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TELEX: 364412 INTR ID 894
FAX: 602/326-4019

HEINRICH'S GEOEXPLORATION COMPANY

P.O. BOX 5964, TUCSON, ARIZONA 85703, 806 WEST GRANT ROAD, PHONE: (602) 623-0578

December 22, 1989

Mr. George Warnock, President
Coronado Resources Inc.
8065 N. 85th Way, Suite B-100
Scottsdale, AZ 85258

Re: S E Claim Group
La Paz County, Arizona

Dear George:

Per our recent brief discussions, please find the following:

1. A seven page report dated 1/15/89, revised 9/12/89 signed by James D. Loghry.
2. 1" = 2,000' scale map of claim group of all 78 contiguous claims.
3. 1989 Proof of Labor, giving book and page numbers of 78 recorded claim notices and corresponding BLM - AMC serial numbers.
4. A 1984 incomplete listing of reference material, most of which is available in Tucson.

Loghry is an experienced local consulting exploration geologist of long standing. His 7 page historical summary and brief geological synopsis was originally done when the eastern (Gold) block of 42 claims were still leased to Am. Cu and Nickel. That lease has since been dropped, now making all 78 claims available.

Confirming the terms, which I believe would be immediately acceptable to all four co-owners which I gave to you verbally:

- a. \$50,000 at closing
- b. \$3,000 per month, in lieu of royalty - considered as rental and/or advance royalty.
- c. 4% N.S.R.
- d. No buy out.

Best regards and wishes for the Holiday Season.

Sincerely,

Walter E. Heinrichs, Jr., President.

cc: W.C. Hirt

J. D. Loghry

R. J. Lundin

Re: SE Claims & Xmas Card

CONFIDENTIAL

12/22/89

Dear Bill:

Re the latter, please tentatively
(on first refusal basis) (me) forthcoming
reserve space for one sleeper during ATME.
Please let me know if there are other tentative takers.

Re SE claims you remember the Group
Sage Associates. Well Dave Hackman and Will Dortch,
the remnants of Sage, plus a number of other underemployed,
mostly local, professionals, operators, agents and promoters,
experienced (more or less) in various phases of mining enterprise
have formed a Co., Group?, association? called Blue Stone
Inc. Hackman is Pres. Their current interest (among others?)
is to find money to finance a LIX/leach copper operation
(or operations?) somewhere. Don't know if SE availability was
coincidence or not. Their proposed deal to SE co owners, is
same as asking deal to Warnock (Colorado) (Canadian,
VanCouver exchange, stock company). Warnock has already
told me (verbally) that 40% V.S.R. won't fly today, as far
as he is concerned. Jim Fogarty is impressed with Blue Stone.
One of their people is an experienced operator all right, but I
don't know about leach/LIX experience. Another guy claims
he can get free acid just by hauling it away. Dave and
Will are sincere but also very opportunistic. Oh, Mike Siemkoski,
(Joe's son) (Joe managed Johnson Camp for Cyprus) is leaching
knowledgeable and one of the group. As a group, of course,
they have no track record, but Jim is convinced they ^{would} produce.
Personally, I have some doubts and reservations mostly in

(see
letter
copy
enclosed)

the area of practical reality. To me, it is extremely unlikely that they can raise the money and retain management which is their deal. They offered this to Budge (Tony Budge of Budge Coal operations in Co. Britain) whom I know personally. ^(Ben Dickason was their original U.S. agent) Budge was interested in SE. but feel that the ~~Blue~~ ^{Blue} stone deal was unrealistic and that if they ^{Budge} put up the money, they ^(Budge) must operate. Their counter offer was 1-2K,000⁺ dollars exploration commitment then a 51-49 percent continuance, with dilution down to a flat 10% net profits (as sort of a finders fee). This is fairly standard and not unusual. Confidentially, I believe we could go straight to Budge but Jim is unimpressed with their capabilities and of course ^{now} has an ethical problem with Bluestone in our doing that. He originally gave them (") a 1 month verbal option and that must have been 2 or 3 months ago or more by now. Of course Budge ^{wont?} cant approach us directly for fear of suits and recriminations from Bluestone having brought it to them originally. Budge by the way are producing at Vulture ^{surface} and UVX (underground) gold and have encouraging ox cu drill results at Koro Cop (ex Essex Int.) near Reddington Pass. They are making money at UVX and Vulture but doubt if they are in the black over all as yet but they are getting some seed back.

As you know, Frank Miksa (whom you know quite well I understand) has been on the claims for Budge and

independent
can give you another data point on them (Budge)
Jim said yesterday that ^{he told} Bluestone that we
are promoting separate from them and that they
understand. I believe time is of the essence.

Do you know anything about Plexis Resources
(S.L.C.). Fred Heinrichs worked with Plexis pres.
Art Ditto, at Toelle, ^{Carr Fork} and liked him very much.
I thought some of presenting S.E. to them. You
might ask Millsaps ^{what} he knows about them.

My "package" to Warnock is not as blue ribbon
as we might prefer. Jim wanted to embellish it
but he hasn't returned my call today and I felt it
should go without further delay. I told Warnock he had
our "asking" price and if interested further he should
come back with a counter offer. So we will see
what happens.

Cheers,
Walt.

To be run at Ca State by J.C. Stewart
Placer US

SE, Claims - 1986

5/9/86

STRAV ELEPHANT

11 APRIL, 12 + 13TH

SE # 235 - # 259 - SURFACE ROCK CHIP

SE #

17 DRILL HOLE SAMPLES

CUBRE DRILL

3' 8" DEPTH

(R.L. orig No.)

2 IN DIAMETER

ROCK CHIP

DRILL

SE 208 - was 207 - C SE-201 - C

SE 210 - was 208 - C (RL) SE-202 - C

SE 235 SE-203 - C

SE 236 SE-204 - C

SE 237 SE-205 - C

SE 238 SE-206 - C - Was 207 - C (RL)

SE 239 SE-207 - C

7 SAMPLES

SE-209 - C

SE-211 - C

SE-212 - C

SE-213 - C

SE-214 - C

SE-215 - C

SE-216 - C

SE-217 - C

STAY ELEPHANT 11 APRIL, 12 + 13TH

SE # 235 - 239 - SURFACE ROCK CHIP

SE #

17 DRILL HOLE SAMPLES

COBRE DRILL

3' 8" DEPTH

2 IN DIAMETER

ROCK CHIP

DRILL

208

201 - C

210

202 - C

235

203 - C

236

204 - C

237

205 - C

238

206 - C

239

207 - C

7 SAMPLES

209 - C

211 - C

212 - C

213 - C

214 - C

215 - C

216 - C

217 - C

15

FMC Corporation

Minerals Division
City Center 4
1801 California Street Suite 2720
Denver Colorado 80202
303 295 7391



FMC

December 10, 1984

Heinrichs Geoexploration Company
Attention: Walter Heinrichs Jr
P.O. Box 5964
810 West Grant Road
Tucson, Arizona 85705

Dear Walter:

The assays and sample location maps that Rich Lundin requested are enclosed.

FMC reviewed the Stray Elephant claim package late last spring and came to the decision not to pursue any further interest in the S.E. claims.

Sincerely,

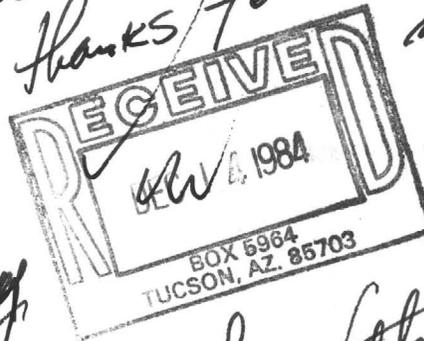
John R. Pierson

John R. Pierson
Geologist

JRP/df

Enclosures

Ans: 12/14/84
Dear John: Regret this did not titillate your fancy!
We none the less appreciate receipt of the footcand
data Rich requested and many thanks for same. Meanwhile,
lets hope the next one are present,
to you will really grab you!



Sincerely,
Walter Heinrichs Jr.
Partner.
cc: W.C.H.
J.D.L.
R.J.L.

5/8/86

Dear Rich:

Jim Stewart (Placer US) agreed to assay our recent SE samples for Au, Ag at Copper State: 7 surface rock chip samples and 15 Cobra drill hole cuttings samples. I must say I was not impressed by the sample numbering system developed by you and Walt, and it was embarrassing to try to sort them out in front of Stewart.

SAMPLES TAKEN 4/11/86

The first five holes at the Water Fall site are labeled SE-201-205-C (for cuttings). There was no No. 6 hole label so we named the one labeled 207-C, RL 86, 206-C presuming it was the 6th hole that was drilled south of the others. No. 7 hole sample is now 207-C. No. 8 sample in the sequence is a surface rock chip sample taken on the ridge top by Walt, a 10" quartz vein, where they were unable to put down a hole - now called SE 208.

No. 9 hole drilled on ridge top in very soft, vuggy hematite is now called 209-C, last hole of the day 4/11/86.

No. 10 sample, a surface rock chip taken by you in an 8" quartz vein labeled 208 C RL 86 is now called 210.

SAMPLES TAKE 4/12/85

We agreed to label surface samples as 235 and up to separate them from drill holes
You and I took SE 235 in "old road" canyon where the ~~rest of the drilling was done~~ drill broke down. It's plotted on your 200 scale map.

Sample 11, drill hole in qtz crystal tuff with FeOx veinlets, massive, bleached, by large cairn is now 211-C.

Hole Sample 12, drill hole 150' downstream from big cairn: qtz sil tuff, limonite stringers now 212-C (last hole south of water fall).

