number of water conservation devices.

U. S. Livingston Corporation

U. S. Livingston Corporation manufactures and sells large pivotal spray systems used in irrigation work. This equipment ranges in size up to one that will spray 160 acres at one revolution. This is the type of equipment that is used in some of the semi-solid waste disposal systems.

Myko, Inc.

Myko, Inc. holds title to all of the mining properties and will operate these properties.

FINANCING REQUIRED

Myko, Inc. requires financing in order to put its mining properties into profitable operation. The property that offers the greatest opportunities for substantial profits are the copper claims known as the Mackay Mining Property. Not only does this property offer the possibility of substantial profits, but these profits can start within a few weeks after the program is started.

Mackay Mining Properties - These properties consist of 83 patented mining claims covering approximately 1260 acres located near the town of Mackay, Idaho. They are subject to a 10% net operating profits interest. In determining "net operating profits" all direct expenses of every kind and nature (including expenditures for capital items) and a fairly allocated share of indirect costs are regarded as expense but allowances for depletion, depreciation and amortization and income taxes are not regarded as expense. The claims are also subject to a balance of \$29,000 on an installment purchase contract payable at the rate of \$3,500 per quarter.

The properties have been mined intermittently since their discovery in the 1880's, producing copper sulfide ore from underground workings using crude and obsolete methods. The mineralization extends at least 1600 feet below the surface with copper oxide ore extending down possibly as low as 400 feet from the surface and then becoming copper sulfide ore.

None of the copper oxide ore has been mined (except approximately 600,000 lbs. of copper which were recovered by Diversified during experimental leaching) because only in recent years has it been demonstrated that copper from copper oxide ores may be leached out with a sulfuric acid solution to economically produce cement copper which has a 80% to 90% copper content.

Behre Dolbear & Company, Inc., of New York, an internationally known firm of independent mining, geological and metallurgical consultants, recently completed an extensive drilling study of a very limited are of the mining property from the surface to a depth of 125 feet and has rendered a report that copper oxide ore containing approximately 48,000,000 lbs. of copper has been blocked out. It is estimated that the present proven ore reserves will be mined and leached within five years or less.

The copper oxide ore deposit has not been defined either laterally or in depth. It is not unreasonable to speculate that several times as much

copper oxide ore exists both below 125 feet from the surface and to the sides of the proven reserves. Open pit mining is feasible at this location to depths of at least 400 feet below the surface. The adjacent ore body will be continuously developed as the mining of the proven reserves progresses in the expectation that additional proven ore will be blocked out until the limites of the copper oxide ore body have been defined. This report deals only with the recovery of the 48,000,000 lbs. of proven copper.

The potential values in the deeper copper sulfide ores must not be overlooked. Even with the obsolete and inefficient methods used in the past, the mining properties subsequent to 1901 produced from underground workings 765,000 tons of copper sulfide ore averaging 3.6% copper, 1.5 oz. of silver and 0.05 oz. of gold per ton. So the deeper copper sulfide ores must be given substantial speculative value. It is planned that during the course of the surface open pit mining, Myko will conduct feasibility studies of the future exploitation of the deeper copper sulfide ores. However, no value is assigned in this report to the sulfide ores.

Adequate water for mining and leaching operations is available to the mine, as well as adequate timber for future underground mining. Access roads have been built and a considerable amount of ore has already been stockpiled. Leaching copper oxide ores presents no difficult ecological problems that are associated with smelting copper sulfide ores in which sulfur must be recovered from the smelter stacks.

COST AND PROFIT FACTORS

Appended as Exhibits are estimates of anticipated cash flow and profits from the operation of the Mackay Copper Properties and the recovery of copper from oxide ores by the heap leaching methods. All costs are based on what the Company considers to be the worst possible operating and cost factors.

The cost and profit projections are based on the following assumptions:

1. Current producer prices for copper is 60¢ per lb. and this is the figure used.
2. Freight per pound of copper cement is based on 1¢ per lb. and smelter charges are based on 7¢ per lb. of copper cement. Thus a net smelter price for the copper cement is based on 52¢ per lb. Appended as an exhibit is a record of copper prices since 1907. Many believe that the trend to higher copper prices will continue. Recent prices for copper on foreign markets have been as high as \$1.00 per lb.
3. Cost projections are based on mining an average of 0.70% copper ore and recovering a total of 10 lbs. of copper per ton of ore for a recovery of 71.5% of the total copper contained. Metallurgical test work by the Booth Company showed that 75% of the contained copper was extracted in 20 days leaching time on ore sized to -1". They anticipate 84% recovery in a heap leaching operation . . . 11.8 lbs. of copper recovered per ton of .70% ore.

