



CONTACT INFORMATION  
Mining Records Curator  
Arizona Geological Survey  
3550 N. Central Ave, 2nd floor  
Phoenix, AZ, 85012  
602-771-1601  
<http://www.azgs.az.gov>  
[inquiries@azgs.az.gov](mailto:inquiries@azgs.az.gov)

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Tucson, Arizona  
February 10, 1975

To: Mr. J.B. Imswiler  
IMC

From: A.J. Perry  
Perry, Knox, Kaufman, Inc.

Subject: Examination - IMC-ARIZONA PROJECT  
Old Glory and Margarita Mines Area,  
Oroblanco Mining District, Santa Cruz Co., Ariz.

### Background

Previous examination of most of the southern portion of the Oroblanco District by Perry and sampling of one area of veinlet stockworks development by Leisure of PKK (Tres Amigos Area) did not reveal evidence of any widespread metals distribution (precious or otherwise) of economic significance. All mineralization observed was of the narrow vein and vein fault type -- not of particularly high grade and therefore not of interest to IMC-PKK.

Wilson etal<sup>1</sup> mentioned a siliceous mineralized zone 200' X 100' X 80' in dimensions at the Margarita Mine, with much of the zone's material said to run 0.3 oz Au and 0.5 oz Ag. It appeared that this area was worthy of an examination to determine if a greater area of somewhat lesser grade might have been overlooked due to the economic conditions of the past.

### Summary

A reserve of < 200,000 tons of rock with some contained precious metals value (possibly .01-.02 oz/Au, and < .50 oz Ag), but certainly not of economic interest to IMC-PKK might be available at both the Old Glory and Margarita Mine areas.

### Recommendations

It is recommended that IMC take no interest in the two Oroblanco District prospects.

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1 Wilson, Eldred etal, Arizona Lode Gold Mines and Gold Mining, Arizona Bureau of Mines Bull. 137

### Location

The Margarita Mine is situated in the N/2 - Sec. 7, T23S, R11E, in Western Santa Cruz County, in the Oroblanco Mining District, about 2½ road miles south of the Ruby-Arivaca road and 3½ miles north of the Mexican border. The Old Glory Mine is situated in the S/2 of the same section.

### General Geology

The only known geology of consequence of the District is that done by Knight<sup>2</sup>.

At both the Margarita and the Old Glory Tertiary Sidewinder quartz monzonite country rock has been locally silicified -- with remnant irregular flat lying patches of the intrusive intermittently capping ridges thru a belt 2½± NS and 1 mi E-W in dimensions. At the Old Glory and the Margarita there is a definite E-W trend to the silicified zones. At the Old Glory the main silicified zone exhibits a definite shallow northerly dip. At both old mine areas the silicification is locally intense. In some cases milky quartz completely obliterates original rock textures. Irregular silica veinlets with the same appearance braid thru the adjacent country rock. Some silicified porphyry were observed at the Old Glory.

### Mineralization

All gold-silver mineralization in the Old Glory-Margarita area is apparently associated with the zones of most intense silicification, as areas showing this characteristic are the only ones excavated. At both the Old Glory and the Margarita, past mining has been from small open cuts and shallow dipping room and pillar stopes which extend from the pit sidewalls. A few winzes and shafts extend to undetermined depths. The presence of an abundance of shallow dipping fractures which parallel the tabular silicified masses results in extensive slabbing off of the non-too well defined hanging walls in many stope areas. The back of one stope at the Margarita has caved to the surface. In general, the workings must be regarded as extremely unsafe.

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2 Knight, Louis H.; Structure and Mineralization of the Oroblanco Mining District, Santa Cruz County, Ariz. Univ of Ariz PhD Thesis (1970).

The zone that has been subject to excavation at the Old Glory is about 450' X 100' in horizontal dimensions. It has possibly a 25' average thickness. The Margarita workings are less extensive. A third but smaller silicified and mineralized patch situated between the Old Glory and the Margarita was not visited.

Blake<sup>3</sup> reported possibly 200,000 tons production from the Old Glory with +17,000 tons of reserve remaining. Knight<sup>2</sup> sampled a 7' thick hanging wall at the same prospect that reportedly assayed 0.24 oz Au and 0.54 Ag. Wilson<sup>1</sup> declared a large tonnage of .3 oz Au and .5 oz Ag remained at the Margarita.