Hole Sample 13, now SE 213 C was the hole in Goodman wash in that good looking outcrop. "Qtz eye tuff, FeOx seems quite sandy".

Hole Sample 14, now SE 214-C, hole where? (one of 4 in Old Road Canyon?)

Hole Sample 15, now 215-C "Old Road Canyon" south from Goodman Wash "

Hole Sample 16, now 216-C "Old Road Canyon"

Hole Sample 17 labelled SE-17, now called 217-C, last hole by Bill - couldn't get drill going again.

(3)

+

SAMPLES TAKEN 4/13/86 - SURFACE ROCK CHIP

SE-236 Loghry near JSE-9 in Goodman Fault wash - dacite tuff, silicified with abundant limonite - goethite, jarosite also alunite

SE-237 and 238 taken in canyon wall east of JSE-1 (see new location JSE-1; I believe I misplotted it on your map)

SE-237^(Loghry) N22°W, dip 20°N vein/fracture system with quartz, abundant indigenous hematite.

SE-238 3" Quartz-hematite vein E-W + 40° ~~near~~ by Walt Heinrichs.

SE-239 fault zone north of, above Hancock Fault in SE 20 claim, green gray argillized broken, fragmental tuff, gougy and sheared, minor goethite stain and paint. Heinrichs and Hirt. Last Sample

Samples 235, and SE 201-C - 217-C and rock chip 208, 210 are plotted on your 200 scale map. Please plot them on enclosed 500 map and return 2 copies to me I'll give one to Stewart. Samples on 500 scale map are 236-239. for your information. Please send me a 200 scale SE map.

I would still like to have a 200 scale Hillside map.

OVER →

(4)

5/8/86

George Scholey may want to visit
Hillside on May 12, Monday. I do
not want to promote any other properties
to him at this time - Hillside First!
I'd like for you and I to show him the
Hillside on Monday. I have to be in
Tucson on Tuesday.

John

STRAY ELEPHANT 11 APRIL, 12 + 13TH

SE # 235 - 259 - SURFACE ROCK CHIP

SE #

17 DRILL HOLE SAMPLES

COBRE DRILL

3' 8" DEPTH

2 IN DIAMETER

ROCK CHIP

DRILL

SE-208 (no. 8, 10" qtz vein, walt)

201-C

210 (was 208C) 8' wide qtz vein

202-C

235 RL JDL - "Old Road" Canyon

203-C

236

204-C

237

205-C

238

206-C (was 207-C) no. 6 hole

239

207-C

7 SAMPLES

209-C (on ridge west, walt)

211-C

212-C

213-C

214-C

215-C

216-C

217-C

15

ATTACHMENT A

Geological & Geochemical

Basic Findings of Work Done On

Detailed

PROFESSIONAL REPORT DESCRIBING THE SE CLAIM GROUP
MIDDLE CAMP MINING DISTRICT, LA PAZ COUNTY ARIZONA

1 Sept 1983 - 1 Sept 1984

by Richard J. Lundin, Mineral Exploration Consultant

1. Mine or Property Name: SE (Stray Elephant) Group
2. Mining District, County & State: Middle Camp Mining District, La Paz County, Arizona
3. Quadrangles or Map Names: La Paz Mtn. & Middle Camp Mountain Quadrangles (1:24,000)
4. Location: T. 3N R. 20W Sections 4, 5 & 6; T. 4N R. 20W Sections 31, 32 & 33; T. 4N R. 21W, Section 36 Section 36 G&SRB&M
5. Any Former Names: Scott-Weaver Grp., Zales Grp., Hancock Wash Copper Prospect, Weaver Mine
6. Owners: Heinrichs GEOEXploration Inc., J.D. Loghry, W.C. Hirt, Wombat Mining Co.
7. Address of Owners: P.O. Box 5964, Tucson AZ 85703 Telephone (602) 623-0578
8. Operator: (same as above)
9. Address of Operator: (same as above)
10. Principal Metals: Cu, Au, Ag, Mo, U
11. Number of Claims, Title etc.: 78 unpatented lode claims
12. Previous Published or Unpublished Reports: Kincannon, 1926(private report); Lee, W.T., 1908; Bancroft, H., 1911; Darton, N.H., 1925; Lausen, C., 1927; Housholder, E.R., 1956(private report); Ahern, R., 1972(private report); Crawl, W., 1978; ADMR File Data, ABM File Data, Lundin, R., 1982a(private report); Lundin, R., 1982b(private report)
13. Names of Mining Companies or Governmental Agencies that have worked or are now working on this property: Royal Investment Corp., Kerr-McGee Corp., McIntyre-Porcupine, Congdon & Carey, Arizona Department of Mineral Resources, Gulf Minerals, Amoco Minerals, Newmont, Felmont, Utah International, Bear Creek, Texas Gulf Western, Amselco, FMC, AMAX, Meridian, Labradorex, Rio Algom, Callahan & Wallaby Enterprises, Heinrichs GEOEXploration Co.
14. Ore & Gangue Minerals: Malachite, azurite, Chrysocolla, tenorite, auriferous pyrite, galena, sphalerite, tetrahedrite, molybdenite, native gold and uraninite; quartz, sericite, orthoclase (secondary), biotite (primary and secondary), chlorite, tourmaline, anthophyllite, talc, alunite, pyrophyllite, specular hematite, hematite-goethite-limonite-jarosite gossan material and kyanite.
15. Geology: Mapping has defined the following rock sequence:
 1. Paleozoic sediments
 2. Triassic-Cretaceous intrusive and extrusive igneous rocks of basaltic, dacitic and felsic composition. The predominant felsic units being mainly quartz crystal tuffs.

SP

3. Cataclastically deformed Cretaceous-Tertiary volcanics, volcaniclastics and sediments (conglomerate and arkose sequences)
4. Miocene? dacitic flows and intrusives
5. Quaternary bench gravels and alluvium

16. Type of Mineralization-Metallurgical Considerations:

1. Syngenetic Au-Ag mineralization associated with siliceous, pyritic volcanic and volcaniclastic units. The Mineralization is associated with areas of extensive argillic-sericitic-alunitic alteration. This stage of mineralization thought to have occurred after a period of development of low-angle detachment surfaces and may be associated with subsequent or contemporaneous episodes of Tertiary dacitic intrusive activity

2. Disseminated and veinlet controlled Cu-Au-Ag-Mo-U mineralization associated with potassically altered volcanics, metasediments and a quartz monzonite porphyry intrusive. This episode of mineralization appears to have occurred prior to any detachment activity and may be of Laramide age.

3. Vein Au-Ag-Cu-Pb-Zn mineralization associated with quartz-magnetite veins. These vein systems appear to crosscut the other types of mineralization and may be late-stage, remobilized vein systems. They are the source of most of the placer gold deposits.

4. Placer Gold deposits

17. Ore Reserves: 3,600,000 tons of drill indicated, near-surface oxide copper-silver-gold mineralization the would average 1.57% Cu (Housholder, 1956) Approximately 15,000,000 tons of oxide and sulphide copper-gold ore that would average 1.0% Cu (Ahern, 1973)

18. Mine, Mill Equipment & Flow Sheet: none

19. Road Conditions: Access to the property is by a series of dirt roads and jeep trails. (see figure 1)

20. Water & Power Supply: none developed

21. Extent of Development: shallow pits and adits, 2 areas of extensive mining or quarrying operations.

22. Brief History: Property originally located in 1906 by Miguel Apodoes, worked in the 1920's as the Weaver or Weaver-Scott Mine, Developed in the 1950's by Royal Investment Corp. who shipped several carloads of oxide Cu-Ag-Au ore. Operated in the 1960's by Hancock Oil Co., leased by Kerr-McGee in the 1970's who drilled four core holes (Q1-Q4), Then abandoned the property. Located by the present ownership in 1980. Leased to Amoco in 1983. A single hole was drilled by Amoco in August of 1983. The property was

Apodoes?

for labor purposes only

January

much of their

returned to the present ownership when Amoco curtailed mineral operation in February of 1984 *owing to corporate-wide budget cuts.*

23. Previous Sampling, Drilling & Other Studies on Dumps or Tailings: Considerable surface sampling by Kerr-McGee (Cu & Mo), Royal Investment Corp (Cu), Congdon & Carey (Cu, Pb, Zn), Gulf (Au, Cu, Hg), Newmont (Cu, Au), Texas Gulf Western (Au), Bear Creek (Au), Labradorex (Au, Cu). Amoco (Cu, Au). Core Drilling by Royal Investment Corp. and Kerr-McGee in the area of copper-gold mineralization. Down-the-hole hammer drilling in this same area by Amoco.

24. Environmental-Social-Political Conditions & Considerations: The area is one of past mining and prospecting activity and is not within any area considered for Wilderness or Restricted Use Status.

25. Sampling: Numerous samples of both the underground workings and surface exposures by several major mining companies and consulting groups, ~~including that done during 1982-84 as shown in Attachment B (map).~~

BASIC FINDINGS:

26. Financial Terms, Conditions & Considerations: The property is currently open for lease or purchase.

Remarks: Geologic mapping and sampling delineated several areas that have anomalous gold values associated with areas of strong sericite-alunite-quartz alteration and anomalous molybdenum values. The property has the potential for bulk tonnage Au-Ag deposits associated with pyritic, volcanic sequences; disseminated and stockwork Cu-Ag-Au-Mo-U bulk tonnage deposits associated with extremely altered volcanic, volcanoclastic and intrusive units. Other areas within the claim group also have an excellent potential for precious metal bearing stockwork vein systems. Continuing geological and geochemical surveys during 1983 and 1984 delineated areas with anomalous gold values associated with rim fractures and high-angle breccia features of a large circular feature. This feature may be the surface expression of another buried dacitic intrusive system that is thought to be the source of much of the primary gold mineralization in the district. The western portion of the property is only partially explored but has existing, developed reserves of Cu-Ag-Au mineralization that can be currently mined by open pit methods. The potential of the property is largely untested.