4. All test work indicates that the acid required to recover a pound of copper ranged from 1.3 to 5 lbs. Five pounds of acid were used in the cost projections.
5. Mining costs have been estimated in conjunction with contractors at 0.32¢ per ton of ore or waste material mined. While it is anticipated that the price of copper will increase to reflect increases in the cost of labor or material, our five year projection is based on a mining cost of 41.1¢ per ton mined.
6. Drilling programs and open pit layouts prepared by the consulting firm indicate that one ton of waste material will have to be handled for each ton of ore mined. The cost figures in the attached projections are based on handling 1.0 ton of waste material for each ton of ore mined.
7. Sulfuric acid is included in the cost figures on the basis of \$12.00 per ton delivered at Mackay. This price is based on quotations from major suppliers. Sulfuric acid is now in over supply and it is possible that this cost can be further reduced.
8. Precipitation iron is based on an average of \$40 per ton, and consumption of 1.5 pounds per pound of copper. Use of local scrap and baling wire available at \$10 per ton followed by shredded tin cans at \$60 per ton should provide this average cost.
9. Pollution control is estimated at 2¢ per ton and consists of dams, ponds, and a small grinding circuit for limestone to neutralize the waste solution bleed-off. Use of available copper bearing calcereous mill tailings may reduce this cost.
10. It is estimated that a crew of 15 men will be able to adequately maintain the scheduled production. This crew will consist of the following:

- 1 Foreman
- 1 Chemist
- 2 Watchmen (guards)
- 3 Operators
- 3 Helpers
- 5 Laborers.

Included in the cost projection for labor is 1.5¢ per lb. This would allow for a crew of 20 men at \$40.00 per day per man.

11. Supervision costs of \$5,000.00 per month are included. This covers a project manager, a pit engineer and a metallurgist. The metallurgist will be used for operation research specializing in cost reduction.
12. At the end of the first 18 months of operation, it is estimated that the copper in the work-in-process inventory will be approximately 9,000,000 lbs. The cost of placing this copper in inventory is included in the cost figures, but no value has been assigned to the copper in inventory.

GENERAL METHOD OF OPERATION

The method of extracting copper from the ore is called the "heap leaching method." The copper oxide ore will be mined by open pit methods, placed in heaps upon previously prepared impervious pads, and showered with a sulfuric acid solution. The sulfuric acid solution will saturate and move through the heap, dissolving a large portion of the contained copper. After passing through the heap, the pregnant solution is piped to a cementation launder where it flows through scrap iron, depositing metallic copper known as cement copper. This product when dried contains about 80-90% copper and can be sold to chemical plants, cable plants, or to copper smelters. It is anticipated that operations will be conducted nine months each year with three months shutdown during the winter.

Facilities, equipment and mining operations are planned to allow the production of 10,000,000 lbs. of copper cement per year, provided the assumptions made in the projections are correct. This will allow a five year operation even though no additional oxide ores are found.

Recovery of copper from copper oxide ores using the heap leaching method is being done profitably by a number of companies including:

McAlester Fuel Company
Kirkland, Arizona

Bagdad Copper Corporation
Bagdad, Arizona

Ranchers Exploration Company
Miami, Arizona.

In addition, Anaconda, Kennecott, Du Val, Miami Copper and Inspiration Copper (among others) are profitably heap leaching residual copper oxide ores.

A copper cement containing 80 to 90% copper on a dry basis is a premium product and can be sold without difficulty.

Major purchasers are:

Anaconda Co., Anaconda, Montana

American Smelting and Refining Co., Tacoma, Washington

American Smelting and Refining Co., Hayden, Arizona

Capital Wire and Cable Co., Casa Grande, Arizona

Phelps Dodge Corp., Morenci, Arizona

Copper sales brokers include:

Aaron Ferer & Sons, Omah, Nebraska

Phillip Brothers, New York City.

