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NICOR MINERAL VENTURES

Prospect and Submittal Report

Date: June 24, 1985

Property Name: Ambassador Project
County, State: Yavapai Co., Arizona
Date Examined: Review By: G.A. Parkison
Reply and Date: Submittal report in office

Township: 14 N
Range: 2 W
Section: 21, 22, 34, 27
Quadrangle Name: ?
AMS Sheet: Prescott

Summary, Conclusions, Actions Recommended Very lengthy report based on very little factual data. Property appears to have limited potential, but based on very little data. UNC projects up to 5.2 Mt of ore, both surface and underground mined.

Location and Accessibility About 3 mi. north of AZ hwy 169 (I-17 cutoff) about 4 mi. east of Dewey

Owners and Intermediaries, Address, Phone, Zip United Nuclear Mining & Milling, P.O. Drawer QQ, Gallup, NM 87301 have claim under lease option from Mr. Starnick. UNC staked additional claims BI-1-51; M1-36

Property Description, Status Still under option by UNC. Assessment current on all claims?

Terms Unknown

Previous Exploration and Production Minimal

General Geology Precambrian diorite intrusion into other PC age metavolcanic-metasedimentary rocks

Geology of Prospect* Milky white quartz veins strike generally E-W, dip 20-40° to south, average 2-3 ft. wide but pinch and swell from 1-6 ft.

Mineralization* (Primary and Secondary) Values in gold-silver appear restricted to quartz veins. Underground sampling at largest mine (Ambassador) average 0.387 opt Au, 0.771 opt Ag, and 0.26% Cu. Oxide grade better than sulfide. Got some free gold. Ore shoots quite small, erratic. Limited alteration envelopes around veins.

Geochem Results Very limited surface, underground sampling

Exploration Recommended None

Attachments _____

References _____

* Attach geologic map, sketch or otherwise, including examiner's observations with emphasis on mineralization and alteration and their relationships to other geological features. Other desirable attachments: Location map, property map, sample results, etc.

AMBASSADOR PROJECT

6/27/84

Bob Quintanar

Mike Penick

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EXECUTIVE SUMMARY

The Ambassador Project is an excellent gold exploration project that, if successful, would sustain mining of the oxide ore with a surface heap leach operation and the sulfide ore with an underground operation. The property consists of 99 unpatented mining claims that are located near Prescott, Arizona. This general area has a good history of gold mining. It has yet to achieve its potential. Geologic, topographic, geographic, and climatic conditions are very favorable for a successful operation.

Because it is as important to know when to stop as it is when to start an exploration program, the Ambassador program has been planned as a series of sequential steps whose direction or continuation will be determined by the success and results of each step. The initial steps of (1) mine sampling and analysis; (2) comprehensive literature search; (3) claim staking and filing; (4) geologic surface reconnaissance; (5) preliminary economic potential analysis, and (6) exploration program planning that are required prior to major expenditures have been completed since the property was acquired in 1982. The next sequence of steps needed to establish a significant economic geologic occurrence and that will also prove a potential of 800,000 tons of ore, will require an expenditure of approximately \$900,000 in a time span of 20 months. The final sequence of exploration steps required to prove a reserve potential of approximately 5.2 million tons of ore containing approximately 1.0 million ounces of gold and 2.2 million ounces of silver will cost approximately \$2.1 million additional and take about 3 years.

Executive Summary (Continued)

If the exploration program is successful, the startup of an 1800 ton per day surface heap leach operation would begin in 1988 with ore values of 0.070 ounces per ton of gold and 0.210 ounces per ton of silver. A 300 ton per day underground mine would startup in 1989 with ore values of 0.387 ounces of gold per ton and 0.771 ounces of silver per ton. After 10 years of production or by the end of 1998, approximately 3.7 million tons of ore would be mined to recover 400,000 ounces of gold and 940,000 ounces of silver.

Based on actual reported information from similar operations and utilizing constant 84 dollars, a preliminary financial analysis indicates a potential operating income of \$94.4 million dollars from 1988 through 1998. If a 6% annual inflation of the price of gold and operating costs is assumed, the operating income would increase to \$162.3 million. Again, if we assume a 10% annual increase in the price of gold and 6% in costs, the operating income increases to \$292.0 million.

INTRODUCTION

The Ambassador Project area is located in Yavapai County, Arizona, approximately 20 miles east of Prescott. The 99 unpatented claims that compose the project are found for the most part within Sections 21, 22, 34 and 27, T14N, R2W. The entire area is found within the Prescott National Forest, Verde Ranger District. (Fig. 1)

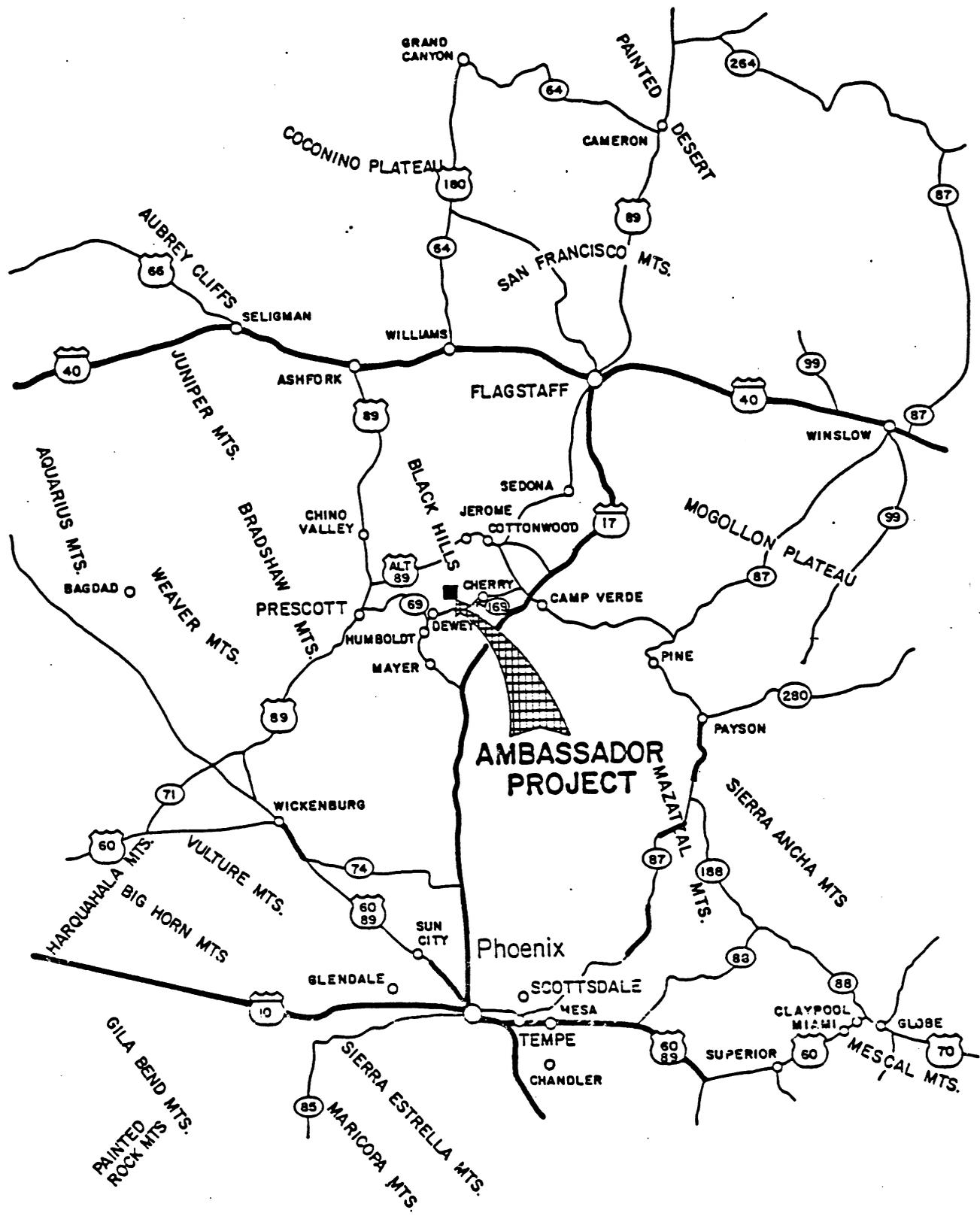
The elevations of the area range from 4840 feet at the southeast corner of the claim block on Ash Creek to 5920 feet on the ridge west of Tex Canyon Tank. The area topography consists of a northwestward trending fault-block mountain range (Black Hills range) with valleys (Verde Valley to the east and Chino Valley to the west) on either side. The topography is typical of the transition zone between the Colorado Plateau Province and the Basin and Range Province.

The climate zones found in the area are elevation dependent. In view of the 5,380 foot average elevation of the Ambassador area, temperatures of 0 to 100 degrees can be expected. The average annual precipitation is from 18 to 19 inches with a small amount being snowfall.

The vegetative cover for the area is generally very brushy with the brush growing up to 10 feet high in the stream channels where an excess of water may be found.

The Atchison, Topeka and Santa Fe Railroad has a spur south through Dewey from their main east-west line between Flagstaff and Kingman, although it does not seem to be currently in use.

The property is accessed via approximately two to three miles of bulldozed, single lane, dirt road which connects to an improved dual



-  - U.S. INTERSTATE Highway
-  - U.S. Highway
-  - ARIZONA STATE Highway

GENERAL LOCATION MAP

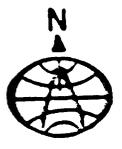
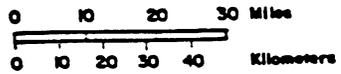


Figure 1

laned dirt road for about one to two miles. From this connection, there are about 20 miles of dual laned, paved road west to Prescott and approximately 10 miles of the same east to Interstate 17.

The Verde Mining District (Old Jerome Mining District) is situated approximately 10 miles to the northeast of the Ambassador Project area. This district has been a major metals producer with a production history as follows:

<u>Verde Mining District (1884 - 1975)</u>	
Copper.	3,625,051,000 Lbs.
Lead.	693,000 Lbs
Gold.	1,579,000 Oz.
Silver.57,313,000 Oz.
Zinc.97,352,000 Lbs.

The Ambassador Project is officially staked within the Black Hills Mining District, although the geology seems to be more similar to the Cherry Creek Mining District. The following are production figures from 1890 to 1961 for these two districts:

<u>Black Hills (1890-1961)</u>	<u>Cherry Creek (1907-1948)</u>
1,900,000 Lbs.	Copper 28,000 Lbs.
25,000 Lbs.	Lead150 Lbs.
<100 Ozs.	Gold4,000 Ozs.
64,000 Ozs.	Silver6,200 Ozs.

Note: These production figures are limited due to several small operations not keeping records or these records having been lost in the interim.

The Verde, Black Hills and Cherry Creek Mining Districts are all found in Yavapai County. Yavapai County is the largest gold producer in Arizona. It has produced over three million ounces of gold along with 92 million ounces of silver as of 1983. These amounts being 24% of the total Arizona gold production of 14 million ounces and 20% of the total Arizona silver production of 474 million ounces.

The Black Hills Mining District is located on the western slope of the Black Hills range, from Cherry Creek west to Dewey and bounded on the north by Mingus Mountain to a point a few miles north of Yaeger Canyon on the Jerome - Prescott Highway.

The districts major rock types are granites, diorites, schists and amphibolites. There are several evidences of copper mineralization in the area, but disappointing exploration results to date have yielded no major copper finds.

The largest mine found in this district is the Yaeger Mine. Copper and silver constitute a major part of its production. The ore is composed mainly of bornite with tennantite, pyrite and chalcocite in a calcite and quartz gangue. The weathered protions contain azurite and malachite. Production here continued until 1922.

The Cherry Creek Mining District is located in the southeast corner of the Jerome Quad. It is bounded on the west by the Black Hills Mining District.

The major rock types of this district are Precambrian granites, diorites and schists with some Tertiary Volcanics. The gold mineralization occurs in quartz veins with thicknesses varying from stringers to eight

feet. These veins are abundant. The best grades are ~~found~~ in variable ore shoots found within more gently dipping structures..

Most of the production from this district occurred around the turn of the century. Approximately 15 to 20 small operations have produced high grade, free milling ores. The majority of the production ceased in the 1940's. The major reasons for these properties' failures were:

- 1) Capital was squandered or pocketed by promoters.
- 2) Mills were erected prior to location of sufficient feed.
- 3) Metallurgical processes at the time only recovered 50% to 60%.
- 4) When sulfide ore was encountered, the grades were generally too low to be recovered profitably by flotation methods of this time period.
- 5) Operations were impeded when water was encountered from 100 to 300 feet in depth.

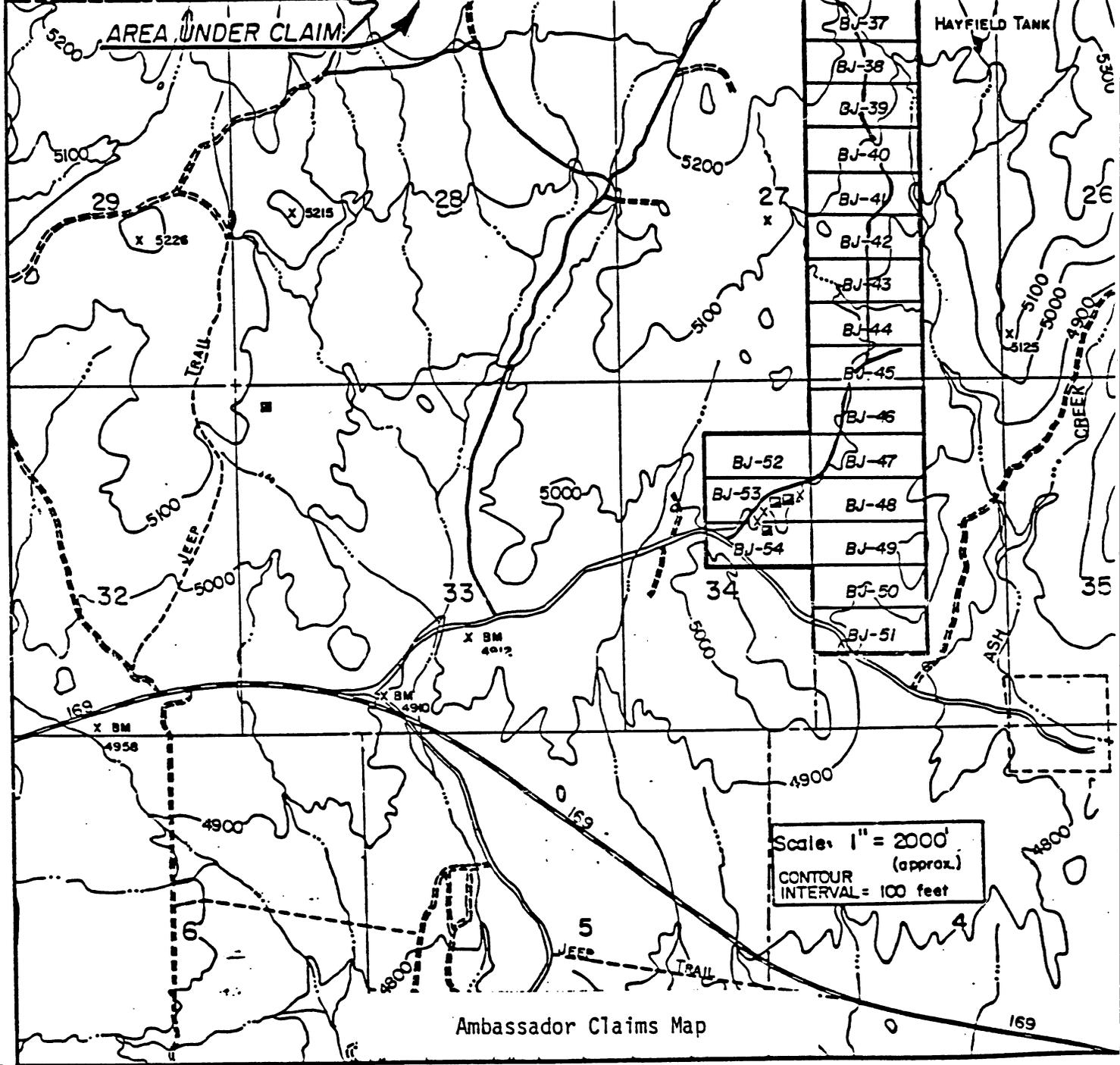
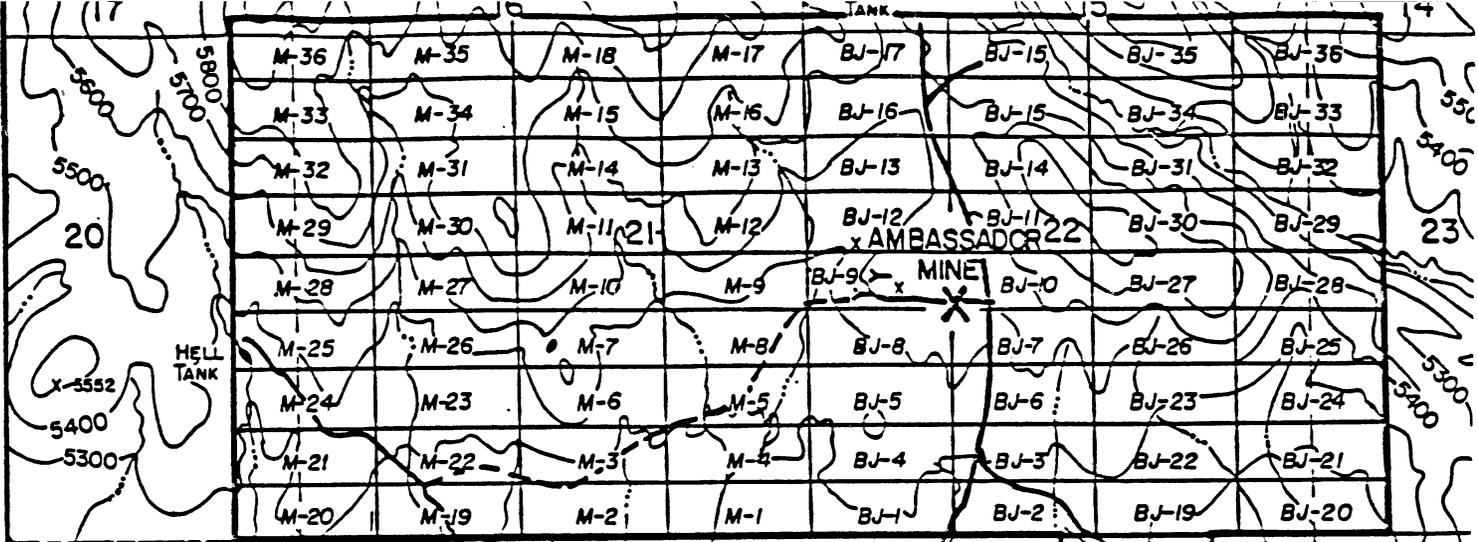
The Ambassador Claim was discovered by the Starnick family around the late 1800's or early 1900's. The Starnicks had homesteaded on Sections 27 and 28, which are approximately one mile south of the claim. This claim, on which the mine is located, was worked by the Starnick family from 1900 to 1910. During the late 1930's and early 1940's some production was achieved by a lessor, but no production records were kept or the records have been lost. In all, it appears from the mine openings that less than 20,000 tons of ore was extracted, possibly resulting in a production of a few thousand ounces of free milling gold.

Mr. Joseph Starnick, who worked the claim with his father and brother in the early 1900's, has performed yearly assessment since that

time. In 1979, Mr. Starnick filed his assessment late. Meanwhile unknown to each other, Mr. David Mitchell Smith had filed a Lode Mining Claim (Hoot Owl #1) over Mr. Starnick's Ambassador Claim. Mr. Smith, upon discovering that he had overstaked the Ambassador Claim, verbally agreed with Mr. Starnick that he would cease all activity.

UNC Mining and Milling's preliminary evaluation of the property was performed in October 1980. From October 1980 to April 1981, twenty channel samples were taken from exposures in the Ambassador Mine. These samples averaged 0.387 ounce/ton gold and 0.771 ounce/ton silver over an average thickness of three feet. From November 1980 to April 1981, several grab samples were taken from the surface dumps on the claims. These samples averaged 0.071 ounce/ton gold and 0.210 ounce/ton silver. From November 1980 to April 1981, numerous surface grab samples were taken from quartz outcrops on the claim. These samples averaged 0.033 ounces/ton gold and 0.063 ounce/ton silver.

On July 15, 1981, an "Option to Purchase Agreement" was drawn up and signed by Mr. Starnick. This agreement provides Mr. Starnick with a 2.5% royalty on net smelter returns from all mineral production from the Black Jack Claims. This amount would be up to and not exceeding \$100,000. In addition, a "Quitclaim Deed" was drawn up and signed by Mr. D. M. Smith. This document transferred all interest in the Hoot Owl #1 Claim (Ambassador Claim) to Mr. Starnick. After these agreements were completed, the 99 Melanie and Black Claims were staked. The original Ambassador Claim has been overstaked by the Black Jack Claim block. (Fig. 2)



Ambassador Claims Map

Fig. 2

Work on the claims by UNC since this time has consisted of yearly assessment in the form of access roads. Some surface mapping has been completed. There have been several spot samples taken in the mine as a cross-reference for a field test of the E,E & G Ortec Gold Probe. This sampling was completed in February 1982 and averages 0.178 ounces/ton gold. The Ambassador Mine structure has been mapped along with the structure of two adits on the western side of the old Ambassador Claim. (Structural Maps) Four samples were taken from these western adits. These samples averaged 0.073 ounce/ton gold on a two foot average thickness.

A program for continued exploration has been completed in this report. This program is based on certain production and related economic criteria. There are decision points in the program for re-evaluation if the criteria has not been met.