Richard J. Lundin, James D. Loghry, A. Humphreys, Peter Dohms, Rick Knowling, John Pierson, Brad Margeson, David Spatz, and Jon Broderick were the names of the persons employed by the owners who labored to do the work and improvements.

and all of whom are qualified explorationists with many years experience and/or graduate senior geologists or engineers and/or registered in the state of Arizona.

Date: November 3, 1984

Signature

Richard J. Lundin
1552 Iron Springs Road Suite 39, Prescott, AZ 86301

Richard J. Lundin, Mineral Exploration Consultant and President of Wallaby Enterprises Inc., has a BA degree in Anthropology and Geology from Beloit College, Wisconsin and 10 years experience in the evaluation of base and precious metal deposits in the United States and abroad.

FORM 3830-2 (FEBRUARY 1984) 1985

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ARIZONA STATE OFFICE, BOX 16563, PHOENIX AZ 85011

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AMC105414	SE #1						
AMC105415	SE #2						
AMC105416	SE #3						
AMC105417	SE #4						
AMC105418	SE #5						
AMC105419	SE #6						
AMC105420	SE #7						
AMC105421	SE #8						
AMC105422	SE #9						
AMC105423	SE #10						
AMC105424	SE #11						
AMC105425	SE #12						
AMC105426	SE #13						
AMC105427	SE #14						
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AMC105470	SE #61						
AMC105471	SE #62						
AMC120266	CAROL - 1						
AMC120267	CAROL - 2						

orig mailed to Rich Scuderi 12/2/85 WBS

FORM 3830-2
(FEBRUARY 1984) 1985

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SERIAL NUMBER NAME

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AMC186706	SE #103	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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AMC186712	SE #109	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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AMC186717	SE #114	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AMC186718	SE #115	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AMC186719	SE #116	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AMC186720	SE #117	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AMC186721	SE #118	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
AMC186722	SE #119	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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NEW INSTRUCTIONS FOR FORM 3830-2,
MINING CLAIMS ANNUAL ASSESSMENT REMINDER

Form 3830-2 is provided to help you and the BLM speed up the processing of affidavits of assessment work and notices of intent to hold for the 1984-85 assessment year. Use of this form is optional.

If you use Form 3830-2, YOU MUST ALSO SEND IN YOUR AFFIDAVITS OF ASSESSMENT WORK AND/OR NOTICES OF INTENT TO HOLD ALONG WITH THE FORM. If you do not send in your affidavits of assessment work and/or notices of intent to hold, your mining claim, mill site, or tunnel site will be considered abandoned and void because the law says so (43 CFR 3833.4).

YOU MUST FILE WITH THE BLM THE SAME DOCUMENTS THAT YOU FILE WITH THE LOCAL RECORDER'S OFFICE.

1. Fill in ONLY ONE circle for each mining claim, mill site, or tunnel site.
2. If you have done your assessment work for the mining claim(s) listed on Form 3830-2, fill in the "assessment done" circle with a soft lead pencil and enclose a copy of your affidavit(s) with the form. DO NOT STAPLE affidavit(s) to the form.
3. If you are filing a notice of intent to hold your mining claim, mill site, or tunnel site, fill in the "intent to hold" circle with a soft lead pencil and enclose a copy of your notice(s) of intent to hold with the form. DO NOT STAPLE notice(s) to the form.
4. If you have abandoned a mining claim, mill site, or tunnel site, fill in the "abandoned" circle with a soft lead pencil and enclose a signed statement listing all those claims and sites that you have abandoned this year with the form. DO NOT STAPLE statement(s) to the form.
5. Place Form 3830-2 and all affidavits of assessment work, notices of intent to hold, or signed statements of abandonment (PLEASE DO NOT FOLD, BEND, OR STAPLE) in the envelope provided or a 9x12 inch envelope, and mail to the BLM office where your claims are recorded.
6. If you mail this form to the proper BLM State Office, it must be postmarked by midnight on December 30, 1985, and received in the proper BLM State Office by close of business on January 21, 1986.
7. Please be sure to place enough postage on the envelope if you mail it. A 9x12 inch envelope requires 39 cents postage for the first ounce, more if its heavier. The BLM suggests that you send your mail in by certified mail, return receipt requested so that you will have a record that it has been received by the BLM office.
8. If you file this form in person, it must be in the proper BLM State Office by close of business on December 30, 1985.
9. If you receive more than one form, or have moved since last year, please provide the BLM State Office with your correct mailing address so we can better serve you.
10. A receipt will be mailed to you after the BLM receives your affidavits of assessment work and/or notices of intent to hold. Keep that receipt in case of future problems.
11. If you have any questions concerning the mining claims, mill sites, or tunnel sites listed on this form, please contact your BLM State Office for assistance.

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B.L.M. AZ STATE OFFICE

JAN 8 1987

7:45 A.M.
PHOENIX, ARIZONA

"Postmarked timely"

ATTACHMENT B

DETAILED PROFESSIONAL REPORT DESCRIBING RESULTS OF
BASIC FINDINGS OF WORK DONE ON THE SE CLAIM GROUP
MIDDLE CAMP MINING DISTRICT, LA PAZ COUNTY ARIZONA

September 1, 1985-August 31, 1986

by Richard J. Lundin, Mineral Exploration Consultant

1. Mine or Property Name: SE (Stray Elephant) Group
2. Mining District, County & State: Middle Camp
Mining District, La Paz County, Arizona
3. Quadrangles or Map Names: La Paz Mtn. & Middle Camp Mountain
Quadrangles (1:24,000)
4. Location: T. 3N R. 20W Sections 4,5 & 6; T. 4N R. 20W Sections
31,32 & 33; T. 4N R. 21W, Section 36 Section 36 G&SRB&M
5. Any Former Names: Scott-Weaver Grp., Zales Grp., Hancock Wash
Copper Prospect, Weaver Mine
6. Owners: Heinrichs GEOEXploration Inc., J.D. Loghry, W.C. Hirt,
Wombat Mining Co.
7. Address of Owners: P.O. Box 5964, Tucson AZ 85703 Telephone:
(602) 623-0578
8. Operator: (same as above)
9. Address of Operator: (same as above)
10. Principal Metals: Cu, Au, Ag, Mo, U
11. Number of Claims, Title etc.: 78 unpatented lode claims
12. Previous Published or Unpublished Reports: Kincannon,
1926(private report); Lee, W.T., 1908; Bancroft, H., 1911;
Darton, N.H., 1925; Lausen, C., 1927; Housholder, E.R.,
1956(private report); Ahern, R., 1972(private report); Crawl, W.,
1978; ADMR File Data, ABM File Data, Lundin, R., 1982a(private
report); Lundin, R., 1982b(private report)
13. Names of Mining Companies or Governmental Agencies that have
worked or are now working on this property: Royal Investment
Corp., Kerr-McGee Corp., McIntyre-Porcupine, Congdon & Carey,
Arizona Department of Mineral Resources, Gulf Minerals, Amoco
Minerals, Newmont, Felmont, Utah International, Bear Creek, Texas
Gulf Western, Amselco, FMC, AMAX, Meridian, Labradorex, Rio
Algom, Callahan, Placer Amex, Nicor, Wallaby Enterprises, and
Heinrichs GEOEXploration Inc.
14. Ore & Gangue Minerals: Malachite, azurite, chrysocolla,
tenorite, auriferous pyrite, galena, sphalerite, tetrahedrite,
molybdenite, native gold and uraninite; quartz, sericite,
orthoclase (secondary), biotite (primary and secondary),
chlorite, tourmaline, anthophyllite, talc, alunite,
pyrophyllite, specular hematite, hematite-goethite-limonite-
jarosite gossan material and kyanite.

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15. Geology: Mapping has defined the following rock sequence:

1. Paleozoic sediments
2. Triassic-Cretaceous intrusive and extrusive igneous rocks of basaltic, dacitic and felsic composition. The predominant felsic units being mainly quartz crystal tuffs.
3. Cataclastically deformed Cretaceous-Tertiary volcanics, volcanoclastics and sediments (conglomerate and arkose sequences)
4. Miocene? dacitic flows and intrusives
5. Quaternary bench gravels and alluvium

16. Type of Mineralization-Metallurgical Considerations:

1. Syngenetic Au-Ag mineralization associated with siliceous, pyritic volcanic and volcanoclastic units. The Mineralization is associated with areas of extensive argillic-sericitic-alunitic alteration. This stage of mineralization thought to have occurred after a period of development of low-angle detachment surfaces and may be associated with subsequent or contemporaneous episodes of Tertiary dacitic intrusive activity

2. Disseminated and veinlet controlled Cu-Au-Ag-Mo-U mineralization associated with potassically altered volcanics, metasediments and a quartz monzonite porphyry intrusive. This episode of mineralization appears to have occurred prior to any detachment activity and may be of Laramide age.

3. Vein Au-Ag-Cu-Pb-Zn mineralization associated with quartz-magnetite veins. These vein systems appear to crosscut the other types of mineralization and may be late-stage, remobilized vein systems. They are the source of most of the placer gold deposits.