The oxidized pyritic ores of the Old Glory and Margarita presumably yielded free gold. The form of silver present is not known.

#### Extent of PKK Examination

The author spent January 9, 1975, in a brief examination of both the Old Glory and Margarita prospects. Four samples were collected -- see the attached sample description/assay sheet.

#### Particular PKK Observations

Although extensive sampling was not undertaken at either of the prospects, the samples collected were from areas most likely to be well mineralized -- consisting of dump material and material collected from areas immediately adjacent to old workings. Reference to the attached analyses will show that except for sample OG-2 the grades of material sampled were poor. OG-2 was from a small patch of dike rock(?) -- not common to the area -- and thought not likely to represent any volume of material.

Only with extensive sampling could an accurate determination be made as to the reserves of mineralized rock available at the Old Glory and Margarita mines but some crude field measurements indicate that < 200,000 tons are likely to be found at both prospect areas and that of a grade  $\pm .01-.02$  oz/Au and < .50 oz/Ag.

---

Blake, (see Knight<sup>2</sup>)

SAMPLE DESCRIPTIONSASSAYSAu(oz/T)      Ag(oz/T)

OG-1	underground, flat stope on W. side ridge; Main Old Glory Area. grab sample quartz monzonite from back and pillar edges.	0.010	0.11
OG-2	porp dike(?) dense, black w/patchy blebs wh. qtz. from small cut on Main Mine Area ridge top.	0.080	1.00
MTA-1	Main Margarita Mine area; sil Qm, near old sple Pt. 16 near caved stope - Bkg 2, red brn lim. pred., sm casts after crs.Py., some pred. E-W frac.	0.010	< 0.01
MTA-2	Main Margarita Mine area, dump grab.	< 0.005	0.46

