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

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GEOEX
Statement

7/13/84

GSA Resources Inc.
P.O. Box 1127
Cortaro, AZ 85230

Re: GEOEX # 1712
Apache International Mining Company

Attn: Ted H. Eyde

Professional Services

Walter E. Kennedy Jr. 7/12/84

8.5 hrs @ 40.00/hr = 343.70

Review and assimilate GSA files on Apache International Mining Company matters from 9 February thru 30 December 1981 - ~~[illegible]~~ over 8

~~Phoenix Vol 2 Spec Sheet~~

~~Prices New + Used~~

9.5 hrs, charge 8.5 @ $40.00 — $340.00

Expenses: Copying 74 pages

@ 0.05¢ per page $3.70 — — — — — — 3.70

Total $343.70

GSA Resources, Inc.
P.O. Box 1127 • Cortaro, Arizona 85230 • (602) 297-4330

Ted H. Eyde
Dan Eyde

December 4, 1982

Thomas E. Higgins, Jr. 264-3663
Attorney at Law
111 S. Church
Suite 210
Tucson, Arizona 85701

Dear Tom:

Enclosed with this letter is the narrative describing the working relationship between GSA Resources and Robert Johnson of Apache International Mining Company as well as copies of requests for affidavits to James Bright, Gary Ojala, and Rich Lundin.

In summary the narrative shows that Bob Johnson approved all the work and the time required for its completion. This was done before any work was started. He reviewed all the data and every report before it was sent out.

Also he always believed our ore reserve estimates were much too conservative. Consequently, he attempted to coerce us into increasing both the tonnage and the grade of the reserves. What concerns me is that Bob Johnson may have increased the tonnage and grade estimates in our reports which were sent to his investors.

Also enclosed are several fee schedules which show that the fees charged to Apache International by GSA Resources were reasonable and proper. The bottom line is that GSA Resources blocked out 200,000 tons of 0.06 oz./ton gold ore which contains 12,000 oz. of gold with an in place value of over $5 million for a fee of $7775. In view of this I don't think that we are being unreasonable in insisting that our fee be paid in full.

Very truly yours,

Ted H. Eyde

Ted H. Eyde

THE/mce
Enclosure

P.S. Today I learned that the Swedish Company who had an option on the Margarita is considering taking legal action against Bob Johnson because he misrepresented the terms of the underlying agreement with the Ted Wallace estate who owns the Margarita. I also have a strong suspicion that he misrepresented my reports and frankly I would not be surprised if he falsified the data. This may explain why the Swedish geologist questioned the accuracy of the cross sections we turned over to Bob. This is only speculation but if, indeed, this were the case we would have grounds for lawsuit against Bob Johnson and his partners.

Ted H. Eyde

Ted Eyde

GSA Resources Inc.

P.O. Box 1127 • Cortaro, Arizona 85230 • (602) 297-4330

Ted H. Eyde
Dan Eyde

Narrative Describing the Working Relationship Between Robert A. Johnson, Apache International Mining Company and GSA Resources, Inc.

Between February 9 and December 30, 1981.

Robert A. Johnson of Apache International Mining Company first called me on February 9, 1981. He refused to speak to Dan and would not tell him why he had called. He called again on February 16th and we set up a meeting with him at the La Bodega Resturant on February 18. At the meeting which was attended by Mr. Johnson, Dan, and I he described the Apache International Mining Company and its projects. Apache International Mining Company had 3 general partners and one limited partner.

He described the properties held which included the Alizo a large disseminated gold deposit naar Greaterville, the Margarita which had blocked out reserves of 1,000,000 tons of 0.10 oz./T. gold ore on the surface, the Ostrich which was being reopened contained large reserves of 0.50 oz./T. gold and 0.70 oz./T. silver ore and the Jupiter which contained a large reserve of 1.00 oz./T. gold and 30 oz//T. silver.

He had used both Sage Associates and Wallaby Enterprises for geological work but was dissatisfied with their work. We later learned that his dissatisfaction was the result of their refusal to prepare reports confirming his grossly inflated reserve estimates. He said that I had been recommended to him by Mountain States Engineers. He promised us a $1000 retainer, which was never paid. I told him my daily fee was $400 per day but with the understanding we would be guaranteed 60 days of work per year this could be reduced to $300 per day.

We also learned that Mr. Johnson had a degree in political science from the University of Minnesota. He had been the Manager of Marketing for IOS (Investors Overseas Services) which was operated by the infamous Bernie Cornfeld. Thousands of investors lost hundreds of millions of dollars in the IOS mutual Fund-Fund of Funds. And, because it was against the law for U.S. citizens to invest in Fund of Fund shares, those that did either lived outside the United States or invested through offshore banks. Consequently, the losses could not be taken on their income taxes.

My initial examination of the Apache International Mining Company properties was made on March 13, 1981. I was accompanied by Mr. Johnson and William E. Burke manager of the Arizona Bank branch office in Green Valley, Arizona. Mr. Johnson introduced me as the company geologist which gave me the strong impression that I was being used to establish the credibility of Apache International with the Arizona Bank. In other words Mr. Johnson had applied for

a line of credit, which I learned later was the case.

I examined the Ostrich on March 25, 1981 and found that the shaft and other underground operations were extremely dangerous because of loose ground and poor ventilation. The lead miner Sarge was incompetent, his crew was inexperienced, and quite frankly absolutely no useful work was being accomplished. I met with Mr. Johnson late that afternoon told him what I had seen and made recommendations. He agreed to make the necessary changes and also to guarantee 60 days of work a year at a rate of $300 per day. My oral recommendations were followed up with a memo on March 31st.

I continued working at the Ostrich and on April 2, 1981 I met with Charlie Beyer and Bob Johnson at Amado and also at the mine. We discussed an offer made by Mountain States Engineers to explore the Margarita. I recommended following up on the offer. Mr Johnson did not want to unless he could manage the exploration and mining, an operation which he was completely incompetent to undertake. Charlie Beyer appeared to be concerned about how the funds were being spent. Finally, Bob Johnson said he only wants geologists like me who get good assays from their samples.

During the visit to the Ostrich Charlie Beyer asked me what I thought of the property. I told both he and Bob Johnson that the Margarita was the best prospect followed by the New Jupiter. And,

if it were my money I would immediately begin exploring the Margarita. Bob Johnson, of course, disagreed.

I began working at the New Jupiter on April 9, 1981. Bob Johnson said he had hired Ron Karvinen a consulting geologist in Tucson to do the work and then fired him. He did not pay Mr. Karvinen. Next he used Rich Lundin owner of Wallaby Enterprises. He also terminated his services but apparently paid most of his fee.

I finished the initial sampling of the middle level at the New Jupiter on April 22, 1981. On May 5, 1981 Dan and I met with Bob Johnson and his son Blaise. We agreed to block out May 18 through 22, 25 through 29 and June 1 through 5. He agreed to the work we proposed both at the Ostrich and New Jupiter. We submitted samples of the New Jupiter ore to ASARCO because Bob Johnson stated that Vic Livingston another geologist he had hired said the high silica gold-silver ore was suitable for smelter flux. On June 11, 1981, as a result of their analytical work ASARCO would only accept the underground ore; the surface ore was too low in gold and too high in alumina for smelter flux. As a result, Bob Johnson told us to confine our efforts to the geology, he would take care of the mining and marketing.

On May 18, 1981 Bob Johnson, his son Blaise, Charlie Beyer, and Sam Moxley visited the New Jupiter while we were doing the sampling. His description of the size and grade of the deposit were greatly exaggerated. He had ordered rail, pipe, a mucking machine and cars.

He was ready to start operations. Again we pointed out a great deal of work had to be done before production could begin. Most important was a road that a truck could negotiate. The existing road was so steep, narrow, and crooked it was accessable only with a four-wheel-drive vehicle.

It was during this visit we found out that the royalty to the underlying lease holder was 10% of the net smelter returns. Because the property was on State Mineral Leases an additional 5% had to be paid to the State of Arizona. A royalty of 15% translates into over 60% of the net profits. Under such a punitive royalty rate Apache International could never operate the New Jupiter and realize a profit. And incidentally, Bob Johnson after the conversation reminded me "Ted you are a geologist not a mining engineer".

On May 21, 1981 Dan and I met Marvin Combs lease holder at the New Jupiter and his partner John Richardson. He said I was the fifth geologist Bob Johnson had hired to work on the property. He wondered how long I would last. It turned out I was the only geologist that Bob Johnson did not fire.

On May 27, 1981 I examined the "large disseminated gold deposit" at Alizo Springs accompanied by Blaise Johnson, Ray Wallace the claim holder and Ray Sparks. This was undoubtedly the worst property held by Apache International. It was large and disseminated but there was no gold. Bob Johnson had paid Ray Wallace $400 a month for over a year to hold the property. Of course, Bob Johnson

questioned my recommendation to drop the property and asked me to reevaluate it.

By June 1, 1981 Bob Johnson's payments had begun to fall short of my bills. By June 20, 1981 he was behind $1663.97. He also thought I should be charging for Dan's time on the New Jupiter underground mapping. I told him I would not charge for Dan's time at the New Jupiter because Bob had offered to let me use one of his men as a helper. My experience with his crew at the Ostrich had been disasterous and I needed someone who could be depended upon. The work at the New Jupiter was completed and Bob Johnson reviewed the data at the GSA Resources office on June 3, 1981. He suggested to Dan and I that he - Bob Johnson - rewrite my report to make it more optimistic and that I then sign and seal it. He said he needed a good report to get more money from his investors so he could pay us. On June 4, 1981 I submitted the report to Bob Johnson as written.

On June 9, 1981 Dan and I went over the report with Bob Johnson, Bill Ball, and Charlie Beyer. It was obvious that Bill Ball had become very disillusioned with his investment in Apache International. He thought that Bob Johnson would have at least one property in production by now. Charlie Beyer seemed resigned to continue with the program.

On June 11, 1981 Gary Ojala, Exploration Manager of Sunshine Mining Company reviewed the Margarita data and concluded in his letter of

June 25, 1981, which is attached, that the mineralization lacked continuity, however, he would like to take another look at the property later on after more work had been completed.

I recommended to Bob Johnson that drilling begin on the Margarita as soon as possible so that continuity between drill holes could be established. It was during this conversation that Bob Johnson told me he had to have gold production from one of the properties by November. But, he thought that the partners would agree to an extension if we could drill out 500,000 tons of 0.10 oz./T. gold mineralization on the Margarita. I urged him to get started on the Margarita as soon as possible. And, as a result we began work at the Margarita on June 15, 1981.

By July 8, 1981 the unpaid balance on my bills had risen to $5846.25 and for the first time since June 1980 I had to borrow money to cover my payroll and operating expenses. This balance was reduced to $3846.25 by two payments of $1000.00 each made on July 13 and 24, 1981. At this time he sent a note "There'll be more next week". However, by August 4, 1981 the balance had again increased to $5057.27.

On August 5, 1981 Charlie Beyer called and asked how much longer it would take to complete the geological work at the Margarita. I told him it would take a couple of weeks if Bob Johnson could keep the drill operating. It seemed that the drill was broken down more days than it operated. Also the drilling crew had managed to mislabel

the samples. This mixup took days to sort out and necessitated redrilling a number of holes. Also to save money Bob Johnson against our recommendation switched to one assay ton samples from two assay ton samples. As a result all of these samples had to be reassayed.

On Septemer 1, 1981 Bob Johnson and W. L. Smith his driller visited the GSA office, reviewed the Margarita data and left a check for $2500.00. On September 3, 1981 Bill Ball called and asked how much Bob Johnson owed to us. I told him $2557.27 and also that upon payment we will begin preparation of the ore reserve data and the report. On September 8, 1982 Bob Johnson again promised payment and on September 14 we received $3000 from Charles Beyer. We completed and submitted the report as requested complete with drill hole location maps showing the overburden depth, and the thickness and grade of the mineralized zone.

On September 21, 1981 Dan and I met with Bob Johnson at the GSA Resources office and went over the report, the drill hole location maps showing the thickness of overburden, and the mineralized intercepts. He was asked specifically if he wanted the cross sections included with the report. He said no because his investors would not understand them and he did not want to spend the money to redraft them. Again, he wanted us to rewrite the report and increase the ore reserves to 500,000 tons of 0.10 oz./T. gold from 50,000 tons of 0.06 oz./T. gold This could not be done because the mineralization lacked continuity. His response was "I know (the 500,000 tons of

.10oz./T. gold) is there". However, the drilling program had failed to block out the mineralization. We went over the ore reserve data again on September 24, 1981.

Through the remainder of September we laid out additional drill holes and plotted the assays on the cross sections. To save money we on October 2, 1981 offered to have Dan for $200 per day plot up the assay data on the cross sections and recommend the holes, their depth, and their order of drilling. This proved to be very frustrating because Bob Johnson let his driller W.L. (Smitty) Smith decide the location, order, and depth of the holes drilled. Consequently some holes were too shallow, others too deep, and many others were drilled unnecessarily in barren areas outside the mineralization. And worse still Smitty moved many of the stakes to the location of the drill holes. This was done in spite of instructions to leave the stakes alone and let us measure the bearing and distance from the stake to the drill hole. Moving the stakes can compromise the accuracy of the ore reserve calculations.

We continued to up date the ore reserves as the assays became available. On Saturday October 3, 1981 at the GSA office Dan and I went over the ore reserve data with Bob Johnson again. He called again on October 7, 1981 to discuss the ore reserve data and request another interim report. The report was submitted to him on October 9, 1981 the reserves were now 160,000 tons of 0.052 oz./T. gold still far short of the target of 500,000 tons of 0.10 oz./T. gold.

We continued plotting up the data through October. On November 6, 1981 Bob Johnson met with Dan and I and again went over the data at the GSA Resources office from 4 to 5:30 P.M. We also discussed the Airborne Mineral Consultants proposal for a heap-leaching operation. On November 10, 1981 Dan and Russ Cebulski examined the Margarita deposit accompanied by Bob Johnson. They went over the ore reserve data and the drill hole maps. We strongly recommended doing the barrel leach tests. And finally, on December 2, 1981 we submitted a final report on the ore reserves. The drilling had blocked out 200,000 tons of 0.06 oz./T. gold mineralization. All work had been suspended because of the lack of funds. On December 9, 1981 Apache International owed us $5999.58. We declined to do any further work or release any data until we were paid.

We spent 36.5 man days on the Margarita project and billed for 29.75 man days. We spent 80.5 man days on the entire project and were paid for 58.75. This was because we had to give Bob Johnson an estimate of the number of days required for each phase of the exploration work. Next we blocked out and reserved the specific dates on which the work would be done. Following completion of the work and receipt of the assays we wrote the report. Bob Johnson insisted on reviewing every report and the supporting data before it was sent out to his partners. The unreimbursed 6.75 days spent on the Margarita project and the unreimbursed 21.75 days spent on the project were extra days required above the estimate to complete the exploration work.

I called Bob Johnson on November 13, 1982, he was in Phoenix, and left a message I would be attending the Society of Mining Engineers meeting in Denver. While at the meeting I contacted several companies regarding the Margarita. These included; Boyce Moodie, Moodie Mineral Exploration Company; Ray Chico, American Gold; Don Lindgren, Western Mineral Exploration Company; and William T. Hill, New Jersey Zinc Exploration. I called Bob Johnson on November 24, 1981 and discussed my efforts to find a venture partner while attending the Society of Mining Engineers Meeting. It was obvious he was not interested in having a company explore the deposit unless he managed the operation.

Absolutely no company would put up money and let Bob Johnson spend it for them. We were promised full payment prior to Thanksgiving and then Christmas. Finally on December 30, 1981 I turned the matter over to Tom Higgins for collection.