4. Placer Gold deposits

17. Ore Reserves: 3,600,000 tons of drill indicated, near-surface oxide copper-silver-gold mineralization the would average 1.57% Cu (Housholder, 1956) Approximately 15,000,000 tons of oxide and sulphide copper-gold ore that would average 1.0% Cu (Ahern, 1973)

18. Mine, Mill Equipment & Flow Sheet: none

19. Road Conditions: Access to the property is by a series of dirt roads and jeep trails. (see Figure 1)

20. Water & Power Supply: none developed

21. Extent of Development: shallow pits and adits, 2 areas of extensive mining or quarrying operations.

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22. Brief History: Property originally located in 1906 by Miguel Apodoca, worked in the 1920's as the Weaver or Weaver-Scott Mine, Developed in the 1950's by Royal Investment Corp. who shipped several carloads of oxide Cu-Ag-Au ore. Operated in the 1960's by Hancock Oil Co., leased by Kerr-McGee in the 1970's who drilled four core holes (Q1-Q4) Then abandoned the property. Located by the present ownership in 1980. Leased to Amoco in 1983. A single 150' hole for annual labor purposes only was drilled by Amoco in August of 1983. The property was returned to the present ownership when Amoco curtailed much of their mineral operations in January of 1984 owing to corporate-wide budget cuts.

23. Previous Sampling, Drilling & Other Studies on Dumps or Tailings: Considerable surface sampling by Kerr-McGee (Cu & Mo), Royal Investment Corp (Cu), Congdon & Carey (Cu, Pb, Zn), Gulf (Au,Cu,Hg), Newmont (Cu,Au), Texas Gulf Western (Au), Bear Creek (Au), Labradorex (Au,Cu). Amoco (Cu,Au). Core Drilling by Royal Investment Corp. and Kerr-McGee in the area of copper-gold mineralization. Down-the-hole hammer drilling in this same area by Amoco, Percussion drilling of 17 holes during the 1985-1986 Assessment Work year.

24. Environmental-Social-Political Conditions & Considerations: The area is one of past mining and prospecting activity and is not within any area considered for Wilderness or Restricted Use Status.

25. Sampling: Numerous samples of both the underground workings and surface exposures by several major mining companies and consulting groups.

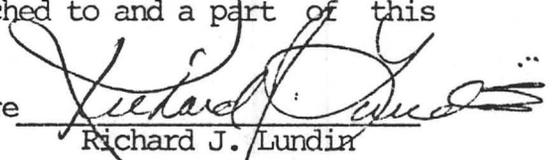
26. Basic Findings: Geologic mapping and sampling delineated several areas that have anomalous gold values associated with areas of strong sericite-alunite-quartz alteration and anomalous molybdenum values. The property has the potential for bulk tonnage Au-Ag deposits associated with pyritic, volcanic sequences; disseminated and stockwork Cu-Ag-Au-Mo-U bulk tonnage deposits associated with extremely altered volcanic, volcanoclastic and intrusive units. Other areas within the claim group also have an excellent potential for precious metal bearing stockwork vein systems. Geological and geochemical surveys during 1983 and 1984 delineated areas with anomalous gold values associated with rim fractures, low angle shear zones and high-angle breccias within a large circular feature. This feature may be the surface expression of a buried dacitic intrusive system that is thought to be the source of much of the primary gold mineralization in the district. The results of the 1985-1986 drilling program indicated that there exists on the property extensive systems of Low-Angle fractures that subparallel the major regional Goodman and Hancock Wash faults. Associated with these systems are extensive areas of silicification, argillization, brecciation and iron staining with anomalous gold values. The western portion of the property is only partially explored but has existing, developed reserves of Cu-Ag-Au mineralization that can be currently mined by open pit methods.

"Postmarked timely"

This report is based on the work of Richard J. Lundin, James D. Loghry, William C. Hirt, James Stewart and Walter E. Heinrichs all of whom are qualified explorationists with many years experience and/or graduate senior geologists or engineers or registered in the State of Arizona. Locations of the various drill holes and representations of the the assay results of the samples of the cuttings from the various drill holes are indicated on Figure 1 that is attached to and a part of this report.

Date: November 1, 1986

Signature



Richard J. Lundin

Richard J. Lundin, Mineral Exploration Consultant and President of Wallaby Enterprises Inc., 1555 Iron Springs Road, Suite 39, Prescott, AZ 86301, has a BA degree in Anthropology and Geology from Beloit College, Wisconsin and 10 years experience in the evaluation of base and precious metal deposits in the United States and abroad.

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AFFIDAVIT OF PERFORMANCE OF ANNUAL WORK

State of Arizona)
) ss.
County of La Paz)

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B.L.M. AZ STATE OFFICE

JAN 8 1987

7:45 A.M.
PHOENIX, ARIZONA

"Postmarked timely"

I, Richard J. Lundin
of 372 Hackberry Circle
Prescott, Arizona 86301

being duly sworn according to law deposes and says that he is a citizen of the United States more than eighteen years of age and that all of the facts set forth in this affidavit are true and correct according to the best of his knowledge, information and belief.

That he is personally acquainted with the mining claims named in Attachment A that are situate in the Middle Camp Mining District, La Paz County, Arizona, the location of which are recorded in the office of the County Recorder of that County in various Books and Pages. (see Attachment A) Notices of Location are posted located in Sections 31, 32, 5, 6, & 36 Townships 3N & 4N Range 20W & 21W G&SRB&M.

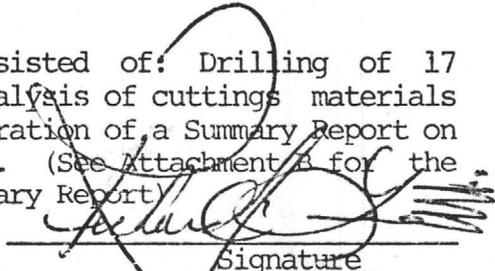
That between the dates of September 1, 1985 and August 31, 1986 at least Eight Thousand Three Hundred (\$8,300,00) dollars worth of work and improvements were made and performed upon this claim not including location work.

The work and improvements were made by and at the expense of Walter E. Heinrichs, James D. Loghry, William C. Hirt and Richard J. Lundin, owners of the property for the purpose of complying with the laws of the United States pertaining to assessments or annual work.

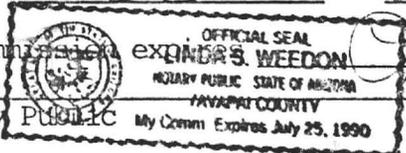
Richard J. Lundin, James D. Loghry, William C. Hirt, Walter E. Heinrichs, and James Stewart were the names of the persons employed by the owners who labored to do the work and improvements. All of the above mentioned individuals are senior Geologists or Mining Engineers with many years experience in all phases of mineral exploration.

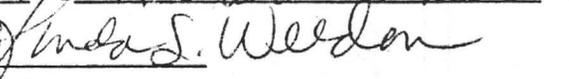
The work and improvements done consisted of: Drilling of 17 exploration holes, recovery and analysis of cuttings materials recovered from these holes and preparation of a Summary Report on the results of the Drilling Program. (See Attachment B for the location of these holes and the Summary Report)

Dated 12/30/86


Signature

Subscribed to and sworn before me, a Notary Public, this 30 day of Dec, 1986, by Richard J. Lundin

My Comm. Expires July 25, 1990
Notary Public




ATTACHMENT A

Name of Claim	BLM Serial Number AMC No.	La Paz County	
		Book	Page
SE #1-52	105414-105465	1168	643-746
SE #57-62	105466-105471	1168	747-758
SE #101-120	186704-186723	1303	729-770

ATTACHMENT B

SUMMARY REPORT
SE CLAIM GROUP

by Richard J. Lundin, Mineral Exploration Consultant

1. Mine or Property Name: SE Claim Group
2. Mining District, County & State: Middle Camp-Oro Fino Mining District, La Paz County, Arizona
3. Quadrangles or Map Names: Middle Camp Mountain AZ (1:24,000)
4. Location: T. 3N & 4N, R. 20W & 21W, Sections 31,32,5,6 & 36
5. Any Former Names: Scott Copper, Royal Investment Corp. Property, Scott-Weaver Copper Mine, Weaver Mine, Sugarloaf Peak Project (Kerr-McGee Corp.)
6. Owners: Walter E. Heinrichs, James D. Loghry, Wombat Mining Co. (Richard J. Lundin, owner) & William C. Hirt
7. Address of Owners: C/O Heinrich's GEOEXploration Inc., 810 W. Grant Rd., Tucson AZ 85705; Telephone: (602) 623-0578
8. Operator: same as above
9. Address of Operators: same as above
10. Principal Metals: Cu, Au, Ag, U
11. Number of Claims, Title etc.: 78 unpatented lode claims,
12. Previous Published or Unpublished Reports: Bancroft, H., (1911), Heikes, V.C., and Yale, C.G. (1913); Jones, E.L., Jr. (1916b); Kincannon, R.B. (1926); Gardner, E.D. and Johnson, (1934); Householder, E. Ross (1956a & 1956b); Wilson, E. (1961) Kerr-McGee Private Reports (1971, 1973a & 1973b); Johnson, M.G. (1972) numerous other private company reports, maps and file data, Arizona Department of Mines and Mineral Resources File Data, Crowl, W.J. (1975); Keith, S.B. (1978); Lundin, R. (1982a & 1982b) Dausinger, N.E. (1983)
13. Names of Mining Companies or Governmental Agencies that have worked or are now working on this property: Royal Investment Corp., Congdon & Carey, McIntyre-Porcupine, Kerr-McGee, Newmont, Gulf Minerals, Texasgulf Western, Bear Creek, Echo Bay, Felmont, Gold Fields, AMSELCO, AMAX, FMC, Labradorex, AMOCO and Meridian Minerals.
14. Ore & Gangue Minerals: Auriferous and argentiferous pyrite and chalcopyrite, malachite, azurite, chrysocolla, tenorite, molybdenite, alanite, iron and manganese oxides associated with extensive areas of sericite-chlorite-alunite-pyrophyllite alteration and extensive silicification, areas of extensive talc-serpentine and tourmaline veining, placer gold
15. Geology: Triassic felsic intrusives and metavolcanics that are overlain by a highly sheared and deformed sequence of Cretaceous volcanics, volcanoclastics, sediments, and cataclastics. These units were then strongly fractured and extremely altered to a alunite-pyrophyllite-quartz-sericite-chlorite-clay assemblage and intruded by a series of intermediate-felsic Laramide-Tertiary volcanic plugs and associated silicious, base and precious metal vein systems. Quaternary gravels and alluvium.