CASH FLOW
MACKAY COPPER PROPERTY
1974

	<u>JAN. - MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>
<u>Cash Rec'd from Operations</u>					
From Copper Sales @ .52/lb (a)(75% cash on delivery)	\$ 0	\$ 0	\$210,600	\$351,000	\$577,200
<u>Cash Spent On Operations</u>					
Capital costs	\$ 133,785	\$ 60,000	\$ 5,000	\$39,000	\$ 86,000
Engr. & consulting	10,000	10,000	9,400	2,000	2,000
Operating expense	0	220,265	263,250	303,850	348,650
Interest on loans @ 10%	<u>1,800</u>	<u>2,400</u>	<u>3,900</u>	<u>4,300</u>	<u>3,900</u>
Total Cash Spent	\$ 145,585	\$ 292,665	\$282,750	\$349,150	\$440,550
Cash (Required) Available for Operations	\$(145,585)	\$(292,665)	\$(72,150)	\$ 1,850	\$136,650
Loans Made	\$ 145,585	\$ 292,665	\$ 72,150	0	0
Loans Repaid	0	0	0	0	\$100,000
Cumulative Loans	\$ 145,585	\$ 438,250	\$510,400	\$510,400	\$410,400
Cumulative Cash	\$ 0	\$ 0	\$ 0	\$ 1,850	\$ 38,500

(a) Based on a 60¢/lb. price for producer copper. The allowance of 8¢ is for freight(1¢) and smelting (7¢).
Advances on copper cement are at 75% of salesprice with balance in 60 days.

<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>
\$624,000	\$676,000	\$676,000	\$ 676,000	\$ 260,000
\$ 4,000	\$ 0	\$ 0	\$ 0	\$ 0
2,000	2,000	2,000	2,000	2,000
348,650	348,650	177,400	177,400	104,800
<u>2,400</u>	<u>700</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$357,050	\$351,350	\$179,400	\$ 179,400	\$ 106,800
\$266,950	\$324,650	\$496,600	\$ 496,600	\$ 153,200
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$250,000	\$160,400	\$ 0	\$ 0	\$ 0
\$160,400	\$ 0	\$ 0	\$ 0	\$ 0
\$ 55,450	\$219,700	\$716,300	\$1,212,900	\$1,366,100

STATE COLLEGE LIBRARY
 UNIVERSITY OF PENNSYLVANIA
 PHILADELPHIA, PA. 19106-1388

OPERATING EXPENSES
MACKAY COPPER PROPERTY

1974

	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>
Tonnage Mined Ore	0	0	0	220,000	220,000	220,000	220,000
Lbs. Recoverable Copper	0	0	0	2,200,000	2,200,000	2,200,000	2,200,000
Lbs. Produced and Sold	0	0	0	0	540,000	900,000	1,300,000
Inventory Recoverable Copper in Process	0	0	0	2,200,000	3,860,000	5,160,000	6,060,500

ITEM

Mining	\$0	\$0	\$0	\$171,250	\$171,250	\$171,250	\$171,250
Acid	0	0	0	4,715	16,200	27,000	39,000
Iron	0	0	0	0	16,200	27,000	39,000
Electricity	0	0	0	1,500)			
Water	0	0	0	600)			
Sup. & Engr.	0	0	0	5,000)			
Office	0	0	0	900)	27,300	27,300	27,300
Phone	0	0	0	400)			
Assaying	0	0	0	700)			
Safety	0	0	0	200)			
Labor	0	0	0	18,000)			
Amortization	0	0	0	0	3,800	6,300	9,100
Site Prep.	0	0	0	0	3,000	3,000	3,000
Contingency	0	0	0	10,000	13,500	22,500	32,500
Taxes	0	0	0	1,000	1,000	1,000	1,000
Roads	0	0	0	1,000	1,000	500	500
Pollution Cont.	0	0	0	5,000	10,000	18,000	26,000
	\$0	\$0	\$0	\$220,265	\$263,250	\$303,850	\$348,650

<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>
220,000	220,000	0	0	0
2,200,000	2,200,000	0	0	0
1,300,000	1,300,000	1,300,000	1,300,000	500,000
6,960,000	7,860,000	6,560,000	5,260,000	4,760,000
\$171,250	\$171,250	\$ 0	\$ 0	\$ 0
39,000	39,000	39,000	39,000	15,000
39,000	39,000	39,000	39,000	15,000
27,300	27,300	27,300	27,300	27,300
9,100	9,100	9,100	9,100	3,500
3,000	3,000	3,000	3,000	0
32,500	32,500	32,500	32,500	32,500
1,000	1,000	1,000	1,000	1,000
500	500	500	500	500
<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>10,000</u>
\$348,650	\$348,650	\$177,400	\$177,400	\$104,800