Ted H. Eyde

Ted H. Eyde
December 4, 1982

Sonora Debts - as of 4 June 88

Wallace lease -	$ 40,000
O.G. lease -	500
Apache loan -	7,000
Apache fees -	16,000
Hoy Drilling -	9,098
Jacobs Assay -	8,014
M.I. - Geologist -	5,334
MIC - Geologist	6,170
Legal - Hoy - Jackpot -	5,000
Marum - Survey - (est) -	3,500
Marum - Jackpot - (est) -	1,600
Sanz - CPA -	1,693
Truck - [illegible] -	309
Taxes -	75
Travel - Charlie -	543
M.I. rent, elec, phone	204
Kappes - Metallurgy -	627
	$ 105,667

Cashon hand - $ 2,613

Insurance - $6,800 due 6 June

APACHE INTERNATIONAL MINING
(A Partnership)

FINANCIAL STATEMENTS
AND ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 1983

sainz, vargas and company

140 West Shields Avenue
Fresno, California 93705
(209) 224-5591

1400 S Street
Suite 200
Sacramento, California 95814
(916) 442-5007

352 H Street
Suite A
Chula Vista, California 92010
(714) 427-1981

900 North San Antonio Road
Suite 201
Los Altos, California 94022
(415) 941-5347

2302 East Speedway Blvd.
Suite 112
Tucson, Arizona 85719
(602) 325-2617

APACHE INTERNATIONAL MINING
STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL
DECEMBER 31, 1983

ASSETS

CURRENT ASSETS		
Escrow impound account		$ 369
Employee advance		5 500
Total current assets		5 869
INVESTMENT		
Partnership interest in Sonora Exploring and Mining Company (Note 4)		0
OPERATIONAL ASSETS (Notes 1 and 3)		
Transportation equipment	$ 4 991	
Mining equipment	20 018	
Office equipment	1 589	
Office building and land	179 000	
	205 598	
Less accumulated depreciation	23 857	181 741
		$ 187 610

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES		
Bank overdraft		$ 290
Advance management fee		628
Long-term debt, due within one year (Note 3)		7 196
Total current liabilities		8 114
LONG-TERM DEBT		
Long-term debt, due after one year (Note 3)	$ 152 720	
Loans from partners (Note 2)	55 800	208 520
PARTNERS' CAPITAL (Deficit)		
General partners	(82 842)	
Limited partners	(53 818)	(29 024)
		$ 187 610

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

REVENUE	
Management fees	$ 66 000
Debt relief	13 300
Gain on sale of assets	6 372
Total revenue	85 672
EXPENSES (Note 1)	
Personnel	6 345
Operating costs	79 879
General and administrative	66 745
Total expenses	152 969
NET LOSS	$ (67 297)

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
STATEMENT OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1983

	Balance December 31 1982	Capital Contributed	Net Loss	Withdrawals	Balance December 31 1983
PARTNERS					
GENERAL PARTNERS					
Robert A. Johnson	$ (42 192)	$	$ (26 919)	$	$ (69 111)
William Ball	(7 809)		(2 692)		(10 501)
Charles Beyer	0	3 500	(6 730)		(3 230)
Total general partners	(50 001)	3 500	(36 341)	0	(82 842)
LIMITED PARTNERS					
Judan Mining, Inc.	(12 980)		(3 365)		(16 345)
Sam B. Moxley, Jr.	3 510		(1 682)		1 828
Lucine B. Moxley	(6 492)		(1 682)		(8 174)
Robert A. Johnson, Jr.	(10 643)		(2 692)		(13 335)
Pell Enterprises, Inc.		78 500	(8 076)		70 424
International Exploration and Mining Corporation	46 679		(13 459)	(13 800)	19 420
Total limited partners	20 074	78 500	(30 956)	(13 800)	53 818
	$ 29 927	$ 82 000	$ 67 297	$ 13 800	$ 29 024

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983
(See accountants' review report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REPORTING

The Company's policy is to prepare its financial statements on the accounting basis used for income tax purposes. Consequently, intangible exploration and development costs on the mine claims are expensed when paid in accordance with allowable federal income tax accounting treatment. Such costs would, under generally accepted accounting principles, be capitalized and amortized over the productive life of the claim. Also, depreciation is computed in accordance with the accelerated cost recovery system required by the Internal Revenue Code. This method differs from the generally accepted accounting principle of computing depreciation over the estimated useful lives of the assets. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

OPERATIONAL ASSETS

Operational assets are carried at cost. Depreciation is recorded using both the straight line method and the accelerated cost recovery method allowed for federal income tax purposes.

The estimated useful lives of the assets are:

Transportation equipment	3-4 years
Mining equipment	5-7 years
Office equipment	5 years
Office building	15 years

Expenditures for major renewals and betterments which extend the use ful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

INCOME TAX

The partnership is not a tax paying entity for income tax purposes and thus no income tax expense has been recorded in this statement. Partners are taxes individually on their respective shares of the partnership's income or loss.

APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS.
DECEMBER 31, 1983
(See accountants' review report)

NOTE 2 - LOANS FROM PARTNERS

The loans from partners represent unsecured open-end loans by the following partners with interest accruing at 18%.

Sam B. Moxley, Jr.	(Limited)	$ 25 000
W. H. Ball	(General)	20 000
Robert A. Johnson	(General)	10 800
		$ 55 800

NOTE 3 - LONG-TERM DEBT

	Due Within One Year	Due After One Year
Contract to bank, payable monthly at $152.68, including interest, secured by truck	$ 916	$ 0
Contract for purchase of real estate with a private party, payable monthly at $2,000.00 including interest at 12%, secured by building and land	6 280	152 720
	$ 7 196	$ 152 720

NOTE 4 - INVESTMENT IN PARTNERSHIP

During the year, the Company entered into a joint venture agreement with Golden Concord, Inc. and formed a partnership known as Sonora Exploring and Mining Company. The Company conveyed the mineral exploration rights to this partnership so it could conduct mineral exploration, development and mining on and under the property (claims) held by Apache International Mining for the purpose of producing, mining, processing and marketing of minerals. The conveyance of these rights to the partnership constituted the initial capital contribution of the Company which was valued by agreement of the partners in the venture at $312,500. The mineral exploration rights are carried as an asset on the books of Sonora Exploring and Mining Company but do not have a tax basis and are therefor not subject to amortization.

SUPPLEMENTARY INFORMATION

APACHE INTERNATIONAL MINING
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

	New Jupiter	Margarita	Old Glory	Total Expenses
PERSONNEL				
Labor	$ 160	$ 3 890	$ 972	$ 5 022
Secretarial		25	6	31
Engineers		100	25	125
Surveyors		934	233	1 167
Total personnel	$ 160	$ 4 949	$ 1 236	6 345
OPERATING COSTS				
Lease payments	$ 120	$ 20 000	$ 2 000	22 120
Gas, oil and parking	80	1 138	284	1 502
Expendable equipment		402	100	502
Equipment repairs and maintenance		2 531	633	3 164
Rent and utilities		6 789	1 697	8 486
Assays	96	1 975	494	2 565
Office building expenses		1 537	384	1 921
Office supplies and expenses		1 926	482	2 408
Consultants fees		29 769	7 442	37 211
Total operating costs	$ 296	$ 66 067	$ 13 516	79 879
GENERAL AND ADMINISTRATIVE				
Accounting				5 055
Depreciation				13 145
Insurance				6 837
Legal				11 534
Telephone				6 879
Entertainment				1 363
Food				5 767
Travel				1 136
Bank charges and interest				14 508
Subscriptions				521
Total general and administrative				66 745
TOTAL EXPENSES				$ 152 969

See notes to financial statements and accountants' review report

Amek
7 May 84

MARGARITA PROPERTY
SUMMARY OF ESTIMATED ORE RESERVES

Area	Sec.	Geological Tons	Geological Oz. Au/Ton	Mineable (Cutoff w/60% Recovery) Tons	Mineable (Cutoff w/60% Recovery) Oz. Au/Ton	Mineable (Cutoff w/100% Recovery) Tons	Mineable (Cutoff w/100% Recovery) Oz. Au/Ton
Cascabel	2	7,173	.084	4,782	.102	7,173	.084
	3	16,825	.064	16,825	.064	16,825	.064
Subtotal		23,998	.070	21,607	.072	23,998	.070
North Hill	6	3,754	.032	-	-	-	-
	7	12,404	.032	3,998	.041	10,486	.033
	8	12,749	.072	4,817	.149	7,020	.110
	9	3,072	.089	1,536	.152	3,072	.089
	10	24,898	.053	22,630	.056	22,630	.056
	11	4,586	.060	3,182	.074	3,182	.074
	12	13,888	.051	3,456	.118	9,280	.066
	13	13,490	.050	10,902	.056	10,902	.056
	14	26,037	.043	21,216	.046	26,037	.043
	15	18,480	.060	18,480	.060	18,480	.060
	16	17,875	.055	8,781	.084	8,781	.084
	17	4,266	.060	1,466	.141	3,868	.073 ← ?
	18	8,015	.058	6,054	.069	8,015	.058
	19	10,160	.172	10,160	.172	10,160	.172
	20	1,696	.032	-	-	1,696	.032
Subtotal		175,370	.059	116,778	.076	143,609	.067
North Margarita	23	10,150	.042	2,342	.099	5,660	.058
	24	41,459	.033	12,135	.045	26,797	.038
Subtotal		51,609	.035	14,477	.054	32,457	.041
Margarita	27	17,617	.038	9,240	.045	9,240	.045
	28	10,521	.066	10,521	.066	10,521	.066
	29	36,600	.042	36,600	.042	36,600	.042
	30	29,744	.046	19,844	.052	27,581	.047
	31	51,304	.052	33,496	.061	48,887	.053
	32	41,472	.051	35,208	.055	41,472	.051
	33	37,296	.063	30,528	.071	33,408	.066
	34	36,036	.057	30,852	.063	32,472	.061
	35	1,504	.025	-	-	-	-
	36	1,440	.085	1,440	.085	1,440	.085
	37	1,408	.038	-	-	-	-
Subtotal		264,942	.052	207,729	.057	241,621	.054
TOTAL		515,919	.054	360,591	.064	441,685	.058
Strip Ratio				1.21		1.35	

May 8, 1984

Apache International Mining Company
P.O. Box 45-C
Sasabe Star Route
Tuscon, Arizona 85736 406-252-3635

Attention; Mr. Robert Johnson

Dear Bob,

I wish to confirm the discussion between yourself, Mark Johnson, Mr. Cebulski and myself on our visit to your home on May 5, 1984. It was mutually agreed to that our report had several areas that need to be added to the existing prepared report. We further agreed that it will be our responsibility to bring this report up to an acceptable level by adding further testing and additional data to this report at our expense. Those additions and data are as listed below.

#1. We will crush and test in column leach tests, random selected ore from your property the following sizes, 3" Minus, 2" Minus, and 1" minus. Head and residue assays will be performed on these sizes to determine recovery percentages, cyanide consumption, percolation. Solution testing will be performed on Perkin-Elmer AA units with graphs furnished detailing the above as well as PH levels throughout the tests.

#2. After results of the above testing have been evaluated, we will then make recommendations for sizing your ore for the most economical method of recovery taking into consideration cyanide consumption, economics of crushing to size, water availeble for plant type, (zinc precipitate vs. carbon towers).

#3. We will make crushing and sizing evaluation on the ore from the structured ore body through seive testing and geologic information furnished by Mark Johnson.

#4. We will offer our suggestions for plant design and size from our findings with our best economical plan for your use.

With the information already contained in our report and with the addition of the above information combined in a usable manner, I am sure you will find our report covering the questions raised by Kappes, Cassiday & Associates. All of our testing will be conducted at Pegasus facilities at Zortman Montana by Mr. Omar Muhtadi a metallurgical Engineer and director of assay lab at Pegasus.

Our best estimate for total time required for this testing is approximatly 90 days from the time we recieve the required 1500 lbs. of mine run ore at the lab.

I am hopeful that with this additional information included in our report that your endeavors to place this property into production will be successful. We are convinced that the ore is leachable and economically feasible to do so.

Thank you for your courtesy and patience in this matter, we are most anxious to resolve this matter for both parties concerned.

Sincerely Yours

32 holes - 2630 feet. (9 Feb - 30 Dec 1981)

SSA Resources Inc. 7/12/84

9AM - 6:30PM less 1.0 hr. = 8.5 hr.

Apache International Mining (Company?)
Robert A. Johnson
Box 45-C Sasabe Star Route Tucson AZ 85736

Golden Concord Mining Corporation
c/o E.A. Bence 16th floor 409 Granville St.
Vancouver, B.C. V6C 1V1, CAN.

J.V.: Sonora Exploring & Mining Company.

Ted S. & Marion L. Wallace.
3958 E. Desmond Lane Tucson AZ 85712
& Robt. A Johnson April 1980 - 919 N. Stone Ave Tucson 85705

ANAMAX MS#4185 Old Glory No. 4 Sec. 7, T. 23S., R. 11E.
(also Sec. 2 & 6 & 8)
(Santa Cruz County)

Questions:

1. Ted's depo p. 64 re holes 13 & 14 info from Dan why didn't Ted know of Dan's source?
   Ans: Call to Dan anomous!
2. Status of conflict with Haggerty-GoldSil? still simmering?
3. Current Status of Partners Beyer, Ball Pell etc.?
4. How will errors on DH. 13 & 14 first detected and later substantiated?

HEINRICHS GEOEXPLORATION COMPANY

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

July 26, 1984

STATEMENT

G. S. A. Resources, Inc.
P. O. Box 1127
Cortaro, AZ 85230

Re: GEOEX #1712
Apache International Mining Co.

Professional Services, Walter E. Heinrichs, Jr.:

Confer with Thomas E. Higgins, Jr. Attorney
and deposition with Bob Clark and court reporter
at Tom's office, Suite 210, 111 S. Church
Tucson, AZ. July 19, 1984
8:30 a.m. to 10:00 a.m. - 1.5 hrs @ $40.00/hr.---------$60.00

Expenses: Transportation $2.50
Parking 1.00
$3.50 3.50

July 24, 1984 P.M. only:
Technical witness testimony before Judge
William A. Druke, Pima County Court Building
1/2 day @ $375.00/day----------$187.50

Expenses: Transportation $2.50
Parking 2.50
$5.00 5.00

TOTAL DUE---------$256.00

Copy: T. Higgins, Esq.
111 So. Church Ave.
Suite 210
Tucson, AZ 85701

Paid Check # 2856
26 July 84
WW.

HEINRICHS GEOEXPLORATION COMPANY

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

July 13, 1984

STATEMENT

G. S. A. Resources, Inc.
P. O. Box 1127
Cortaro, AZ 85230

Attn: Ted. H. Eyde

Re: GEOEX #1712
Apache International Mining Co.

Professional Services - Walter E. Heinrichs, Jr. on July 12, 1984

Review & assimilate G.S.A. files on Apache International Mining Company matters from 9 Feb through 30 December 1981

9.5 hours - charge 8.5 hrs. @ $40.00/hr----------$340.00
Expenses: Copying 74 pages
@ $0.05/page---------- 3.70

TOTAL DUE:----------$343.70

RECEIVED
JUL 18 1984
BOX 5964
TUCSON, AZ. 85703

RECEIVED
JUL 16 1984
GEO SERVICES OF ARIZONA

HEINRICHS GEOEXPLORATION COMPANY

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

July 13, 1984

STATEMENT

G. S. A. Resources, Inc.
P. O. Box 1127
Cortaro, AZ 85230

Attn: Ted. H. Eyde

Re: GEOEX #1712
Apache International Mining Co.

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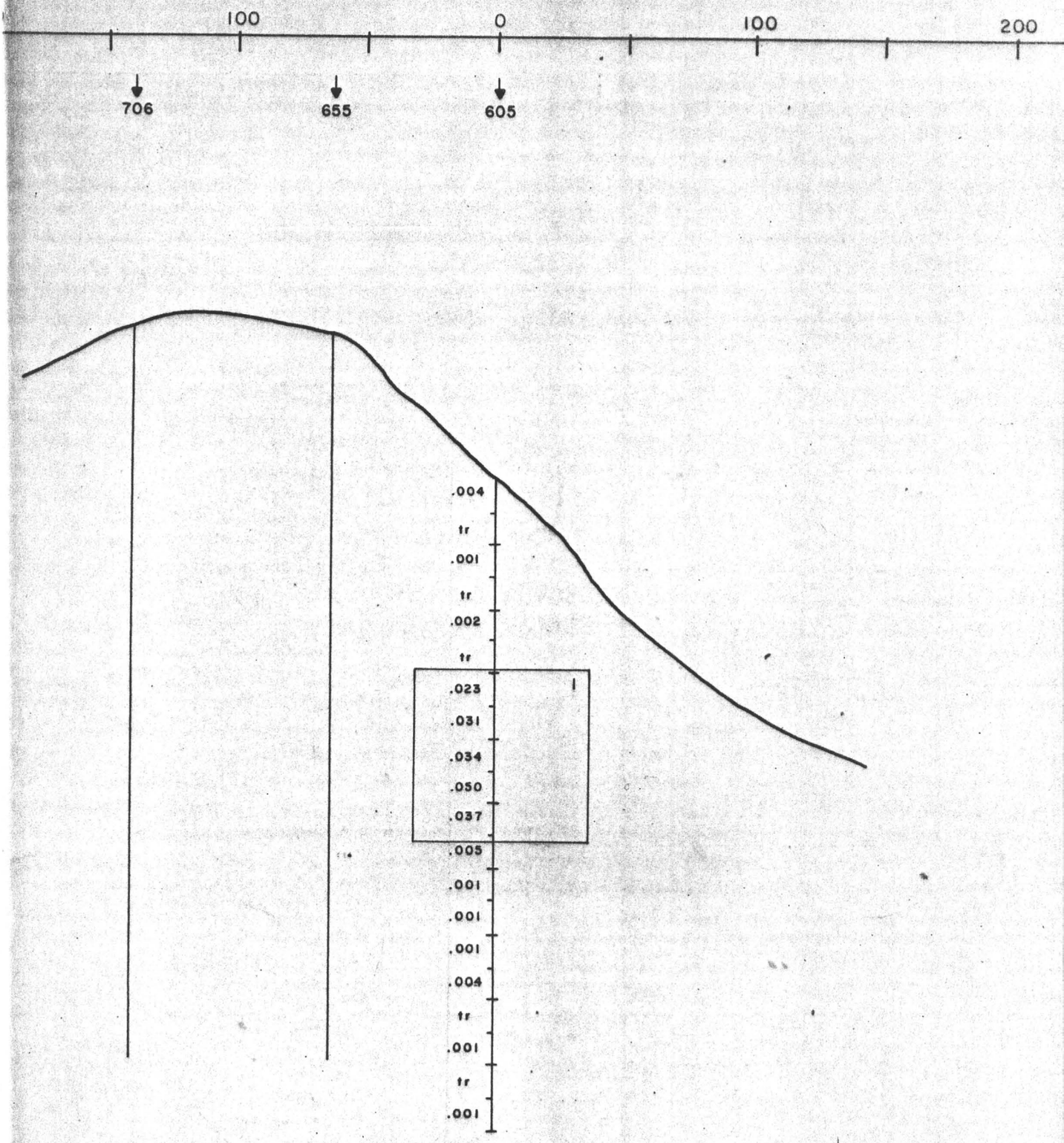
9.5 hours - charge 8.5 hrs. @ $40.00/hr----------$340.00
Expenses: Copying 74 pages
@ $0.05/page---------- 3.70

TOTAL DUE:----------$343.70

Paid.