16. Type of Mineralization-Metallurgical Considerations:

1. "Porphyry" Cu-Mo-Ag-Au-U mineralization associated with areas of potassic, phyllic and argilic in the general vicinity of the "Open Pit" area in Hancock Wash. Adjacent to this area are extensive areas of quartz-tourmaline veining associated with a quartz-chlorite-epidote-potassium feldspar alteration assemblage in metavolcanics and felsic intrusives. From the existing Kerr-Mc Gee drilling information, it appears that the mineralization is of a sulphide character and should be amenable to standard floatation treatment.

2. Disseminated pyritic Au-Mo-Pb-Zn mineralization associated with extensive areas of alunite-pyrophyllite-quartz-sericite-clay alteration in silicified metavolcanics, volcanoclastics, cataclastics and sediments. Mineralization is associated with zones of silicification adjacent to or within radial, concentric and low-angle fracture systems.

3. "Stockwork" Au-Mo-Pb-Zn bearing quartz vein systems that contain masses of free-milling gold. These systems are quite extensive and outcrop in the northeast portion of the property.

17. Ore Reserves: According to a Royal Investment Corp. report on the property, the drill indicated reserves of the copper-rich portion of the property are reported at 3,600,000 tons of mixed oxide and sulphide copper bearing ore that would probably average 1.575% Cu/T., .002 ozs. Au/T. (Householder, E. Ross (1956b)) On the basis of later work, Kerr McGee personnel estimated that the reserve potential of this area might be in the order of 10,000,000 tons of material that would average 1% Cu.

The potential tonnage of the gold-rich portion of the system is unknown at this time. On the adjacent SP property of Westworld Oil and Gas, a recently completed, shallow, drilling program delineated a potential of up to 100,000,000 tons of material that would contain 1.5 million ounces of gold and 25 million ounces of silver (Dausinger, N.E. (1983)) It is felt that a major portion of this system extends on to the SE claim group.

18. Mine, Mill Equipment & Flow Sheet: none

19. Road Conditions: The property is readily accessible by system of roads and jeep trails. Interstate (figures 1 & 2)

20. Water & Power Supply: Water is available for mining and milling activities from the Colorado River by application. An El Paso Natural Gas pipeline runs through the property. Three phase electrical power is locally available.

21. Extent of Development: Considerable, shallow, open cut workings and stripped areas in and along Hancock Wash

22. Brief History and Past Production: District originally located in the 1890's and worked for high-grade, placer gold deposits. During this period there was only small production from high grade pockets on top of strongly veined bedrock outcrops in the eastern portion of the property. The property was originally located by Miguel Apodoca, and worked in the 1920's as the Weaver or Weaver-Scott Mine. The mine was further developed in the 1950's by Royal Investment Corp. who shipped initiated a drilling program, developed some reserves and shipped several carloads of oxide Cu-Ag-Au ore. It was again operated in the the 1960's by Hancock Oil Co., who then leased to Kerr-McGee. Kerr-McGee drilled six core holes (Q1-Q6) in the Hancock Wash area of the property (Q1-Q6). Located by the present ownership in 1980 and leased to AMOCO in 1983. AMOCO drilled one, shallow, hole in the Hancock Wash area and returned the property to the present ownership. Intensive surface sampling, geological-geophysical studies of areas in the gold-rich portion of the property by several major mining companies (1984-1985)

23. Previous Sampling, Drilling & Other Studies on Dumps or Tailings: Considerable surface sampling by several major mining companies (see figure 1 for results) Core drilling by Royal Investment Corp., Kerr-McGee Corp and AMOCO.

24. Environmental-Social-Political Conditions & Considerations: The area is one of past, extensive and recent mining and prospecting activity and is not within any area considered for Wilderness or Restricted Use Status.

25. Sampling: Sampling by various major companies and Wallaby personnel of the surface exposures. (see figure 1 for results)

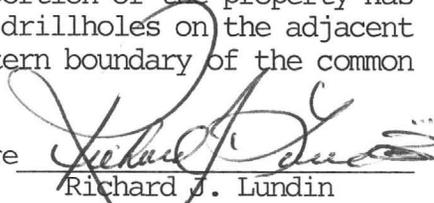
26. Financial Terms, Conditions & Considerations: The property is currently available for lease or purchase.

Remarks: The property is an old Copper-Gold-Silver producer with drill indicated reserves. Past drilling efforts by several major mining companies have delineated a major, near-surface Cu-Au-Ag-U system. Recent work has delineated extensive areas of intense low-angle shearing, and alunite-sericite alteration and silicification with associated gold and molybdenum mineralization. In the gold-rich portion of the the property are bodies of strongly fluidized breccia that have anomalous gold contents (up to 5.00 ppm Au/T.) Low-angle fracture-vein systems that are known to have anomalous to ore grade gold values on adjacent properties (i.e. the Goodman Mine Vein System) are thought to cross the SE property under alluvial cover. (see figure 1) Detailed geological mapping and geophysical studies carried out during the 1984-1985 Assessment Work Year, delineated numerous small bodies of highly fluidized breccia that may cotain anomalous gold values. Structural mapping studies confirmed the radial and concentric pattern to fracturing in ;the gold-rich portion of the property.

From the data at hand, it appears that there is a the potential for a 5,000,000-10,000,000 ton copper-silver-gold deposit in the Hancock Wash, copper-rich, portion of the property and the potential for several other gold-silver-molybdenum deposits in the gold-rich portion. The gold-rich portion of the property has not been tested by drilling. Ore-grade drillholes on the adjacent S.P. group are within 500' of the eastern boundary of the common SE claim boundary.