III
GEOLOGY

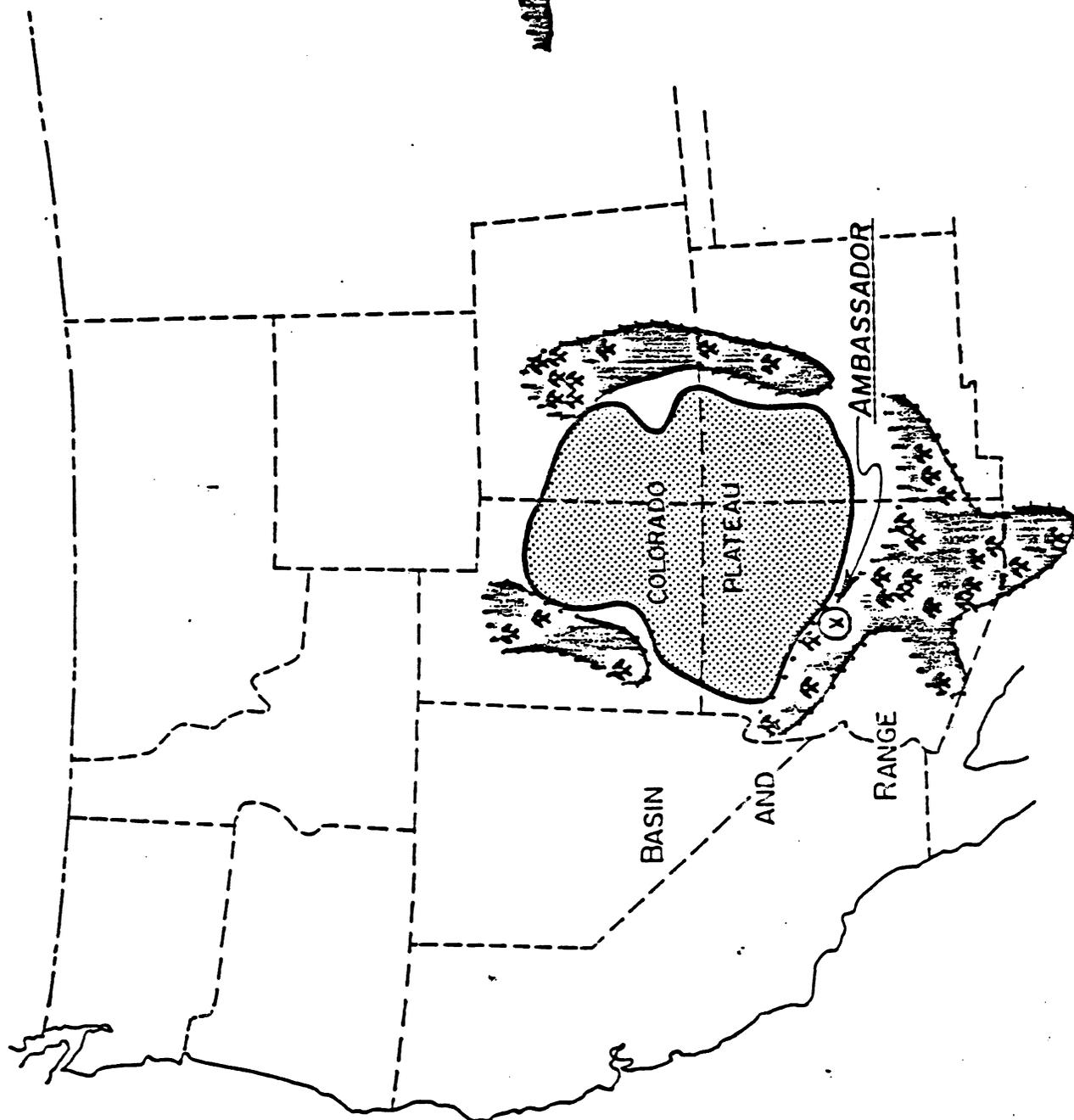
GEOLOGY

Regional Geology

The Ambassador Project Area is located in the Transition Zone between the Colorado Plateau and the Basin and Range physiographic provinces of the southwestern U.S. This zone is characterized by volcanic activity and igneous intrusions which produced various granites and granitoid rocks, ranging in age from late Precambrian to early Cenozoic. The transition zone does not represent a circumferential region of structure, but rather at least five orogenic belts that are tangential to the Colorado Plateau.

Approximately 75% of the base and precious metal deposits of the Southern Rocky Mountains occur in this transition zone, which stretches from Utah through Arizona, New Mexico and Colorado. Within this band of deposits and along the southwestern margin of the Colorado Plateau is a subgroup of deposits from which 80% of Arizona's lode gold production has come. (Fig. 3)

The area around Prescott, Arizona consists of a series of northward and northwestward trending fault-block mountain ranges and valleys which are the surface expressions of one and possibly a combination of three of the tangential structure belts. The mountains are exposed Precambrian metamorphic schists and Precambrian intrusives that make up the basement upon which lie the younger rocks of the Colorado Plateau. Age dating indicates that the schist masses are largely roof pendants surrounded by a sea of granite.



 - AREAS OF BASE AND PRECIOUS METAL MINERALIZATION AROUND THE COLORADO PLATEAU.

 - MINING DISTRICT

Regional Geologic Map

Fig. 3

District Geology

In the general vicinity of the study area, at the southern extent of the Black Hills, an embayment of quartz diorite is bounded by schist to the north and east and by the Shylock Fault Zone to the west. To the south, the quartz diorite is overlain by Tertiary and Quaternary basalts and sediments. (Fig. 4)

Locally, the principal types of gold deposits are: (1) Precambrian gold-quartz veins in igneous rocks, i.e. Cherry Hills District to the east and of the type at the Ambassador Property; (2) Mesozoic or Tertiary gold and gold-silver veins in metamorphic rocks, i.e. northern Black Hills District and; (3) scattered Precambrian gold-quartz-tourmaline replacement deposits.

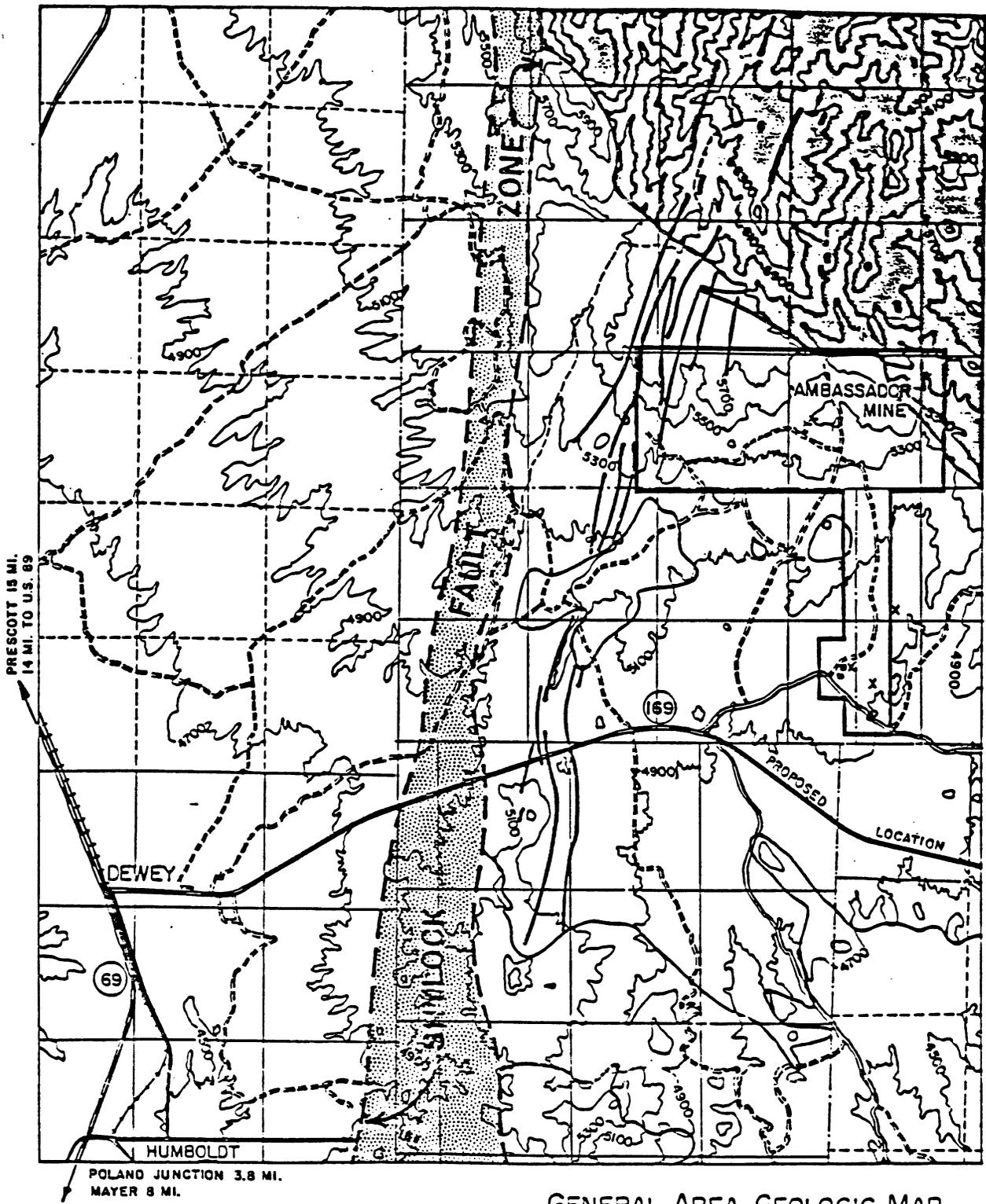
Geology of the Ambassador Project Area:

Rock Type

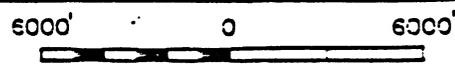
Quartz diorite is the predominant rock type in all except the extreme northeast corner of the approximately two and one-half sections of land covered by the projects' lode mining claims. The quartz diorite is massive and forms large rounded outcrops with a yellowish-white tinge.

In the western part of the claims, dikes of granodiorite porphyry, striking N13⁶E, cut across the quartz diorite.

To the northeast, in Tex Canyon, metamorphic rocks of the Yavapai Series are in contact with the diorite. The contact strikes N60⁰W following the trend of the canyon.



GENERAL AREA GEOLOGIC MAP



CONTOUR INTERVAL 200 FEET

- DIKES
- SCHIST
- SEDIMENTARY COVER
- QUARTZ DIORITE
- FAULT ZONE

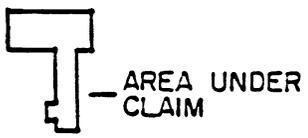


Fig. 4
- 14 -

Mineralization

Mineralization at Ambassador occurs in gold-quartz veins of the hypothermal class. These veins were deposited under conditions of high temperature and pressure, probably genetically related to the later stages of emplacement of the Precambrian age quartz diorite mass.

The veins, with widths averaging 2 to 3 feet, occur in shear zones that characteristically pinch and swell. Where the strike changes or the dip flattens, the widths are above average, exceeding 6 feet in some lenses or shoots.

The vein filling is milky white to glassy quartz. Within the zone of weathering, which extends to 300 feet below the surface in some parts of the district, gold occurs as free milling particles both in quartz and in the remnant solution cavities of oxidized sulfides. Below the zone of oxidation, it is reported that gold occurs as intergrowths with pyrite, chalcopyrite, bornite, sphalerite and galena.

Alteration

The quartz filling and the adjacent country rock are stained by limonite and hematite close to the surface. Slight sericitic alteration is visible on the vein walls. Farther from the veins, saussuritic and chloritic alteration, and, locally, veins of epidote have been observed.

The project area has been divided into four units based on previous work and future investigation targets. They are as follows: (1) Ambassador Mine Site; (2) East Hills; (3) West Hills and: (4) the Southern Flats. (Fig. 5)

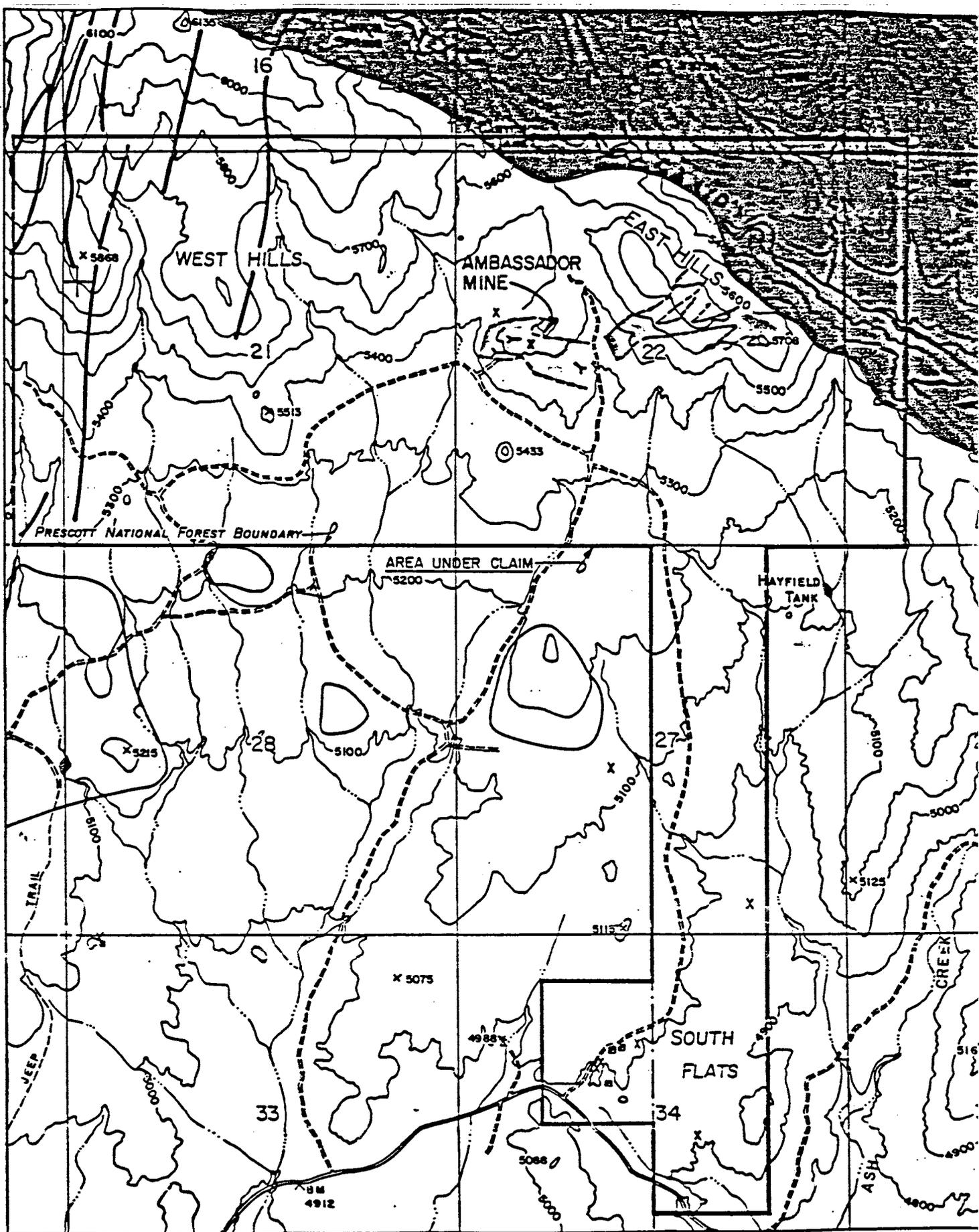
Ambassador Mine Site

The Ambassador Mine Site is located in the east-central portion of the main group of claims. The country rock is quartz diorite and contains a gold-quartz vein striking $N80^{\circ}W$ and dipping from 20° to 40° south. The vein outcrops for approximately 1500 feet along its strike and in several places downdip where the slope of the hillside is steeper than the dip of the vein. Iron staining discolors the quartz diorite over a wide area in the vicinity of the vein.

Underground, the vein walls show some sericitic alteration and are stained by hematite. In the ore shoots, hematite is so abundant it forms a reddish powder that masks the quartz gangue. Specular hematite is also present in small pockets in the workings and in samples from surface dumps. Sulfide minerals, collected at only two locations, are represented by small grains of bornite and pyrite intergrown in the quartz.

Shear zones intersect the vein at right angles in the proximity of the ore shoots and seem to be related to similar structures distinguishable on the surface. Included with these surface structures are 3 to 5 inch wide veins of epidote occupying some of the shears and a sharp contact between coarse and fine grained quartz diorite. (Fig. 6)

The Ambassador Mine is an adit beginning at the eastern exposure of the vein. The main drift trends northwest, semi-parallel to the



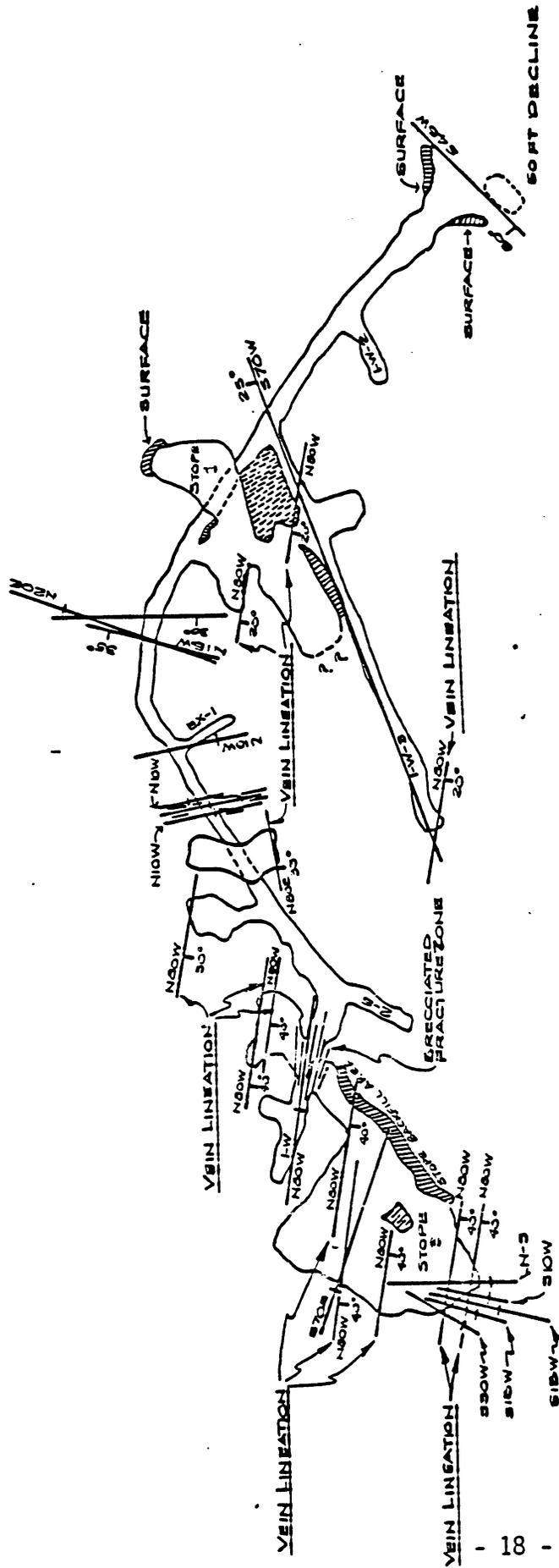
-  - DIKES
-  - SCHIST
-  - SEDIMENTARY COVER
-  - QUARTZ DIORITE
-  - GOSSON ZONE
-  - MINE WORKINGS

Fig. 5

AMBASSADOR PROPERTY

LOCATION MAP





Structure Map

AMBASSADOR MINE

SCALE: 1" = 40'

Fig. 6

strike of the vein. Crosscuts, driven southwest off the main drift, intersect the vein in various places. There are over 600 feet of drift in the mine which encountered three main ore shoots. These shoots were exploited for short distances up and down dip, only in the oxidized zone. The largest of these shoots was mined for 50 feet downdip, 40 feet along strike and was 6 feet wide.

Additional workings include two shorter adits at the western exposure of the vein and two inclined shafts. (Figs. 7 & 8)

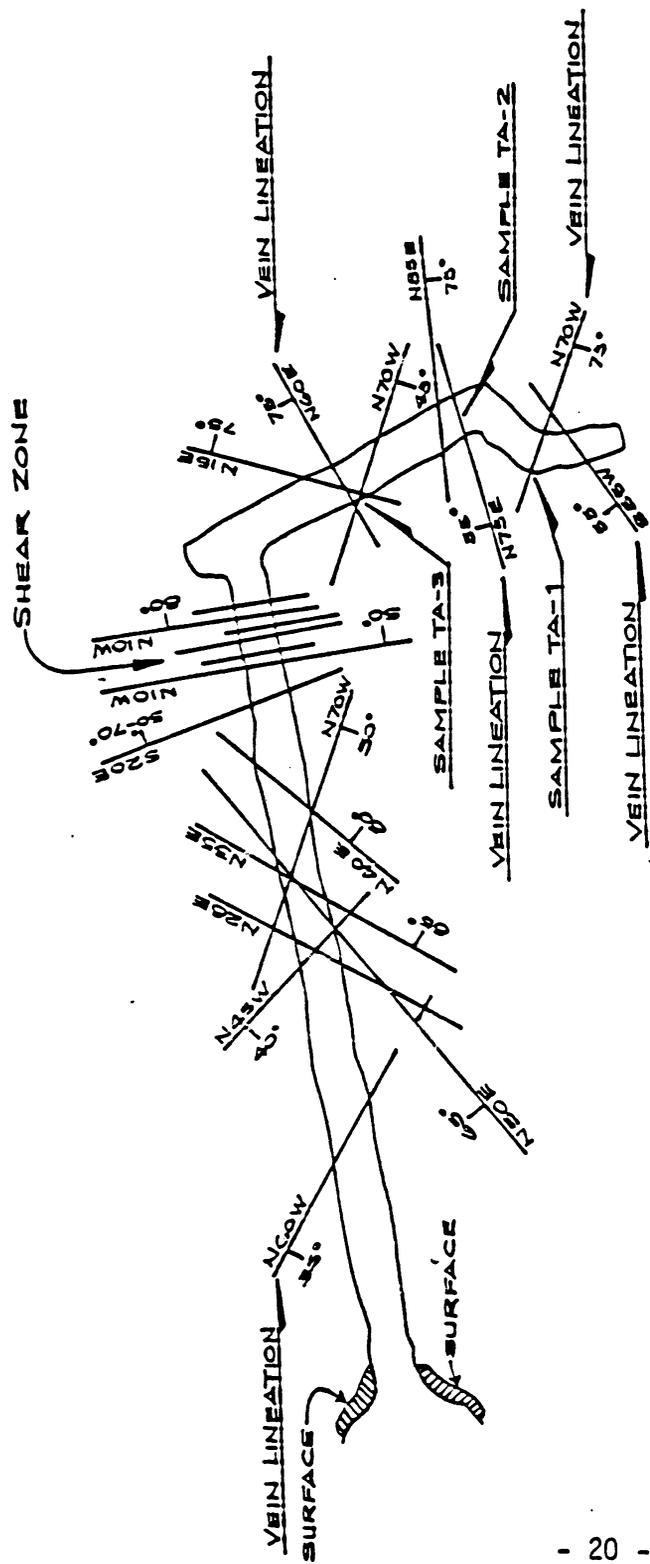
Samples of the oxide ore taken underground averaged 0.387 oz/ton gold and 0.771 oz/ton silver across an averaged 3-foot vein width. These results are the average of 20 sample locations that range in value from 0.005 oz/ton gold and 0.010 oz/ton silver across an 18-inch vein split to 1.650 oz/ton gold and 0.730 oz/ton silver across an ore shoot with a 6-foot vein width. (Fig. 9 and 9a)

Mining of the ore shoots did not penetrate the sulfide zone. Since much of the gold mined was originally deposited as a sulfide complex and later liberated by the action of oxidation, significant gold values should undoubtedly be encountered downdip along with increased base metal concentrations in the form of sulfide mineralization.