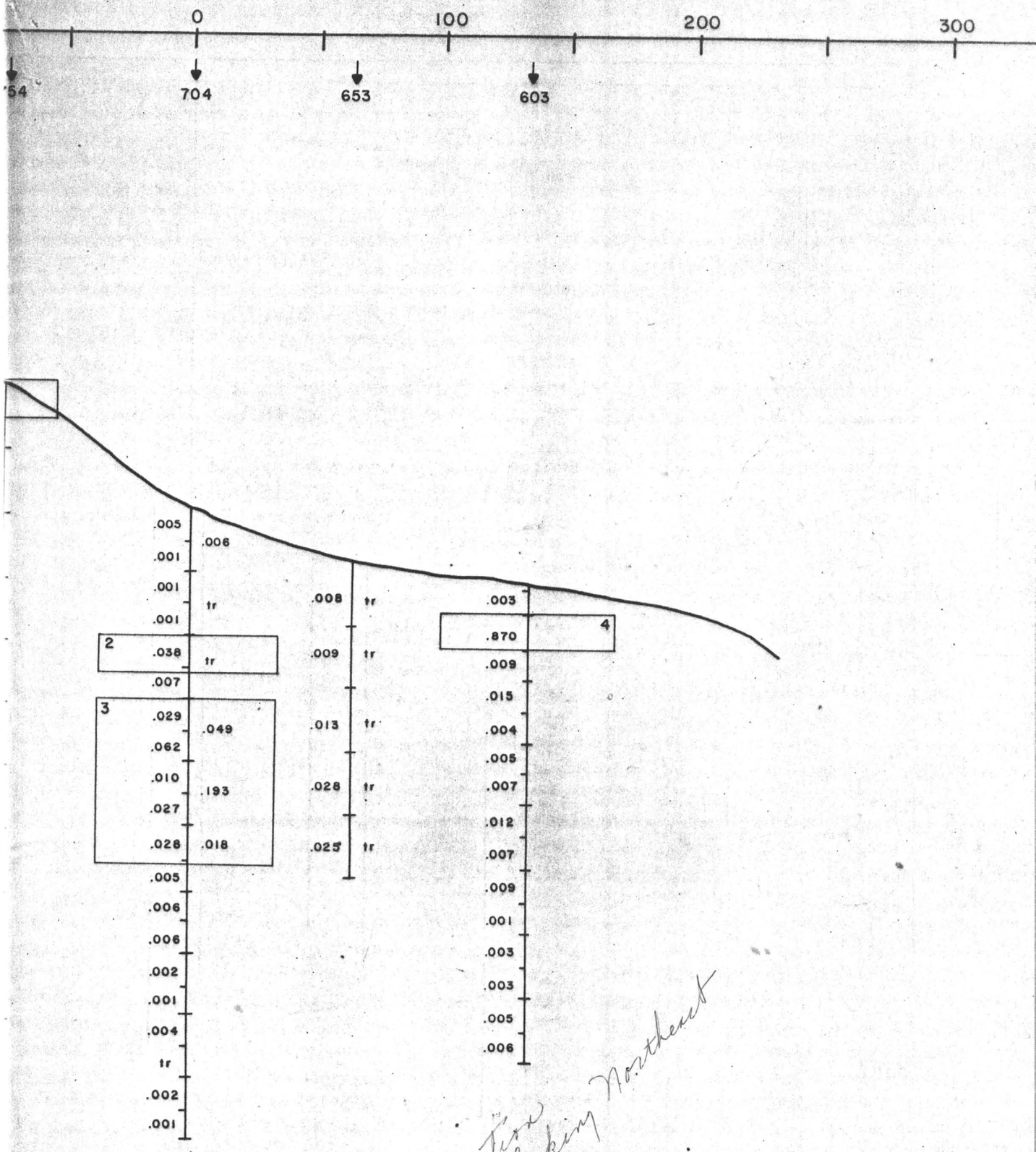


average grade of .035 342 Total tons 9,793

Sec Q-Q' looking Northeast

AV

SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Susan Beebe

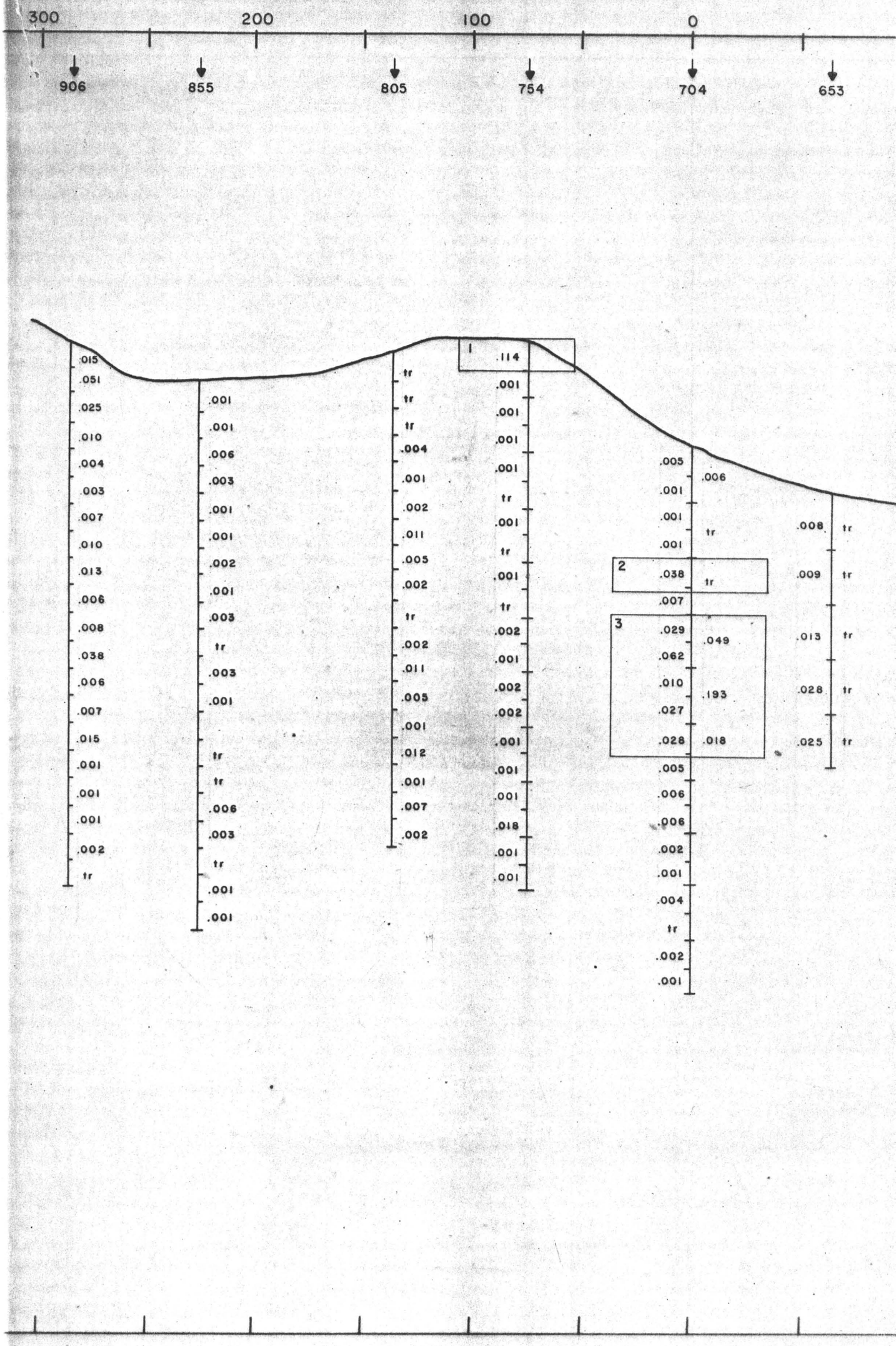


Cross Section
0-0, Looking Northeast

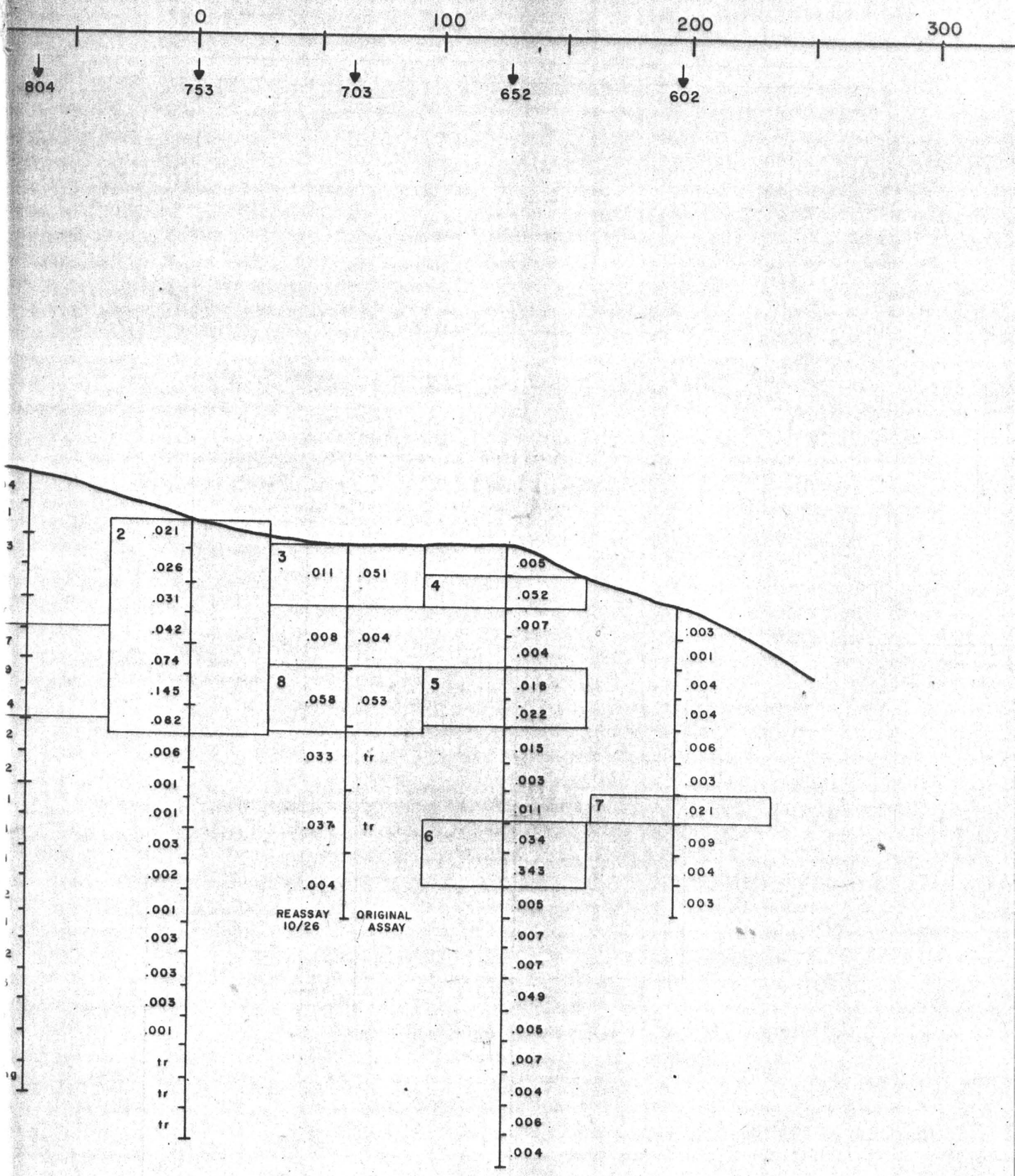
AVERAGE GRADE	OZS.
.152	2233

Total tons
14,702

LED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Susan Beebe



SENTATIONS OR | SCALE | COMPILED BY: DANIEL EYDE | APPROVED BY: TED

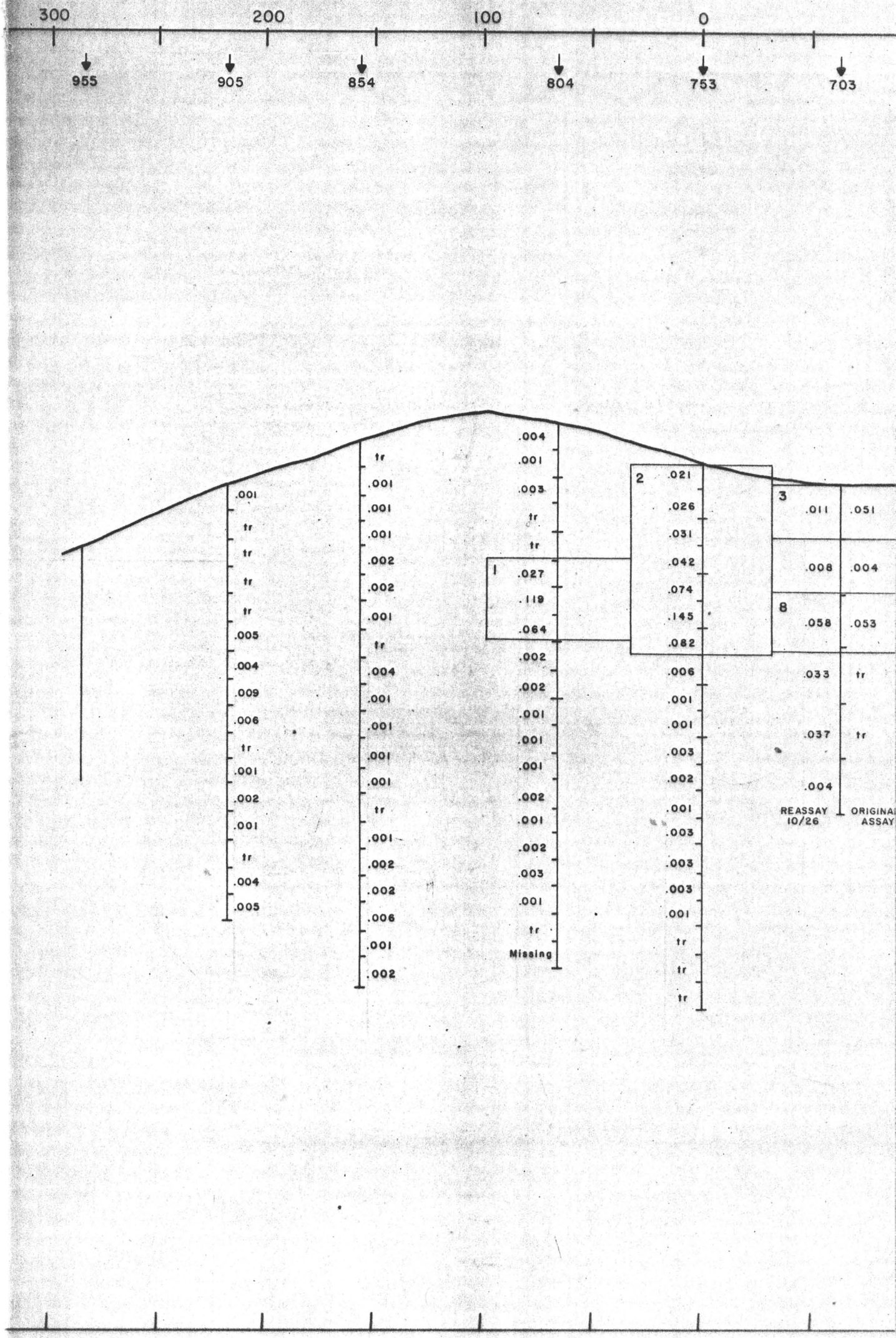


Cross Section
N-N,
Looking Northeast

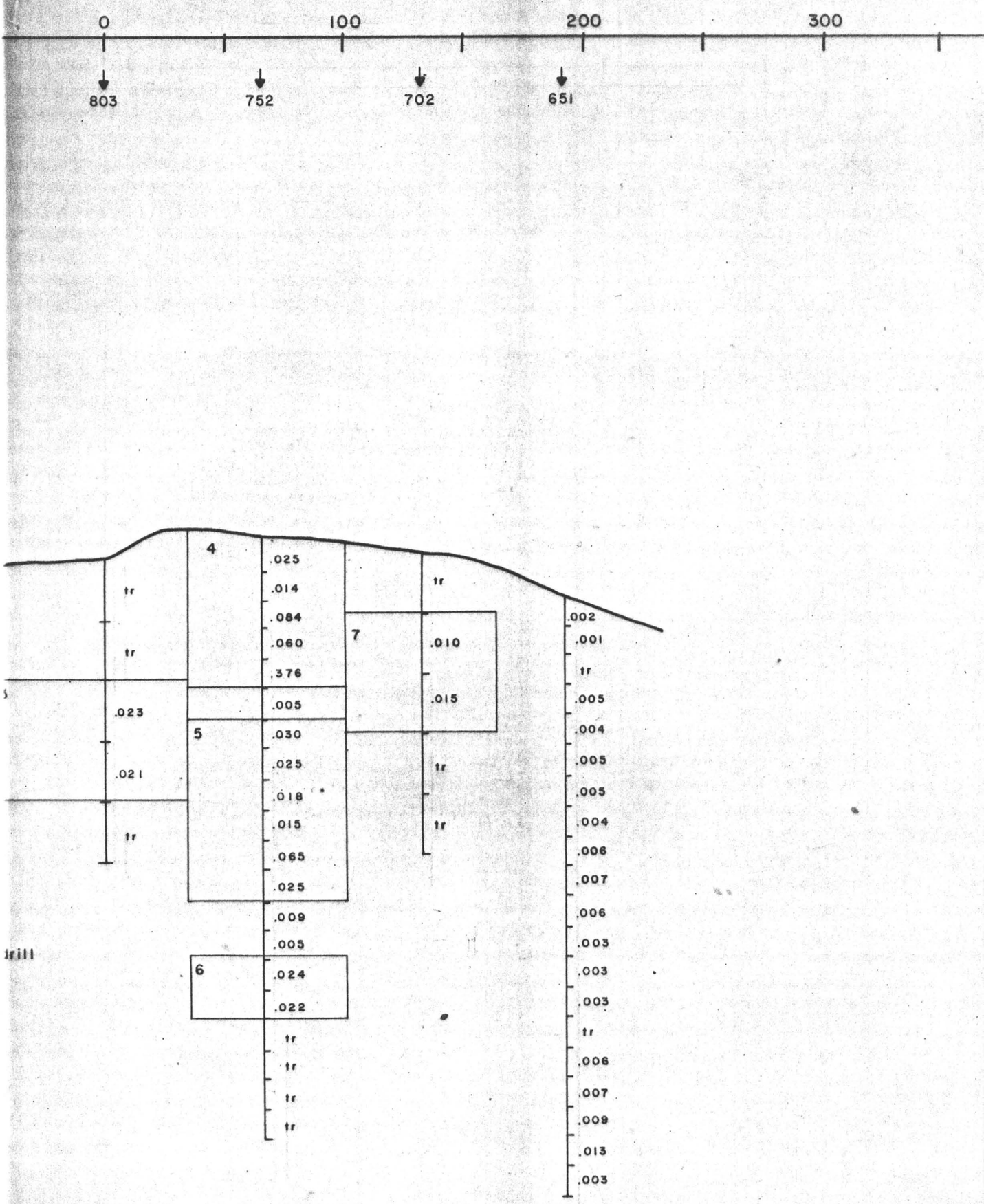
AVERAGE GRADE	OZS.
.066	2543

Total tons
38,280

LED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Susan Beebe



SENTATIONS OR	SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TE

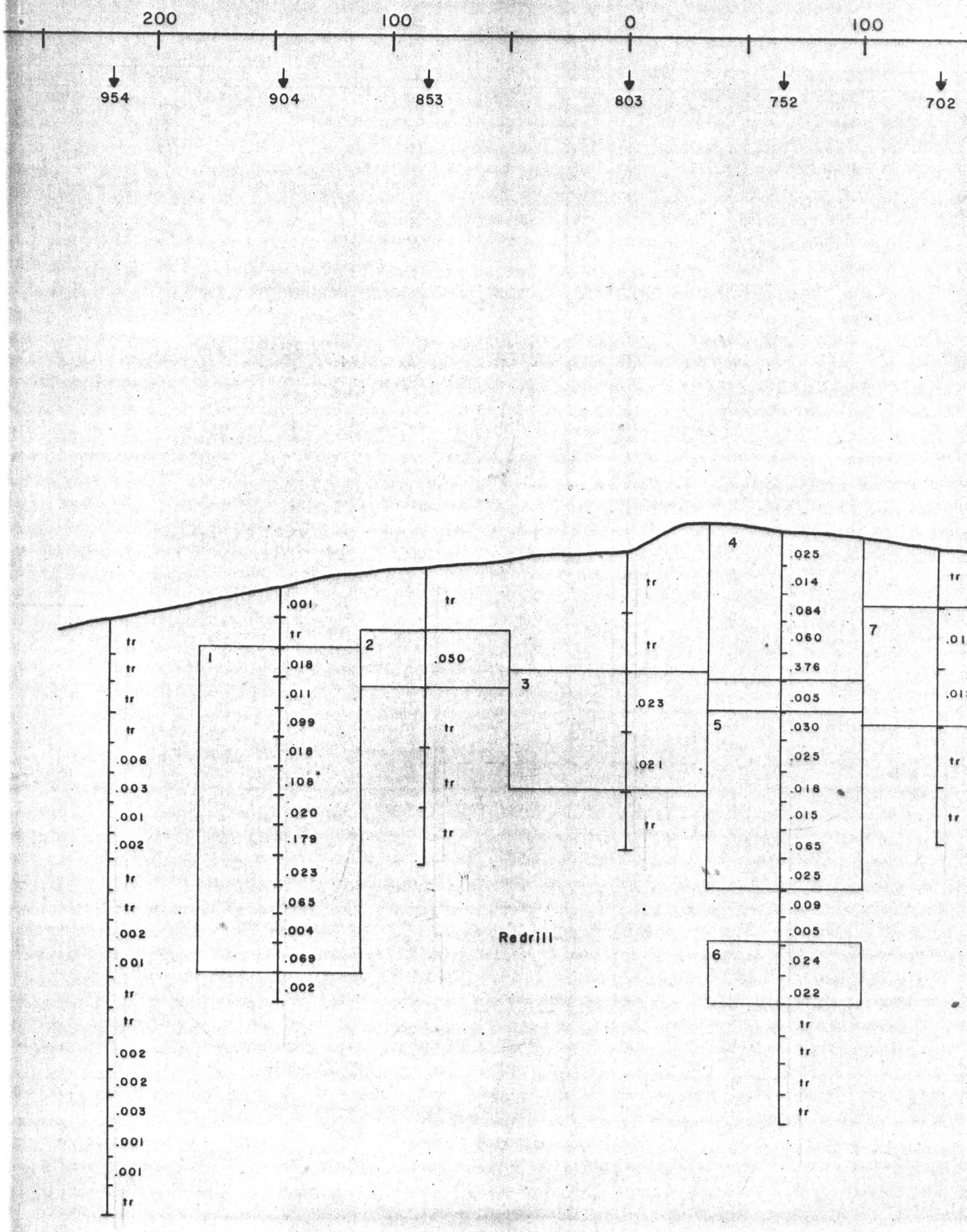


Cross Section M-M1
Looking Northeast

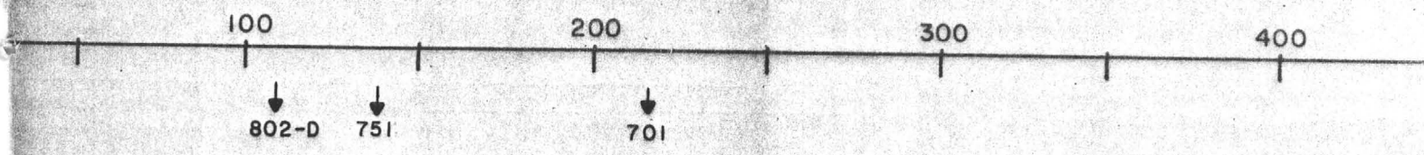
AVERAGE GRADE	OZS.
.052	3214

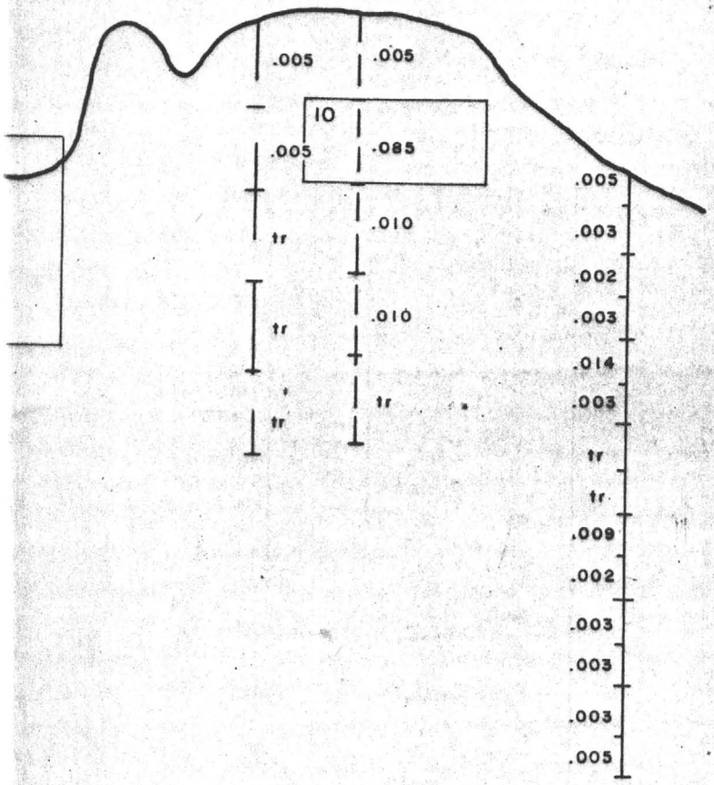
Total tons
61,900

: DANIEL EYDE | APPROVED BY: TED H. EYDE | Drawn by: Susan Beebe



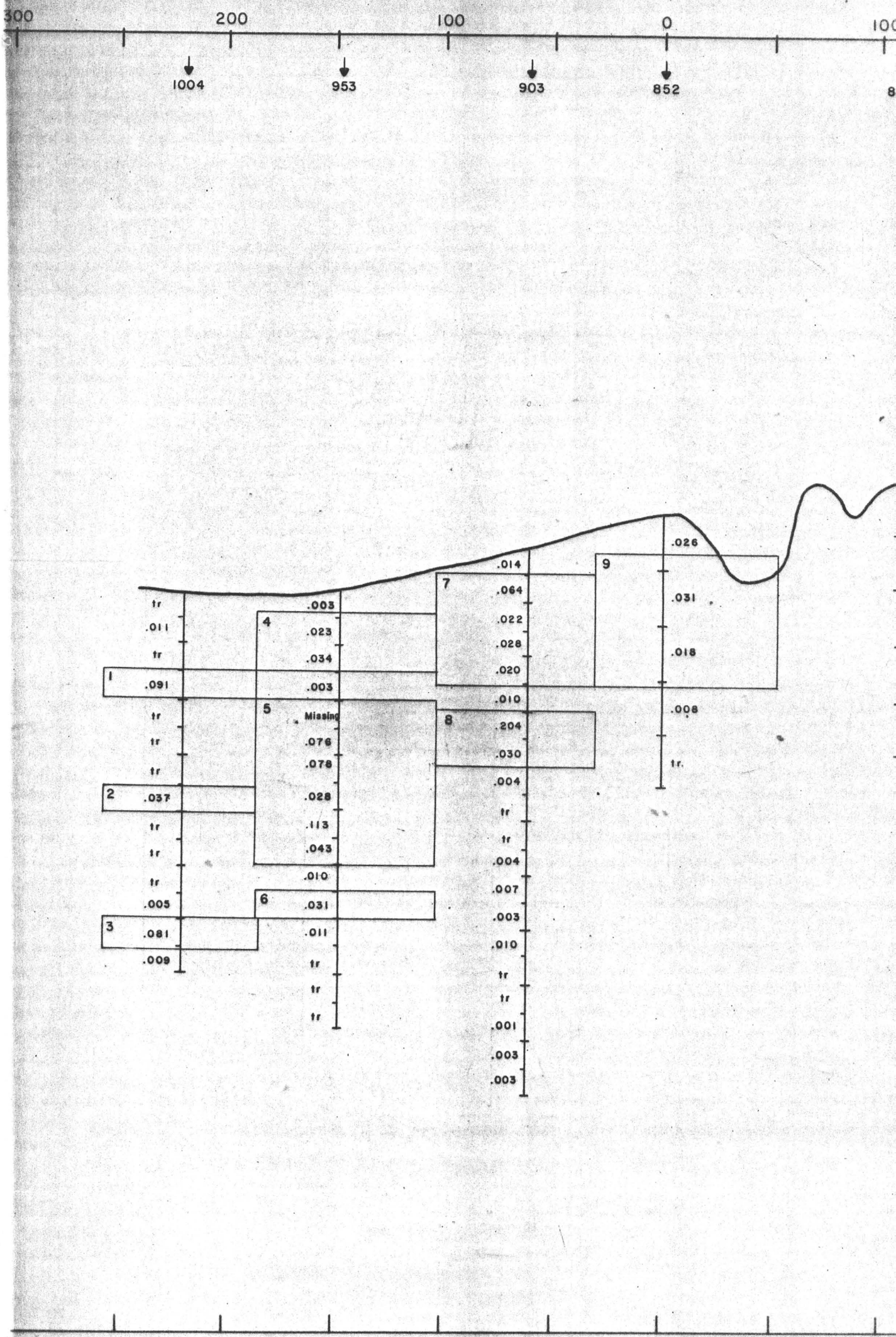
SCALE | COMPILED BY: DANIEL EYDE | APPROVED BY: TED H. EYDE