POLICE BOARD
 POLICE BOARD

BEHRE DOLBEAR & COMPANY

INCORPORATED

MINING, GEOLOGICAL AND METALLURGICAL CONSULTANTS

299 PARK AVENUE

NEW YORK, N. Y. 10017

CABLE ADDRESS
BEHRDOLTELEPHONE
212-632-1530

ASSOCIATES

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ARNOLD A. GUSTAFSON
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CHARLES W. HERRILL
GAIL F. HOULTON
ROLAND D. PARKS
ALLAN R. REISER
MALCOLM T. WANE
LENDALL P. WARRINER

JAY A. ROTHENBERGER

October 30, 1972

Mr. William D. Wallace, Chairman
U. S. Silver and Mining Corporation
375 Meadowbrook Drive
Northbrook, Illinois 60062

Dear Mr. Wallace:

Submitted herewith are estimates of tonnages and copper contents of oxidized copper-bearing material on your Atlantic and Pacific mining leases near Mackay, Idaho. Three estimates have been made: Geologic, without reference to a mining plan; Pit A, with minimum dilution; and Pit B, maximum tonnage.

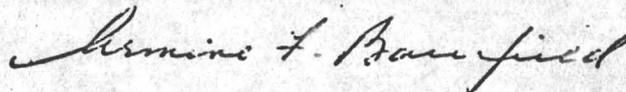
These estimates are based on 108 drill holes, including the 42 holes drilled in May and June, 1972 under Behre Dolbear's supervision.

Some areas within and adjacent to the estimated tonnages still should be drilled to fully define the limits of mineralization and for control purposes during mining. Approximately 15 holes, totalling 3000 feet or so would be required.

In addition to the data contained in this report, computer printouts for each 20 foot bench are available as well as bench plans showing the approximate carbonate content for each hole.

Yours very truly,

BEHRE DOLBEAR & COMPANY, INC.



Armine F. Banfield, President

DATA AND ASSUMPTIONS USED IN ESTIMATES

The following data and assumptions were used in calculating the estimates of oxidized copper-bearing material on the Atlantic and Pacific leases, Mackay, Idaho:

1. Total copper content has been based on a total of 108 holes used in the calculations. The non-sulphide or acid soluble percentage of the total copper content has been based on the assays of the 42 holes drilled in 1972 under the supervision of Behre Dolbear.
2. All samples from drill holes were cuttings, the sample interval being five feet.
3. A tonnage factor of 11 cubic feet of material in place per short ton was used. This is the same factor used in previous estimates. This may be somewhat low for the near-surface material.
4. Pit slopes have been taken at 45 degrees.
5. Bench height has been taken at 20 feet. More selective mining could be done at a lesser height if this is practical and economical.
6. The deposit was divided into 20 foot cubes or mineable blocks. The total copper grade was interpolated into these blocks from the composite assays.
7. On the periphery of the drilling only blocks whose centroid was within 50 feet of a composite assay were assumed to contain copper values.
8. The tonnages and grades of loose material on surface are based on only rough measurements and spot sampling. Eventually these piles should be systematically sampled.
9. Estimates have been based on cut-offs of 0.20, 0.30, and 0.40 per cent non-sulphide or acid-soluble copper.
10. A minor tonnage of higher grade material has been mined from underground workings. Insufficient data are available to make a worthwhile estimate of the tonnage.
11. The topographic map of the area was prepared in July, 1972 by Behre Dolbear. It is based largely on data provided by U. S. Silver file data.

BENCH HEIGHT

The 2475 assays for the five foot samples taken from the 108 drill holes used in the calculations were composited into 20 foot bench composites. A comparison of the averages of the samples from the holes with the 20 foot bench composites is shown in Table I below. The decrease in the total copper content of the bench composites is due to dilution. Benches of lesser height would result in less dilution and less tonnage of copper-bearing material.

TABLE I

COMPARISON - HOLE SAMPLES WITH 20 FOOT BENCH COMPOSITES

<u>Cut-Off</u> <u>% Total Copper</u>	<u>Average</u> <u>Hole Samples</u> <u>% Total Copper</u>	<u>20 Foot</u> <u>Bench Composites</u> <u>% Total Copper</u>
0.20	0.73	0.67
0.30	0.87	0.82
0.40	1.02	0.93

PERCENTAGE OF NON-SULPHIDE COPPER

The samples from the 42 holes drilled under Behre Dolbear's supervision in 1972 were assayed for both total copper and for non-sulphide or acid-soluble copper. A comparison of the total copper - non-sulphide copper relationship for both the averages of the hole samples and the 20 foot bench composites is shown in Table 2 below.