East Hills

Northeast of the Ambassador Mine adit is the area designated the East Hills. These hills are crossed by at least five intersecting quartz veins exposed on the surface for approximately 3500 feet along their length.

The veins range in strike from N40°E to N80°E and seem to pinch



UPPER WESTERN ADIT
SCALE: 1" = 20'

Fig. 7

AMBASSADOR MINE SAMPLES

I. Ambassador Mine Underground Samples

<u>Sample (Date)</u>	<u>Thickness</u>	<u>Au(Oz/T)</u>	<u>Ag(Oz/T)</u>	<u>Cu(%)⁽³⁾</u>
1 (10/17/80)	2.0 ft.	0.160	1.490	1.00
2 (10/17/80)	3.5 ft.	0.006	0.010	0.03
3 (10/17/80)	1.0 ft. ⁽¹⁾	0.820	1.560	0.10
4 (10/17/80)	1.5 ft. ⁽¹⁾	0.004	0.010	0.02
3 & 4 Total Vein	2.5 ft.	0.330	0.630	0.05
5 (10/17/80)	3.0 ft.	0.084	0.460	0.20
6 (10/17/80)	6.0 ft.	1.650	0.730	0.10
1 (4/1/81)	2.0 ft.	0.240	1.240	0.12
2 (4/1/81)	4.0 ft.	0.036	0.350	0.09
3 (4/1/81)	2.5 ft. ⁽¹⁾	0.120	0.280	0.07
4 (4/1/81)	1.5 ft. ⁽¹⁾	1.088	2.030	0.41
5 (4/1/81)	1.0 ft. ⁽¹⁾	0.010	0.130	0.10
3, 4 & 5 Total Vein	5.0 ft.	0.388	0.775	0.18
6 (4/2/81)	2.8 ft.	0.222	1.200	1.28
7 (4/2/81)	5.0 ft.	0.118	0.400	0.08
8 (4/2/81)	2.1 ft.	0.142	0.420	0.19
9 (4/2/81)	3.5 ft.	0.440	0.860	0.17
10 (4/3/81)	1.0 ft.	0.294	0.910	0.15
11 (4/3/81)	1.5 ft.	0.216	0.760	0.39
12 (4/3/81)	1.5 ft. ⁽²⁾	0.100	0.900	0.14
13 (4/3/81)	1.0 ft. ⁽²⁾	0.238	0.520	0.07
W (4/3/81)	3.5 ft.	0.006	1.400	-
TOTAL	2.9 ft.	0.387	0.771	0.26

Fig. 9a

and swell as the Ambassador vein does. Gosson zones of hematitic stained quartz diorite adjacent to the veins and fissure fillings of epidote are also present.

On the northwest portion of the East Hills, additional areas of hematitic staining are visible from a distance and probably represent other veins. Extensions of these veins into the schist of Tex Canyon may be mineralized especially at the contact with the diorite.

The East Hills have not been sampled to date and have the potential for significantly increasing reserves on the property.

West Hills

Covering the entire northwestern portion of the claims are the West Hills. In this area, which includes almost an entire section of land, several dikes of granodiorite porphyry trending approximately N13°E cut the quartz diorite country rock.

An occurrence of sulfide mineralization has been reported in these hills and is assumed to be related to the dikes. In addition, an extension of the mineralized vein at the Ambassador Mine Site may extend into this region.

Little else is known about this group of claims which will be explored further.

Southern Flats

South of the main block of claims, along the access road to the Ambassador Mine, are additional mine workings. The workings are in quartz-diorite locally stained red by hematite. Mineralization is assumed to be of a similar nature as in the claims to the north. This area represents another target with the potential of increasing the property reserves.

Discussion

The model for mineralization at the Ambassador Property supports the hypothesis that potential for economic quantities of primarily gold with important values of silver and base metals exists at depth.

It begins with shrinkage fissures formed during the initial stages of cooling shortly after emplacement of the quartz-diorite intrusion. As cooling progressed, these fissures extended, providing conduits that eventually tapped the hot residual gasses and fluids containing dissolved base and previous metals. The final stage of cooling involved deposition of minerals in the fissures by the hot exhalates, forming veins containing gold, silver and base metals in a quartz gangue.

The slight sericitic alteration of the vein walls indicates that these veins are of the hypothermal class. Hypothermal signifies deposition under high pressure and temperature with no appreciable differences between the wall rock and vein material, thus little difference in mineralization with increased depth. The presence of epidote indicates that the property sits near the top of this model with significant potential in the veins at depth.

IV
EXPLORATION

RECOMMENDATIONS FOR FURTHER EXPLORATION

The Ambassador Mine area has shown good gold grades from sampling of mine exposures. These gold values along with the silver and copper values shown from sampling yields a per ton value of \$166.05 @ \$400/Oz. Au, \$10.00/Oz. Ag and \$0.70/Lb. Cu. In view of these values, this deposit has the potential of being an economic ore deposit - being primarily gold, with minor amounts of silver and copper, with the possibility of increased base metals and continuing gold values at depth. To realize this potential, an exploration program must be implemented. The authors have recommended a two step program for the continued exploration of this property. (See Exploration Outline, page 33)

The aim of "Step A" of this program is to prove a potential for at least a ten year mine life at a 250 to 300 tons/day production rate. The potential quantity and quality of reserves necessary to achieve this are being examined in the immediate Ambassador Mine area with the remaining claimed areas being examined in "Step B" of this program.

In "Part I" of "Step A", two core holes are planned. These holes will intersect the projected vein dip at 200 feet and 500 feet. They will be drilled at an angle from the same site. The holes will be located as to intersect the ore shoot which was mined from Stope #3 of the Ambassador Mine. These holes would tend to prove or disprove grade and thickness continuation of this ore shoot to a 500 foot depth. They would also give an indication of the depth of the weathered zone.

The remaining work to be performed in "Part I" would be the completion of sampling and mapping of all unexplored excavations and completion of surface mapping remaining on the Black Jack and Melanie

claim blocks. The lack of drilling at this point and the lack of good surface vein exposures makes the sampling of any exposures imperative. The completion of surface mapping is necessary to develop target areas for future core drilling or trenching and determinations of which claims may be dropped and if it is necessary, to acquire additional claims. A set of aerial photographs (color or infrared, if possible) should be obtained from the appropriate governmental agencies. These photos should be examined during the surface mapping stage for structural and alteration features which require field checking.

"Part II" of the program would be one of two choices depending upon the success of "Part I" drilling. Both choices would involve trenching and one would then call for the drilling of two holes and the other would call for drilling eight holes. The trenching would be located midway between the Ambassador Mine and the Western Adits. This trench would be approximately 600 feet long and 6 feet deep. This trenching would assist in determining actual strikes and dips of veins (due to poor surface exposures), in making vein projections for drill hole intersections and in sampling near surface oxide material.

In the event of negative showings from drill holes #1 and 2 and after the trenching above, two more core holes of 200 foot depth would be drilled along strike east and west. These holes would determine if there were lateral extensions of the vein. If the showing from these two holes are negative, then thought should be given to targets shown by surface mapping completed at this point. If no, or few, interesting targets are available, a serious consideration should be given to ceasing operations and re-evaluating the properties profitability.

In the event of positive showings from Drillholes #1 and 2 and after the trenching above, eight more core holes of 200 foot depth would be drilled on 150 centers along strike east and west of Stope #3. The information generated from this drilling would be the initial base information for use in potential reserve determination. These holes should also give an indication of the amount of oxide mineralization present in the mine area.

If the drilling of the eight 200 foot drill holes of "Part II" show encouraging results, eight more core holes will be drilled. These holes will be drilled from the same sites and will be angled as to intersect the vein at a 500 foot depth. At this point, it is likely that an oxide mineralization reserve will be possible for the Ambassador Mine area. Useful information about the sulfides grades and thicknesses will also be attained to a 500 foot level.

The alternative if the 200 foot holes of "Part II" are negative is that consideration should be given to ceasing operations and re-evaluating the properties' profitability.

Again, in "Part IV" there are two alternatives depending upon the positive or negative showings of "Part III" drilling. If the previous holes are encouraging, the extension of drilling to a 1000 foot level should be undertaken. This will be done from new sites on 150 foot centers across the entire Ambassador Mine area or ten holes. At this point, a good reserve base on the probable sulfide mineralization should be available.

The second alternative, if the 500 foot holes of "Part III" are negative, is that consideration should be given to ceasing operations

and re-evaluating the properties' profitability.

If the previous drill holes' information has been encouraging, a close observation of the reserves should be taken to see if the production criteria has been achieved or if more drilling is necessary for further definition of the reserve. If the latest ten drill holes show discouraging results, then consideration should be given either to potential in other claim blocks (East and West Hills and South Flats), or to ceasing operations and re-evaluating the properties' profitability.

As production criteria is met, the appraisal of the East and West Hills and the South Flats should be undertaken to increase the property value and potential profitability. This appraisal would be "Step B" of this exploration program.

"Step B" would begin by trenching the areas targeted by surface mapping. This trenching would be completed with dozer, backhoe or blasting, depending on the ruggedness of the terrain. This trenching would be useful in determining actual strikes and dips of the structures within the altered zones, in making projections of these structures for drill hole intersection and in sampling near surface oxide material.

"Part II" of the program for these areas should be drilling in three phases; the first being for quality determination to a 200 foot depth and to give indications of the depth of the weathered zone; the second being for quality and quantity information to a depth of 500 feet to show the lower boundary of oxide mineralization and for the generation of an oxide mineralization reserve; the third being for determination of quality and quantity information to complete a reserve data base and for the generation of a sulfide mineralization reserve to a 1000 foot level.

A considerable amount of wall rock coring will be accomplished in all phases (especially early phases) of this drilling. This coring will provide wall rock alteration information. With all of this coring, some samples should be examined in thin section. These analyses would determine mineral assemblages at varying depths for detectable mineral zonations. This, along with the extensive wall rock sampling, would assist substantially in ore genesis determinations and confidence in target selections.

The amount of time involved to complete "Step A" is approximately 20 months. This period includes all five parts of this step. A projected three years will likely be necessary for the fulfillment of "Step B".

This exploration program has been constructed to realize certain potentials for each section of work. The usefulness of "Part I" is simply to see if a known ore shoot extends to a depth of 500 feet for an expenditure of approximately \$45,774. The potential for probable mineralization to a depth of 200 feet is shown after the completion of "Part II". This potential could show approximately 500,000 tons (200 ft. deep x 1500 ft. long x 20 ft. wide @ 12 ft³/ton) for an approximately expenditure of \$98,575. The probable mineralization to 500 feet is shown in "Part III" drilling. This has the potential for showing approximately 112,500 tons (300 ft. of dip x 1500 ft. long x 3 ft. wide @ 12 ft.³/Ton) for an approximate expenditure of \$142,187. "Part IV" has the potential for showing additional probable mineralization to 1000 feet. An additional approximate amount of 187,500 tons (500 ft. of dip x 1500 ft. long x 3 ft. wide @ 12 ft.³/ton) could be shown for an approximate expenditure of \$299,817. "Part V" drilling would move reserves from the probable to proven category

for an approximate expenditure of \$299,317. This would give a cumulative expenditure of \$885,670 for a potential of 800,000 tons. (Fig. 10)

The potentials realized in each part of this program are evaluated. These Evaluation Points are considered after the completion of each Part. The success of these Parts are viewed in terms of positive geologic knowledge and this knowledge's effect on ore potential. The changing ore potential analyses' effect on projected property profitability will be examined. This projected property profitability will be amended in accordance with new information and a decision will be made as to continue or discontinue.

Other exploration on this property should be completed during the production phase in a continual attempt to discover additional reserves to increase mine life and profitability. Potential may increase as a better understanding of the property is acquired through this exploration program.

EXPLORATION COSTS
(CONSTANT 1984 \$)

ACTIVITY	STEP A	PART I (1 MONTH)	PART II* (2 MONTHS)	PART III (3 MONTHS)	PART IV (7 MONTHS)	PART V (7 MONTHS)	TOTAL STEP A (20 MONTHS)	STEP B	PART I (1 MONTH)	PART II (3 YEARS)	TOTAL STEP B
	MANPOWER (2 GEOLOGISTS & 1 SURVEYOR)		\$ 13910	\$ 27821	\$ 41731	\$ 97373	\$ 97373	\$ 278208		\$ 13910	\$ 500,774
TRANSPORTATION (2 VEHICLES)		\$ 1292	\$ 2581	\$ 3876	\$ 9044	\$ 9044	\$ 24940		\$ 1292	\$ 46,512	\$ 47,804
PHOTOGEOLOGIC INTERPRETATION		\$ 1532	-	-	-	-	\$ 1532		-	-	-
TRENCHING (FOOTAGE)		-	{500} \$ 6000	-	-	-	\$ 6000		{5000} \$ 50000	-	\$ 50000
SITE PREPARATION (NO. SITES)		{1}	{8}	-	{10}	{10}	{14950}		-	{90 — 120} \$ 43500 — \$ 60000	\$ 49500 — \$ 66000
DRILLING (NO. SITES)		{2}	{8}	{8}	{10}	{10}			-	{90 — 120}	
> \$ 7.00/FT. - PLUG < (FT)		-	{0}	{11200}{1000}	{35000}{15000}	{35000}{15000}			-		
> \$ 25.00/FT. - CORE < (FT)		{17500}{700}	{41000}{16000}	{60000}{24000}	{125000}{50000}	{125000}{50000}			-		
TOTAL DRILLING COST		\$ 17500	\$ 41000	\$ 71200	\$ 160000	\$ 160000	\$ 448700		-	\$ 1008000 — \$ 1344000	\$ 1008000 — \$ 1344000
MOBILIZATION & DEMOBILIZATION		\$ 2500	\$ 2500	\$ 2500	\$ 2500	\$ 2500	\$ 12500		-	\$ 7500 — \$ 10000	\$ 7500 — \$ 10000
DRIFT SURVEY TOOL		\$ 350	\$ 700	\$ 1050	\$ 2450	\$ 2450	\$ 7000		-	\$ 12800	\$ 12800
> \$ 350.00/MTN <											
SAMPLE ANALYSIS (NO. SAMPLES)		{450}	{800}	{1200}	{1200}	{1200}			{250}	{1800 — 2400}	
> \$ 17.00/SAMPLE <		\$ 7650	\$ 13600	\$ 20400	\$ 20400	\$ 20400	\$ 82450		\$ 4250	\$ 30600 — \$ 40800	\$ 30600 — \$ 40800
THIN SECTION STUDY (NO. OF DOZ. OF SAMPLES)		{4}	{7}	{10}	{10}	{10}			-	{15 — 20}	
> \$ 50.00/DOZ. SAMPLES <		\$ 200	\$ 350	\$ 500	\$ 500	\$ 500	\$ 1550		-	\$ 750 — \$ 1000	\$ 750 — \$ 1000
CORE BOXES (NO. BOX)		{70}	{150}	{240}	{500}	{500}			-	{2625 — 3500}	
> \$ 2.00/BOX <		\$ 140	\$ 320	\$ 480	\$ 1000	\$ 1000	\$ 2940		-	\$ 4250 — \$ 7000	\$ 4250 — \$ 7000
MISC. SUPPLIES > \$ 150.00/MTN <		\$ 150	\$ 300	\$ 450	\$ 1050	\$ 1050	\$ 3000		\$ 150	\$ 5400	\$ 5400
TOTAL		\$ 45774	\$ 98575	\$ 142187	\$ 299817	\$ 299317	\$ 885670		\$ 150	\$ 5400	\$ 5400
CUMULATIVE TOTAL		\$ 46224	\$ 108450	\$ 162637	\$ 462454	\$ 462454	\$ 1348124		\$ 150	\$ 5400	\$ 5400

EXPLORATION OUTLINE

Refer to Figure 11

STEP A

Part I: Intersect Stope #3 ore shoot with core holes

- 1) Two core holes from same site (1984 assessment work)
 - (a) 200 and 500 feet deep
 - (b) Core entire length

To: Prove grade continuation to 500 feet

To: Indicate the oxide mineralization depth
- 2) Sample and map all unexplored excavated areas
- 3) Mapping of entire claimed area

To: Determine the retention, release or further staking of claims.

To: Develop targets for future drilling.

EVALUATION POINT 1: CONSIDER PART I SUCCESS

Part II: Positive -

- 1) Trenching
 - (a) Midway between Ambassador Mine and Western Adits
 - (b) 6 feet deep and approximately 600 feet long

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization
- 2) Drill eight core holes in Ambassador Mine Area
 - (a) On 150 foot centers
 - (b) East-West along strike
 - (c) 200 feet deep
 - (d) Core entire length

To: Begin to generate reserve data base

To: Indicate the amount of oxide mineralization

Negative -

1) Trenching

(a) Midway between Ambassador Mine and Western Adits .

(b) 6 feet deep and approximately 600 feet long

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization

2) Drill two core holes

(a) On 150 foot centers

(b) East-West along strike

(c) 200 feet deep

(d) Core entire length

To: Determine lateral extensions of the ore shoot

Note: If holes #3 and 4 are positive - move to Part II positive mode.

Note: If holes #3 and 4 are negative - cease operations and reconsider property profitability.

EVALUATION POINT 2: CONSIDER PART II SUCCESS

Part III - Positive -

1) Drill eight core holes in Ambassador Mine area

(a) On 150 foot centers

(b) East-West along strike

(c) 500 feet deep

(d) Core 300 feet through vein

(e) Drill from existing sites

Negative -

Cease operations and reconsider property profitability.

EVALUATION POINT 3: CONSIDER PART III SUCCESS

Part IV: Positive -

1) Drill ten core holes in Ambassador Mine area

(a) On 150 foot centers

(b) East-West along strike

(c) 1000 feet deep

(d) Core 500 feet through vein

To: Generate probable sulfide mineralization reserve

To: Continue generation of reserve data base

Negative -

Cease operations and reconsider property profitability.

EVALUATION POINT 4: CONSIDER PART IV SUCCESS

Part V: Positive -

1) Drill approximately 10 offset core holes

To: Substantiate probable ore from previous drilling

To: Categorically change ore from probable to proven

To: Generate proven sulfide mineralization reserve

Negative -

1) Consider potential of other targets

2) Cease operations and reconsider property profitability

EVALUATION POINT 5: CONSIDER STEP A SUCCESS

STEP B

Positive on Step A

Part I: Trenching of East and West Hills and South Flats

1) Across targeted area from surface mapping

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization

Part II: Drilling core holes on East and West Hills and South Flats

1) Approximately 90 to 120 drill holes

2) Base on previous targets

3) 200, 500 and 1000 feet deep (3 phases)

To: Make quantitative and qualitative estimates on ore grade mineralization in these areas.

To: Increase total value of property

EVALUATION POINT 5: CONSIDER STEP A SUCCESS

STEP B

Positive on Step A

Part I: Trenching of East and West Hills and South Flats

- 1) Across targeted area from surface mapping

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization

Part II: Drilling core holes on East and West Hills and South Flats

- 1) Approximately 90 to 120 drill holes

- 2) Base on previous targets

- 3) 200, 500 and 1000 feet deep (3 phases)

To: Make quantitative and qualitative estimates on ore grade mineralization in these areas.

To: Increase total value of property

ASSUMPTIONS

Exploration Costs

Time - Based on estimated time required for site preparation, drilling and return of sample analysis.

- Assume 21 working days per month.

*Manpower - Assume 2 Geologists and 1 Surveyor

- Geologist - \$15 per hour (wages)
35% fringes
\$75 per diem per day

. \$15/hour + 35% Fringes = \$20.25/Hour

. \$20.25/hour x 8 hours/day = \$162/day (wages)

. \$162/day + \$75/day (per diem) = \$237/day

. \$237/day x 21 days/month = \$4,977/month

. \$4,977 month x 2 Geologist = \$9,954/month

- Surveyor - \$10.50 per hour (wages)
35% fringes
\$75 per diem per day

. \$10.50/hour + 35% fringes = \$14.18/hour

. \$14.18/hour x 8 hours/day = \$113.40/day (wages)

. \$113.40/day + \$75/day (per diem) = \$188.40/day

. \$188.40/day x 21 days/month = \$3,956.40/month

. 2 Geologists + 1 Surveyor = \$13,910.40/month

*Transportation - Assume 2 vehicles

- 700 miles round trip from Gallup, N.M. to Prescott, AZ

- Assume 2 round trips per month, 1 vehicle

- Assume 300 miles per week field use.

- \$0.21 per mile usage on vehicles.

- Assume 10 miles per gallon gasoline consumption.