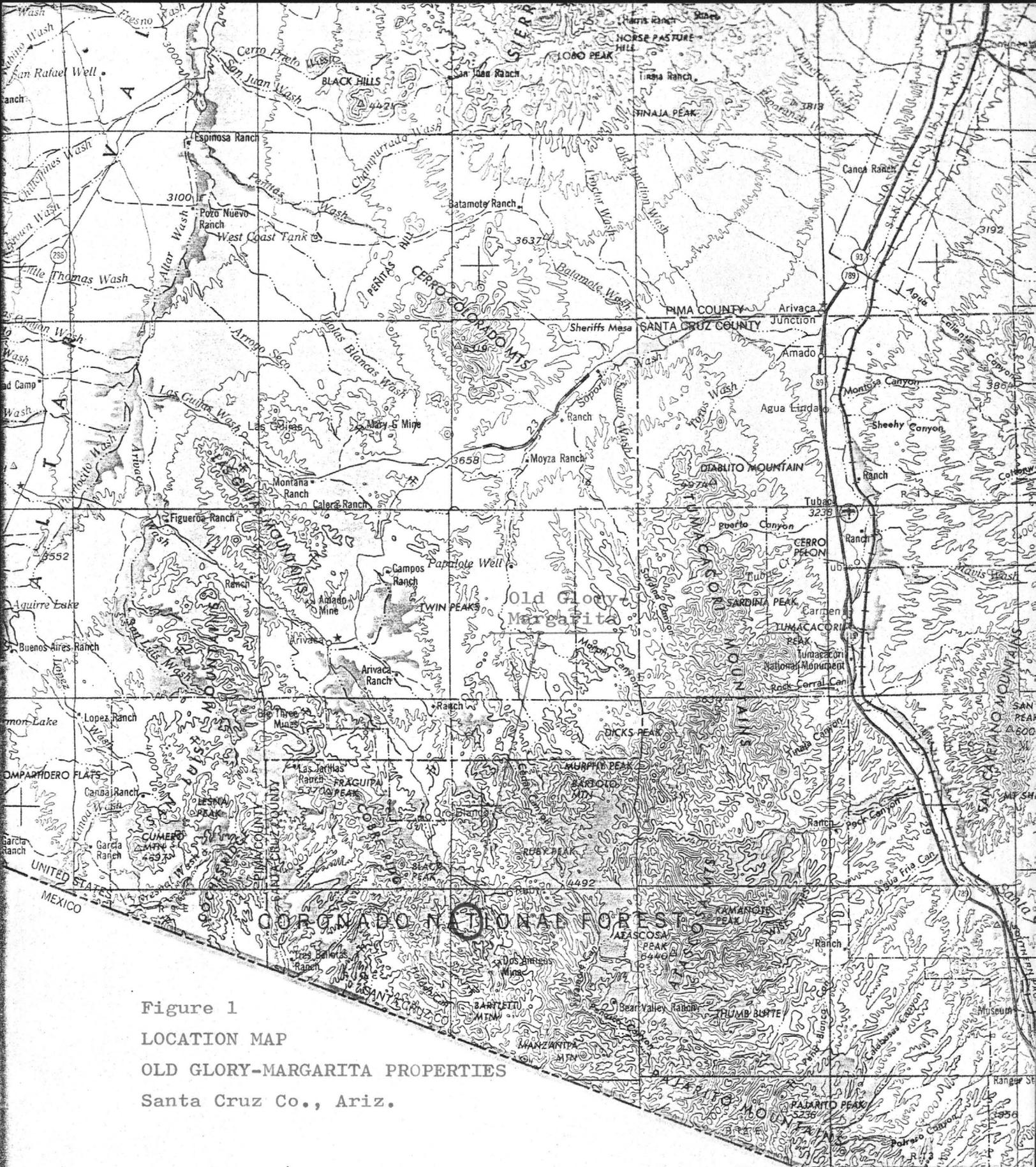


Figure 1  
 LOCATION MAP  
 OLD GLORY-MARGARITA PROPERTIES  
 Santa Cruz Co., Ariz.

Santa Cruz

**La Teko  
Resources Ltd.**

3184 Four Bentall Centre, 1055 Dunsmuir Street  
P.O. Box 49301, Vancouver, B.C. V7X 1L3  
Telephone (604) 682-2704 Fax (604) 682-0559

## NEWS RELEASE

89-003

Trading: VSE: LAO  
NASDAQ: LAORF  
Contact: Ane Street  
Eddie Babcock

June 8, 1989

### FOR IMMEDIATE RELEASE:

#### Ryan Lode Mine - Alaska

The first gold of the 1989 season was poured on June 3. This first dore bar weighed approximately 190 ounces. We expect our next pour to be on June 9th. We are currently collecting about 30 ounces of gold a day in the recovery building. This is all from the 1987-88 heaps.

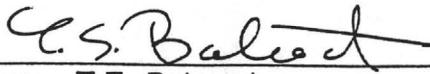
The 1989 pad, liner, and detection system, which is being installed by Gundle Lining Systems Inc. is expected to be finished by June 9th. To protect the plastic the pad will be covered with two feet of crushed ore before heap building starts. There are 1300 ounces of gold on the new pad at this time. The first pour from this pad should be by June 30th. From then on we expect to pour every three days. Towards the end of July we anticipate we will be capturing and pouring at an average rate for the rest of the season in excess of 100 ounces per day.