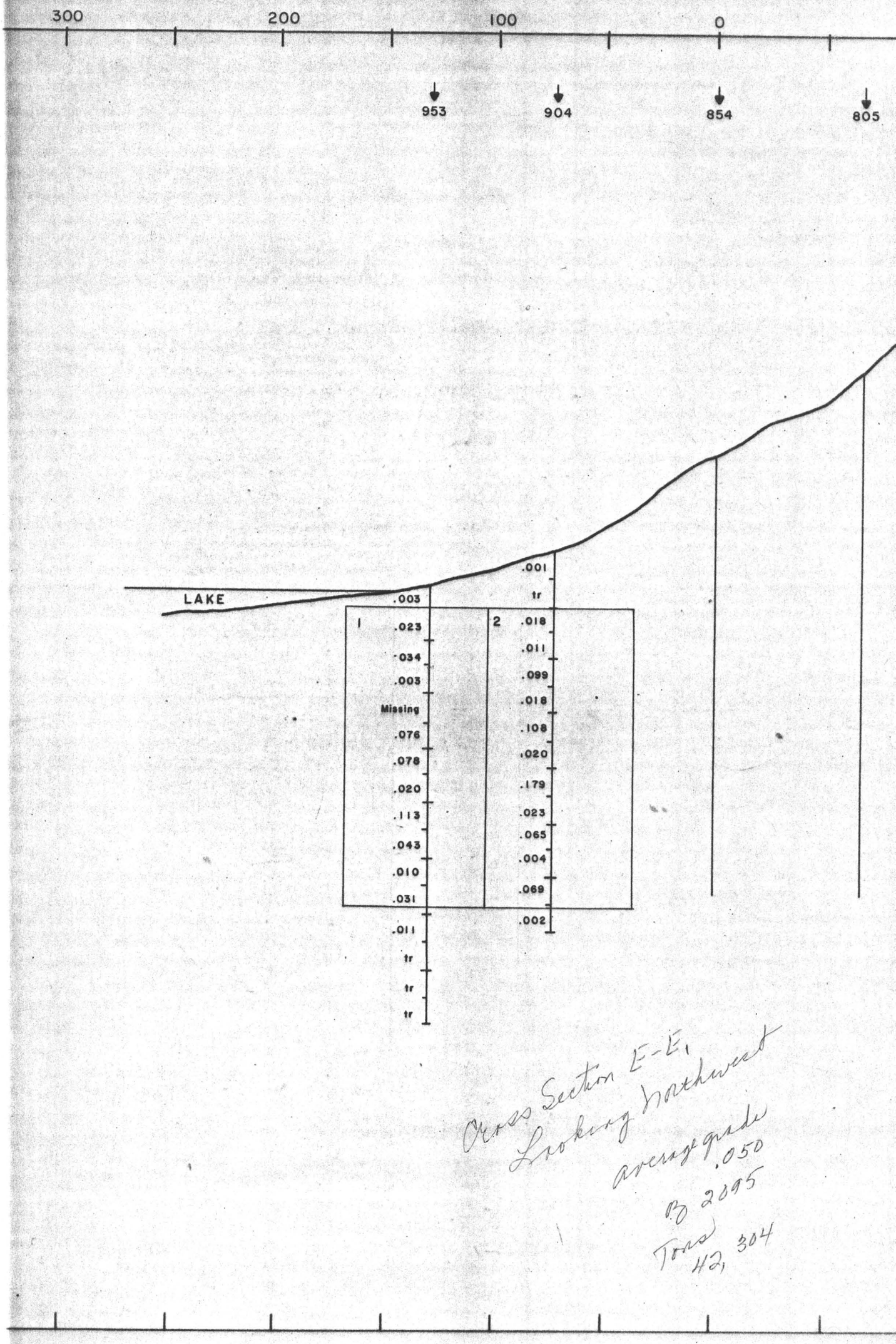


AVERAGE GRADE	OZS.	TOTAL TONS
.055	2893	52,864

Cross Section
L-L'
Looking Northeast

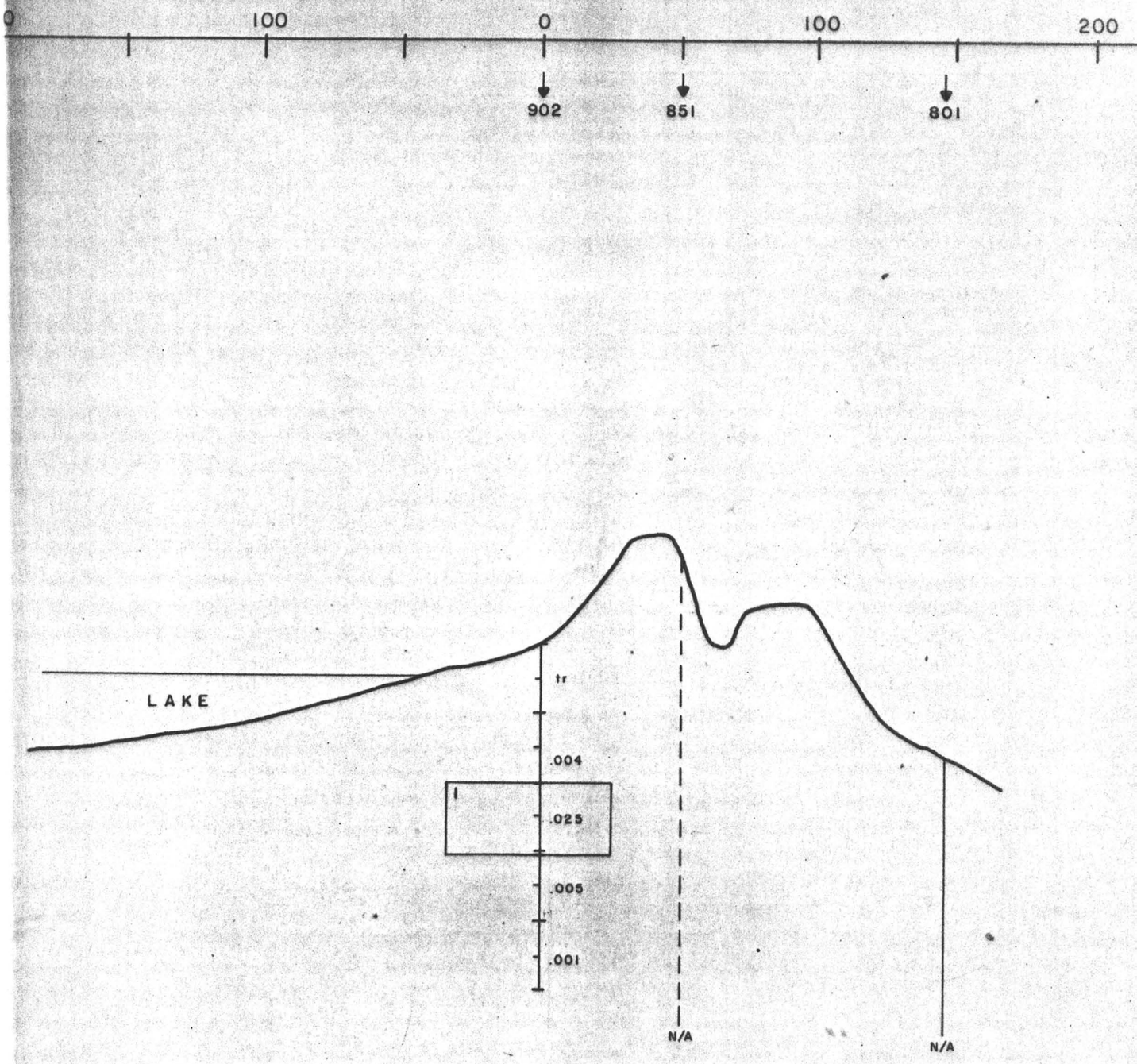


	SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H.