Assumptions
Exploration Case

Transportation (Continued)

- Assume \$1.30 per gallon of gasoline

Round Trip

. 700 miles/trip ÷ 10 miles/gallon = 70 gallons/trip
. 70 gallons/trip x \$1.30/gallon = \$91.00/trip
. \$91.00/trip x 2 trips/month = \$182/month
. 700 miles x \$0.21/mile = \$147
. \$147 x 2 trips/month = \$294/month

Field Work

. 300 miles/week ÷ 10 miles/gallon = 30 gallons/week
. 30 gallons/week x \$1.30/gallon = \$39/week
. \$39/week x 4 weeks/month = \$156/month
. 300 miles/week x \$0.21/mile = \$63/week
. \$63/week x 4 weeks/month = \$252/month
. (\$156/month + \$252/month) x 2 vehicles = \$816/month
. \$182/month + \$294/month + \$816/month = \$1,292/month

**Photogeologic Interpretation

- \$350 for 1:10,000 scale color photographs of
4 square mile area. (1977 cost)
- \$350 for 1:10,000 scale near infrared photograph
of 4 square mile area. (1977 cost)
- \$200 for detailed interpretation of photographs.
(1977 cost)
- 1.702 inflation factor from 1977 to 1984.
. \$350 + \$350 + \$200 = \$900 (1977 cost)
. \$900 x 1.702 = \$1,532 (1984 cost)

Assumptions
Exploration Case

- **Trenching
 - \$6 per linear foot of trench or per foot of depth in test pits with work performed by bulldozer, backhoe, or by blasting. (1977 cost)
 - 1.702 inflation factor from 1977 to 1984.
 - \$6 x 1.702 = \$10 per foot (1984 cost)

- *Site Preparation
 - \$485 per site including short access road (1981 cost)
 - 1.134 inflation factor from 1981 to 1984
 - \$485 x 1.134 = \$550 per site (1984 cost)

- ***Drilling
 - Assume Drilling Advances 75 feet per day.
 - Assume coring entire lengths of holes in Parts I and II.
 - Assume approximately one-half of lengths of holes in Parts III, IV and V will be cored.
 - Drilling Costs
 - \$25 per foot in core interval
 - \$7 per foot in non-core interval

- ***Mobilization & Demobilization
 - \$2,500 per drilling period.
 - Assume better cost than quote due to properties proximity to Prescott, Arizona.

- ***Drift Survey Tool
 - \$350 per month rental.

- *Sample Analysis
 - \$17 per sample including preparation.
 - Assume multi-metal analysis
 - Number of samples assumes that one-half of core footage will be analyzed in 1 foot intervals.

Assumptions
Exploration Case

***Thin Section
Study

- \$50 per dozen samples including preparation.
- Assume that 10% of samples analyzed for metal content will also be studied in thin section.

***Core Box

- \$2 per Box
- Assume 10 feet of core per box.

***Miscellaneous
Supplies

- \$150 per month.
- Includes sample bags, log books, small tools, etc.

Notes:

- * Based on actual rates paid and costs incurred by UNC for these types of activities during normal operations, inflated to 1984 rates and costs.
- ** Based on quotes from "Mineral Exploration Unit Costs, Western U.S., 1977" inflated to 1984 costs.
- *** Based on quotes received by UNC appearing in "Pre-Development Drilling at Cornucopia Mine" and in "Comparison of Surface Core and Plug Hole Costs".

V

POTENTIAL MINERALIZATION

MINERALIZATION POTENTIAL AT AMBASSADOR

The expected mineralized volumes of rock at the Ambassador Property, assuming all phases of the outlines exploration program are successful, are 3,125,000 tons of oxides and 2,058,000 tons of sulfides. (Fig. 12)

These tonnages would yield approximately 1,018,321 ounces of gold and 2,242,968 ounces of silver assuming grades of .070 ounces per ton gold and .210 ounces per ton silver in the oxide zone and .387 ounces per ton gold and .771 ounces per ton silver in the sulfide zone.

This potential was calculated based on: (1) a rock density of 12 cubic feet per ton; (2) known and inferred vein lengths totaling 13,000 feet; (3) known and inferred depths averaging 200 feet in the oxide zone and 750 feet in the sulfide zone, and (4) widths ranging from 10 to 20 feet in the zone of oxide mineralization and 2 and 3 feet in the zone of sulfide mineralization.

Additional potential in the form of recoverable base metal values exists at depth in the sulfide zone.

MINERALIZATION POTENTIAL SUMMARY PAGE

OXIDE MINERALIZATION POTENTIAL	
AMBASSADOR MINE SITE	$1500' \times 200' \times 20' = 6,000,000 \text{ ft}^3 = 500,000 \text{ TONS}$
EAST HILLS	$5,000' \times 300' \times 10' = 15,000,000 \text{ ft}^3 = 1,250,000 \text{ TONS}$
WEST HILLS	$5,000' \times 200' \times 15' = 15,000,000 \text{ ft}^3 = 1,250,000 \text{ TONS}$
SOUTH FLATS	$1,500' \times 100' \times 10' = 1,500,000 \text{ ft}^3 = 125,000 \text{ TONS}$
3,125,000 TONS	

FORMULA — Length x Depth x Width = Volume x 12 = Tons

SULFIDE MINERALIZATION POTENTIAL	
AMBASSADOR MINE SITE	$1,500' \times 800' \times 3' = 3,600,000 \text{ ft}^3 = 300,000 \text{ TONS}$
EAST HILLS	$5,000' \times 700' \times 2' = 7,000,000 \text{ ft}^3 = 583,000 \text{ TONS}$
WEST HILLS	$5,000' \times 800' \times 3' = 12,000,000 \text{ ft}^3 = 1,000,000 \text{ TONS}$
SOUTH FLATS	$1,500' \times 700' \times 2' = 2,100,000 \text{ ft}^3 = 175,000 \text{ TONS}$
2,058,000 TONS	

Fig. 12

ASSUMPTIONS

Mineralization Potential

Tonnage Factor

- Approximate specific gravity of quartz - 2.7 g/cm^3
- Approximate specific gravity of granites - $2.6 - 2.7 \text{ g/cm}^3$
- Use 2.65 g/cm^3 specific gravity for Ambassador Project Rock in place.
- Tonnage Factor = $\frac{2000}{2.65 \times 62.5} = 12$ cubic feet per ton
 - 2000 = pounds per ton
 - 2.65 = grams per cubic centimeter
 - 62.5 = conversion factor to pounds per cubic foot

Oxide Mineralization

Ambassador Mine Site

Length - 1500' of mapped vein length.

Depth - 100' of mined depth + 100' assumed = 200'

Width - 20' assumed based on alteration zone

. . . . $1500' \times 200' \times 20' = 6,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{500,000 \text{ tons}}$

East Hills

Length - 3,500' of mapped length + 1,500' assumed to north = 5,000'

Depth - 300' assumed based on higher elevation of East Hills than at Ambassador Site. (Weathering progressing faster than erosion.)

Width - 10' assumed based on alteration zone.

. . . . $5000' \times 300' \times 10' = 15,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{1,250,000 \text{ tons}}$

Assumptions
Mineralization Potential

Oxide Mineralization (continued)

West Hills

Length - 5000' assumed based on potential Ambassador vein extension and potential for additional veins on the 36 claims.

Depth - 200' assumed based on Ambassador Mine Site

Width - 15' assumed based on average of Ambassador Mine Site and East Hills.

. . . . 5000' x 200' x 15' = 15,000,000 ft³ x 12 ft³/ton = 1,250,000 tons

South Flats

Length - 1500' assumed based on presence of previous workings.

Depth - 100' assumed based on lower elevation of South Flats than at Ambassador Site. (Erosion progressing faster than weathering)

Width - 10' assumed based on most conservative width in previous areas.

. . . . 1500' x 100' x 10' = 1,500,000 ft³ x 12 ft³/ton = 125,000 tons

SUMMARY OF POTENTIAL OXIDE MINERALIZATION

Ambassador Mine Site	500,000	
East Hills	1,250,000	
West Hills	1,250,000	
South Flats	<u>125,000</u>	
TOTAL	3,125,000	Tons of Potential Oxide Mineralization

Grades - .071 ounces per ton Gold based on surface samples.

.210 ounces per ton Silver based on surface samples.

. . . . 3,125,000 x .071 = 221,875 ounces of Gold

. . . . 3,125,000 x .210 = 656,250 ounces of Silver

Assumptions
Mineralization Potential

Sulfide Mineralization

Ambassador Mine Site

Length - 1500' of mapped vein length.

Depth - 800' below oxide zone assumed.

Width - 3' based on average of measured widths.

$$\dots 1500' \times 800' \times 3' = 3,600,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{300,000 \text{ tons}}$$

East Hills

Length - 3,500' of mapped vein length + 1,500' assumed to north
= 5,000'

Depth - 700' below oxide zone assumed.

Width - 2' based on observed widths.

$$\dots 5,000' \times 700' \times 2' = 7,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{583,000 \text{ tons}}$$

West Hills

Length - 5,000' assumed based on potential Ambassador vein extension
and potential for additional veins on 36 claims.

Depth - 800' below oxide zone assumed.

Width - 3' assumed based on Ambassador Mine Site average.

$$\dots 5,000' \times 800' \times 3' = 12,000,000 \text{ ft}^3/\text{ton} = \underline{1,000,000 \text{ tons}}$$

South Flats

Length - 1500' assumed based on presence of previous workings

Depth - 700' below oxide zone assumed.

Width - 2' assumed based on most conservative width in previous areas.

$$\dots 1500' \times 700' \times 2' = 2,100,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{175,000 \text{ tons}}$$

Assumptions
Mineralization Potential

SUMMARY OF POTENTIAL SULFIDE MINERALIZATION

Ambassador Mine Site	300,000	
East Hills	583,000	
West Hills	1,000,000	
South Flats	<u>175,000</u>	
TOTAL	2,058,000	Tons of Potential Sulfide Mineralization

Grades - .387 ounces per ton Gold based on underground sampling.

.771 ounces per ton Silver based on underground sampling.

.253% per ton Copper based on underground sampling.

. . . . 2,058,000 x .387 = 796,446 ounces of Gold.

. . . . 2,058,000 x .771 = 1,586,718 ounces of Silver.

. . . . 2,058,000 x 2000 x .253% = 10,413,480 pounds of Copper.

TOTAL POTENTIAL MINERALIZATION

Oxide - 3,125,000 Tons

Sulfide - 2,058,000 Tons

Total 5,183,000 Tons

	<u>Gold</u>	<u>Silver</u>	<u>*Copper</u>
Oxide -	221,875 ounces	656,250 ounces	
Sulfide -	<u>796,446</u> ounces	<u>1,586,718</u> ounces	<u>10,413,480</u> pound
Total	1,018,321 ounces	2,242,968 ounces	10,413,480 pound

*Potential for additional sulfides possible.

VI
PROJECTED INCOME

AMBASSADOR PROPERTY PROJECTED INCOME

After the successful completion of the Exploration Plan in proving out potential ore, a production plan should be implemented. This procedure initially involves such things as mill tests on bulk oxide and sulfide samples to determine which processing techniques these ores are economically amenable to. State and Federal permitting for mining this property should be undertaken also. Due to the reasonably long periods involved, especially in permitting, this procedure should begin as soon as possible so as to be completed prior to scheduled production start-up. The year 1987 is available for this with extensions into 1988 possible. (Fig. 13)

The production period would encompass a total of ten years beginning in 1988. During 1988, a small amount of oxide tonnage (450 ton/day) would be mined and processed in an open pit mining and heap leaching operation. In 1989, this production would be doubled (900 ton/day) due to the continued development of the open pit and to the production period increasing to a total year's time. The production rate for 1989 would also include a very limited 150 tons/day from underground production. This would be in the form of development work within the ore area. The total daily production will be 1,050 tons for 1989. The full production rate of 2,100 ton/day will be achieved in 1990. The open pit and underground daily rates would be doubled to 1800 and 300 tons respectively. This full production rate will continue for five more years (1991-1995). By 1996, the potential oxide mineralization will be exhausted; however, underground sulfide mineralization mining will continue until 1998 (300 tons/day). After 1998, the continued production from underground mining would be a function of the amount of

**AMBASSADOR PROPERTY
LIFE OF PROPERTY PROJECT SCHEDULE**

TIME (YEARS)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
EXPLORATION (STEP A)	▨													
EXPLORATION (STEP B)				▨										
BULK SAMPLING			▨											
PERMITTING			▨											
PRE-PRODUCTION OPEN PIT				▨										
PRE-PRODUCTION U.G.					▨									
OPEN PIT PRODUCTION								▨						
UNDERGROUND PRODUCTION													▨	

additional proven reserves discovered at this point. (Fig. 14)

Based on these daily mining rates, a yearly tonnage and the amount of metals produced (ounces) has been calculated. The yearly tonnage is based on a 251 days/year work schedule. The calculation of yearly ounces produced is based upon weighted averages of sampling to date on the property. A mill recovery rate of 92% for underground mill ores and 69% for open pit heap leach ores has been applied to ounce production calculations also. (See Appendices)

The sample grades have been applied to calculate a per ton value of metals contained. This ton value calculation is based upon a \$400 per ounce gold value, a \$10 per ounce silver value and a 70¢ per pound copper value. The mill recovery rates of 92% and 69% for mill ore and leach ore respectively has been applied to this ton value to arrive at a revenue per ton value.

An operating cost/ton for underground and open pit mines has been determined from existing historical information on these types of properties. These historic operating costs have been inflated to current 1984 dollars. This inflation rate was calculated using the "NUEXCO Consumer Price Index" as of June 1984. (See Appendices)

With the operating cost/ton and the reserve (tons) at hand, an operating income/ton was calculated. This operating income was applied to the yearly tonnage figure to arrive at an operating income/year number.

The two types of operations (underground and open pit) were treated separately because of the differences in processing and recovery of the

oxide and sulfide mineralization. Total projected mine income was then calculated by using the separate underground and open pit numbers and arriving at an average or weighted average of them.

ASSUMPTIONS

Ambassador Property Projected Income:

General - Forecast period is for 10 years

- Constant 1984 \$
- Inflation factors calculated from "NUEXCO Consumer Price Index" (See Appendix)
- 251 days per year

Potential Mineralization - 3,125,000 tons oxide (See "Assumptions Mineralization Potential)

- 2,058,000 tons sulfide (See "Assumptions Mineralization Potential)

Ore Grade - Underground grades based on to date sampling of underground excavations are 0.387 oz/ton Au, 0.771 oz/ton Ag and 0.253% Cu.

- Open pit grades based on to date sampling of surface exposures and prospect pits are 0.071 oz/ton Au and 0.210 oz/ton Ag.

Recovery Factor - Underground operation with recovery factor of 92% is an average calculated from "Underground Mines Comparison Sheet" (See Appendix)

Mining Rates - Underground mining production is 300 tons/day in third year and after

- Open pit mining production is 1800 tons/day in third year and after

Time - Complete "Step A" of "Exploration Program" in 1985-86

- Complete "Step B" of "Exploration Program" in 1986-87
- Complete permitting and bulk sampling in 1987-88
- Complete underground development in 1988
- Complete open pit development in first six months of 1988
- Begin limited open pit production (450 tons/day) in last six months of 1988
- Begin limited underground production (130 tons/day) in 1989.

Ounces Produced - Underground Calculations:

- (a) 251 Day/Yr. x 300 T/Day = 75,300 T/Yr.
251 Day/Yr. x 150 T/Day = 37,650 T/Yr. (1989)
- (b) 75,300 T/Yr. x .387 Oz/T Au = 29,141 Oz/Yr. x 92% Rec. = 26,810 Oz/Yr. Au
75,300 T/Yr. x .771 Oz/T Ag = 58,056 Oz/Yr. x 92% Rec. = 53,411 Oz/Yr. Ag
37,650 T/Yr. x .387 Oz/T Au = 14,570 Oz/Yr. x 92% Rec. = 13,405 Oz/Yr. Au
37,650 T/Yr. x .771 Oz/T Ag = 29,028 Oz/Yr. x 92% Rec. = 26,706 Oz/Yr. Ag

Ounces Produced - Open Pit Calculations

- (a) 251 Day/Yr. x 1800 T/Day = 451,800 T/Yr.
251 Day/Yr. x 900 T/Day = 225,900 T/Yr. (1989)
125 Day/Yr. x 450 T/Day = 56,250 T/Yr. (1988)
- (b) 451,800 T/Yr. x .071 Oz/T Au = 32,078 Oz/Yr. x 69% Rec. = 22,134 Oz/Yr. Au
451,800 T/Yr. x .221 Oz/T Ag = 99,848 Oz/Yr. x 69% Rec. = 68,895 Oz/Yr. Ag
225,900 T/Yr. x .071 Oz/T Au = 16,039 Oz/Yr. x 69% Rec. = 11,067 Oz/Yr. Au
225,900 T/Yr. x .221 Oz/T Ag = 49,903 Oz/Yr. x 69% Rec. = 34,433 Oz/Yr. Ag
56,250 T/Yr. x .071 Oz/T Au = 3,994 Oz/Yr. x 69% Rec. = 2,756 Oz/Yr. Au
56,250 T/Yr. x .210 Oz/T Ag = 11,813 Oz/Yr. x 69% Rec. = 8,151 Oz/Yr. Ag

Ton Value - Gold @ \$400.00/Oz.

- Silver @ \$10.00/Oz.

- Copper @ \$.070/Oz.

- Underground Calculations:

0.387 Oz/T Au x \$400/Oz Au =	\$154.80/Ton
0.771 Oz/T Ag x \$10/Oz. Ag =	7.71/Ton
0.253% Cu x 2000 Lbs/T=5.06 Lbs/T	
5.06 Lbs/T x \$0.70/Lb. Cu=	3.54/Ton
	<u>\$166.05/Ton</u>

\$166.05/T x 92% Rec = \$152.77/Ton

- Open Pit Calculations:

0.071 Oz/T Au x \$400/Oz Au =	\$28.40/Ton
0.210 Oz/T Ag x \$10/Oz Ag =	2.10/Ton
	<u>\$30.50/Ton</u>

\$30.50/T x 69% Rec = \$21.05/Ton

Operating Cost - Underground operating cost per ton is from 1980 quote on costs at the "Republic Mine" (Day Mines) from "Day Mines, Inc." report (Appendix)

\$52.95 (1980\$) x 1.2512 (1980 to 1984 inflation factor)
= \$66.25 (1984\$)

This mine is an underground gold and silver mine with a 250 T/Day production rate.

- Open pit operating cost per tons is from 1981 quote on costs at the "Ortiz Mine" (AMCON) from 1983 "Gold Mining Study #2" by P. C. Lucke Associates (Appendix)
(\$9.00 (1981\$) x 1.1336 (1981 to 1984 inflation factor))
= \$10.20 (1984\$)

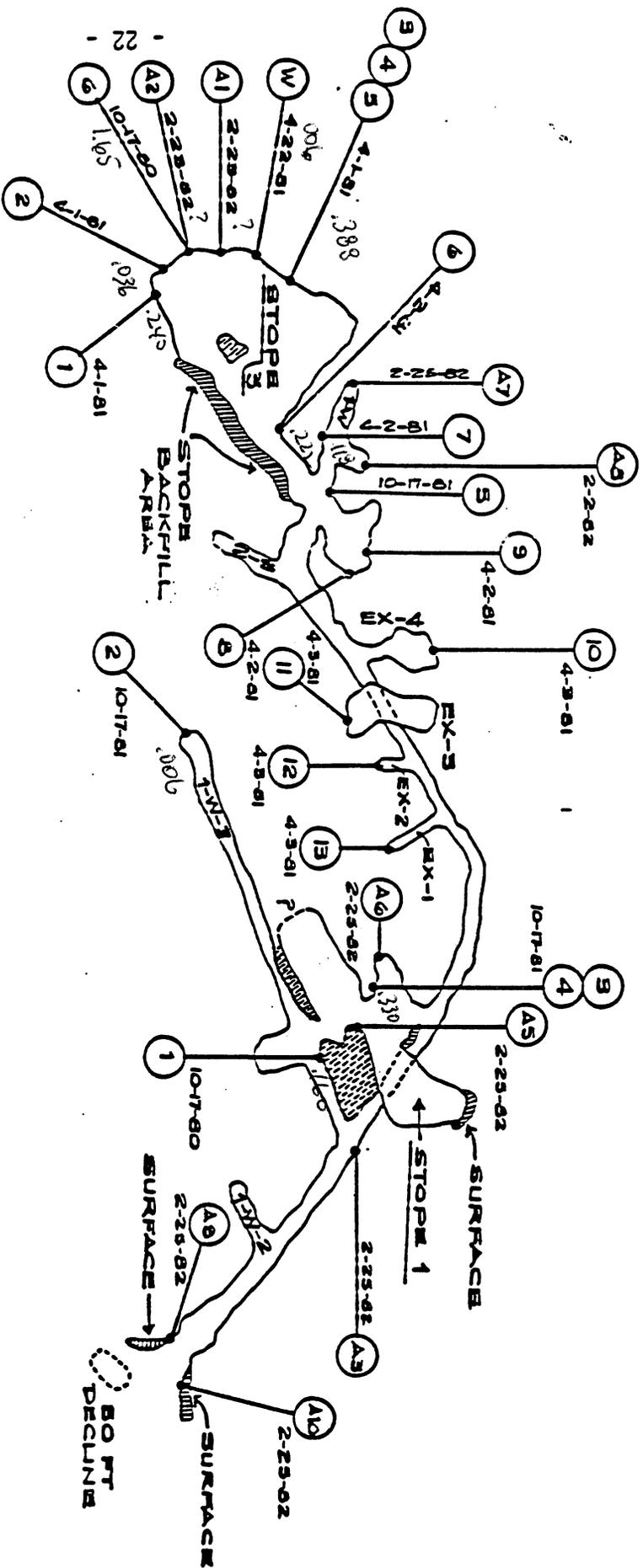
This mine is an open pit gold mine which treats its ore via heap leaching with a 3000 ton/day production rate.