#### Margarita Mine - Arizona

We have just received our final permit for the Margarita Mine. We now have permits to process 500,000 tons of ore and a permit to drill a well and extract groundwater. We expect to start our test heaps in September of this year and be in full production at the rate of 200,000 tons per year within four months from when we start work on our tests.

- 30 -

La Teko Resources Ltd.

  
Per: T.E. Babcock  
President

The Vancouver Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

*Santa Cruz AK*

## NEWS RELEASE

89-011

December 21, 1989

FOR IMMEDIATE RELEASE - VANCOUVER, B.C.:

### Ryan Lode Mine - Alaska

La Teko is today pleased to announce a 1989 gold production of 7,500 ounces from the Ryan Lode Mine located near Fairbanks, Alaska. This is the best production yet for a season at the Ryan Lode. As a comparison:

<u>Year</u>	<u>Gold Production</u>	<u>Silver Production</u>	<u>Dore Poured</u>	<u>Tons Agglomerated</u>
1989	7,500 oz.	4,900 oz.	13,300 oz.	155,000
1988	5,690 oz.	3,420 oz.	9,700 oz.	100,000
1987	3,560 oz.	2,260 oz.	6,300 oz.	70,000

All of the machinery that will be required to operate the property has now been purchased. We have over \$1,500,000 of equipment paid for. We are confident we have solved the crushing and agglomerating problems that have dogged us in the past. We also are confident we have resolved the on-site management problems we had in previous years.