Cross Section E-E,
Looking Northwest
average grade
.050
Bz 2095
Tons
42, 304

ENTATIONS OR | SCALE | COMPILED BY: DANIEL EYDE | APPROVED BY: T



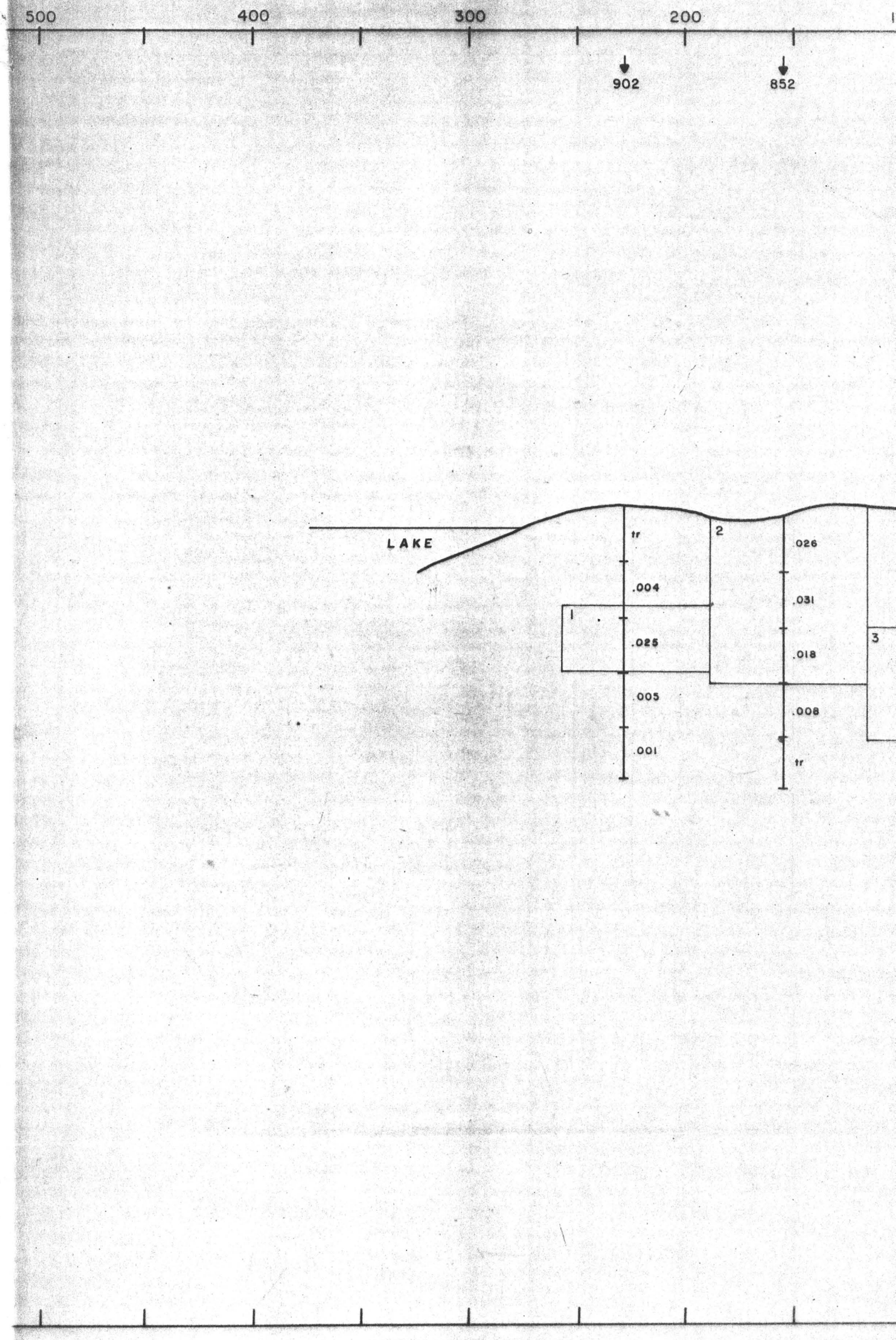
Cross Section K-K₁
Looking Northeast

average grade
.025

B
88

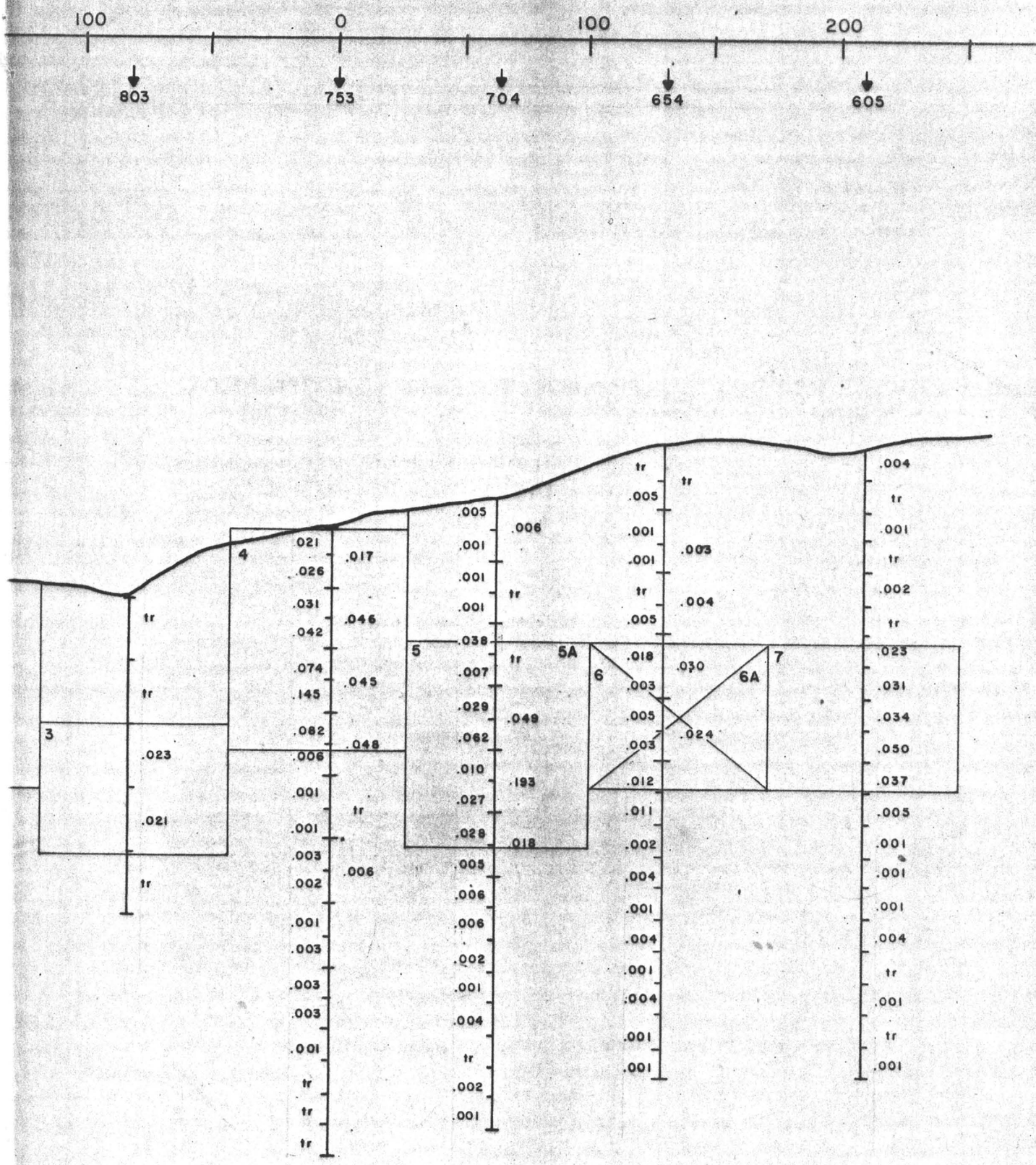
Total tons
3,550

SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Susan Beeb



SCALE

NO REPRESENTATIONS OR



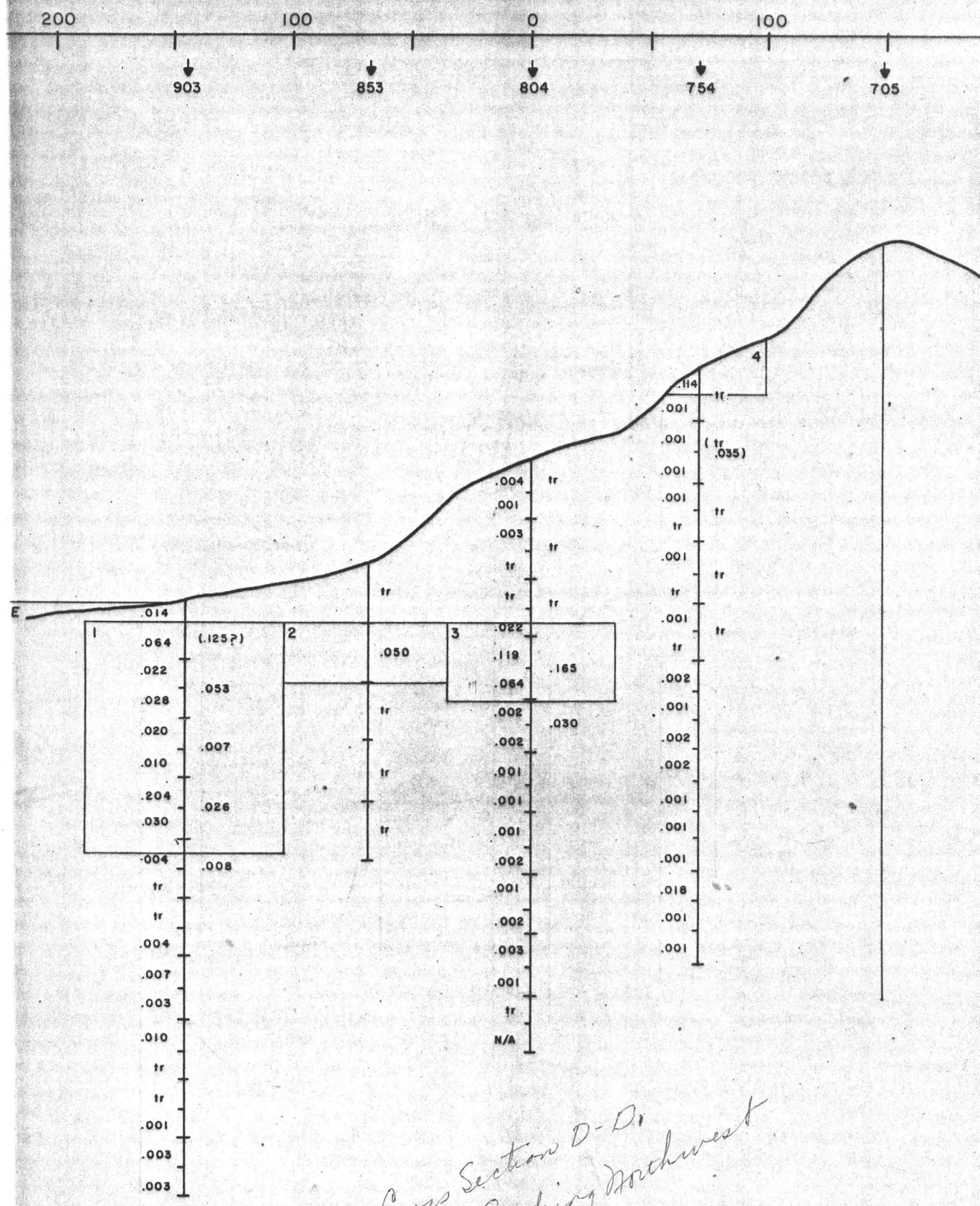
Cross Section C-C1
Looking Northwest

AVERAGE GRADE

.035

Oz. 2279
Total tons
65,088

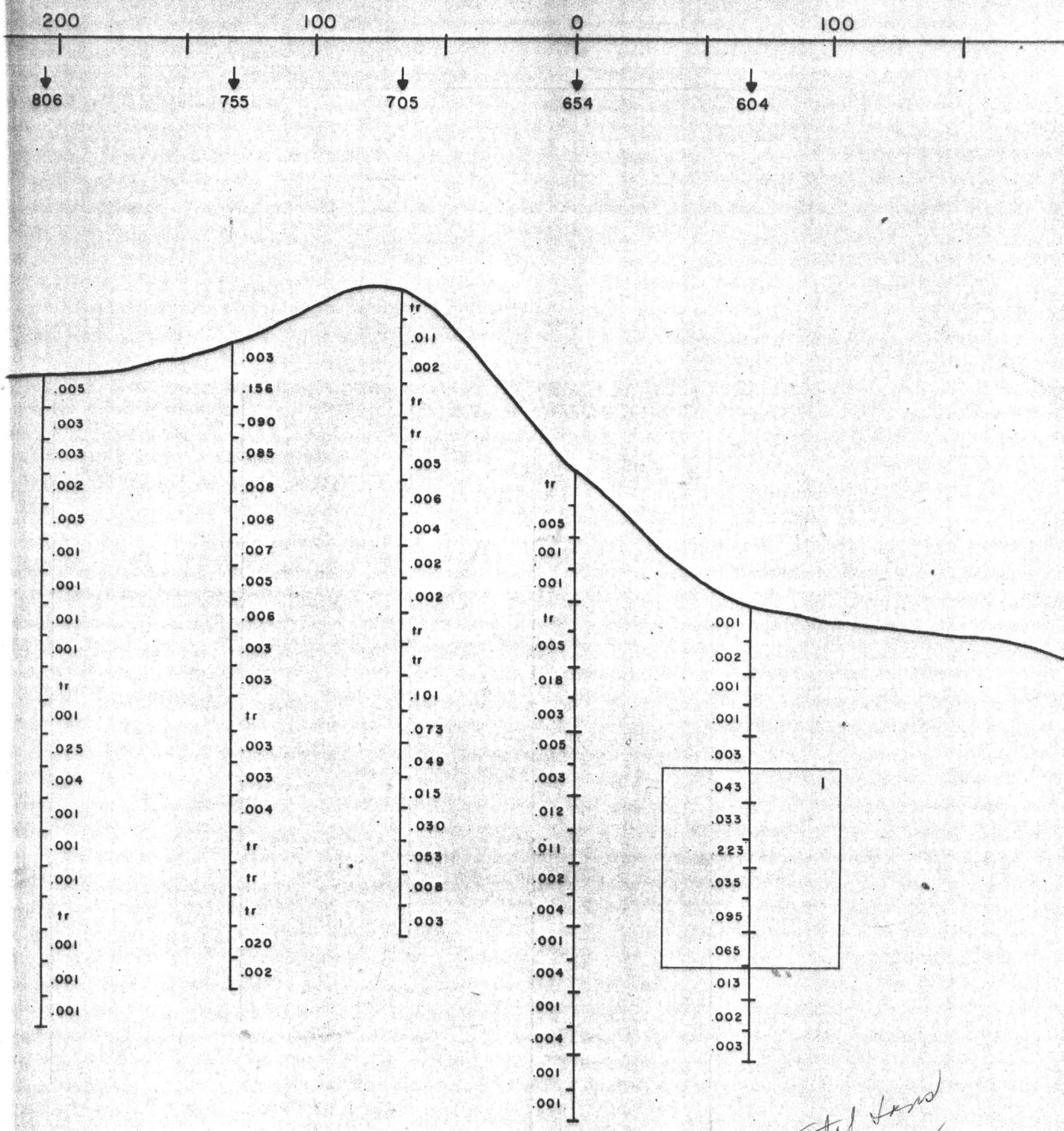
COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Susan Beebe