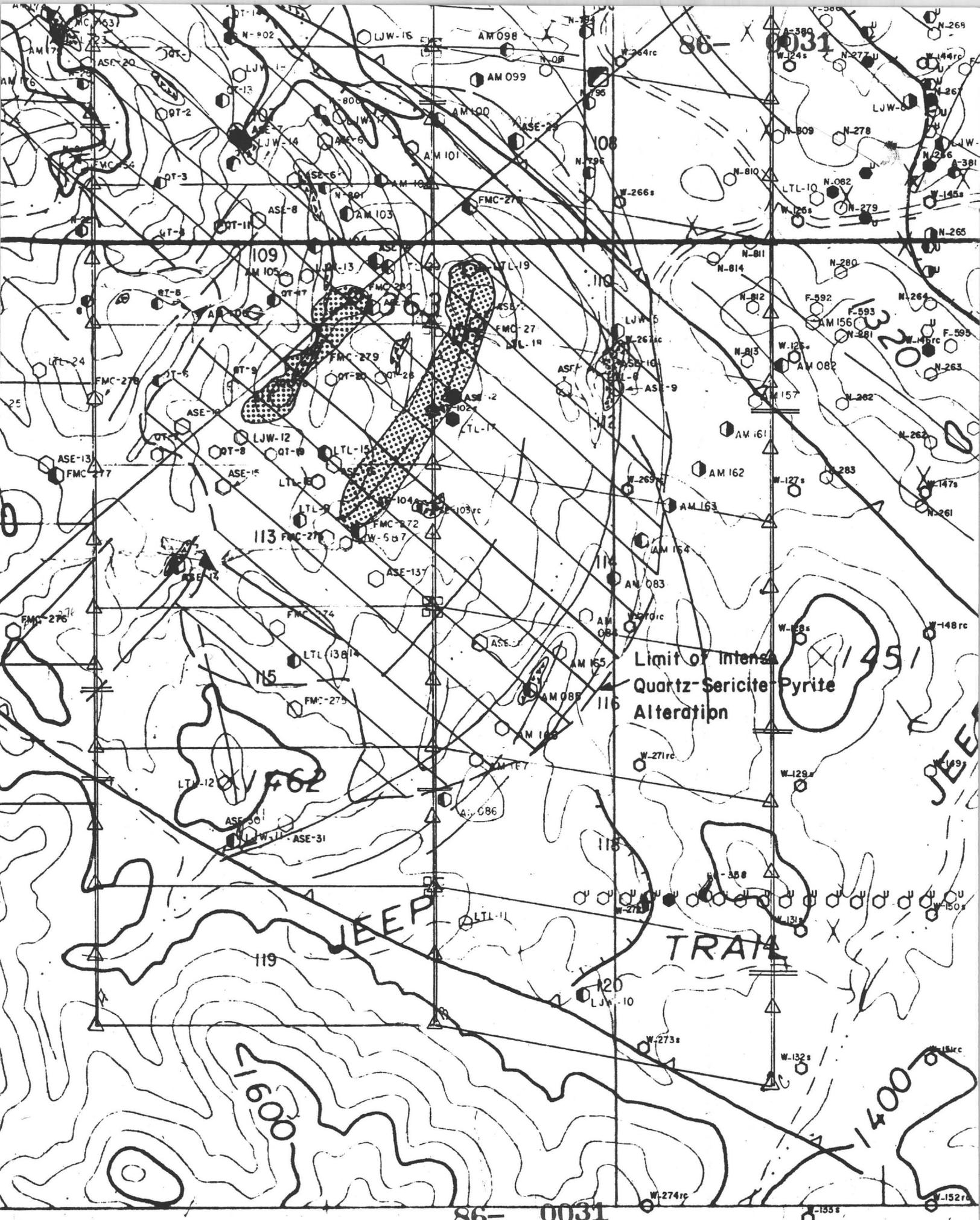
Date: October 28, 1985

Signature



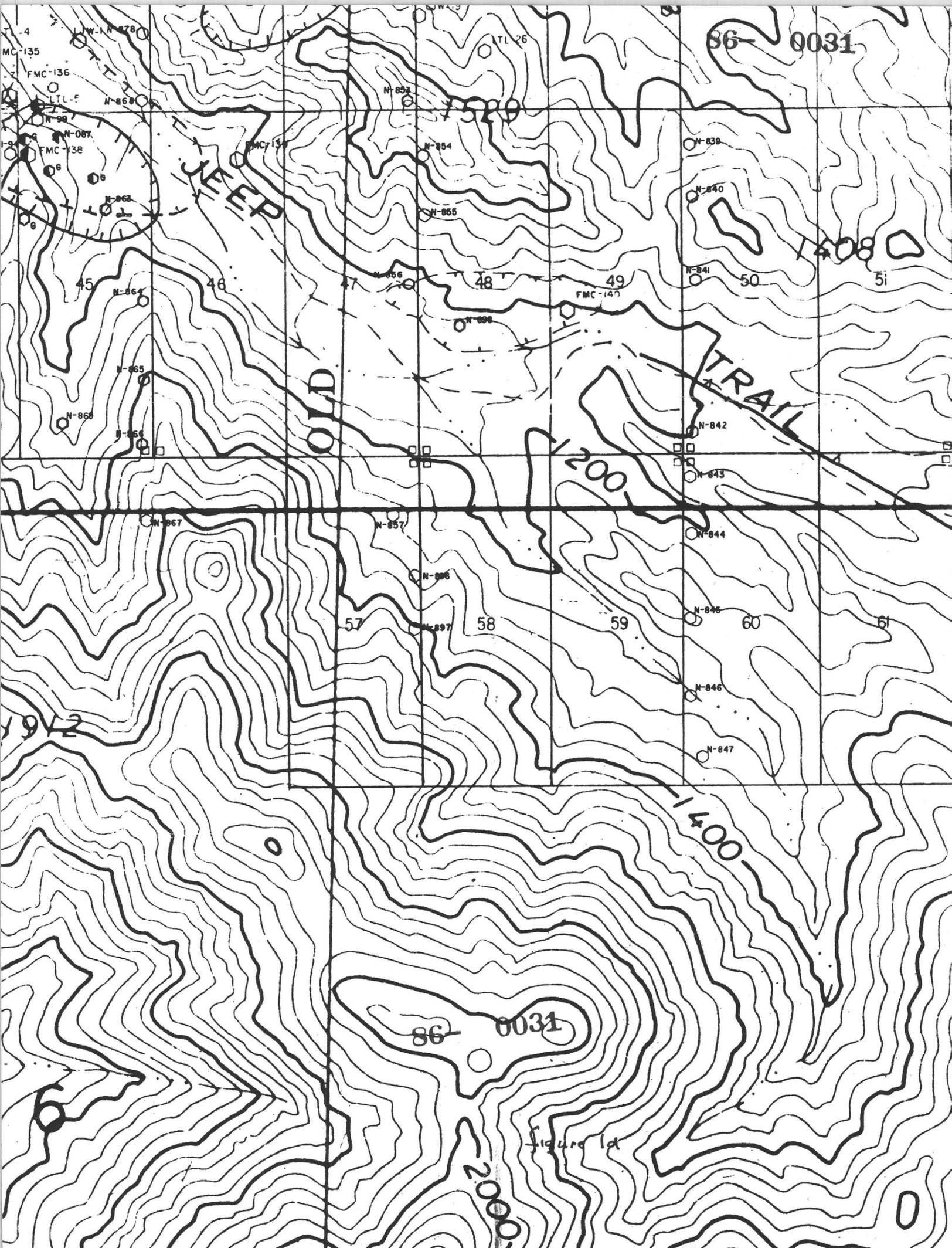
Richard J. Lundin

Richard J. Lundin, Mineral Exploration Consultant and President of Wallaby Enterprises Inc. has a BA degree in Anthropology and Geology from Beloit College, Wisconsin and 10 years experience in the evaluation of base and precious metal deposits in the United States and abroad. In addition, he is a Licensed Real Estate Professional in the State of Arizona and a Specialist in Mining Properties and Mineral Industry Investments.



Limit of Intense
Quartz-Sericite-Pyrite
Alteration

Figure 1b



86-0031

← 2 LANE

1200

BM

2 LANE →

12

1130

13

14

32

SOIL HG ANOMALIES

15

101

N-797

AM 169

AM 168

FMC-265

N-798

FMC-144,259

N-799

FMC-145

FMC-266

ASE-26

FMC-146

N-799

FMC-147

FMC-268

SE 106rc

LJW-15

N-800

LJW-17

ASE-6

AM 102

N-801

AM 103

ASE-8

AM 104

ASE-13

AM 105

FMC-269

FMC-270

FMC-271

Pre

1200

16

17

18

19

figure 1e

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ASE-24

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N-832

N-815

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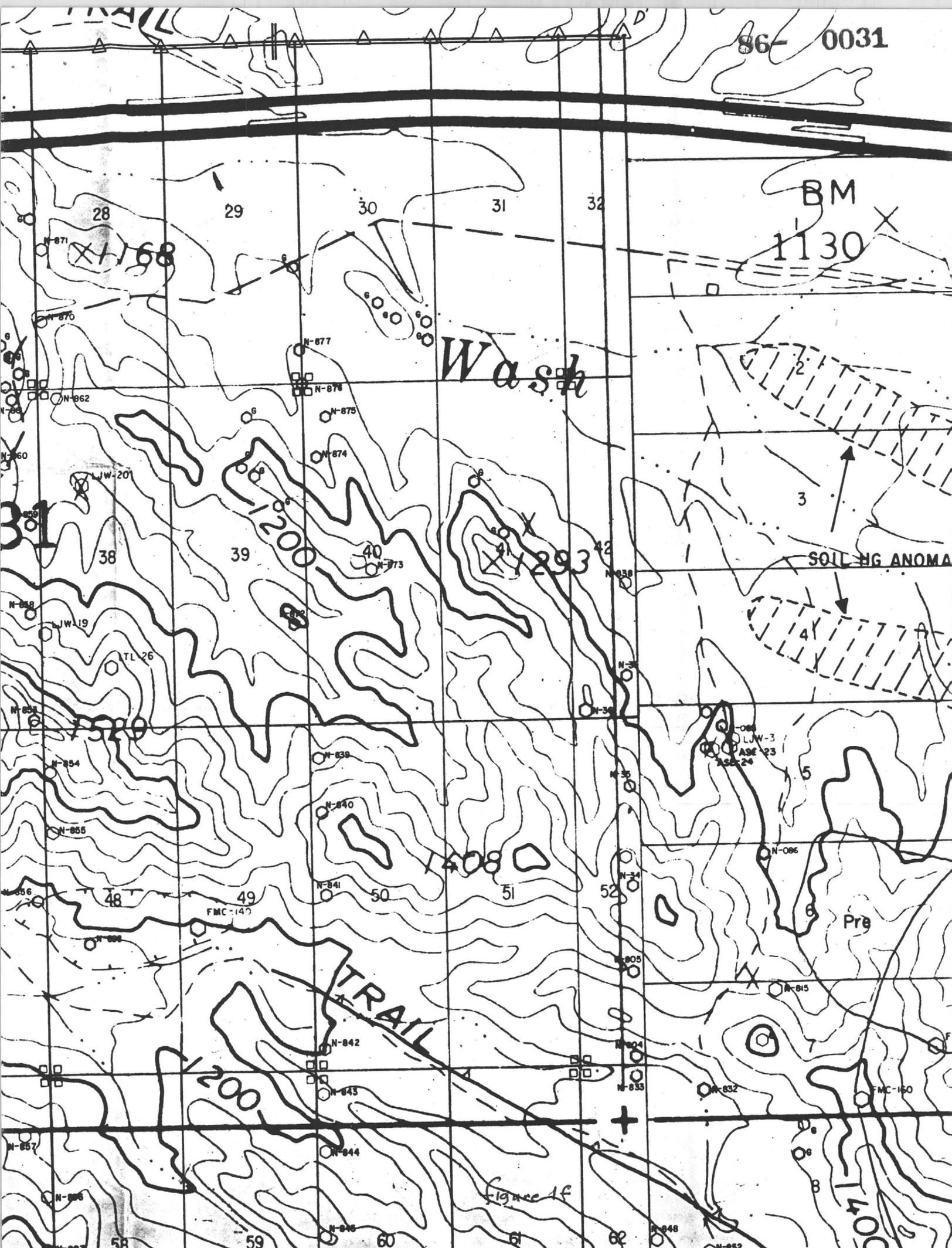
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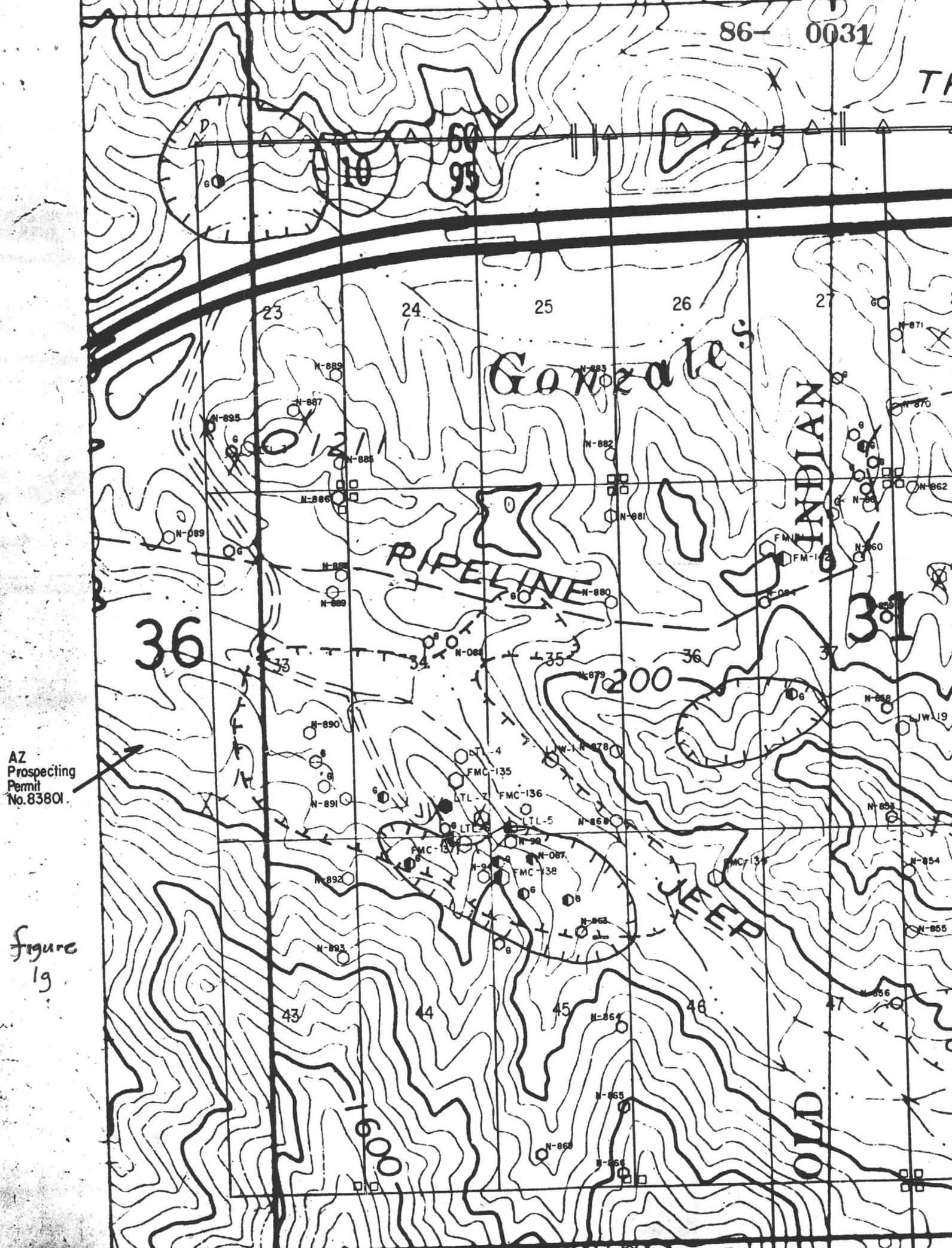
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86-0031