For a 0.20 per cent total copper cut-off, the non-sulphide (N-S) copper content would be 83 per cent of the total copper for the 20 foot bench composite.

TABLE 2

NON-SULPHIDE PERCENTAGE OF TOTAL COPPER CONTENT

(N-S Means Non-Sulphide)

<u>Cut-Off</u> <u>% N-S Copper</u>	<u>Average Hole Samples</u>			<u>20 Foot Bench Composites</u>		
	<u>% N-S Cu</u>	<u>% Total Cu</u>	<u>Ratio</u>	<u>% N-S Cu</u>	<u>% Total Cu</u>	<u>Ratio</u>
0.10	0.56	0.69	.81	0.55	0.66	.83
0.20	0.72	0.86	.84	0.66	0.80	.83
0.30	0.88	1.03	.85	0.79	0.94	.84
0.40	1.06	1.21	.88	0.91	1.08	.84
0.50	1.21	1.37	.88	1.07	1.22	.88

ESTIMATES OF TONNAGES AND GRADES OF COPPER-BEARING MATERIAL

Estimates of the tonnages and grades of copper-bearing material on the Atlantic and Pacific leases, Mackay, Idaho, have been made on the following three basis:

1. Geologic - containing all copper values regardless of accessibility for mining
2. Pit A - minimum dilution
3. Pit B - maximum tonnage

The outlines of Pits A and B are shown on the two plans in the folder at the back of this report. These should be considered as preliminary pit designs only. Further refinements of these pits can, of course, be made when mining requirements are known.

TABLE 3

ESTIMATES OF TONNAGE AND GRADES OF COPPER-BEARING MATERIAL

<u>Class</u>	<u>Cut-Off Grade % Total Cu</u>	<u>Tons x 1000</u>	<u>% Total Cu</u>	<u>Est. % N-S Cu*</u>	<u>Waste Tons x 1000</u>	<u>Stripping Ratio</u>
Geologic	.2	3869	.62	.51	-	-
	.3	2884	.75	.62	-	-
	.4	2275	.86	.71	-	-
Pit A	.2	2158	.69	.57	1853	.86
	.3	1809	.77	.64	2202	1.22
	.4	1460	.88	.73	2552	1.75
Pit B	.2	2843	.67	.56	3772	1.33
	.3	2330	.77	.64	4285	1.84
	.4	1888	.86	.71	4727	2.50

*N-S is non-sulphide copper

LOOSE MATERIAL ON SURFACE

The following estimates have been made of the loose material on surface within the areas of the estimated pits. All this material will have to be moved to permit mining.

The estimates are based on only rough measurements as to volume and grades on spot sampling.

These tonnages are included in those shown in Table 3.

TABLE 4

ESTIMATED TONNAGE AND GRADE OF LOOSE MATERIAL
(Basis-20 cubic feet per ton)

<u>Cut-Off</u>	<u>Tonnage</u>	<u>% Total Copper</u>
+0.20	215,000	0.50
+0.30	200,000	0.55
+0.40	110,000	0.70

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RAIFFAISE BOND

December 26, 1973

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DEC 31 1973

RECEIVED

Carey M. Yelton, Jr.
Diversified Resources Corp.
275 Glenview Bldg.
1701 Lake Avenue
Glenview, Illinois 60025

Dear Mr. Yelton:

This is in reply to your letter of December 14, 1973 regarding the mining property near Mackay, Idaho.

A copy of your letter is being forwarded to Mr. Paul Eimon, Manager of Exploration in Tucson, Arizona. I am suggesting to him that he review this property and if he has an interest, he should contact you directly.

I appreciate your contacting me and I trust that Mr. Eimon will follow up to advise you if he has an interest in this property.

Very truly yours,

Howard Lanier
Vice President & General Manager
Metallurgical & Mining Division

HL:cb

cc: P. Eimon

Paul, as you can see, Mr. Lanier made some minor changes to the original letter that I sent you last week, so I am sending you a new copy.

Carol

[Handwritten signature]