Cross Section D-D'
Looking Northwest

average grade .053
By - 158'
Total tons 29,908
(4 not included)

SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Sus



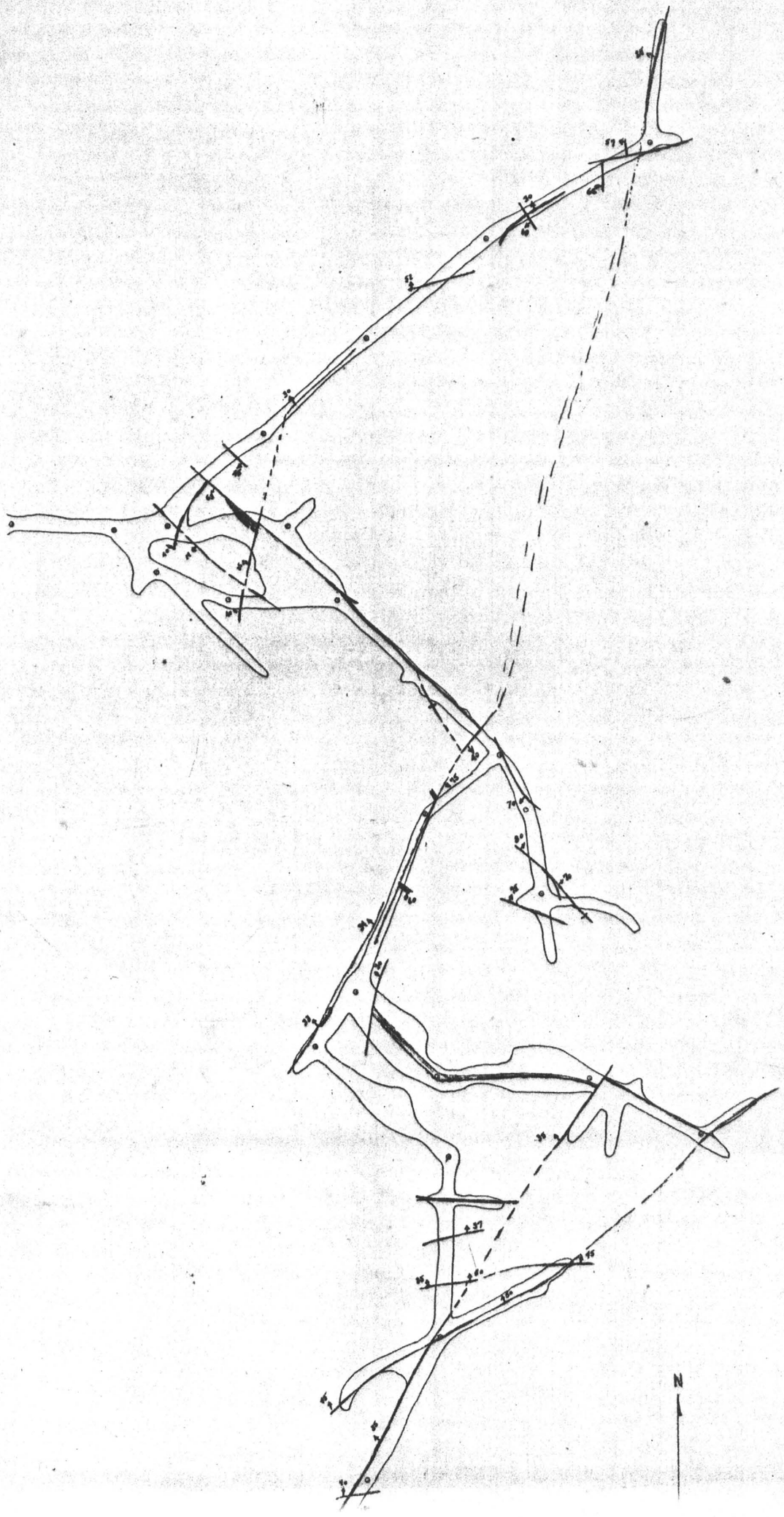
Average grade .093 oz 1139 Total tons 12,248

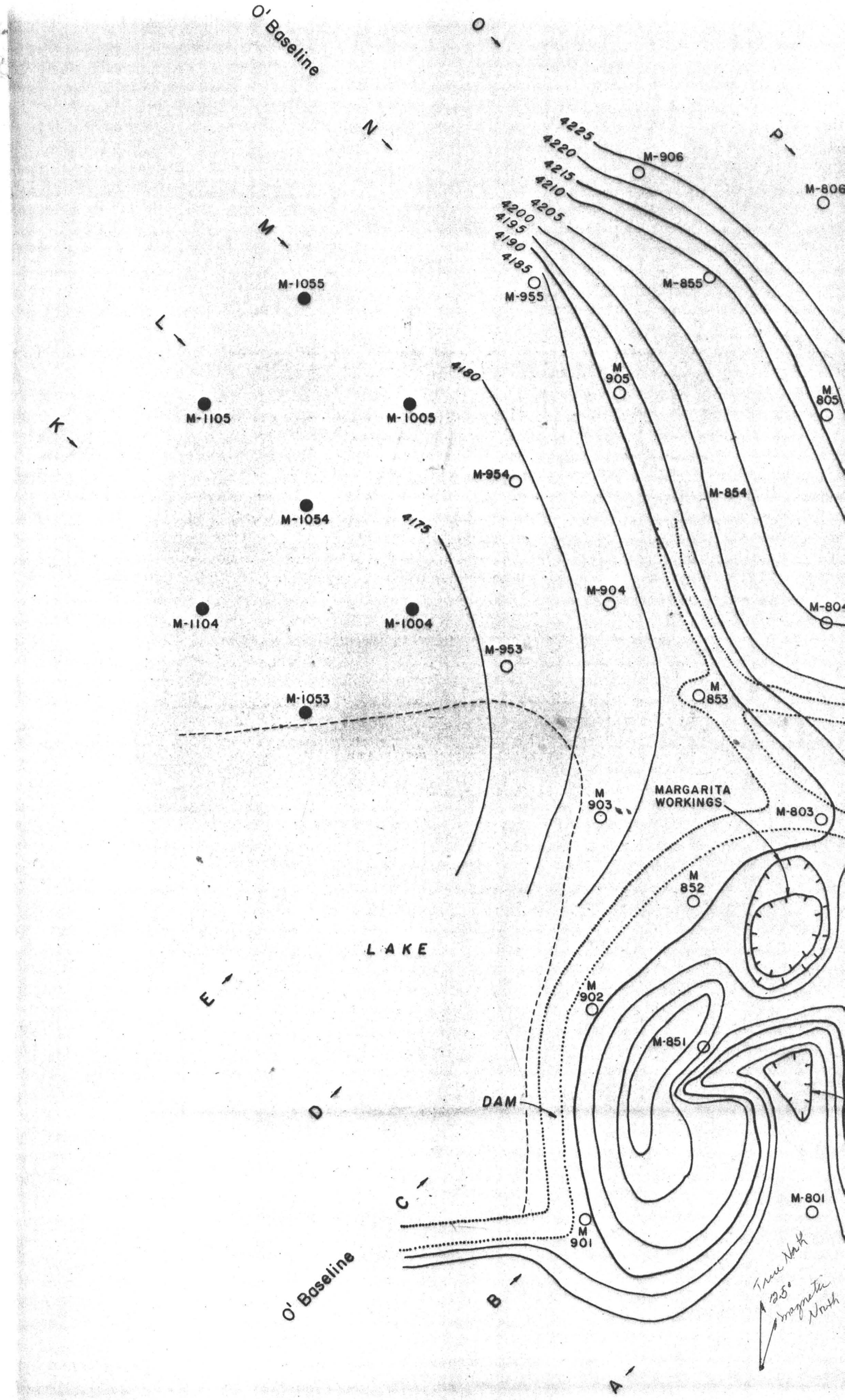
Cross Section P-P1 looking northeast

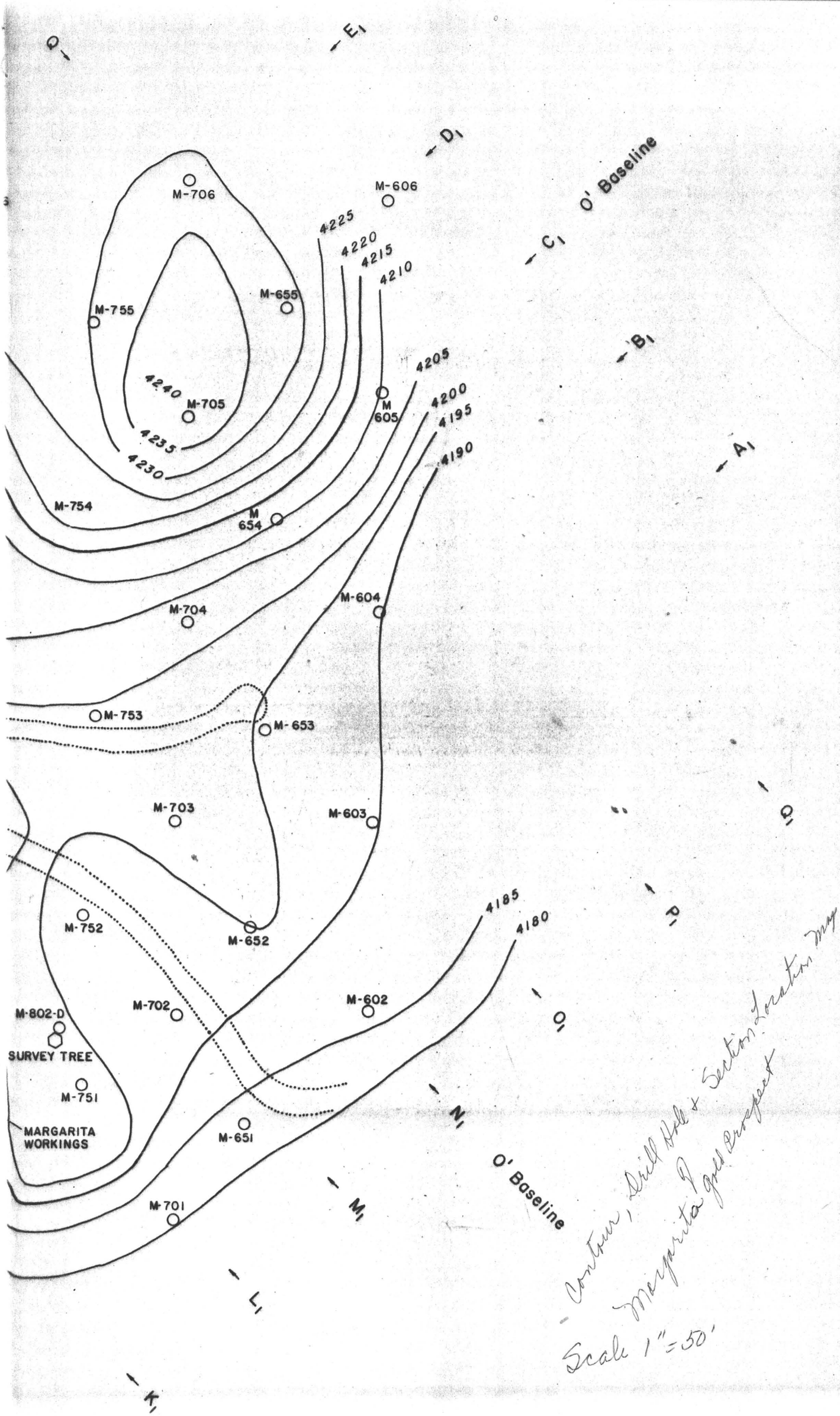
Margarita gold prospect for Bob Johnson Apache Intl Mining Co by J SA Resources, Inc Box 1127 Cortard AZ 85230

SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE	Drawn by: Sus

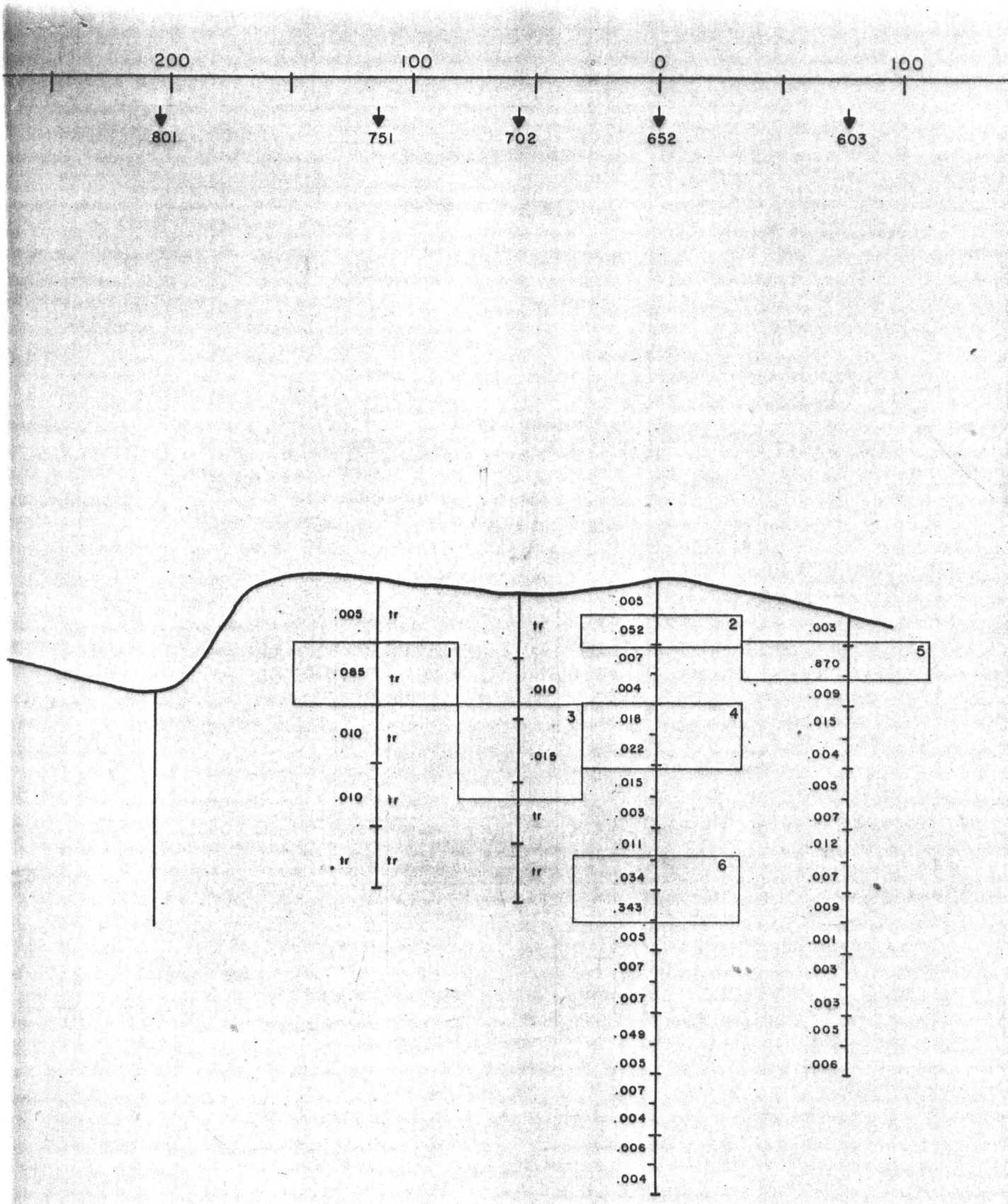
New Jupiter
1" = 20'