In addition to the machinery, chemicals, pipeline, pad, supplies, etc., we have in inventory 8,000 - 9,000 ounces of gold. Some of this gold we will be able to recover starting in May 1990.

### Margarita Mine - Arizona

La Teko hired a consultant, Dr. G. Meyer to review all the information we have acquired on the Margarita property. One of his recommendations was that we run a number of column tests of large diameter columns instead of the 10,000 ton field test we had planned on. We will be able to get the information we were looking for at much less cost. These tests should be finished within 90 days. We will then be able to go directly into production.

### Other News

The loan negotiated with Gerald Metals during the year has been repaid in full.

- 30 -

La Teko Resources Ltd.

  
T.E. Babcock, President

The Vancouver Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Property	Ownership	Location	Reserves (Mt ore)	Grade gold (g/t Au)	Milling Rate (t/y)	Output (kg/y Au)	Comp- letion date	Capital cost (millions)	Type	Remarks
<b>U.S.A. (continued)</b>										
Castle Mountain	Viceroy Resources Co./Hemlo Gold Mines Inc.	California	26.0	1.9	2.8	4,660	88	\$12	P	Comprises Jumbo South, One Belle and Leslie Ann orebodies.
Cathroy-Larder	Golden Shield	Ontario	—	7.0	—	—	—	—	—	Project on Mother Lode strike extension. Metallurgical testing and mine design plans underway.
Chimney Creek	Gold Fields Mining Corp. (Cons. Gold Fields)	Winnemucca, Nevada	20.5	2.1	1.8M	4,976	88	\$80	P	Predicted to be one of North America's lowest cost producers (\$150/oz).
Copperstone	Cyprus Minerals	Arizona	6.0	2.9	—	1,860	88	\$13.9	P	For commencing phase due to need full rate of 1,860 kg/y Au by 1988.
Cove	Echo Bay Mines	Nevada	—	—	—	7,000	89	—	P	Major discovery being evaluated, containing 4 Moz gold and 250 Moz silver. Heap leach operation to begin this year, with higher grade ore to be treated at McCoy.
Crofoot	Hycroft Resources/Goldbelt Mines/Granges	Nevada	23.5	0.9	2.0M	1,700	88	\$10.4	P/Cn	Capital cost of \$US10.4 million to bring first 2 Mt of leachable ore into production.
Empire Friday	Nevada Goldfields Normine Resources	Colorado Idaho	10.00 3.0	2.5 1.4	— 2.0M	1,930 —	89 89	— —	P P	Advanced exploration stage. Bulk leaching tests started in 1987. Production start-up envisaged for mid-1988 at 2 Mt/y.
Getchell	First Mississippi Gold	Winnemucca, Nevada	8.2	5.3	—	5,280	89	\$77	P	Project to exploit non-leachable ore with autogenous milling autoclave oxidation and CIL recovery methods. Processing heap leach only. (466 kg Au in 1987).
Gilt Edge	Brohm Resources	Lead, S. Dakota	3.4	1.8	—	—	—	—	P	Potential additional reserves of 9 Mt (1.7 g/t Au).
Golden Reward	Moruya Gold	Black Hills, S. Dakota	1.93	2.9	—	—	—	—	—	Seeking development finance.
Goldstrike (Post)	American Barrick Resources/Newmont Gold	Carlin Gold Belt, Nevada	45.2	2.0	—	5,000	88/89	—	P/U/ Cn	Joint venture plan with to develop the surface oxide and deep ore in the Post & Betze deposits. A 3,500 t/d mill under construction for higher grade oxide material and shaft system for u/g. Reserves and grade recently expanded and exploration continues.
Granny	Echo Bay Mines Ltd./Crown Resource Corp. Gold Texas Resource Ltd.	Ferry County, Washington	4.0	4.8	365,000	1,500	92	\$10	P/U	Four deposits under delineation programme: Key East, Key West, Overlook and Granny. Feasibility study should be completed by mid-1988.
Green Springs	U.S. Minerals Exploration Company (USMX)	White Pine County, Nevada	1.25	2.1	360,000	750	89	\$3	P	Subject to state/federal permits and weather conditions construction could begin in late 1987. Mine life, 3-4 years.
Hollister (Ivanhoe)	Cornucopia Resources/Galactic	Nevada	43.00	1.2	5M	—	88	—	P	Possible heap leach operation. Exploration continuing.
Kensington	Coeur d'Alene Mines/Echo Bay Mines	North of Juneau, Alaska	1.77	8.2	—	—	90	—	—	Deposit still open horizontally and vertically. Present owners believe site may be in production by 1990, with indicated resource of 1 Moz.
Kensington	Echo Bay/Coeur d'Alene	Alaska	—	—	—	—	90	—	p	Around 1 Moz of drill indicated reserves.
Kramer Hills	Beaver Resources/Aegan International	San Bernadino Co., California	0.503	—	540,000	—	—	—	P	Considering new mine venture. Also evaluating 3 new areas of mineralization up to 1.5 km west of present pit.
London	Chrome Corp. Intl.	Fairplay, Colorado	0.32	4.1	1.7M	—	88	—	U	Proceeding with 2nd phase, U development programme where grade could be about 15 g/t (+ stockpiled ore).
Margarita	Newfield Minerals	Tucson, Arizona	0.440	2.5	—	466	—	\$1.4	P	Heap leaching. Mine life about 3 years.
McCoy	Echo Bay Mines	Nevada	9.67	1.85	1.8M	2,800	89	—	Cn	A 5,000 t/d mill is expected to be commissioned mid-1989 to treat high grade ore from McCoy and nearby Cove.
McLaughlin	Homestake	S. Dakota	25.02	6.55	—	7,000	89	\$A15	P/Cn	Expansion to process low grade oxides.