TR



AZ Prospecting Permit No. 83801

Figure 19

ATTACHMENT A

Name of Claim	BLM Serial Number AMC No.	La Paz County	
		Book	Page
SE #1-52	105414-105465	1168	643-746
SE #57-62	105466-105471	1168	747-758
SE #101-120	186704-186723	1303	729-770

ATTACHMENT B

DETAILED PROFESSIONAL REPORT DESCRIBING RESULTS OF
 BASIC FINDINGS OF WORK DONE ON THE SE CLAIM GROUP
 MIDDLE CAMP MINING DISTRICT, LA PAZ COUNTY ARIZONA

September 1, 1985-August 31, 1986

by Richard J. Lundin, Mineral Exploration Consultant

1. Mine or Property Name: SE (Stray Elephant) Group
2. Mining District, County & State: Middle Camp
Mining District, La Paz County, Arizona
3. Quadrangles or Map Names: La Paz Mtn. & Middle Camp Mountain
Quadrangles (1:24,000)
4. Location: T. 3N R. 20W Sections 4,5 & 6; T. 4N R. 20W Sections
31,32 & 33; T. 4N R. 21W, Section 36 Section 36 G&SRB&M
5. Any Former Names: Scott-Weaver Grp., Zales Grp., Hancock Wash
Copper Prospect, Weaver Mine
6. Owners: Heinrichs GEOEXploration Inc., J.D. Loghry, W.C. Hirt,
Wombat Mining Co.
7. Address of Owners: P.O. Box 5964, Tucson AZ 85703 Telephone:
(602) 623-0578
8. Operator: (same as above)
9. Address of Operator: (same as above)
10. Principal Metals: Cu, Au, Ag, Mo, U
11. Number of Claims, Title etc.: 78 unpatented lode claims
12. Previous Published or Unpublished Reports: Kincannon,
1926(private report); Lee, W.T., 1908; Bancroft, H., 1911;
Darton, N.H., 1925; Lausen, C., 1927; Housholder, E.R.,
1956(private report); Ahern, R., 1972(private report); Crawl, W.,
1978; ADMR File Data, ABM File Data, Lundin, R., 1982a(private
report); Lundin, R., 1982b(private report)
13. Names of Mining Companies or Governmental Agencies that have
worked or are now working on this property: Royal Investment
Corp., Kerr-McGee Corp., McIntyre-Porcupine, Congdon & Carey,
Arizona Department of Mineral Resources, Gulf Minerals, Amoco
Minerals, Newmont, Felmont, Utah International, Bear Creek, Texas
Gulf Western, Amselco, FMC, AMAX, Meridian, Labradorex, Rio
Algom, Callahan, Placer Amex, Nicor, Wallaby Enterprises, and
Heinrichs GEOEXploration Inc.
14. Ore & Gangue Minerals: Malachite, azurite, chrysocolla,
tenorite, auriferous pyrite, galena, sphalerite, tetrahedrite,
molybdenite, native gold and uraninite; quartz, sericite,
orthoclase (secondary), biotite (primary and secondary),
chlorite, tourmaline, anthophyllite, talc, alunite,
pyrophyllite, specular hematite, hematite-goethite-limonite-
jarosite gossan material and kyanite.

15. Geology: Mapping has defined the following rock sequence:

1. Paleozoic sediments
2. Triassic-Cretaceous intrusive and extrusive igneous rocks of basaltic, dacitic and felsic composition. The predominant felsic units being mainly quartz crystal tuffs.
3. Cataclastically deformed Cretaceous-Tertiary volcanics, volcanoclastics and sediments (conglomerate and arkose sequences)
4. Miocene? dacitic flows and intrusives
5. Quaternary bench gravels and alluvium

16. Type of Mineralization-Metallurgical Considerations:

1. Syngenetic Au-Ag mineralization associated with siliceous, pyritic volcanic and volcanoclastic units. The Mineralization is associated with areas of extensive argillic-sericitic-alunitic alteration. This stage of mineralization thought to have occurred after a period of development of low-angle detachment surfaces and may be associated with subsequent or contemporaneous episodes of Tertiary dacitic intrusive activity

2. Disseminated and veinlet controlled Cu-Au-Ag-Mo-U mineralization associated with potassically altered volcanics, metasediments and a quartz monzonite porphyry intrusive. This episode of mineralization appears to have occurred prior to any detachment activity and may be of Laramide age.

3. Vein Au-Ag-Cu-Pb-Zn mineralization associated with quartz-magnetite veins. These vein systems appear to crosscut the other types of mineralization and may be late-stage, remobilized vein systems. They are the source of most of the placer gold deposits.

4. Placer Gold deposits

17. Ore Reserves: 3,600,000 tons of drill indicated, near-surface oxide copper-silver-gold mineralization the would average 1.57% Cu (Housholder, 1956) Approximately 15,000,000 tons of oxide and sulphide copper-gold ore that would average 1.0% Cu (Ahern, 1973)

18. Mine, Mill Equipment & Flow Sheet: none

19. Road Conditions: Access to the property is by a series of dirt roads and jeep trails. (see Figure 1)

20. Water & Power Supply: none developed

21. Extent of Development: shallow pits and adits, 2 areas of extensive mining or quarrying operations.

22. Brief History: Property originally located in 1906 by Miguel Apodoca, worked in the 1920's as the Weaver or Weaver-Scott Mine, Developed in the 1950's by Royal Investment Corp. who shipped several carloads of oxide Cu-Ag-Au ore. Operated in the 1960's by Hancock Oil Co., leased by Kerr-McGee in the 1970's who drilled four core holes (Q1-Q4) Then abandoned the property. Located by the present ownership in 1980. Leased to Amoco in 1983. A single 150' hole for annual labor purposes only was drilled by Amoco in August of 1983. The property was returned to the present ownership when Amoco curtailed much of their mineral operations in January of 1984 owing to corporate-wide budget cuts.