AMBASSADOR MINE SAMPLES

I. Ambassador Mine Underground Samples

<u>Sample (Date)</u>	<u>Thickness</u>	<u>Au(Oz/T)</u>	<u>Ag(Oz/T)</u>	<u>Cu(%)⁽³⁾</u>
1 (10/17/80)	2.0 ft.	0.160	1.490	1.00
2 (10/17/80)	3.5 ft.	0.006	0.010	0.03
3 (10/17/80)	1.0 ft. ⁽¹⁾	0.820	1.560	0.10
4 (10/17/80)	1.5 ft. ⁽¹⁾	0.004	0.010	0.02
3 & 4 Total Vein	2.5 ft.	0.330	0.630	0.05
5 (10/17/80)	3.0 ft.	0.084	0.460	0.20
6 (10/17/80)	6.0 ft.	1.650	0.730	0.10
1 (4/1/81)	2.0 ft.	0.240	1.240	0.12
2 (4/1/81)	4.0 ft.	0.036	0.350	0.09
3 (4/1/81)	2.5 ft. ⁽¹⁾	0.120	0.280	0.07
4 (4/1/81)	1.5 ft. ⁽¹⁾	1.088	2.030	0.41
5 (4/1/81)	1.0 ft. ⁽¹⁾	0.010	0.130	0.10
3, 4 & 5 Total Vein	5.0 ft.	0.388	0.775	0.18
6 (4/2/81)	2.8 ft.	0.222	1.200	1.28
7 (4/2/81)	5.0 ft.	0.118	0.400	0.08
8 (4/2/81)	2.1 ft.	0.142	0.420	0.19
9 (4/2/81)	3.5 ft.	0.440	0.860	0.17
10 (4/3/81)	1.0 ft.	0.294	0.910	0.15
11 (4/3/81)	1.5 ft.	0.216	0.760	0.39
12 (4/3/81)	1.5 ft. ⁽²⁾	0.100	0.900	0.14
13 (4/3/81)	1.0 ft. ⁽²⁾	0.238	0.520	0.07
W (4/3/81)	3.5 ft.	0.006	1.400	-
TOTAL	2.9 ft.	0.387	0.771	0.26

Fig. 9a



Sample Locations

AMBASSADOR MINE

SCALE : 1" = 40'

Fig. 9

UNC MINING AND MILLING



Division of United Nuclear Corporation
A **UNC RESOURCES** Company

New Mexico Operations
P.O. Drawer QQ

Gallup, New Mexico 87301
Telephone 505/722-6651

Mr. Clarence J. Wendt
District Manager
Nicor Minerals
2341 S. Friebus #12
Tucson, AZ 85713

Dear Mr. Wendt:

UNC Resources recently announced that it is getting out of the mining business and has determined that it will dispose of its mineral properties and assets in a "prudent" manner. UNC has a number of precious metal, uranium, and other mineral properties that are in various operational stages of exploration, development, or production. The terms and conditions of a disposal agreement will be based on each specific property's stage of operation.

UNC's Rochester, Montana property and the Ambassador, Arizona property are two of the precious metal properties that are in the earliest stages of exploration. A minimum quantity of expenditures would be required to confirm the potential of a successful mining operation.

The Rochester property is a gold placer deposit that contains approximately 660 acres of state leases and mining claims. It is located in southwestern Montana, about 27 miles south of Butte, three miles west of Twin Bridges, and immediately downstream from the historic gold mining district of Rochester Basin. The property contains an estimated five million yards of gold bearing gravel. The exploration objective is to confirm a gold content of 0.015 to 0.03 ounces of gold per yard.

The Ambassador property could potentially support an 1800 ton per day gold heap leach operation and a 300 ton per day underground mine. It is located approximately 20 miles east of Prescott, Arizona and consists of 99 unpatented mining claims that cover 1980 acres. A successful exploration program would define a resource of 5.2 million tons, of which 800,000 tons would contain 0.07 ounces of gold per ton and over four million tons that would contain 0.3+ ounces of gold per ton.



UNC's disposal objectives for these two properties would be to receive a small cash payment "up-front" and require a minimum exploration expenditure to be performed within a specified time frame. UNC would then slide to a minority carried interest.

These two properties offer an excellent opportunity for successful low cost operations. The required exploration, development, and mine construction expenditures are very attractive.

If you have further interest in these properties, additional information and preliminary evaluations are available on request.

Sincerely yours,

UNITED NUCLEAR CORPORATION

A handwritten signature in cursive script, appearing to read "Charles G. Johnson".

Charles G. Johnson
President & General Manager

CGJ/v

AMBASSADOR PROJECT

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EXECUTIVE SUMMARY

The Ambassador Project is an excellent gold exploration project that, if successful, would sustain mining of the oxide ore with a surface heap leach operation and the sulfide ore with an underground operation. The property consists of 99 unpatented mining claims that are located near Prescott, Arizona. This general area has a good history of gold mining. It has yet to achieve its potential. Geologic, topographic, geographic, and climatic conditions are very favorable for a successful operation.

Because it is as important to know when to stop as it is when to start an exploration program, the Ambassador program has been planned as a series of sequential steps whose direction or continuation will be determined by the success and results of each step. The initial steps of (1) mine sampling and analysis; (2) comprehensive literature search; (3) claim staking and filing; (4) geologic surface reconnaissance; (5) preliminary economic potential analysis, and (6) exploration program planning that are required prior to major expenditures have been completed since the property was acquired in 1982. The next sequence of steps needed to establish a significant economic geologic occurrence and that will also prove a potential of 800,000 tons of ore, will require an expenditure of approximately \$900,000 in a time span of 20 months. The final sequence of exploration steps required to prove a reserve potential of approximately 5.2 million tons of ore containing approximately 1.0 million ounces of gold and 2.2 million ounces of silver will cost approximately \$2.1 million additional and take about 3 years.

Executive Summary (Continued)

If the exploration program is successful, the startup of an 1800 ton per day surface heap leach operation would begin in 1988 with ore values of 0.070 ounces per ton of gold and 0.210 ounces per ton of silver. A 300 ton per day underground mine would startup in 1989 with ore values of 0.387 ounces of gold per ton and 0.771 ounces of silver per ton. After 10 years of production or by the end of 1998, approximately 3.7 million tons of ore would be mined to recover 400,000 ounces of gold and 940,000 ounces of silver.

Based on actual reported information from similar operations and utilizing constant 84 dollars, a preliminary financial analysis indicates a potential operating income of \$94.4 million dollars from 1988 through 1998. If a 6% annual inflation of the price of gold and operating costs is assumed, the operating income would increase to \$162.3 million. Again, if we assume a 10% annual increase in the price of gold and 6% in costs, the operating income increases to \$292.0 million.

II

INTRODUCTION

INTRODUCTION

The Ambassador Project area is located in Yavapai County, Arizona, approximately 20 miles east of Prescott. The 99 unpatented claims that compose the project are found for the most part within Sections 21, 22, 34 and 27, T14N, R2W. The entire area is found within the Prescott National Forest, Verde Ranger District. (Fig. 1)

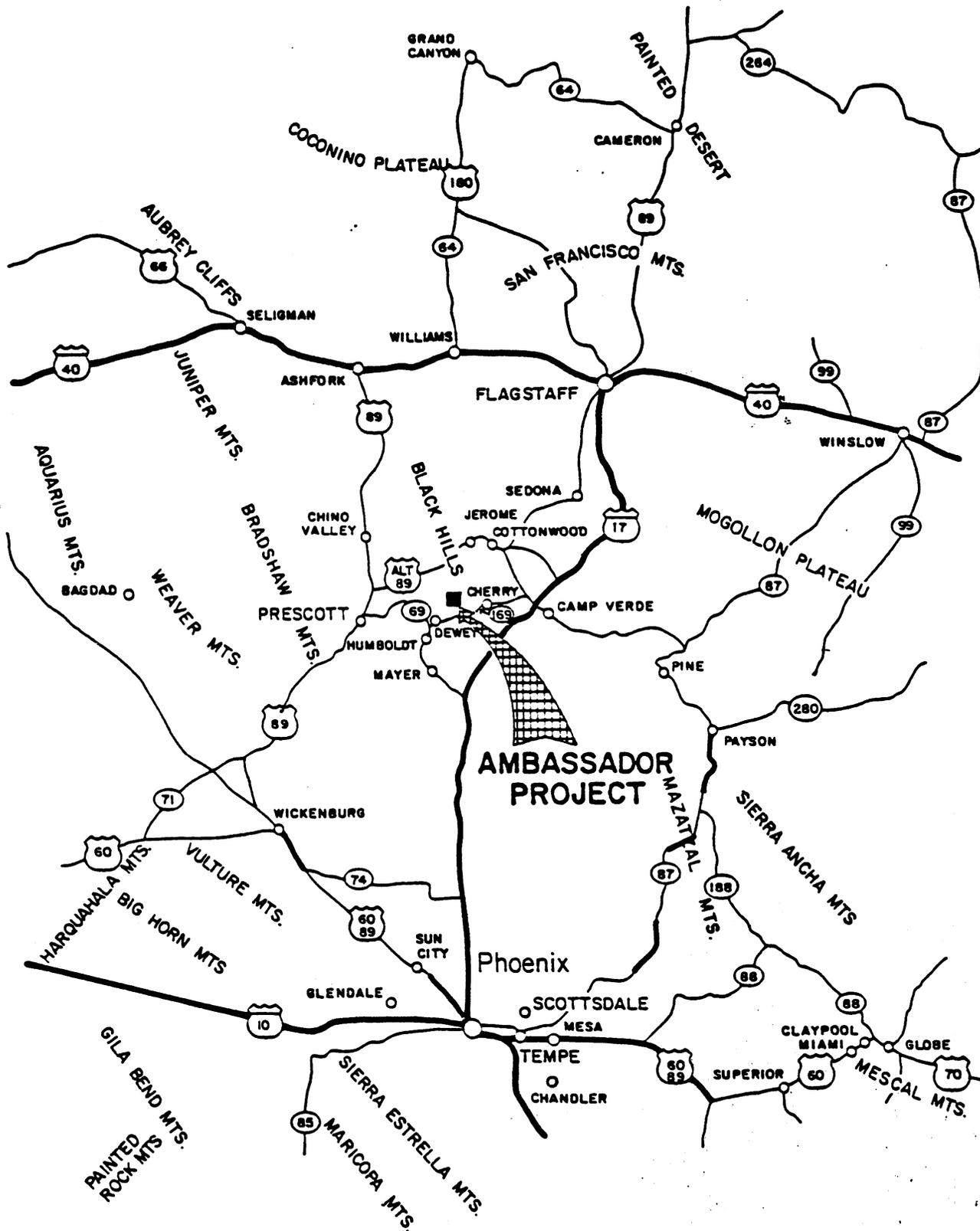
The elevations of the area range from 4840 feet at the southeast corner of the claim block on Ash Creek to 5920 feet on the ridge west of Tex Canyon Tank. The area topography consists of a northwestward trending fault-block mountain range (Black Hills range) with valleys (Verde Valley to the east and Chino Valley to the west) on either side. The topography is typical of the transition zone between the Colorado Plateau Province and the Basin and Range Province.

The climate zones found in the area are elevation dependent. In view of the 5,380 foot average elevation of the Ambassador area, temperatures of 0 to 100 degrees can be expected. The average annual precipitation is from 18 to 19 inches with a small amount being snowfall.

The vegetative cover for the area is generally very brushy with the brush growing up to 10 feet high in the stream channels where an excess of water may be found.

The Atchison, Topeka and Santa Fe Railroad has a spur south through Dewey from their main east-west line between Flagstaff and Kingman, although it does not seem to be currently in use.

The property is accessed via approximately two to three miles of bulldozed, single lane, dirt road which connects to an improved dual



-  - U.S. INTERSTATE HIGHWAY
-  - U.S. HIGHWAY
-  - ARIZONA STATE HIGHWAY

GENERAL LOCATION MAP

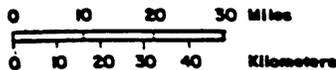


Figure 1

laned dirt road for about one to two miles. From this connection, there are about 20 miles of dual laned, paved road west to Prescott and approximately 10 miles of the same east to Interstate 17.

The Verde Mining District (Old Jerome Mining District) is situated approximately 10 miles to the northeast of the Ambassador Project area. This district has been a major metals producer with a production history as follows:

Verde Mining District (1884 - 1975)

Copper 3,625,051,000 Lbs.
 Lead 693,000 Lbs
 Gold 1,579,000 Oz.
 Silver 57,313,000 Oz.
 Zinc 97,352,000 Lbs.

The Ambassador Project is officially staked within the Black Hills Mining District, although the geology seems to be more similar to the Cherry Creek Mining District. The following are production figures from 1890 to 1961 for these two districts:

Black Hills (1890-1961)

Cherry Creek (1907-1948)

1,900,000 Lbs.	Copper	28,000 Lbs.
25,000 Lbs.	Lead150 Lbs.
<100 Ozs.	Gold4,000 Ozs.
64,000 Ozs.	Silver6,200 Ozs.

Note: These production figures are limited due to several small operations not keeping records or these records having been lost in the interim.

The Verde, Black Hills and Cherry Creek Mining Districts are all found in Yavapai County. Yavapai County is the largest gold producer in Arizona. It has produced over three million ounces of gold along with 92 million ounces of silver as of 1983. These amounts being 24% of the total Arizona gold production of 14 million ounces and 20% of the total Arizona silver production of 474 million ounces.

The Black Hills Mining District is located on the western slope of the Black Hills range, from Cherry Creek west to Dewey and bounded on the north by Mingus Mountain to a point a few miles north of Yaeger Canyon on the Jerome - Prescott Highway.

The districts major rock types are granites, diorites, schists and amphibolites. There are several evidences of copper mineralization in the area, but disappointing exploration results to date have yielded no major copper finds.

The largest mine found in this district is the Yaeger Mine. Copper and silver constitute a major part of its production. The ore is composed mainly of bornite with tennantite, pyrite and chalcocite in a calcite and quartz gangue. The weathered protions contain azurite and malachite. Production here continued until 1922.

The Cherry Creek Mining District is located in the southeast corner of the Jerome Quad. It is bounded on the west by the Black Hills Mining District.

The major rock types of this district are Precambrian granites, diorites and schists with some Tertiary Volcanics. The gold mineralization occurs in quartz veins with thicknesses varying from stringers to eight

feet. These veins are abundant. The best grades are ~~found~~ in variable ore shoots found within more gently dipping structures..

Most of the production from this district occurred around the turn of the century. Approximately 15 to 20 small operations have produced high grade, free milling ores. The majority of the production ceased in the 1940's. The major reasons for these properties' failures were:

- 1) Capital was squandered or pocketed by promoters.
- 2) Mills were erected prior to location of sufficient feed.
- 3) Metallurgical processes at the time only recovered 50% to 60%.
- 4) When sulfide ore was encountered, the grades were generally too low to be recovered profitably by flotation methods of this time period.
- 5) Operations were impeded when water was encountered from 100 to 300 feet in depth.

The Ambassador Claim was discovered by the Starnick family around the late 1800's or early 1900's. The Starnicks had homesteaded on Sections 27 and 28, which are approximately one mile south of the claim. This claim, on which the mine is located, was worked by the Starnick family from 1900 to 1910. During the late 1930's and early 1940's some production was achieved by a lessor, but no production records were kept or the records have been lost. In all, it appears from the mine openings that less than 20,000 tons of ore was extracted, possibly resulting in a production of a few thousand ounces of free milling gold.

Mr. Joseph Starnick, who worked the claim with his father and brother in the early 1900's, has performed yearly assessment since that

time. In 1979, Mr. Starnick filed his assessment late. Meanwhile unknown to each other, Mr. David Mitchell Smith had filed a Lode Mining Claim (Hoot Owl #1) over Mr. Starnick's Ambassador Claim. Mr. Smith, upon discovering that he had overstaked the Ambassador Claim, verbally agreed with Mr. Starnick that he would cease all activity.

UNC Mining and Milling's preliminary evaluation of the property was performed in October 1980. From October 1980 to April 1981, twenty channel samples were taken from exposures in the Ambassador Mine. These samples averaged 0.387 ounce/ton gold and 0.771 ounce/ton silver over an average thickness of three feet. From November 1980 to April 1981, several grab samples were taken from the surface dumps on the claims. These samples averaged 0.071 ounce/ton gold and 0.210 ounce/ton silver. From November 1980 to April 1981, numerous surface grab samples were taken from quartz outcrops on the claim. These samples averaged 0.033 ounces/ton gold and 0.063 ounce/ton silver.

On July 15, 1981, an "Option to Purchase Agreement" was drawn up and signed by Mr. Starnick. This agreement provides Mr. Starnick with a 2.5% royalty on net smelter returns from all mineral production from the Black Jack Claims. This amount would be up to and not exceeding \$100,000. In addition, a "Quitclaim Deed" was drawn up and signed by Mr. D. M. Smith. This document transferred all interest in the Hoot Owl #1 Claim (Ambassador Claim) to Mr. Starnick. After these agreements were completed, the 99 Melanie and Black Claims were staked. The original Ambassador Claim has been overstaked by the Black Jack Claim block. (Fig. 2)

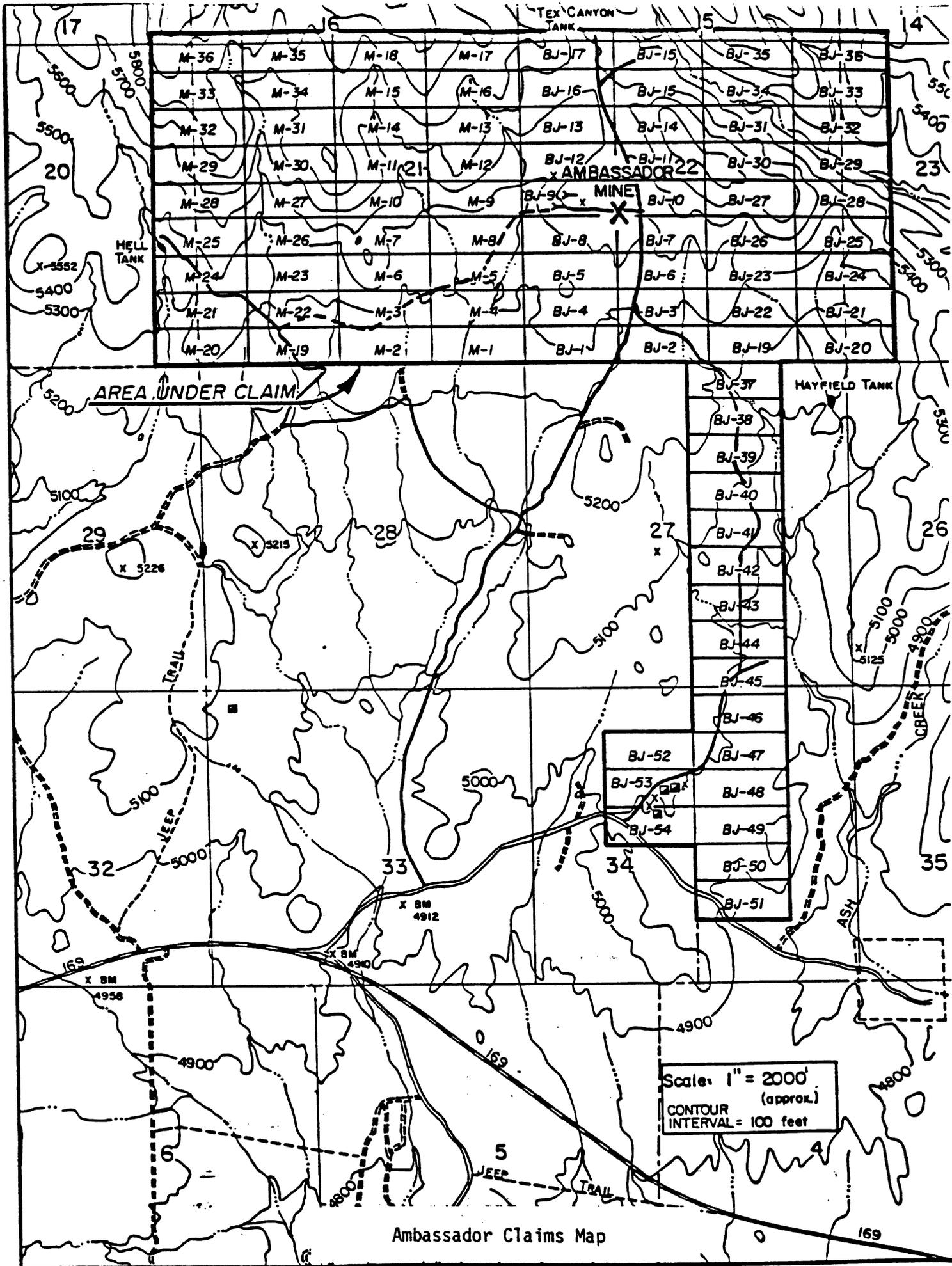


Fig. 2

Work on the claims by UNC since this time has consisted of yearly assessment in the form of access roads. Some surface mapping has been completed. There have been several spot samples taken in the mine as a cross-reference for a field test of the E,E & G Ortec Gold Probe. This sampling was completed in February 1982 and averages 0.178 ounces/ton gold. The Ambassador Mine structure has been mapped along with the structure of two adits on the western side of the old Ambassador Claim. (Structural Maps) Four samples were taken from these western adits. These samples averaged 0.073 ounce/ton gold on a two foot average thickness.

A program for continued exploration has been completed in this report. This program is based on certain production and related economic criteria. There are decision points in the program for re-evaluation if the criteria has not been met.