Mining Journal, London, April 22, 1988

AK  
CA  
AZ

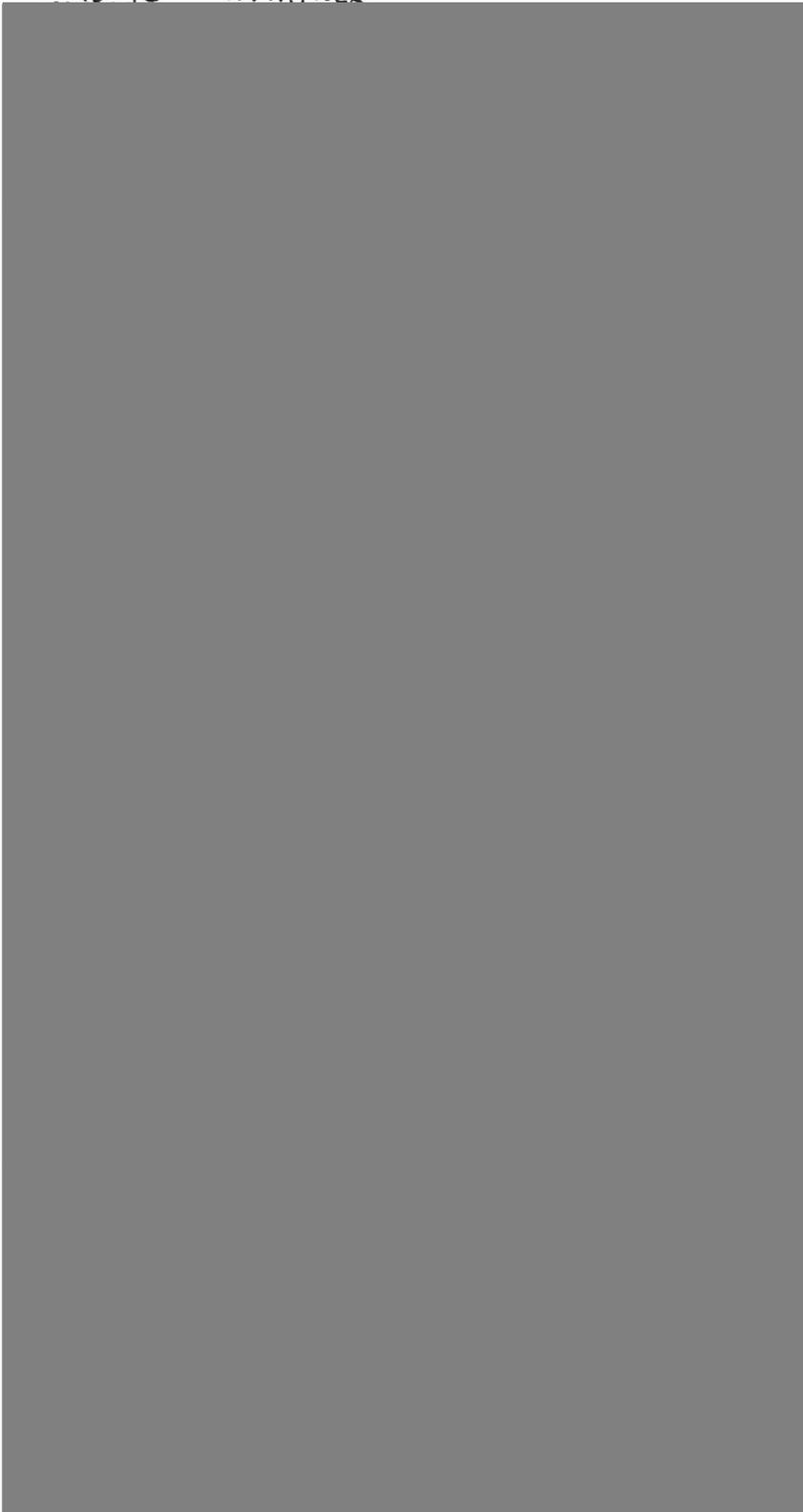
7-89 WEST/MIN/ACT/RPT



# Private placement gets Lā Teko cash to pursue exploration plans

4-23-90 NIM/NER

AK  
AZ



OCTOBER 1984

RECEIVED OCT 30 1984

PROGRESS REVIEW REPORT

MARGARITA PROJECT

ARIVACA, ARIZONA

Prepared for:

Apache International Mining Co.  
Sasabe Star Route Box 45-C  
Tucson, Arizona 85736

CONTACT: R. A. JOHNSON, PRES.  
TEL 1-398-2106

NORMAN E. DAUSINGER, JR., E. GEOL.

*N.E. Dausinger, Jr.*

9331 E. Magdalena Street  
Tucson, Arizona 85710  
(602) 296-5993

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Order of 5 million shares and paid up capital in the year of 1980 to 1980

## CONCLUSIONS AND RECOMMENDATIONS

The Margarita project is an attractive bulk-tonnage precious metal deposit with current ore reserves slightly in excess of 500,000 tons with an ore grade of .054 ounces per ton. Present reserves are near surface and confined to a limited area within the claim holdings. Potential exists to expand the near-surface ore reserves to the order of 2 to 3 million tons and a deeper potential (below 80-foot depths) exists that could increase reserves to in excess of 5 million tons.

Open pit mining methods are applicable and metallurgical tests to date indicate that heap leaching processes can be satisfactorily utilized to recover gold-silver values.

The following recommendations are made:

1. A complete review of all accumulated basic data.
2. Continue exploration drilling for purposes of expanding the near surface ore reserves.
3. Undertake a water supply study.
4. Continue mine plan and metallurgical studies to determine respective operating parameters.
5. Consider the installation of a pilot-type heap leach plant to initiate treatment of current ore reserves with design provisions for expansion to 2000 to 3000 tons per day capacity.
6. Investigate expansion of current claim holdings.

Ideally, a project of this type should have ore reserves on the order of 5 million tons and plant capacity in the range of 2000 to 3000 tons per day. At present gold-silver prices, this should generate a daily net profit before taxes of about \$20,000 to \$25,000.

Apache International Mining Company is seeking adequate financing to carry the project into production. Proximate phase (3-4 months) financial requirements for additional drilling, test work, permitting, etc. is estimated to be \$300,000. Somewhat in excess of \$1,000,000 has been spent on the project to date.

## INTRODUCTION

The Margarita project is located in southern Arizona approximately 12 miles southeast of Arivaca about 3 miles north of the Mexican border, and about 70 miles south and slightly west of Tucson.

The property is centered around section 7, Township 23 South, Range 11 East and consists of 41 lode claims (approximately 820 acres) controlled by Apache International Mining either through lease-option arrangements or by claim staking.