O' Baseline
O
N
P
M
L
K
E
D
C
B
A
4225
4220
4215
4210
4205
4200
4195
4190
4185
4180
4175
M-906
M-806
M-855
M-955
M-1055
M-1105
M-1005
M-954
M-854
M-1054
M-904
M-804
M-1104
M-1004
M-953
M-1053
M 905
M 805
M 853
M 903
M-803
M 852
M 902
M-851
M 901
M-801
MARGARITA WORKINGS
LAKE
DAM
O' Baseline
True North
25°
Magnetic North



Contour, Drill Hole & Section Location Map
Margarita gas prospect
Scale 1" = 50'



	SCALE	COMPILED BY: DANIEL EYDE	APPROVED BY: TED H. EYDE

(3 not included)

AVERAGE GRADE	OZS.	TOTAL TONS
.194	3088	15,914

rown by: Susan Beebe

ate: August 1982

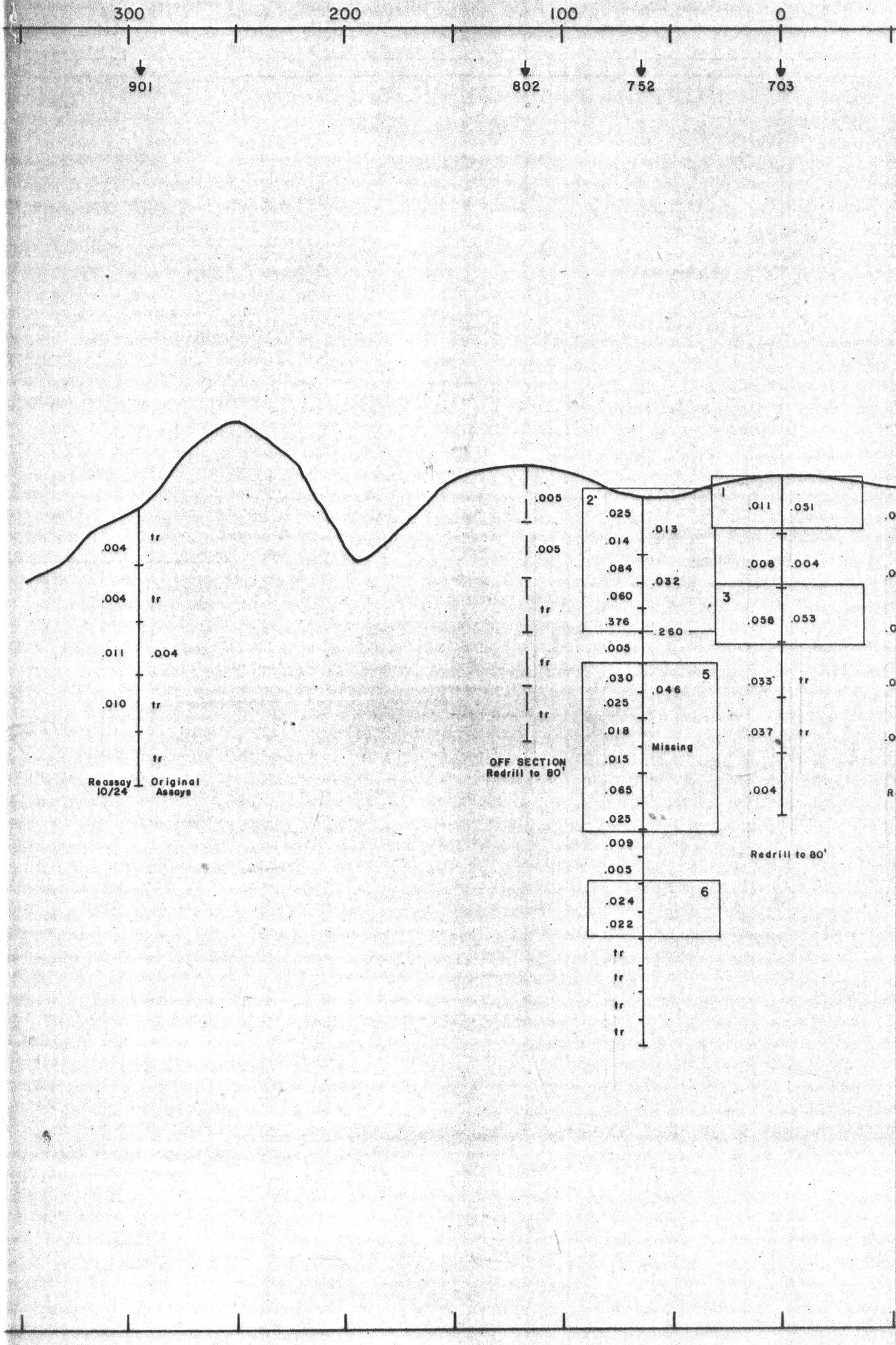
CROSS SECTION A-A, LOOKING NORTHWEST
THROUGH THE MARGARITA GOLD PROSPECT
SANTA CRUZ COUNTY, ARIZONA

PREPARED FOR

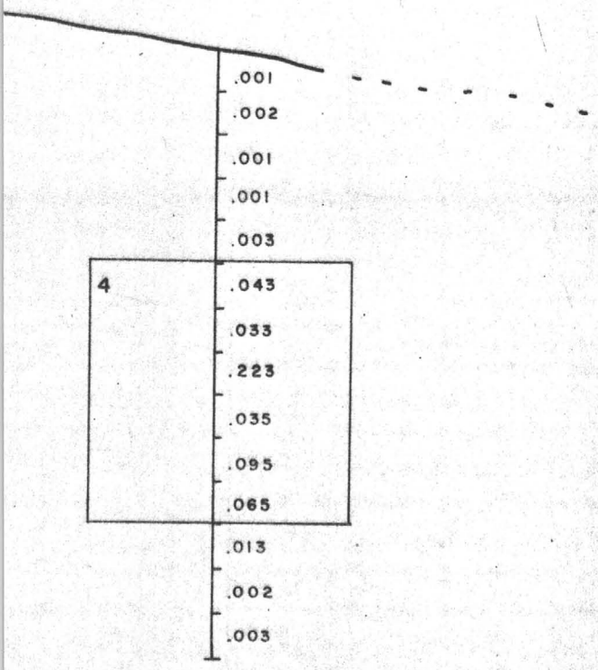
BOB JOHNSON
APACHE INTERNATIONAL MINING COMPANY

BY

GSA RESOURCES, INC.
BOX 1127 CORTARO ARIZONA 85230



NO REPRESENTATIONS OR	SCALE	COMPILED BY: DANIEL EYDE	APPROV



AVERAGE GRADE	OZS.	TOTAL TONS
.065	2857	44,226

ED H. EYDE	Drawn by: Susan Beebe
	Date: August 1982

CROSS SECTION B-B, LOOKING NORTHWES
THROUGH THE MARGARITA GOLD PROSPEC
SANTA CRUZ COUNTY, ARIZONA

PREPARED FOR

BOB JOHNSON
APACHE INTERNATIONAL MINING COMPAN

BY

GSA RESOURCES, INC.
BOX 1127 CORTARO ARIZONA 85230

Job # 1712

GSA Resources Inc

From the desk of
Ted H. Eyde

7-11-84

Tom Higgins:

Enclosed is the information we obtained from an associate. Note that neither Clark or GSA Resources are on the list of creditors.

Note also that he owes Mark Johnson $5334 in fees and $204 in expenses. This suggests that if Mark does not testify for him - he (Bob Johnson) may not pay him. Note he also owes his attorney and accountant money. Ted.

Sonora Debts - as of 4 June 88

Wallon lease -	$ 40,000
O.G. lease -	500
Apache loan -	7,000
Apache fees -	16,000
Joy Drilling -	9,098
Jacobs Assay -	8,014
M.I. - Geologist -	5,334
MIC - Geologist	6,170
Legal - Nacy - Hackett -	5,000
Marum - Survey - (est) -	3,500
Marum - Jackpot - (est) -	1,600
Sanz - CPA -	1,693
Truck - [illegible] -	309
Taxes -	75
Travel - Charlie -	543
M.I. rent, elec, phone	204
Kappes - Metallurgy -	627
	$ 105,667

Cashon hand - $ 2,613

Insurance - $6,800 due 6 June

APACHE INTERNATIONAL MINING
(A Partnership)

FINANCIAL STATEMENTS
AND ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 1983

sainz, vargas and company

140 West Shields Avenue
Fresno, California 93705
(209) 224-5591

1400 S Street
Suite 200
Sacramento, California 95814
(916) 442-5007

352 H Street
Suite A
Chula Vista, California 92010
(714) 427-1981

900 North San Antonio Road
Suite 201
Los Altos, California 94022
(415) 941-5347

2302 East Speedway Blvd.
Suite 112
Tucson, Arizona 85719
(602) 325-2617

sainz, vargas and company
certified public accountants

To the Partners
Apache International Mining
Tucson, Arizona

We have reviewed the accompanying statement of assets, liabilities and partners' capital of Apache International Mining (a partnership) as of December 31, 1983 and the related statements of revenue and expenses, and partners' capital for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are presented on the federal income tax basis of accounting as described in Note 1. All information included in these financial statements is the representation of the management of Apache International Mining.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the federal income tax basis of accounting.

The information contained in the accompanying schedule of expenses is presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. We did not become aware of any material modifications that should be made to this information.

April 6, 1984

Sainz, Vargas and Company

2302 East Speedway Blvd. • Suite 112 • Tucson, Arizona 85719 • (602) 325-2617

APACHE INTERNATIONAL MINING
STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL
DECEMBER 31, 1983

ASSETS

CURRENT ASSETS		
Escrow impound account		$ 369
Employee advance		5 500
Total current assets		5 869
INVESTMENT		
Partnership interest in Sonora Exploring and Mining Company (Note 4)		0
OPERATIONAL ASSETS (Notes 1 and 3)		
Transportation equipment	$ 4 991	
Mining equipment	20 018	
Office equipment	1 589	
Office building and land	179 000	
	205 598	
Less accumulated depreciation	23 857	181 741
		$ 187 610

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES		
Bank overdraft		$ 290
Advance management fee		628
Long-term debt, due within one year (Note 3)		7 196
Total current liabilities		8 114
LONG-TERM DEBT		
Long-term debt, due after one year (Note 3)	$ 152 720	
Loans from partners (Note 2)	55 800	208 520
PARTNERS' CAPITAL (Deficit)		
General partners	(82 842)	
Limited partners	(53 818)	(29 024)
		$ 187 610

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

REVENUE	
Management fees	$ 66 000
Debt relief	13 300
Gain on sale of assets	6 372
Total revenue	85 672
EXPENSES (Note 1)	
Personnel	6 345
Operating costs	79 879
General and administrative	66 745
Total expenses	152 969
NET LOSS	$ (67 297)

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
STATEMENT OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1983

	Balance December 31 1982	Capital Contributed	Net Loss	Withdrawals	Balance December 31 1983
PARTNERS					
GENERAL PARTNERS					
Robert A. Johnson	$ (42 192)	$	$ (26 919)	$	$ (69 111)
William Ball	(7 809)		(2 692)		(10 501)
Charles Beyer	0	3 500	(6 730)		(3 230)
Total general partners	(50 001)	3 500	(36 341)	0	(82 842)
LIMITED PARTNERS					
Judan Mining, Inc.	(12 980)		(3 365)		(16 345)
Sam B. Moxley, Jr.	3 510		(1 682)		1 828
Lucine B. Moxley	(6 492)		(1 682)		(8 174)
Robert A. Johnson, Jr.	(10 643)		(2 692)		(13 335)
Pell Enterprises, Inc.		78 500	(8 076)		70 424
International Exploration and Mining Corporation	46 679		(13 459)	(13 800)	19 420
Total limited partners	20 074	78 500	(30 956)	(13 800)	53 818
	$ 29 927	$ 82 000	$ 67 297	$ 13 800	$ 29 024

See notes to financial statements and accountants' review report

APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983
(See accountants' review report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REPORTING

The Company's policy is to prepare its financial statements on the accounting basis used for income tax purposes. Consequently, intangible exploration and development costs on the mine claims are expensed when paid in accordance with allowable federal income tax accounting treatment. Such costs would, under generally accepted accounting principles, be capitalized and amortized over the productive life of the claim. Also, depreciation is computed in accordance with the accelerated cost recovery system required by the Internal Revenue Code. This method differs from the generally accepted accounting principle of computing depreciation over the estimated useful lives of the assets. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

OPERATIONAL ASSETS

Operational assets are carried at cost. Depreciation is recorded using both the straight line method and the accelerated cost recovery method allowed for federal income tax purposes.

The estimated useful lives of the assets are:

Transportation equipment	3-4 years
Mining equipment	5-7 years
Office equipment	5 years
Office building	15 years

Expenditures for major renewals and betterments which extend the use ful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

INCOME TAX

The partnership is not a tax paying entity for income tax purposes and thus no income tax expense has been recorded in this statement. Partners are taxes individually on their respective shares of the partnership's income or loss.

APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983
(See accountants' review report)

NOTE 2 - LOANS FROM PARTNERS

The loans from partners represent unsecured open-end loans by the following partners with interest accruing at 18%.

Sam B. Moxley, Jr.	(Limited)	$ 25 000
W. H. Ball	(General)	20 000
Robert A. Johnson	(General)	10 800
		$ 55 800

NOTE 3 - LONG-TERM DEBT

	Due Within One Year	Due After One Year
Contract to bank, payable monthly at $152.68, including interest, secured by truck	$ 916	$ 0
Contract for purchase of real estate with a private party, payable monthly at $2,000.00 including interest at 12%, secured by building and land	6 280	152 720
	$ 7 196	$ 152 720

NOTE 4 - INVESTMENT IN PARTNERSHIP

During the year, the Company entered into a joint venture agreement with Golden Concord, Inc. and formed a partnership known as Sonora Exploring and Mining Company. The Company conveyed the mineral exploration rights to this partnership so it could conduct mineral exploration, development and mining on and under the property (claims) held by Apache International Mining for the purpose of producing, mining, processing and marketing of minerals. The conveyance of these rights to the partnership constituted the initial capital contribution of the Company which was valued by agreement of the partners in the venture at $312,500. The mineral exploration rights are carried as an asset on the books of Sonora Exploring and Mining Company but do not have a tax basis and are therefor not subject to amortization.

SUPPLEMENTARY INFORMATION

APACHE INTERNATIONAL MINING
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

	New Jupiter	Margarita	Old Glory	Total Expenses
PERSONNEL				
Labor	$ 160	$ 3 890	$ 972	$ 5 022
Secretarial		25	6	31
Engineers		100	25	125
Surveyors		934	233	1 167
Total personnel	$ 160	$ 4 949	$ 1 236	6 345
OPERATING COSTS				
Lease payments	$ 120	$ 20 000	$ 2 000	22 120
Gas, oil and parking	80	1 138	284	1 502
Expendable equipment		402	100	502
Equipment repairs and maintenance		2 531	633	3 164
Rent and utilities		6 789	1 697	8 486
Assays	96	1 975	494	2 565
Office building expenses		1 537	384	1 921
Office supplies and expenses		1 926	482	2 408
Consultants fees		29 769	7 442	37 211
Total operating costs	$ 296	$ 66 067	$ 13 516	79 879
GENERAL AND ADMINISTRATIVE				
Accounting				5 055
Depreciation				13 145
Insurance				6 837
Legal				11 534
Telephone				6 879
Entertainment				1 363
Food				5 767
Travel				1 136
Bank charges and interest				14 508
Subscriptions				521
Total general and administrative				66 745
TOTAL EXPENSES				$ 152 969

See notes to financial statements and accountants' review report

MINING LEASE

By this MINING LEASE,

effective this 1st day of April, 1980,

by and between Ted S. Wallace and Marion L. Wallace, husband and wife, (the "Lessor") whose address is 3958 East Desmond Lane, Tucson, Arizona 85712,

and

Robert A. Johnson and/or his nominees (the "Lessee"), whose address is 919 North Stone Avenue, Tucson, Arizona 85705.