III
GEOLOGY

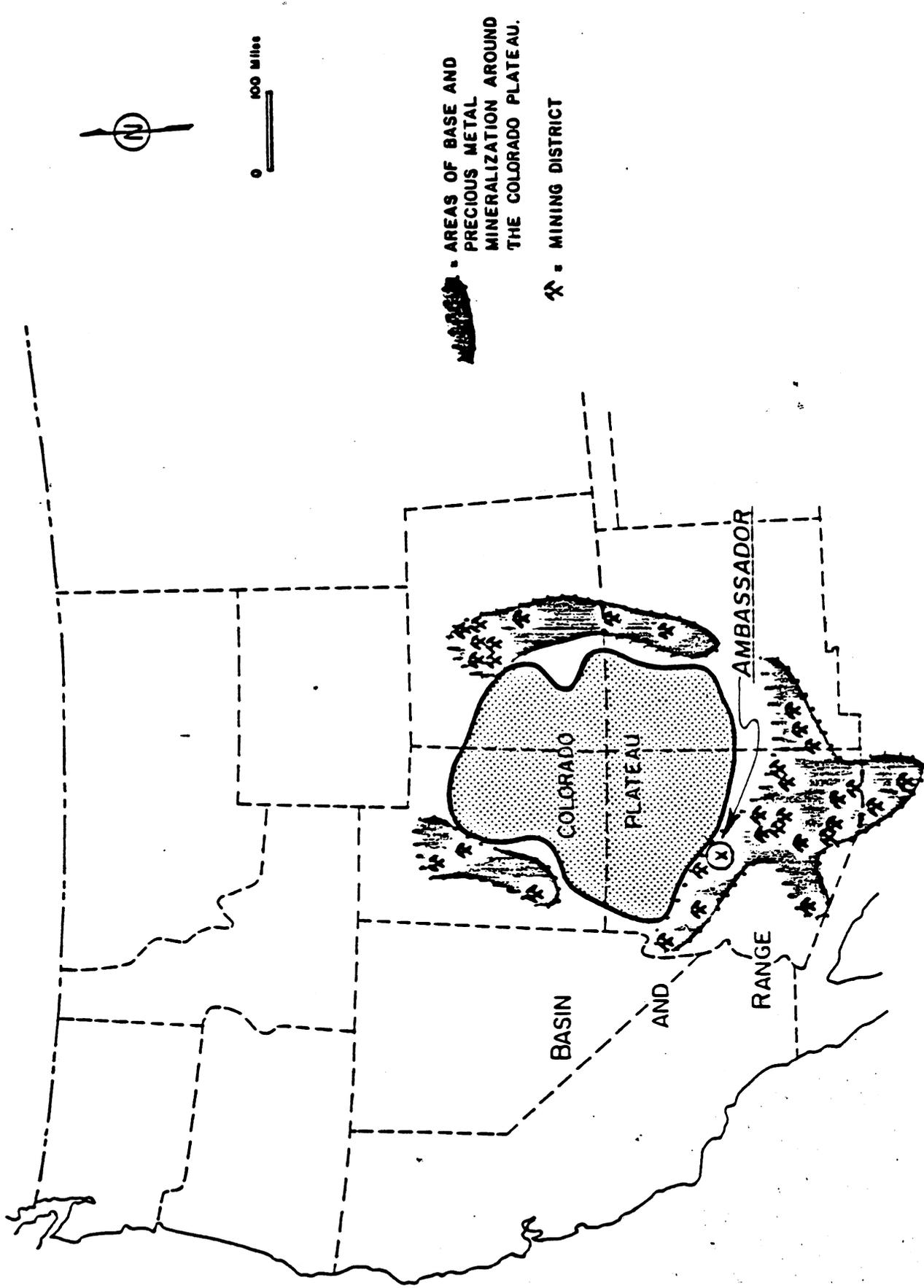
GEOLOGY

Regional Geology

The Ambassador Project Area is located in the Transition Zone between the Colorado Plateau and the Basin and Range physiographic provinces of the southwestern U.S. This zone is characterized by volcanic activity and igneous intrusions which produced various granites and granitoid rocks, ranging in age from late Precambrian to early Cenozoic. The transition zone does not represent a circumferential region of structure, but rather at least five orogenic belts that are tangential to the Colorado Plateau.

Approximately 75% of the base and precious metal deposits of the Southern Rocky Mountains occur in this transition zone, which stretches from Utah through Arizona, New Mexico and Colorado. Within this band of deposits and along the southwestern margin of the Colorado Plateau is a subgroup of deposits from which 80% of Arizona's lode gold production has come. (Fig. 3)

The area around Prescott, Arizona consists of a series of northward and northwestward trending fault-block mountain ranges and valleys which are the surface expressions of one and possibly a combination of three of the tangential structure belts. The mountains are exposed Precambrian metamorphic schists and Precambrian intrusives that make up the basement upon which lie the younger rocks of the Colorado Plateau. Age dating indicates that the schist masses are largely roof pendants surrounded by a sea of granite.



Regional Geologic Map

Fig. 3

District Geology

In the general vicinity of the study area, at the southern extent of the Black Hills, an embayment of quartz diorite is bounded by schist to the north and east and by the Shylock Fault Zone to the west. To the south, the quartz diorite is overlain by Tertiary and Quaternary basalts and sediments. (Fig. 4)

Locally, the principal types of gold deposits are: (1) Precambrian gold-quartz veins in igneous rocks, i.e. Cherry Hills District to the east and of the type at the Ambassador Property; (2) Mesozoic or Tertiary gold and gold-silver veins in metamorphic rocks, i.e. northern Black Hills District and; (3) scattered Precambrian gold-quartz-tourmaline replacement deposits.

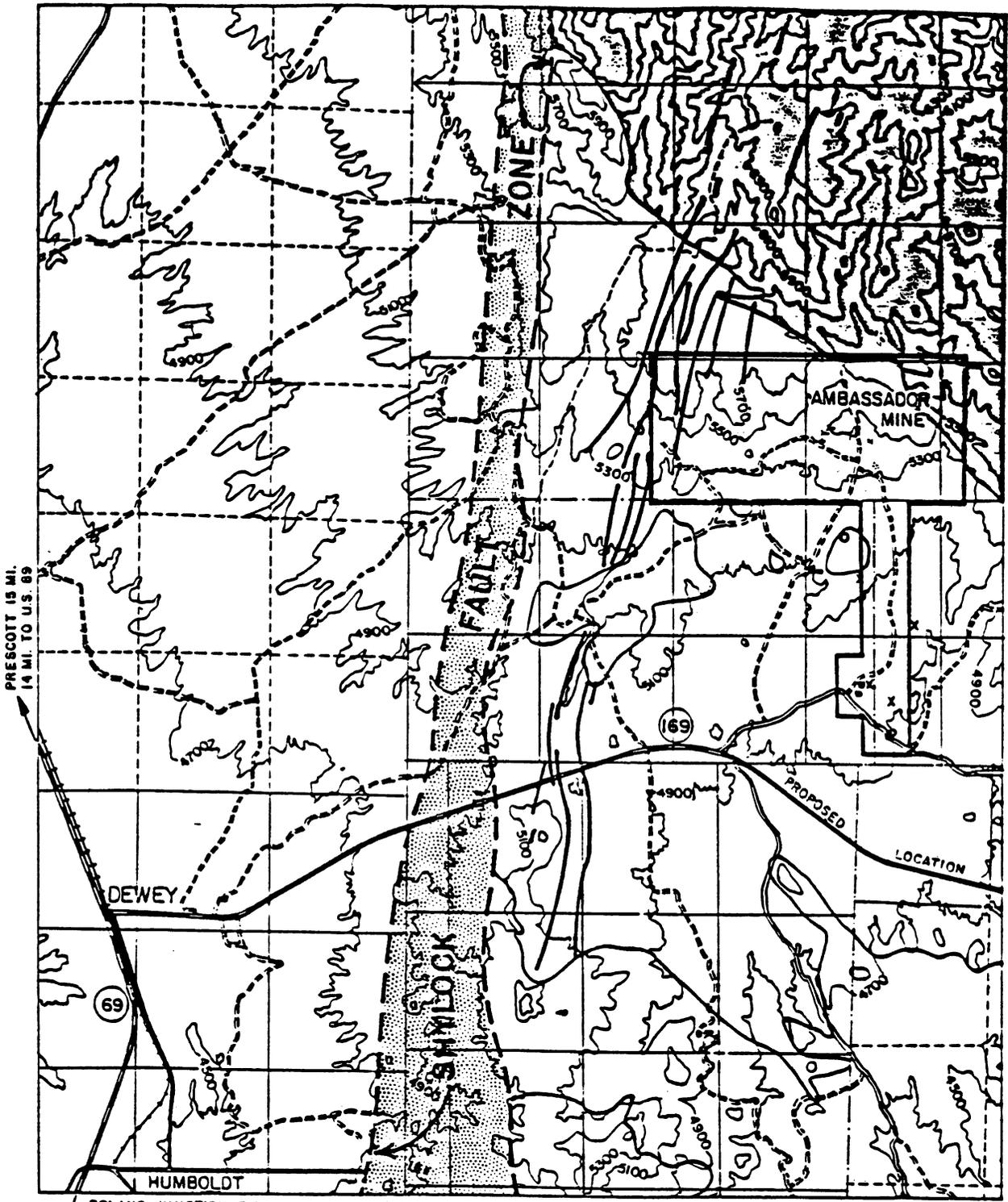
Geology of the Ambassador Project Area:

Rock Type

Quartz diorite is the predominant rock type in all except the extreme northeast corner of the approximately two and one-half sections of land covered by the projects' lode mining claims. The quartz diorite is massive and forms large rounded outcrops with a yellowish-white tinge.

In the western part of the claims, dikes of granodiorite porphyry, striking N13⁰E, cut across the quartz diorite.

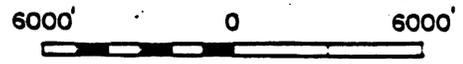
To the northeast, in Tex Canyon, metamorphic rocks of the Yavapai Series are in contact with the diorite. The contact strikes N60⁰W following the trend of the canyon.



PRESCOTT 15 MI.
14 MI. TO U.S. 89

HUMBOLDT
POLANO JUNCTION 3.8 MI.
MAYER 8 MI.

GENERAL AREA GEOLOGIC MAP



CONTOUR INTERVAL 200 FEET

- DIKES
- SCHIST
- SEDIMENTARY COVER
- QUARTZ DIORITE
- FAULT ZONE
- AREA UNDER CLAIM

Fig. 4

Mineralization

Mineralization at Ambassador occurs in gold-quartz veins of the hypothermal class. These veins were deposited under conditions of high temperature and pressure, probably genetically related to the later stages of emplacement of the Precambrian age quartz diorite mass.

The veins, with widths averaging 2 to 3 feet, occur in shear zones that characteristically pinch and swell. Where the strike changes or the dip flattens, the widths are above average, exceeding 6 feet in some lenses or shoots.

The vein filling is milky white to glassy quartz. Within the zone of weathering, which extends to 300 feet below the surface in some parts of the district, gold occurs as free milling particles both in quartz and in the remnant solution cavities of oxidized sulfides. Below the zone of oxidation, it is reported that gold occurs as intergrowths with pyrite, chalcopyrite, bornite, sphalerite and galena.

Alteration

The quartz filling and the adjacent country rock are stained by limonite and hematite close to the surface. Slight sericitic alteration is visible on the vein walls. Farther from the veins, saussuritic and chloritic alteration, and, locally, veins of epidote have been observed.

The project area has been divided into four units based on previous work and future investigation targets. They are as follows: (1) Ambassador Mine Site; (2) East Hills; (3) West Hills and: (4) the Southern Flats. (Fig. 5)

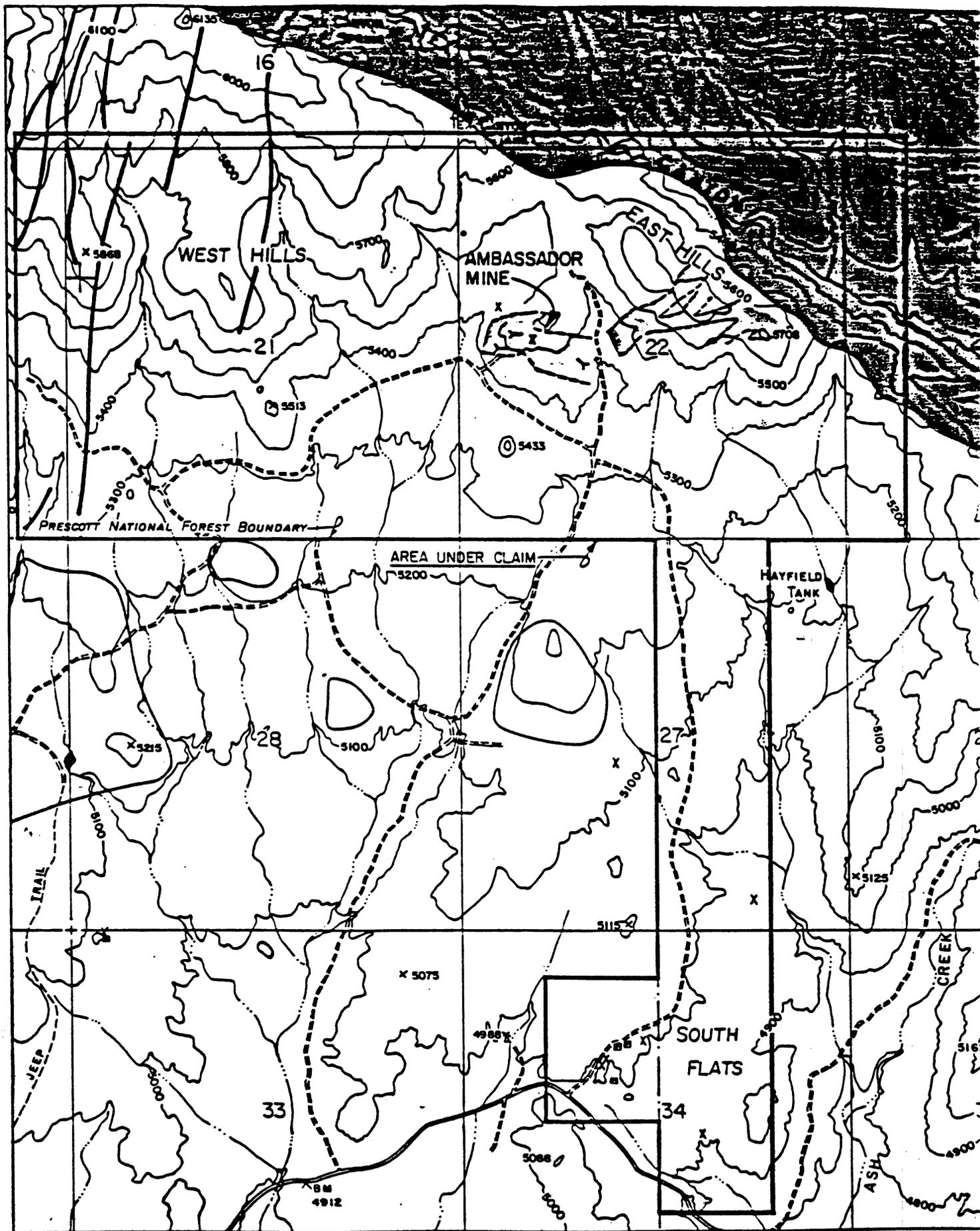
Ambassador Mine Site

The Ambassador Mine Site is located in the east-central portion of the main group of claims. The country rock is quartz diorite and contains a gold-quartz vein striking $N80^{\circ}W$ and dipping from 20° to 40° south. The vein outcrops for approximately 1500 feet along its strike and in several places downdip where the slope of the hillside is steeper than the dip of the vein. Iron staining discolors the quartz diorite over a wide area in the vicinity of the vein.

Underground, the vein walls show some sericitic alteration and are stained by hematite. In the ore shoots, hematite is so abundant it forms a reddish powder that masks the quartz gangue. Specular hematite is also present in small pockets in the workings and in samples from surface dumps. Sulfide minerals, collected at only two locations, are represented by small grains of bornite and pyrite intergrown in the quartz.

Shear zones intersect the vein at right angles in the proximity of the ore shoots and seem to be related to similar structures distinguishable on the surface. Included with these surface structures are 3 to 5 inch wide veins of epidote occupying some of the shears and a sharp contact between coarse and fine grained quartz diorite. (Fig. 6)

The Ambassador Mine is an adit beginning at the eastern exposure of the vein. The main drift trends northwest, semi-parallel to the



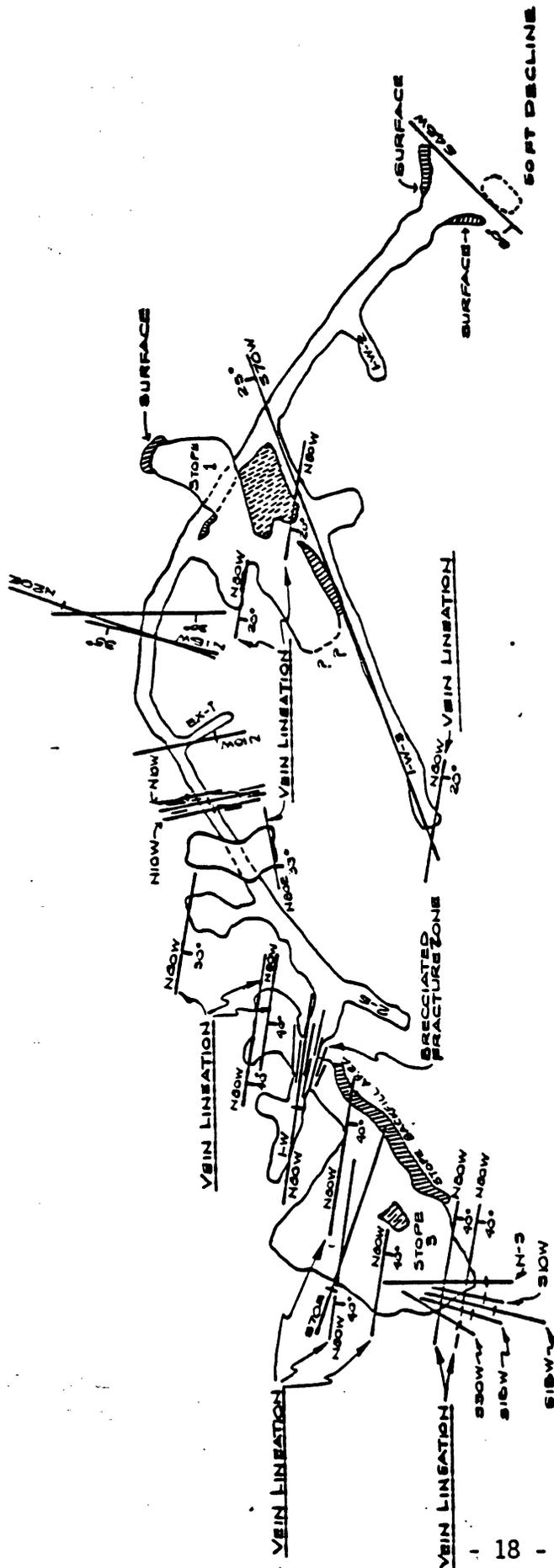
- DIKES
- SCHIST
- SEDIMENTARY COVER

- QUARTZ DIORITE
- GOSSON ZONE
- MINE WORKINGS

Fig. 5

**AMBASSADOR PROPERTY
LOCATION MAP**





Structure Map

AMBASSADOR MINE

SCALE: 1" = 40'

Fig. 6

strike of the vein. Crosscuts, driven southwest off the main drift, intersect the vein in various places. There are over 600 feet of drift in the mine which encountered three main ore shoots. These shoots were exploited for short distances up and down dip, only in the oxidized zone. The largest of these shoots was mined for 50 feet downdip, 40 feet along strike and was 6 feet wide.

Additional workings include two shorter adits at the western exposure of the vein and two inclined shafts. (Figs. 7 & 8)

Samples of the oxide ore taken underground averaged 0.387 oz/ton gold and 0.771 oz/ton silver across an averaged 3-foot vein width. These results are the average of 20 sample locations that range in value from 0.005 oz/ton gold and 0.010 oz/ton silver across an 18-inch vein split to 1.650 oz/ton gold and 0.730 oz/ton silver across an ore shoot with a 6-foot vein width. (Fig. 9 and 9a)

Mining of the ore shoots did not penetrate the sulfide zone. Since much of the gold mined was originally deposited as a sulfide complex and later liberated by the action of oxidation, significant gold values should undoubtedly be encountered downdip along with increased base metal concentrations in the form of sulfide mineralization.

East Hills

Northeast of the Ambassador Mine adit is the area designated the East Hills. These hills are crossed by at least five intersecting quartz veins exposed on the surface for approximately 3500 feet along their length.

The veins range in strike from N40°E to N80°E and seem to pinch

AMBASSADOR MINE SAMPLES

I. Ambassador Mine Underground Samples

<u>Sample (Date)</u>	<u>Thickness</u>	<u>Au(Oz/T)</u>	<u>Ag(Oz/T)</u>	<u>Cu(%)⁽³⁾</u>
1 (10/17/80)	2.0 ft.	0.160	1.490	1.00
2 (10/17/80)	3.5 ft.	0.006	0.010	0.03
3 (10/17/80)	1.0 ft. ⁽¹⁾	0.820	1.560	0.10
4 (10/17/80)	1.5 ft. ⁽¹⁾	0.004	0.010	0.02
3 & 4 Total Vein	2.5 ft.	0.330	0.630	0.05
5 (10/17/80)	3.0 ft.	0.084	0.460	0.20
6 (10/17/80)	6.0 ft.	1.650	0.730	0.10
1 (4/1/81)	2.0 ft.	0.240	1.240	0.12
2 (4/1/81)	4.0 ft.	0.036	0.350	0.09
3 (4/1/81)	2.5 ft. ⁽¹⁾	0.120	0.280	0.07
4 (4/1/81)	1.5 ft. ⁽¹⁾	1.088	2.030	0.41
5 (4/1/81)	1.0 ft. ⁽¹⁾	0.010	0.130	0.10
3, 4 & 5 Total Vein	5.0 ft.	0.388	0.775	0.18
6 (4/2/81)	2.8 ft.	0.222	1.200	1.28
7 (4/2/81)	5.0 ft.	0.118	0.400	0.08
8 (4/2/81)	2.1 ft.	0.142	0.420	0.19
9 (4/2/81)	3.5 ft.	0.440	0.860	0.17
10 (4/3/81)	1.0 ft.	0.294	0.910	0.15
11 (4/3/81)	1.5 ft.	0.216	0.760	0.39
12 (4/3/81)	1.5 ft. ⁽²⁾	0.100	0.900	0.14
13 (4/3/81)	1.0 ft. ⁽²⁾	0.238	0.520	0.07
W (4/3/81)	3.5 ft.	0.006	1.400	-
TOTAL	2.9 ft.	0.387	0.771	0.26

Fig. 9a

and swell as the Ambassador vein does. Gosson zones of hematitic stained quartz diorite adjacent to the veins and fissure fillings of epidote are also present.