Arizona Bureau of Mines Bulletin 137, 1967 briefly describes the two principle mines within the present claim holdings; the Old Glory mine and the Margarita mine. Mining activity on both dates at least from the 1890's. Production has been modest from shallow workings with the ores reported to grade 0.10 to 0.30 ounces of gold per ton and from 0.50 to 1.00 ounces of silver per ton.

On file at the University of Arizona is a 1970 thesis by L.H. Knight, Jr., "Structure and Mineralization of the Oro Blanco Mining District, Santa Cruz County, Arizona." The area of present interest is described within the regional geological setting.

Nuclear Dynamics of Phoenix drilled in the area in the early 1970's and a hole believed to have been drilled by them in the southern part of the claim holdings, approximately 0.25 miles east of the Old Glory mine, is reported to have an intercept from 350 to 410 feet that assayed 0.35 ounces of gold per ton. Efforts to obtain the drilling data from Nuclear Dynamics have not been successful. This information and other geological factors contribute to present speculation with respect to the deeper economic potential in the area.

In 1976, PPG Industries did some closely spaced (60 to 100 feet) air-track drilling in the immediate vicinity of the Margarita mine. Twenty one holes were drilled to shallow depths (75 to 100 feet). In 1980-81, a drill location map from these efforts was obtained and the drill hole samples were located in storage in Tucson. A partial analysis of the samples by Mountain States Reaserch and Development indicated reserves on the order of 200,000 tons with a grade of about .06 ounces of gold per ton and .20 ounces of silver per ton. At this same time, a bottle test was also run by Mountain States on material from the Margarita mine. Gold extraction in 24 hours was 82 percent from a head assay of .05-.06 ounces gold per ton. This indicated that favorable results can be obtained by heap leaching. A subsequent bulk sample test by Apache confirmed favorable heap leaching conditions.

Subsequent drilling by Apache has expanded the reserve picture to 516,000 tons with a grade of .054 ounces of gold per ton within about a 30 acre area of the 820 acres of claim holdings.

A number of companies, including AMAX and St. Joe have recently proposed joint venture arrangements to Apache.

## GEOLOGY AND MINERALIZATION

Surface mineralization (from 0 to 80 feet) from exploration efforts to date, appears to be confined to flat-dipping silicified zones in tuffaceous Mesozoic volcanic rocks. These zones generally occur as erosional remnants at higher elevations and are reddish colored due to the presence of abundant limonite and hematite derived from pyrite. Possibly they represent pre-existent sill-like bodies connected to a deeper, favorable host rock.

The general trend of the favorable zone as reflected by surface workings and surface sampling is northeasterly from the Old Glory mine on the south through the Margarita mine to the north. This trend may have important structural and economic implications.

## ORE RESERVES

Approximately 300 shallow air-track drill holes, spaced on 50-foot centers, 16 reverse-circulation holes, and 15 core holes have been drilled to date within a limited area of the claim holdings. Surface sampling and geological mapping suggest additional drill targets to expand ore reserves.

Computer analysis in May 1984 by AMAX of the drilling-assay data gives 515,919 tons of ore reserves with a grade of .054 ounces of gold per ton and a stripping ratio of less than 1:1.

Based on surface work, several companies infer additional near-surface reserve potential on the order of 2,000,000 to 3,000,000 tons. St. Joe has expressed interest in testing the deeper ore potential in the area.



# NICOR MINERAL VENTURES

One of the NICOR  
basic energy companies

## MEMORANDUM

To: Clancy J. Wendt  
From: Karl M. Emanuel  
Date: November 4, 1984  
Subject: Margarita Project Submittal - Apache International Mining, Co.

Having looked over the report submitted to us by Norm Dausinger (for R.A. Johnson), I can only conclude that the extensive drilling done since we last evaluated this property has not added significantly to the tonnage or grade that we were aware of. As such, and due to R.A. Johnson's long-standing reputation for wanting more of the pie than is sitting on the table, this property does not merit further consideration at this time. That Johnson is still beyond bargaining with has been indicated to me by several sources, including consultants hired by Tenneco, who recently approached him with the intent of dealing. The word is that Johnson is considering gutting the known high grade core of the mineralization, to recover some of his losses and to pay off backers he has promised payment in gold bullion to.