23. Previous Sampling, Drilling & Other Studies on Dumps or Tailings: Considerable surface sampling by Kerr-McGee (Cu & Mo), Royal Investment Corp (Cu), Congdon & Carey (Cu, Pb, Zn), Gulf (Au,Cu,Hg), Newmont (Cu,Au), Texas Gulf Western (Au), Bear Creek (Au), Labradorex (Au,Cu). Amoco (Cu,Au). Core Drilling by Royal Investment Corp. and Kerr-McGee in the area of copper-gold mineralization. Down-the-hole hammer drilling in this same area by Amoco, Percussion drilling of 17 holes during the 1985-1986 Assessment Work year.

24. Environmental-Social-Political Conditions & Considerations: The area is one of past mining and prospecting activity and is not within any area considered for Wilderness or Restricted Use Status.

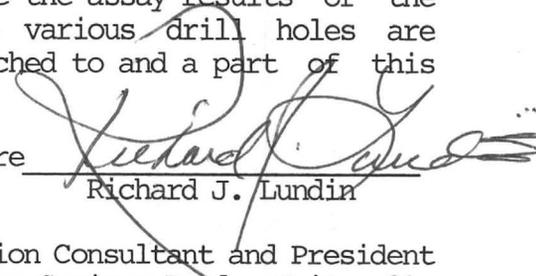
25. Sampling: Numerous samples of both the underground workings and surface exposures by several major mining companies and consulting groups.

26. Basic Findings: Geologic mapping and sampling delineated several areas that have anomalous gold values associated with areas of strong sericite-alunite-quartz alteration and anomalous molybdenum values. The property has the potential for bulk tonnage Au-Ag deposits associated with pyritic, volcanic sequences; disseminated and stockwork Cu-Ag-Au-Mo-U bulk tonnage deposits associated with extremely altered volcanic, volcanoclastic and intrusive units. Other areas within the claim group also have an excellent potential for precious metal bearing stockwork vein systems. Geological and geochemical surveys during 1983 and 1984 delineated areas with anomalous gold values associated with rim fractures, low angle shear zones and high-angle breccias within a large circular feature. This feature may be the surface expression of a buried dacitic intrusive system that is thought to be the source of much of the primary gold mineralization in the district. The results of the 1985-1986 drilling program indicated that there exists on the property extensive systems of Low-Angle fractures that subparallel the major regional Goodman and Hancock Wash faults. Associated with these systems are extensive areas of silicification, argillization, brecciation and iron staining with anomalous gold values. The western portion of the property is only partially explored but has existing, developed reserves of Cu-Ag-Au mineralization that can be currently mined by open pit methods.

This report is based on the work of Richard J. Lundin, James D. Loghry, William C. Hirt, James Stewart and Walter E. Heinrichs all of whom are qualified explorationists with many years experience and/or graduate senior geologists or engineers or registered in the State of Arizona. Locations of the various drill holes and representations of the the assay results of the samples of the cuttings from the various drill holes are indicated on Figure 1 that is attached to and a part of this report.

Date: November 1, 1986

Signature


Richard J. Lundin

Richard J. Lundin, Mineral Exploration Consultant and President of Wallaby Enterprises Inc., 1555 Iron Springs Road, Suite 39, Prescott, AZ 86301, has a BA degree in Anthropology and Geology from Beloit College, Wisconsin and 10 years experience in the evaluation of base and precious metal deposits in the United States and abroad.

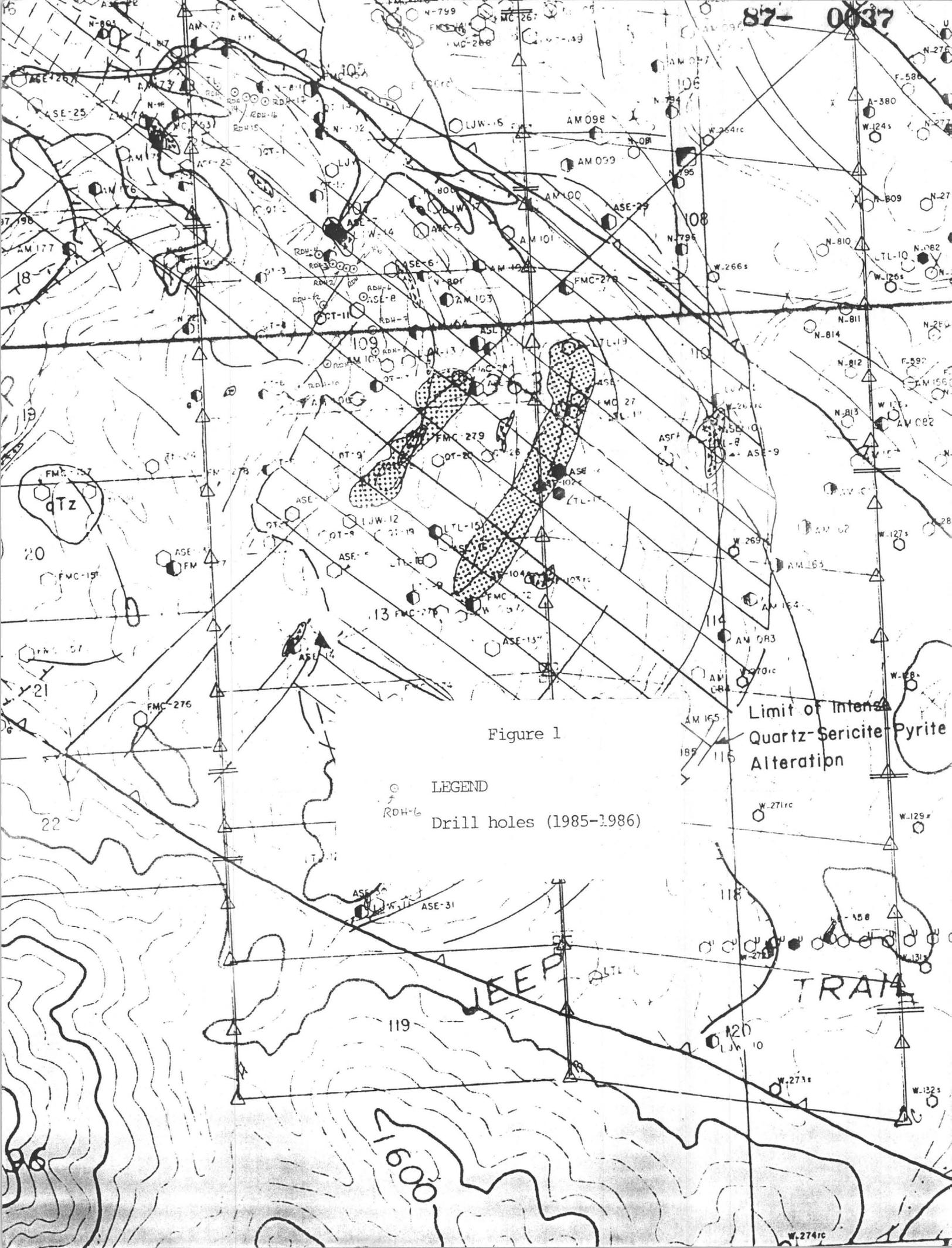


Figure 1

LEGEND

Drill holes (1985-1986)

Limit of Intense
Quartz-Sericite Pyrite
Alteration

JEEP

TRAIL

119

118

117

116

115

114

113

112

111

110

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104

103

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1600

TELEX:364412 INTR-ID894

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HEINRICHS GEOEXPLORATION COMPANY

P. O. BOX 5964. TUCSON, ARIZONA 85703. 806 WEST GRANT ROAD. PHONE: (602) 623-0578

19 February 1990

Dear Bill:

I enjoyed our telecon last nite. Also, thanks again for your note. As I said over the phone, I am disappointed not being able to catch your presentation at AIME.

Enclosed is the latest SE compendium by Loghry with a little other stuff added. It's not super blue ribbon in quality but I think it gets the main points across. Be sure and let us know right away if you believe some manditory revisions should be invoked and what they are. The terms on the appended page dated 3 January 1990 are the same as I quoted verbally over the phone to George Warnock. They are slightly higher than what we have been talking about ie 50k vs 40k and 4k vs 3k. But, I did that in Georges case for some dickering room because I knew George would want to dicker. Also, I dont believe the difference is very apt to scare any serious party off anyway.

Alta Gold is a SLC company which used to be called Silver King. They have an operating property in the Robinson District-may be the old Ward mine? Anyway thats why the Ch. Geol., whose name is Dana Durgin is based in Ely. Tom Borovicka, a geologist who reports to Durgin is who Jim escorted over SE a couple of weeks ago, not a jr. exec. as I indicated last nite. Chances are good that some of these people will show up at the SLC meeting. Others are Art Ditto of Plexiswho son Fred worked for at Toelle. Warnock might also show.

Phil Anderson's address is: 810 Owens Lane, Payson, AZ 85541. Phone:602/474-2108. He calls his company: Precambrian Research & Exploration Inc. I tried to call him but got a commonwealth accent on the answering machine. I did leave a message so may hear back eventually.

Good luck with the talk and with any SE promotions etc. Carole O'Brien is my best Budge contact and former partner of Ben Dickerson's. If she shows up, I am sure Millsaps will be happy to introduce you. Incidentally, she is also in charge of the SME Ben Dickerson Award which I guess will be given at SLC.

Cheers,

Walt

Encl.:1
WEH/w

Bill Hint called:

1/18/90 (Thurs.)

Frank Millsaps

Still can't deal

\$40,000 no problem. up

upto 5% NSR. no problem

Rental not discussed,

\$60⁰⁰/ton
acid.

How long? Blue Stone? Not forever.

Has Budge seen our deal

Table SA & SB. (defri)

mistake

pre-tax income 13,650

depletion — 680

Income tax — 462

104% vs 215%

72% vs 104%

← profit. 1.2 cash flow.

(401) 359-3077