On the northwest portion of the East Hills, additional areas of hematitic staining are visible from a distance and probably represent other veins. Extensions of these veins into the schist of Tex Canyon may be mineralized especially at the contact with the diorite.

The East Hills have not been sampled to date and have the potential for significantly increasing reserves on the property.

West Hills

Covering the entire northwestern portion of the claims are the West Hills. In this area, which includes almost an entire section of land, several dikes of granodiorite porphyry trending approximately N13⁰E cut the quartz diorite country rock.

An occurrence of sulfide mineralization has been reported in these hills and is assumed to be related to the dikes. In addition, an extension of the mineralized vein at the Ambassador Mine Site may extend into this region.

Little else is known about this group of claims which will be explored further.

Southern Flats

South of the main block of claims, along the access road to the Ambassador Mine, are additional mine workings. The workings are in quartz-diorite locally stained red by hematite. Mineralization is assumed to be of a similar nature as in the claims to the north. This area represents another target with the potential of increasing the property reserves.

Discussion

The model for mineralization at the Ambassador Property supports the hypothesis that potential for economic quantities of primarily gold with important values of silver and base metals exists at depth.

It begins with shrinkage fissures formed during the initial stages of cooling shortly after emplacement of the quartz-diorite intrusion. As cooling progressed, these fissures extended, providing conduits that eventually tapped the hot residual gasses and fluids containing dissolved base and previous metals. The final stage of cooling involved deposition of minerals in the fissures by the hot exhalates, forming veins containing gold, silver and base metals in a quartz gangue.

The slight sericitic alteration of the vein walls indicates that these veins are of the hypothermal class. Hypothermal signifies deposition under high pressure and temperature with no appreciable differences between the wall rock and vein material, thus little difference in mineralization with increased depth. The presence of epidote indicates that the property sits near the top of this model with significant potential in the veins at depth.

IV
EXPLORATION

RECOMMENDATIONS FOR FURTHER EXPLORATION

The Ambassador Mine area has shown good gold grades from sampling of mine exposures. These gold values along with the silver and copper values shown from sampling yields a per ton value of \$166.05 @ \$400/Oz. Au, \$10.00/Oz. Ag and \$0.70/Lb. Cu. In view of these values, this deposit has the potential of being an economic ore deposit - being primarily gold, with minor amounts of silver and copper, with the possibility of increased base metals and continuing gold values at depth. To realize this potential, an exploration program must be implemented. The authors have recommended a two step program for the continued exploration of this property. (See Exploration Outline, page 33)

The aim of "Step A" of this program is to prove a potential for at least a ten year mine life at a 250 to 300 tons/day production rate. The potential quantity and quality of reserves necessary to achieve this are being examined in the immediate Ambassador Mine area with the remaining claimed areas being examined in "Step B" of this program.

In "Part I" of "Step A", two core holes are planned. These holes will intersect the projected vein dip at 200 feet and 500 feet. They will be drilled at an angle from the same site. The holes will be located as to intersect the ore shoot which was mined from Stope #3 of the Ambassador Mine. These holes would tend to prove or disprove grade and thickness continuation of this ore shoot to a 500 foot depth. They would also give an indication of the depth of the weathered zone.

The remaining work to be performed in "Part I" would be the completion of sampling and mapping of all unexplored excavations and completion of surface mapping remaining on the Black Jack and Melanie

claim blocks. The lack of drilling at this point and the lack of good surface vein exposures makes the sampling of any exposures imperative. The completion of surface mapping is necessary to develop target areas for future core drilling or trenching and determinations of which claims may be dropped and if it is necessary, to acquire additional claims. A set of aerial photographs (color or infrared, if possible) should be obtained from the appropriate governmental agencies. These photos should be examined during the surface mapping stage for structural and alteration features which require field checking.

"Part II" of the program would be one of two choices depending upon the success of "Part I" drilling. Both choices would involve trenching and one would then call for the drilling of two holes and the other would call for drilling eight holes. The trenching would be located midway between the Ambassador Mine and the Western Adits. This trench would be approximately 600 feet long and 6 feet deep. This trenching would assist in determining actual strikes and dips of veins (due to poor surface exposures), in making vein projections for drill hole intersections and in sampling near surface oxide material.

In the event of negative showings from drill holes #1 and 2 and after the trenching above, two more core holes of 200 foot depth would be drilled along strike east and west. These holes would determine if there were lateral extensions of the vein. If the showing from these two holes are negative, then thought should be given to targets shown by surface mapping completed at this point. If no, or few, interesting targets are available, a serious consideration should be given to ceasing operations and re-evaluating the properties profitability.

In the event of positive showings from Drillholes #1 and 2 and after the trenching above, eight more core holes of 200 foot depth would be drilled on 150 centers along strike east and west of Stope #3. The information generated from this drilling would be the initial base information for use in potential reserve determination. These holes should also give an indication of the amount of oxide mineralization present in the mine area.

If the drilling of the eight 200 foot drill holes of "Part II" show encouraging results, eight more core holes will be drilled. These holes will be drilled from the same sites and will be angled as to intersect the vein at a 500 foot depth. At this point, it is likely that an oxide mineralization reserve will be possible for the Ambassador Mine area. Useful information about the sulfides grades and thicknesses will also be attained to a 500 foot level.

The alternative if the 200 foot holes of "Part II" are negative is that consideration should be given to ceasing operations and re-evaluating the properties' profitability.

Again, in "Part IV" there are two alternatives depending upon the positive or negative showings of "Part III" drilling. If the previous holes are encouraging, the extension of drilling to a 1000 foot level should be undertaken. This will be done from new sites on 150 foot centers across the entire Ambassador Mine area or ten holes. At this point, a good reserve base on the probable sulfide mineralization should be available.

The second alternative, if the 500 foot holes of "Part III" are negative, is that consideration should be given to ceasing operations

and re-evaluating the properties' profitability.

If the previous drill holes' information has been encouraging, a close observation of the reserves should be taken to see if the production criteria has been achieved or if more drilling is necessary for further definition of the reserve. If the latest ten drill holes show discouraging results, then consideration should be given either to potential in other claim blocks (East and West Hills and South Flats), or to ceasing operations and re-evaluating the properties' profitability.

As production criteria is met, the appraisal of the East and West Hills and the South Flats should be undertaken to increase the property value and potential profitability. This appraisal would be "Step B" of this exploration program.

"Step B" would begin by trenching the areas targeted by surface mapping. This trenching would be completed with dozer, backhoe or blasting, depending on the ruggedness of the terrain. This trenching would be useful in determining actual strikes and dips of the structures within the altered zones, in making projections of these structures for drill hole intersection and in sampling near surface oxide material.

"Part II" of the program for these areas should be drilling in three phases; the first being for quality determination to a 200 foot depth and to give indications of the depth of the weathered zone; the second being for quality and quantity information to a depth of 500 feet to show the lower boundary of oxide mineralization and for the generation of an oxide mineralization reserve; the third being for determination of quality and quantity information to complete a reserve data base and for the generation of a sulfide mineralization reserve to a 1000 foot level.

A considerable amount of wall rock coring will be accomplished in all phases (especially early phases) of this drilling. This coring will provide wall rock alteration information. With all of this coring, some samples should be examined in thin section. These analyses would determine mineral assemblages at varying depths for detectable mineral zonations. This, along with the extensive wall rock sampling, would assist substantially in ore genesis determinations and confidence in target selections.

The amount of time involved to complete "Step A" is approximately 20 months. This period includes all five parts of this step. A projected three years will likely be necessary for the fulfillment of "Step B".

This exploration program has been constructed to realize certain potentials for each section of work. The usefulness of "Part I" is simply to see if a known ore shoot extends to a depth of 500 feet for an expenditure of approximately \$45,774. The potential for probable mineralization to a depth of 200 feet is shown after the completion of "Part II". This potential could show approximately 500,000 tons (200 ft. deep x 1500 ft. long x 20 ft. wide @ 12 ft³/ton) for an approximately expenditure of \$98,575. The probable mineralization to 500 feet is shown in "Part III" drilling. This has the potential for showing approximately 112,500 tons (300 ft. of dip x 1500 ft. long x 3 ft. wide @ 12 ft.³/Ton) for an approximate expenditure of \$142,187. "Part IV" has the potential for showing additional probable mineralization to 1000 feet. An additional approximate amount of 187,500 tons (500 ft. of dip x 1500 ft. long x 3 ft. wide @ 12 ft.³/ton) could be shown for an approximate expenditure of \$299,817. "Part V" drilling would move reserves from the probable to proven category

for an approximate expenditure of \$299,317. This would give a cumulative expenditure of \$885,670 for a potential of 800,000 tons. (Fig. 10)

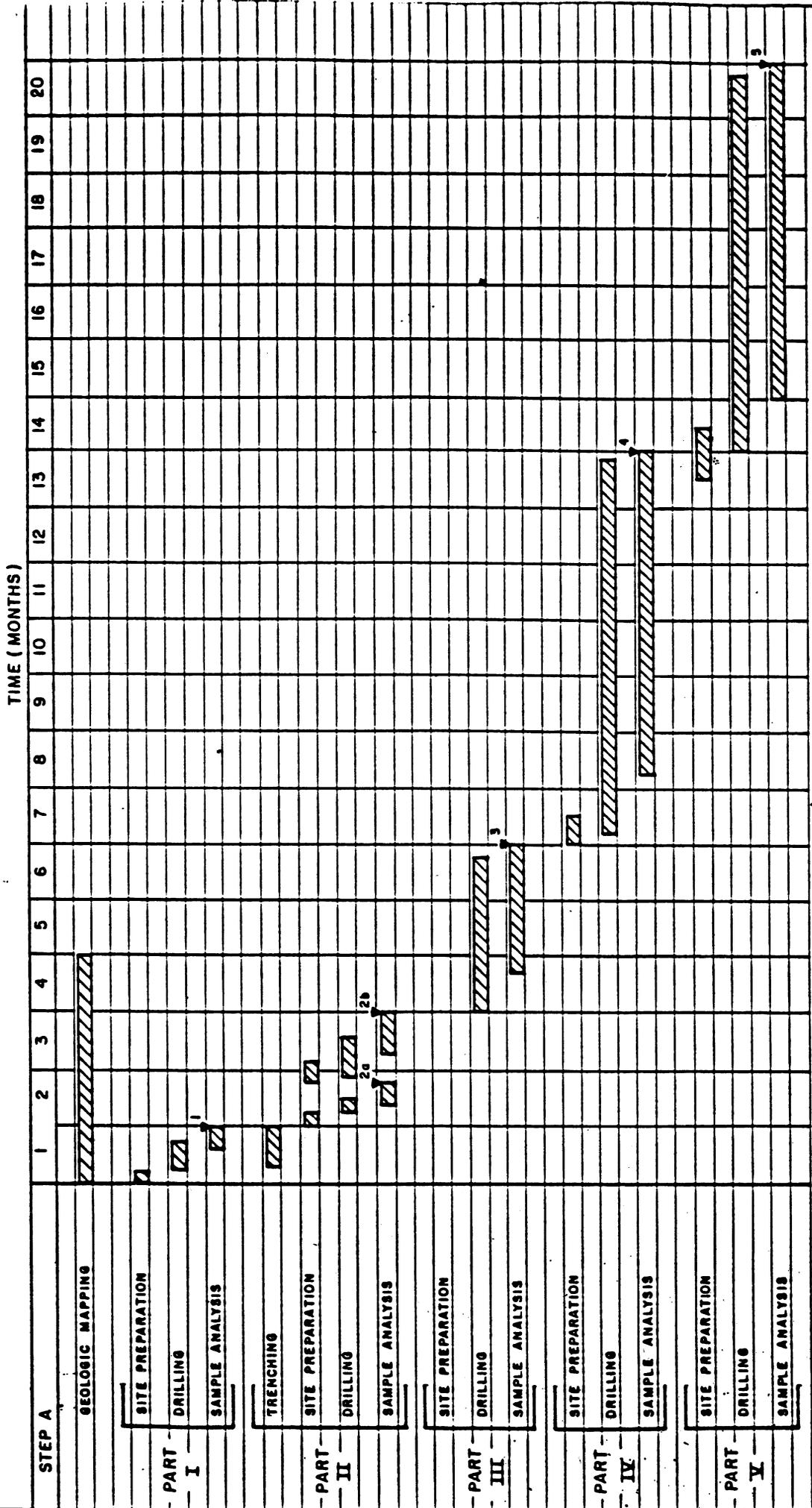
The potentials realized in each part of this program are evaluated. These Evaluation Points are considered after the completion of each Part. The success of these Parts are viewed in terms of positive geologic knowledge and this knowledge's effect on ore potential. The changing ore potential analyses' effect on projected property profitability will be examined. This projected property profitability will be amended in accordance with new information and a decision will be made as to continue or discontinue.

Other exploration on this property should be completed during the production phase in a continual attempt to discover additional reserves to increase mine life and profitability. Potential may increase as a better understanding of the property is acquired through this exploration program.

EXPLORATION COSTS
(CONSTANT 1984 \$)

ACTIVITY	STEP A	PART I (1 MONTH)	PART II* (2 MONTHS)	PART III (3 MONTHS)	PART IV (7 MONTHS)	PART V (7 MONTHS)	TOTAL STEP A (20 MONTHS)	STEP B	PART I (1 MONTH)	PART II (3 YEARS)	TOTAL STEP B
	MANPOWER (2 GEOLOGISTS & 1 SURVEYOR)		\$13910	\$27821	\$41731	\$97373	\$97373	\$278208		\$13910	\$500,774
> \$13,910.40/MTH. <											
TRANSPORTATION (2 VEHICLES)		\$1292	\$2584	\$3876	\$9044	\$9044	\$25840		\$1292	\$46,512	\$47,804
> \$1292.00/MTH. <											
PHOTOGEOLOGIC INTERPRETATION		\$1532	0	0	0	0	\$1532		0	0	0
TRENCHING (FOOTAGE)		0	(600)	0	0	0	\$600		[5000]	0	\$5000
> \$10.00/FT. <											
SITE PREPARATION (NO. SITES)		(1)	(8)	0	(10)	(10)	0		0	(80 - 120)	\$49500 - \$16000
> \$50.00/SITE <		\$350	\$4900	0	\$3500	\$3500	\$1950		0	0	\$49500 - \$16000
DRILLING (NO. SITES)		(2)	(8)	(8)	(10)	(10)	0		0	(80 - 120)	\$49500 - \$16000
> \$7.00/FT. - PLUG < (FT)		0	0	\$1200(1600)	\$35000(19000)	\$35000(5000)	0		0	0	\$220500(11100) \$294000(42000)
> \$23.00/FT. - CORE < (FT)		\$17500(700)	\$40000(1600)	\$60000(1400)	\$125000(5000)	\$125000(5000)	0		0	0	\$787500(11100) \$1050000(42000)
TOTAL DRILLING COST		\$17500	\$40000	\$71200	\$160000	\$160000	\$448700		0	\$1009000 - \$1344000	\$1009000 - \$1344000
MOBILIZATION & DEMOBILIZATION		\$2500	\$2500	\$2500	\$2500	\$2500	\$12500		0	\$7500 - \$10000	\$7500 - \$10000
> \$2500.00/PERIOD <									0	0	0
DRIFT SURVEY TOOL		\$350	\$700	\$1050	\$2450	\$2450	\$7000		0	\$12500	\$12500
> \$350.00/MTH. <											
SAMPLE ANALYSIS (NO. SAMPLES)		(450)	(800)	(1200)	(1200)	(1200)	0		(250)	(1800 - 2100)	\$39600 - \$40800
> \$17.00/SAMPLE <		\$7650	\$13600	\$20400	\$20400	\$24400	\$82450		\$4250	\$39600 - \$40800	\$39600 - \$40800
THIN SECTION STUDY (NO. OF DOZ. OF SAMPLES)		(4)	(7)	(10)	(10)	(10)	0		0	(15 - 20)	\$750 - \$1000
> \$50.00/DOZ. SAMPLES <		\$200	\$350	\$500	\$500	\$500	\$1550		0	\$750 - \$1000	\$750 - \$1000
CORE BOXES (NO. BOX)		(70)	(160)	(240)	(500)	(500)	0		0	(2625 - 3500)	\$5250 - \$7000
> \$2.00/BOX <		\$140	\$320	\$480	\$1000	\$1000	\$2940		0	\$5250 - \$7000	\$5250 - \$7000
DISC. SUPPLIES > \$150.00/MTH. <		\$150	\$300	\$450	\$1050	\$1050	\$3000		\$150	\$5400	\$5400
TOTAL		\$43774	\$94575	\$142187	\$299817	\$299817	\$854670		\$69602	\$1665886 - \$2034086	\$1732086 - \$2099286
CUMULATIVE TOTAL		\$43774	\$143349	\$285536	\$586353	\$885670					

EXPLORATION PROGRAM FLOW CHART



▽ 1 IF RESULTS ARE POSITIVE, CONTINUE WITH PART II.
 ▽ 2 IF RESULTS ARE POSITIVE, CONTINUE WITH PART II.
 ▽ 2a IF RESULTS ARE POSITIVE, CONTINUE WITH PART III.
 ▽ 3 IF RESULTS ARE POSITIVE, CONTINUE WITH PART IV.
 ▽ 4 IF RESULTS ARE POSITIVE, CONTINUE WITH PART V.
 ▽ 5 IF RESULTS ARE POSITIVE, CONTINUE WITH PART V.

IF RESULTS ARE NEGATIVE, TRENCH AND DRILL 2 HOLES FROM PART II.
 IF RESULTS ARE NEGATIVE, DISCONTINUE AND RE-EVALUATE PROGRAM.
 IF RESULTS ARE NEGATIVE, DISCONTINUE AND RE-EVALUATE PROGRAM.
 IF RESULTS ARE NEGATIVE, DISCONTINUE AND RE-EVALUATE PROGRAM.
 IF RESULTS ARE NEGATIVE, DISCONTINUE AND RE-EVALUATE PROGRAM.

EXPLORATION OUTLINE

Refer to Figure 11

STEP A

Part I: Intersect Stope #3 ore shoot with core holes

- 1) Two core holes from same site (1984 assessment work)
 - (a) 200 and 500 feet deep
 - (b) Core entire length

To: Prove grade continuation to 500 feet

To: Indicate the oxide mineralization depth
 - 2) Sample and map all unexplored excavated areas
 - 3) Mapping of entire claimed area
- To: Determine the retention, release or further staking of claims.
- To: Develop targets for future drilling.

EVALUATION POINT 1: CONSIDER PART I SUCCESS

Part II: Positive -

- 1) Trenching
 - (a) Midway between Ambassador Mine and Western Adits
 - (b) 6 feet deep and approximately 600 feet long

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization
- 2) Drill eight core holes in Ambassador Mine Area
 - (a) On 150 foot centers
 - (b) East-West along strike
 - (c) 200 feet deep
 - (d) Core entire length

To: Begin to generate reserve data base

To: Indicate the amount of oxide mineralization

Negative -

1) Trenching

(a) Midway between Ambassador Mine and Western Adits

(b) 6 feet deep and approximately 600 feet long

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization

2) Drill two core holes

(a) On 150 foot centers

(b) East-West along strike

(c) 200 feet deep

(d) Core entire length

To: Determine lateral extensions of the ore shoot

Note: If holes #3 and 4 are positive - move to Part II positive mode.

Note: If holes #3 and 4 are negative - cease operations and reconsider property profitability.

EVALUATION POINT 2: CONSIDER PART II SUCCESS

Part III - Positive -

1) Drill eight core holes in Ambassador Mine area

(a) On 150 foot centers

(b) East-West along strike

(c) 500 feet deep

(d) Core 300 feet through vein

(e) Drill from existing sites

Negative -

Cease operations and reconsider property profitability.

EVALUATION POINT 3: CONSIDER PART III SUCCESS

Part IV: Positive -

1) Drill ten core holes in Ambassador Mine area

(a) On 150 foot centers

(b) East-West along strike

(c) 1000 feet deep

(d) Core 500 feet through vein

To: Generate probable sulfide mineralization reserve

To: Continue generation of reserve data base

Negative -

Cease operations and reconsider property profitability.

EVALUATION POINT 4: CONSIDER PART IV SUCCESS

Part V: Positive -

1) Drill approximately 10 offset core holes

To: Substantiate probable ore from previous drilling

To: Categorically change ore from probable to proven

To: Generate proven sulfide mineralization reserve

Negative -

1) Consider potential of other targets

2) Cease operations and reconsider property profitability

EVALUATION POINT 5: CONSIDER STEP A SUCCESS

STEP B

Positive on Step A

Part I: Trenching of East and West Hills and South Flats

1) Across targeted area from surface mapping

To: Determine actual strikes and dips of vein structures

To: Make projections for drilling

To: Sample near surface oxide mineralization

Part II: Drilling core holes on East and West Hills and South Flats

1) Approximately 90 to 120 drill holes

2) Base on previous targets

3) 200, 500 and 1000 feet deep (3 phases)

To: Make quantitative and qualitative estimates on ore grade mineralization in these areas.

To: Increase total value of property

ASSUMPTIONS

Exploration Costs

Time - Based on estimated time required for site preparation, drilling and return of sample analysis.

- Assume 21 working days per month.

*Manpower - Assume 2 Geologists and 1 Surveyor

- Geologist - \$15 per hour (wages)
35% fringes
\$75 per diem per day

. \$15/hour + 35% Fringes = \$20.25/Hour

. \$20.25/hour x 8 hours/day = \$162/day (wages)

. \$162/day + \$75/day (per diem) = \$237/day

. \$237/day x 21 days/month = \$4,977/month

. \$4,977 month x 2 Geologist = \$9,954/month

- Surveyor - \$10.50 per hour (wages)
35% fringes
\$75 per diem per day

. \$10.50/hour + 35% fringes = \$14.18/hour

. \$14.18/hour x 8 hours/day = \$113.40/day (wages)

. \$113.40/day + \$75/day (per diem) = \$188.40/day

. \$188.40/day x 21 days/month = \$3,956.40/month

. 2 Geologists + 1 Surveyor = \$13,910.40/month

*Transportation - Assume 2 vehicles

- 700 miles round trip from Gallup, N.M. to Prescott, AZ

- Assume 2 round trips per month, 1 vehicle

- Assume 300 miles per week field use.

- \$0.21 per mile usage on vehicles.

- Assume 10 miles per gallon gasoline consumption.

Assumptions
Exploration Case

Transportation (Continued)

- Assume \$1.30 per gallon of gasoline

Round Trip

. 700 miles/trip ÷ 10 miles/gallon = 70 gallons/trip
. 70 gallons/trip x \$1.30/gallon = \$91.00/trip
. \$91.00/trip x 2 trips/month = \$182/month
. 700 miles x \$0.21/mile = \$147
. \$147 x 2 trips/month = \$294/month

Field Work

. 300 miles/week ÷ 10 miles/gallon = 30 gallons/week
. 30 gallons/week x \$1.30/gallon = \$39/week
. \$39/week x 4 weeks/month = \$156/month
. 300 miles/week x \$0.21/mile = \$63/week
. \$63/week x 4 weeks/month = \$252/month
. (\$156/month + \$252/month) x 2 vehicles = \$816/month
. \$182/month + \$294/month + \$816/month = \$1,292/month

**Photogeologic Interpretation

- \$350 for 1:10,000 scale color photographs of
4 square mile area. (1977 cost)
- \$350 for 1:10,000 scale near infrared photograph
of 4 square mile area. (1977 cost)
- \$200 for detailed interpretation of photographs.
(1977 cost)
- 1.702 inflation factor from 1977 to 1984.
. \$350 + \$350 + \$200 = \$900 (1977 cost)
. \$900 x 1.702 = \$1,532 (1984 cost)

Assumptions
Exploration Case

- **Trenching**
- \$6 per linear foot of trench or per foot of depth in test pits with work performed by bulldozer, backhoe, or by blasting. (1977 cost)
 - 1.702 inflation factor from 1977 to 1984.
 - $\$6 \times 1.702 = \underline{\$10 \text{ per foot}}$ (1984 cost)

- *Site Preparation**
- \$485 per site including short access road (1981 cost)
 - 1.134 inflation factor from 1981 to 1984
 - $\$485 \times 1.134 = \550 per site (1984 cost)

- ***Drilling**
- Assume Drilling Advances 75 feet per day.
 - Assume coring entire lengths of holes in Parts I and II.
 - Assume approximately one-half of lengths of holes in Parts III, IV and V will be cored.
 - Drilling Costs
 - \$25 per foot in core interval
 - \$7 per foot in non-core interval

- ***Mobilization & Demobilization**
- \$2,500 per drilling period.
 - Assume better cost than quote due to properties proximity to Prescott, Arizona.

- ***Drift Survey**
- \$350 per month rental.
- Tool**

- *Sample Analysis**
- \$17 per sample including preparation.
 - Assume multi-metal analysis
 - Number of samples assumes that one-half of core footage will be analyzed in 1 foot intervals.

Assumptions
Exploration Case

***Thin Section
Study

- \$50 per dozen samples including preparation.
- Assume that 10% of samples analyzed for metal content will also be studied in thin section.

***Core Box

- \$2 per Box
- Assume 10 feet of core per box.

***Miscellaneous
Supplies

- \$150 per month.
- Includes sample bags, log books, small tools, etc.

Notes:

- * Based on actual rates paid and costs incurred by UNC for these types of activities during normal operations, inflated to 1984 rates and costs.
- ** Based on quotes from "Mineral Exploration Unit Costs, Western U.S., 1977" inflated to 1984 costs.
- *** Based on quotes received by UNC appearing in "Pre-Development Drilling at Cornucopia Mine" and in "Comparison of Surface Core and Plug Hole Costs".

V

POTENTIAL MINERALIZATION

MINERALIZATION POTENTIAL AT AMBASSADOR

The expected mineralized volumes of rock at the Ambassador Property, assuming all phases of the outlines exploration program are successful, are 3,125,000 tons of oxides and 2,058,000 tons of sulfides. (Fig. 12)

These tonnages would yield approximately 1,018,321 ounces of gold and 2,242,968 ounces of silver assuming grades of .070 ounces per ton gold and .210 ounces per ton silver in the oxide zone and .387 ounces per ton gold and .771 ounces per ton silver in the sulfide zone.

This potential was calculated based on: (1) a rock density of 12 cubic feet per ton; (2) known and inferred vein lengths totaling 13,000 feet; (3) known and inferred depths averaging 200 feet in the oxide zone and 750 feet in the sulfide zone, and (4) widths ranging from 10 to 20 feet in the zone of oxide mineralization and 2 and 3 feet in the zone of sulfide mineralization.

Additional potential in the form of recoverable base metal values exists at depth in the sulfide zone.

MINERALIZATION POTENTIAL SUMMARY PAGE

OXIDE MINERALIZATION POTENTIAL	
AMBASSADOR MINE SITE	$1500' \times 200' \times 20' = 6,000,000 \text{ ft}^3 = 500,000 \text{ TONS}$
EAST HILLS	$5,000' \times 300' \times 10' = 15,000,000 \text{ ft}^3 = 1,250,000 \text{ TONS}$
WEST HILLS	$5,000' \times 200' \times 15' = 15,000,000 \text{ ft}^3 = 1,250,000 \text{ TONS}$
SOUTH FLATS	$1,500' \times 100' \times 10' = 1,500,000 \text{ ft}^3 = 125,000 \text{ TONS}$
3,125,000 TONS	

FORMULA — Length x Depth x Width = Volume x 12 = Tons

SULFIDE MINERALIZATION POTENTIAL	
AMBASSADOR MINE SITE	$1,500' \times 800' \times 3' = 3,600,000 \text{ ft}^3 = 300,000 \text{ TONS}$
EAST HILLS	$5,000' \times 700' \times 2' = 7,000,000 \text{ ft}^3 = 583,000 \text{ TONS}$
WEST HILLS	$5,000' \times 800' \times 3' = 12,000,000 \text{ ft}^3 = 1,000,000 \text{ TONS}$
SOUTH FLATS	$1,500' \times 700' \times 2' = 2,100,000 \text{ ft}^3 = 175,000 \text{ TONS}$
2,058,000 TONS	

Fig. 12

ASSUMPTIONS

Mineralization Potential

Tonnage Factor

- Approximate specific gravity of quartz - 2.7 g/cm^3
- Approximate specific gravity of granites - $2.6 - 2.7 \text{ g/cm}^3$
- Use 2.65 g/cm^3 specific gravity for Ambassador Project Rock in place.
- Tonnage Factor = $\frac{2000}{2.65 \times 62.5} = 12 \text{ cubic feet per ton}$
 - 2000 = pounds per ton
 - 2.65 = grams per cubic centimeter
 - 62.5 = conversion factor to pounds per cubic foot

Oxide Mineralization.

Ambassador Mine Site

Length - 1500' of mapped vein length.

Depth - 100' of mined depth + 100' assumed = 200'

Width - 20' assumed based on alteration zone

$$\dots 1500' \times 200' \times 20' = 6,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{500,000 \text{ tons}}$$

East Hills

Length - 3,500' of mapped length + 1,500' assumed to north = 5,000'

Depth - 300' assumed based on higher elevation of East Hills than at Ambassador Site. (Weathering progressing faster than erosion.)

Width - 10' assumed based on alteration zone.

$$\dots 5000' \times 300' \times 10' = 15,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{1,250,000 \text{ tons}}$$

Assumptions
Mineralization Potential

Oxide Mineralization (continued)

West Hills

Length - 5000' assumed based on potential Ambassador vein extension and potential for additional veins on the 36 claims.

Depth - 200' assumed based on Ambassador Mine Site

Width - 15' assumed based on average of Ambassador Mine Site and East Hills.

. . . . 5000' x 200' x 15' = 15,000,000 ft³ x 12 ft³/ton = 1,250,000 tons

South Flats

Length - 1500' assumed based on presence of previous workings.

Depth - 100' assumed based on lower elevation of South Flats than at Ambassador Site. (Erosion progressing faster than weathering)

Width - 10' assumed based on most conservative width in previous areas.

. . . . 1500' x 100' x 10' = 1,500,000 ft³ x 12 ft³/ton = 125,000 tons

SUMMARY OF POTENTIAL OXIDE MINERALIZATION

Ambassador Mine Site	500,000
East Hills	1,250,000
West Hills	1,250,000
South Flats	<u>125,000</u>

TOTAL 3,125,000 Tons of Potential Oxide Mineralization

Grades - .071 ounces per ton Gold based on surface samples.

.210 ounces per ton Silver based on surface samples.

. . . . 3,125,000 x .071 = 221,875 ounces of Gold

. . . . 3,125,000 x .210 = 656,250 ounces of Silver

Assumptions
Mineralization Potential

Sulfide Mineralization

Ambassador Mine Site

Length - 1500' of mapped vein length.

Depth - 800' below oxide zone assumed.

Width - 3' based on average of measured widths.

$$\dots 1500' \times 800' \times 3' = 3,600,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{300,000 \text{ tons}}$$

East Hills

Length - 3,500' of mapped vein length + 1,500' assumed to north
= 5,000'

Depth - 700' below oxide zone assumed.

Width - 2' based on observed widths.

$$\dots 5,000' \times 700' \times 2' = 7,000,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{583,000 \text{ tons}}$$

West Hills

Length - 5,000' assumed based on potential Ambassador vein extension
and potential for additional veins on 36 claims.

Depth - 800' below oxide zone assumed.

Width - 3' assumed based on Ambassador Mine Site average.

$$\dots 5,000' \times 800' \times 3' = 12,000,000 \text{ ft}^3/\text{ton} = \underline{1,000,000 \text{ tons}}$$

South Flats

Length - 1500' assumed based on presence of previous workings

Depth - 700' below oxide zone assumed.

Width - 2' assumed based on most conservative width in previous areas.

$$\dots 1500' \times 700' \times 2' = 2,100,000 \text{ ft}^3 \times 12 \text{ ft}^3/\text{ton} = \underline{175,000 \text{ tons}}$$

Assumptions
Mineralization Potential

SUMMARY OF POTENTIAL SULFIDE MINERALIZATION

Ambassador Mine Site	300,000	
East Hills	583,000	
West Hills	1,000,000	
South Flats	<u>175,000</u>	
TOTAL	2,058,000	Tons of Potential Sulfide Mineralization

Grades - .387 ounces per ton Gold based on underground sampling.

.771 ounces per ton Silver based on underground sampling.

.253% per ton Copper based on underground sampling.

. . . . 2,058,000 x .387 = 796,446 ounces of Gold.

. . . . 2,058,000 x .771 = 1,586,718 ounces of Silver.

. . . . 2,058,000 x 2000 x .253% = 10,413,480 pounds of Copper.

TOTAL POTENTIAL MINERALIZATION

Oxide - 3,125,000 Tons

Sulfide - 2,058,000 Tons

Total 5,183,000 Tons

	<u>Gold</u>	<u>Silver</u>	<u>*Copper</u>
Oxide -	221,875 ounces	656,250 ounces	
Sulfide -	<u>796,446</u> ounces	<u>1,586,718</u> ounces	<u>10,413,480</u> pounds
Total	1,018,321 ounces	2,242,968 ounces	10,413,480 pounds

*Potential for additional sulfides possible.

VI
PROJECTED INCOME

AMBASSADOR PROPERTY PROJECTED INCOME

After the successful completion of the Exploration Plan in proving out potential ore, a production plan should be implemented. This procedure initially involves such things as mill tests on bulk oxide and sulfide samples to determine which processing techniques these ores are economically amenable to. State and Federal permitting for mining this property should be undertaken also. Due to the reasonably long periods involved, especially in permitting, this procedure should begin as soon as possible so as to be completed prior to scheduled production start-up. The year 1987 is available for this with extensions into 1988 possible. (Fig. 13)

The production period would encompass a total of ten years beginning in 1988. During 1988, a small amount of oxide tonnage (450 ton/day) would be mined and processed in an open pit mining and heap leaching operation. In 1989, this production would be doubled (900 ton/day) due to the continued development of the open pit and to the production period increasing to a total year's time. The production rate for 1989 would also include a very limited 150 tons/day from underground production. This would be in the form of development work within the ore area. The total daily production will be 1,050 tons for 1989. The full production rate of 2,100 ton/day will be achieved in 1990. The open pit and underground daily rates would be doubled to 1800 and 300 tons respectively. This full production rate will continue for five more years (1991-1995). By 1996, the potential oxide mineralization will be exhausted; however, underground sulfide mineralization mining will continue until 1998 (300 tons/day). After 1998, the continued production from underground mining would be a function of the amount of

**AMBASSADOR PROPERTY
LIFE OF PROPERTY PROJECT SCHEDULE**

TIME (YEARS)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
EXPLORATION (STEP A)	▨													
EXPLORATION (STEP B)			▨	▨	▨									
BULK SAMPLING			▨	▨	▨									
PERMITTING			▨	▨	▨									
PRE-PRODUCTION OPEN PIT				▨										
PRE-PRODUCTION U.G.				▨										
OPEN PIT PRODUCTION											▨	▨	▨	▨
UNDERGROUND PRODUCTION													▨	▨

additional proven reserves discovered at this point. (Fig. 14)

Based on these daily mining rates, a yearly tonnage and the amount of metals produced (ounces) has been calculated. The yearly tonnage is based on a 251 days/year work schedule. The calculation of yearly ounces produced is based upon weighted averages of sampling to date on the property. A mill recovery rate of 92% for underground mill ores and 69% for open pit heap leach ores has been applied to ounce production calculations also. (See Appendices)

The sample grades have been applied to calculate a per ton value of metals contained. This ton value calculation is based upon a \$400 per ounce gold value, a \$10 per ounce silver value and a 70¢ per pound copper value. The mill recovery rates of 92% and 69% for mill ore and leach ore respectively has been applied to this ton value to arrive at a revenue per ton value.

An operating cost/ton for underground and open pit mines has been determined from existing historical information on these types of properties. These historic operating costs have been inflated to current 1984 dollars. This inflation rate was calculated using the "NUEXCO Consumer Price Index" as of June 1984. (See Appendices)

With the operating cost/ton and the reserve (tons) at hand, an operating income/ton was calculated. This operating income was applied to the yearly tonnage figure to arrive at an operating income/year number.

The two types of operations (underground and open pit) were treated separately because of the differences in processing and recovery of the

AMBASSADOR PROPERTY PROJECTED INCOME
(1984 CONSTANT \$)

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTALS
UNDERGROUND MINE												
TONS/DAY		150	300	300	300	300	300	300	300	300	300	
TONS/YEAR		37650	75300	75300	75300	75300	75300	75300	75300	75300	75300	715350
A. OZ./YEAR @ 92% REC.		13405	26810	26810	26810	26810	26810	26810	26810	26810	26810	254695
A. OZ./YEAR @ 92% REC.		26708	53411	53411	53411	53411	53411	53411	53411	53411	53411	507405
REVENUE/TON @ 92% REC.		\$15277	\$15277	\$15277	\$15277	\$15277	\$15277	\$15277	\$15277	\$15277	\$15277	\$15277
OPERATING COST/TON		\$6625	\$6625	\$6625	\$6625	\$6625	\$6625	\$6625	\$6625	\$6625	\$6625	\$6625
OPERATING INCOME/TON		\$8652	\$8652	\$8652	\$8652	\$8652	\$8652	\$8652	\$8652	\$8652	\$8652	\$8652
OPERATING INCOME/YEAR		\$325747800	\$651495600	\$651495600	\$651495600	\$651495600	\$651495600	\$651495600	\$651495600	\$651495600	\$651495600	\$6189208200

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTALS
OPEN PIT (HEAP LEACH)												
TONS/DAY	450	900	1800	1800	1800	1800	1800	1800	1800	1800	1800	
TONS/YEAR	56250	225900	451800	451800	451800	451800	451800	451800	451800	451800	451800	2902890
A. OZ./YEAR @ 69% REC.	2756	11087	22134	22134	22134	22134	22134	22134	22134	22134	22134	146627
A. OZ./YEAR @ 69% REC.	8151	32733	65466	65466	65466	65466	65466	65466	65466	65466	65466	433680
REVENUE/TON @ 69% REC.	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105	\$2105
OPERATING COST/TON	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020	\$1020
OPERATING INCOME/TON	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085	\$1085
OPERATING INCOME/YEAR	\$61931250	\$245101500	\$490203000	\$490203000	\$490203000	\$490203000	\$490203000	\$490203000	\$490203000	\$490203000	\$490203000	\$3247350750

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	TOTALS
TOTAL MINE *												
TONS/DAY	450	1050	2100	2100	2100	2100	2100	2100	2100	2100	2100	
TONS/YEAR	56250	263550	527100	527100	527100	527100	527100	527100	527100	527100	527100	3708300
A. OZ./YEAR (% REC)	2756(69%)	24472(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	48944(66%)	401322
A. OZ./YEAR (% REC)	8151(69%)	59439(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	118877(66%)	941085
REVENUE/TON	\$2105	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987	\$3987
OPERATING COST/TON	\$1020	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821	\$1821
OPERATING INCOME/TON	\$1085	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166	\$2166
OPERATING INCOME/YEAR	\$61931250	\$470849300	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$1141698600	\$9436558950

* AVERAGES AND WEIGHTED AVERAGES OF "UNDERGROUND MINE" NUMBERS AND "OPEN PIT (HEAP LEACH)" NUMBERS.

oxide and sulfide mineralization. Total projected mine income was then calculated by using the separate underground and open pit numbers and arriving at an average or weighted average of them.

ASSUMPTIONS

Ambassador Property Projected Income:

General - Forecast period is for 10 years

- Constant 1984 \$
- Inflation factors calculated from "NUEXCO Consumer Price Index" (See Appendix)
- 251 days per year

Potential Mineralization - 3,125,000 tons oxide (See "Assumptions Mineralization Potential)

- 2,058,000 tons sulfide (See "Assumptions Mineralization Potential)

Ore Grade - Underground grades based on to date sampling of underground excavations are 0.387 oz/ton Au, 0.771 oz/ton Ag and 0.253% Cu.

- Open pit grades based on to date sampling of surface exposures and prospect pits are 0.071 oz/ton Au and 0.210 oz/ton Ag.

Recovery Factor - Underground operation with recovery factor of 92% is an average calculated from "Underground Mines Comparison Sheet" (See Appendix)

Mining Rates - Underground mining production is 300 tons/day in third year and after

- Open pit mining production is 1800 tons/day in third year and after

Time - Complete "Step A" of "Exploration Program" in 1985-86

- Complete "Step B" of "Exploration Program" in 1986-87
- Complete permitting and bulk sampling in 1987-88
- Complete underground development in 1988
- Complete open pit development in first six months of 1988
- Begin limited open pit production (450 tons/day) in last six months of 1988
- Begin limited underground production (130 tons/day) in 1989.

- Open pit operating cost per tons is from 1981 quote on costs at the "Ortiz Mine" (AMCON) from 1983 "Gold Mining Study #2" by P. C. Lucke Associates (Appendix)
(\$9.00 (1981\$) x 1.1336 (1981 to 1984 inflation factor)
= \$10.20 (1984\$)

This mine is an open pit gold mine which treats its ore via heap leaching with a 3000 ton/day production rate.

Ounces Produced - Underground Calculations:

- (a) 251 Day/Yr. x 300 T/Day = 75,300 T/Yr.
251 Day/Yr. x 150 T/Day = 37,650 T/Yr. (1989)
- (b) 75,300 T/Yr. x .387 Oz/T Au = 29,141 Oz/Yr. x 92% Rec. = 26,810 Oz/Yr. Au
75,300 T/Yr. x .771 Oz/T Ag = 58,056 Oz/Yr. x 92% Rec. = 53,411 Oz/Yr. Ag
37,650 T/Yr. x .387 Oz/T Au = 14,570 Oz/Yr. x 92% Rec. = 13,405 Oz/Yr. Au
37,650 T/Yr. x .771 Oz/T Ag = 29,028 Oz/Yr. x 92% Rec. = 26,706 Oz/Yr. Ag

Ounces Produced - Open Pit Calculations

- (a) 251 Day/Yr. x 1800 T/Day = 451,800 T/Yr.
251 Day/Yr. x 900 T/Day = 225,900 T/Yr. (1989)
125 Day/Yr. x 450 T/Day = 56,250 T/Yr. (1988)
- (b) 451,800 T/Yr. x .071 Oz/T Au = 32,078 Oz/Yr. x 69% Rec. = 22,134 Oz/Yr. Au
451,800 T/Yr. x .221 Oz/T Ag = 99,848 Oz/Yr. x 69% Rec. = 68,895 Oz/Yr. Ag
225,900 T/Yr. x .071 Oz/T Au = 16,039 Oz/Yr. x 69% Rec. = 11,067 Oz/Yr. Au
225,900 T/Yr. x .221 Oz/T Ag = 49,903 Oz/Yr. x 69% Rec. = 34,433 Oz/Yr. Ag
56,250 T/Yr. x .071 Oz/T Au = 3,994 Oz/Yr. x 69% Rec. = 2,756 Oz/Yr. Au
56,250 T/Yr. x .210 Oz/T Ag = 11,813 Oz/Yr. x 69% Rec. = 8,151 Oz/Yr. Ag

Ton Value - Gold @ \$400.00/Oz.

- Silver @ \$10/00/Oz.

- Copper @ \$.070/Oz.

- Underground Calculations:

0.387 Oz/T Au x \$400/Oz Au =	\$154.80/Ton
0.771 Oz/T Ag x \$10/Oz. Ag =	7.71/Ton
0.253% Cu x 2000 Lbs/T=5.06 Lbs/T	
5.06 Lbs/T x \$0.70/Lb. Cu=	3.54/Ton
	<u>\$166.05/Ton</u>

\$166.05/T x 92% Rec = \$152.77/Ton

- Open Pit Calculations:

0.071 Oz/T Au x \$400/Oz Au =	\$28.40/Ton
0.210 Oz/T Ag x \$10/Oz Ag =	2.10/Ton
	<u>\$30.50/Ton</u>

\$30.50/T x 69% Rec = \$21.05/Ton

Operating Cost - Underground operating cost per ton is from 1980 quote on costs at the "Republic Mine" (Day Mines) from "Day Mines, Inc." report (Appendix)

\$52.95 (1980\$) x 1.2512 (1980 to 1984 inflation factor)
= \$66.25 (1984\$)

This mine is an underground gold and silver mine with a 250 T/Day production rate.