The Lessor, in consideration of the agreements set forth herein, has granted certain rights to the Lessee under the following terms and conditions;

1. Grant

a. Lease; Term--For the consideration of One Thousand dollars ($1,000), the receipt and sufficiency of which is hereby acknowledged, Lessor does hereby lease to Lessee that certain mining property more particularly described in Exhibit A attached hereto and referred to herein as the "Mineral Property" for a term that shall expire on March 31, 1990.

b. Control and Use of Mineral Property--The Lessee shall have and it is hereby given and granted the right to enter into and take over immediately the sole and exclusive possession and control of the Mineral Property and during the term hereof to remain in the sole and exclusive possession and control of said Mineral Property; and to investigate, explore, measure, sample, examine, test, develop, work, mine, operate, use and control the same, and to mine and remove (by underground, surface, open pit, or any other mining method, including methods hereafter developed) from said Mineral Property the ores and minerals therein and belonging thereto, and to ship, sell and otherwise dispose of the same and receive the full proceeds therefrom, subject to the production royalty provisions hereinafter set forth; and to erect, construct, maintain, use and operate thereon and therein buildings, structures, machinery and equipment. The nature, location and extent of such mining or mining operations, and the cessation and resumption thereof, shall be at the sole discretion of the Lessee.

c. Option to Purchase--During the term of this lease, the Lessee shall have the option to purchase the mineral property described in Exhibit A for the amount of Three Million dollars ($3,000,000). All royalties paid by the Lessee, to include both regular quarterly and production royalties, will apply against this purchase price. If there is an unpaid balance at the end of the lease period, it will be due and payable within thirty (30) days, or, by mutual agreement, the lease may be extended.

2. Payments to Lessor

a. Advance Royalty--Commencing with the effective date of this Agreement, Lessee agrees to pay Lessor a minimum royalty of One Thousand dollars ($1,000) per month in advance during the first quarter of the Lease period, which amount shall be payable on or before the fifth day of each month. Commencing 1 July, 1980 and for the remaining two quarters of the year, the quarterly payments shall be Five Thousand dollars ($5,000) also payable in advance.

Beginning January 1, 1981 and continuing through the duration of the 10 year Lease Agreement, the quarterly royalty payments schedule is as follows:

January 1, 1981 and 1982 -	$ 10,000
January 1, 1983 and 1984 -	25,000
January 1, 1985 -	50,000
January 1, 1986 and thereafter for the duration of the contract -	100,000

Payments shall be due on or before the fifth day of the payment month.

b. Production Royalty--Lessee shall pay to Lessor a production royalty of ten percent (10%) of Net Returns (as hereinafter defined) paid to Lessee from all ores, concentrates or other products mined or extracted from the Mineral Property. "Net Returns" shall mean the net payment received by Lessee from a smelter or other buyer, less the cost of haulage, freight, treatment, assaying, special sampling and other charges imposed by the purchaser, to include any existing or future taxes.

This production royalty is only payable if, during any quarter, it is in excess of the advance royalty payment.

c. Payment of Production Royalty--Production royalty paid to Lessor hereunder shall be due and payable within fifteen (15) days after the receipt of payment and a settlement sheet or other statement reflecting the sale. All production royalty shall be accompanied by the settlement sheets or a similar statement showing the basis upon which the payment was computed.

d. Method of Making Payments--All payments required hereunder may be mailed or delivered to Lessor at the address specified herein or to any single depository as Lessor may instruct. Upon making payment to the authorized agent or depository, Lessee shall be relieved of any responsibility for the distribution of such payment to Lessor. The delivery or the deposit in the mail of any payment hereunder on or before the due date thereof shall be deemed timely payment hereunder.

3. Obligations of Lessee

a. Conduct of Operations--All work performed by Lessee on the Mineral Property pursuant to this Agreement shall be done in a good and minerlike manner and in compliance with all state and federal laws and regulations governing such operations. Tunnels and stopes shall not be back filled with any combustible materials.

b. Assessment work--Lessee agrees to perform assessment work (unless excused, suspended or deferred) for the benefit of the Mineral Property for each assessment year during which this Agreement continues in force beyond June 1 of the applicable assessment year. The work performed shall be of a kind generally accepted as assessment work, and Lessee shall expend the total amount sufficient to meet the minimum requirements with respect to all of the unpatented claims. Lessor acknowledges and agrees that the mining claims included within the Mineral Property are one contiguous group and that development and exploration work on any one or more of the claims will be for the benefit of all of them. Lessor further agrees that in the event Lessee acquires a right to explore areas adjacent to the Mineral Property by location, purchase, lease or option, Lessee shall have the right to perform assessment work required hereunder pursuant to a common plan of exploration or development for all of the areas, claims or groups of claims, whether performed on or off the mining claims. Lessee further agrees to make a proper record of the performance of such assessment work as required by state and federal law.

c. Protection from Liens and Damages--Lessee shall keep the Mineral Property free and clear of liens for labor done or performed upon said Mineral Property or minerals furnished to it on or for the Mineral Property, or for the development or operation thereof, while this Agreement is in force and effect; provided, however, that Lessee shall not be required to remove any lien so long as Lessee is diligently contesting the validity or amount thereof.

d. Notices of Non-Liability--If Lessor posts upon the Mineral Property any notices required by law to exempt Lessor from liability for labor or materials furnished Lessee, Lessee agrees to keep posted all such notices that are furnished to it by Lessor.

e. Payment of Taxes--Lessee shall pay all taxes and assessments levied against the Mineral Property except (1) those reflecting Lessor's improvements on the Mineral Property, and (2) those levied or measured by income of Lessor or based upon payments made to Lessor under this Agreement. Lessee shall have the right to contest, in the courts or otherwise, the validity or amount of any valuation, taxes or assessments, before it shall be required to pay the same. In the event of termination, all taxes and assessments which are the responsibility of Lessee shall be prorated for the calendar year in which this Agreement expires or is terminated.

f. Insurance Coverage Requirements--Lessee shall at all times during the term of this Agreement keep in force and effect workmen's compensation insurance in accordance with the applicable law of the State of Arizona. Except as specified in Section 4 hereof, Lessee shall also save and keep Lessor harmless from all costs, loss or damage which may arise by reason of injury to any persons or property as a result of any work or operations conducted by Lessee, its employees, representatives, agents, contractors and subcontractors, or its possession and occupancy of the Mineral Property.

Lessee shall maintain such insurance as will protect it and Lessor from any and all claims for bodily injury, including death, and property damage arising from or in any way connected with Lessee's operations under this Agreement.

4. Inspection

Lessor, or its duly authorized agent or representative, shall be permitted to enter into or upon the Mineral Property and the workings of Lessee at all reasonable times for the purpose of inspection, which shall include the right to sample, but shall enter upon the Mineral Property at Lessor's own risk and so as not to hinder unreasonably the operations of Lessee; and Lessor shall indemnify and hold harmless Lessee from any damage, claim or demand by reason of injury to or presence of Lessor or its agents or representatives or any of them on said Mineral Property or the approaches thereto. Lessor shall have the right to examine, during business hours, all records of Lessee relating to production from the Mineral Property in order to verify the correctness of production royalty payments.

5. Title Matters

a. Representations--Lessor represents to Lessee that (1) to the extent the Mineral Property includes unpatented mining claims, the claims have been located and maintained in compliance with the laws of Arizona and the United States, the assessment work for the year ending September 1, 1979, has been performed and properly filed, and there is no claim of adverse mineral rights affecting such claims; (2) the Mineral Property is free and clear of all liens and encumbrances; and (3) the Lessor has the full right, power and capacity to enter into this Agreement and grant Lessee rights upon the terms set forth herein.

b. Title Defects--In the event Lessee is obligated to take any action to protect its leasehold interest in the Mineral Property, in addition to any other remedy Lessee may have, any costs incurred (including, but without being limited to, the cost of attorneys' fees) shall be a credit against payments thereafter to be made by Lessee.

c. Change in the Mining Law--In the event laws of the United States concerning acquisition of mineral rights in federally managed lands is repealed, amended, or new legislation is enacted, Lessee shall have the right to take whatever action it deems appropriate to preserve a right to explore for, develop, and mine minerals on the Mineral Property. In the event Lessee elects to take any action under the terms of this subsection c of Section 5, it shall first notify Lessor in writing setting forth the nature of the proposed action and an explanation thereof. Lessor agrees to cooperate with Lessee and execute whatever documents are deemed by Lessee to accomplish such action. Nothing in this subsection shall impose any obligation upon Lessee to take any action, or diminish the right of Lessor to take action it deems appropriate; provided, however, if Lessor chooses to take any action it will first inform Lessee of the nature of such contemplated action.

d. General--Nothing herein contained and no notice or action which may be taken under this Section 5 shall limit or detract from Lessee's right to terminate this Agreement in the manner hereinafter provided.

6. Termination

a. Termination by Lessor--In the event of any failure by Lessee to perform its obligations hereunder, Lessor shall give Lessee written notice specifying such failure. If the failure is not cured within sixty (60) days after Lessee has received the notice, or if Lessee has not within that time begun action to cure the failure and does not thereafter diligently prosecute such action to completion, Lessor may terminate this Agreement by delivering to Lessee written notice of such termination, subject to Lessee's right to remove its property and equipment from the Mineral Property, as hereinafter provided. Lessor shall have no right to terminate this Agreement except as set forth in this subsection a of Section 6.

b. Termination by Lessee--Lessee shall have the right to terminate this Agreement at any time by written notice from Lessee to Lessor specifying a termination date at least thirty (30) days subsequent to the giving of such notice. From and after the date of termination all right, title and interest under this Agreement shall terminate and Lessee shall not be required to make any further payment or to perform any further obligation, the due dates of which occur prior to the termination date; provided, however, that if ores are stockpiled on the surface of the Mineral Property at the time of termination, Lessee shall have one hundred twenty (120) days within which to ship the ores, the payment for which shall be governed by the terms of this Agreement.

c. Removal of Equipment by Lessee--Lessee shall have, and it is hereby given and granted, one hundred twenty (120) days after a valid forfeiture, surrender or other termination of this Agreement to remove from the Mineral Property all mining equipment and other machinery erected or placed in or upon the Mineral Property by it, except rails, mine timbers or other support in place, and the head frame.

d. Delivery of Data--If this Agreement is terminated or otherwise expires, Lessee shall deliver to Lessor, within a reasonable time, a copy of all non-interpretive data prepared by or for Lessee in connection with the exploration or development of the Mineral Property. Such information shall include, but is not limited to, logs of drill holes, assay reports, aerial photographs, and production records. In the event core or other samples have not been used or destroyed in testing, Lessee shall advise Lessor of the location of such materials and Lessor may pick up such materials.

7. Notices

All notices herein provided for may be given by United States mail, registered or certified, and addressed as indicated in the recitals to this Agreement or such other address as the parties may from time to time designate. Notices shall be effective when deposited in the mail as evidenced by the postmark.

8. Binding Effect; Assignment; Joinder

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, beneficiaries, successors and assigns of the parties, but no change or division of ownership of the Mineral Property or payments hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee hereunder. No such change or division in the ownership of the Mineral Property shall be binding upon Lessee for any purpose until the first day of the month next succeeding the month in which such person acquiring any interest shall furnish evidence to Lessee's satisfaction of such change, transfer or division of ownership.

9. Force Majeure

If Lessee is delayed or interrupted in or prevented from exercising its rights or performing its obligations, as herein provided, by acts of God, explosion, accident, the elements, fires, damage to facilities, strikes or labor troubles, unavailability of supplies and equipment, including fuel, injunction, regulations, orders or requirements of government or other disabilities beyond its reasonable control, then and in all such cases, Lessee shall be excused, without liability, from performance of its obligations set forth in this Agreement (except as to obligations set forth in Section 3), and the term of this Agreement shall be extended for a period equal to the time lost by reason of such period. Lessee shall notify Lessor in writing of the beginning and ending date of each such period and shall specify therein the particular factual occurrence upon which Lessee bases its suspension of performance.

10. Memorandum

Lessor agrees to execute, whenever requested so to do by Lessee, a Memorandum of this Agreement, and Lessee may record said Memorandum in the records of Santa Cruz County, Arizona.

IN WITNESS WHEREOF, this MINING LEASE has been executed effective as of the date first above written.

LESSOR:

TED S. WALLACE

MARION L. WALLACE

LESSEE:

ROBERT A. JOHNSON

State of Arizona
County of Pima
April 14, 1980

Notary Public

EXHIBIT A

The following unpatented lode mining claims constitute the "Mineral Property" that is the subject of the Mining Lease by and between TED S. WALLACE and MARION L. WALLACE, husband and wife (as Lessor) and ROBERT A. JOHNSON (as Lessee).

Unpatented Mining Claims

Name of Claim	Santa Cruz County Book/Page		BLM Serial No.
Margarita 1	91	560	A-MC-17000
Margarita 2	91	561	A-MC-17001
Margarita 3	89	197	A-MC-17002
Margarita 4	89	198	A-MC-17003
Margarita 5	89	199	A-MC-17004
Margarita 6	89	200	A-MC-17005
Margarita 7	91	562	A-MC-17006
Margarita 8	91	563	A-MC-17007
Margarita 9	89	201	A-MC-17008
Margarita 10	89	202	A-MC-17009
Margarita 11	89	203	A-MC-17010
Margarita 12	89	204	A-MC-17011
Margarita 13	89	205	A-MC-17012
Margarita 14	89	206	A-MC-17013
Margarita 15	89	207	A-MC-17014
Margarita 16	89	208	A-MC-17015
Margarita 17	89	209	A-MC-17016
Margarita 18	89	210	A-MC-17017
Margarita 19	89	211	A-MC-17018
Margarita 20	89	212	A-MC-17019
Margarita 21	89	213	A-MC-17020
Margarita 22	89	214	A-MC-17021
Margarita 23	89	215	A-MC-17022
Margarita 24	89	216	A-MC-17023
Margarita 25	89	217	A-MC-17024
Margarita 26	89	218	A-MC-17025
Margarita 27	89	219	A-MC-17026
Margarita 28	89	220	A-MC-17027
Margarita 29	89	221	A-MC-17028
Margarita 30	89	222	A-MC-17029
Margarita 31	89	223	A-MC-17030
Margarita 32	89	224	A-MC-17031

FIRST AMEMDMENT TO MINING LEASE

THIS FIRST AMENDMENT TO MINING LEASE, dated effective as of July 1, 1982, is between MARION L. WALLACE ("Lessor"), 3958 East Desmond Lane, Tucson, Arizona 85712, and ROBERT A JOHNSON ("Lessee"), Sasabe Star Route, Box 45-C, Tucson, Arizona 85736.

RECITALS

A. By Mining Lease dated effective April 1, 1980 (the "Lease"), Ted S. Wallace and Lessor leased to Lessee the Margarita Nos. 1 through 32 unpatented lode mining claims in Santa Cruz County, Arizona.

B. Ted S. Wallace is now deceased, and Lessor is the personal representative of his estate and his sole heir.

C. Lessee has fully complied with all of Lessee's obligations under the Lease, and the Lease is now in full force and effect.

D. The parties desire to amend the Lease to clarify Lessee's right to recoup payments of advance royalty out of subsequently earned production royalties.

AGREEMENT

In consideration of the foregoing and of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. The sentence in paragraph 2b of the Lease that reads "this production royalty is only payable if, during any quarter, it is in excess of the advance royalty payment" is hereby deleted and the following substituted in its place:

> This production royalty is only payable if and to the extent that the cumulative total of all production royalties earned hereunder exceed the cumulative total of all advance royalty payments made hereunder.

2. For the consideration hereinabove recited, Lessor does hereby lease to Lessee the property described in the Lease for the purposes set out in the Lease in accordance with all the terms and provisions of the Lease as it is hereby amended, and all the terms and provisions of the

Lease, except as hereby amended, shall remain in full force and effect.

EXECUTED as of the date first above written.

Lessor:

Marion L. Wallace

Lessee:

Robert A. Johnson

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 2d day of July, 1982, by Marion L. Wallace.

My commission expires:
April 17, 1984

Notary Public

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 2d day of July, 1982, by Robert A. Johnson.

My commission expires:
April 17, 1984

Notary Public

2,1-142

AGREEMENT

BY THIS AGREEMENT

effective May 23, 1983,

by and between GOLDEN CONCORD, an Arizona corporation to be formed, and to be a wholly owned subsidiary of Golden Concord Mining Corporation, a Canadian corporation whose principal place of business is in the Province of British Columbia, and whose address is c/o E. A. Bence, 16th Floor, 409 Granville Street, Vancouver, B.C. V6C 1V1 ("Golden Concord"),

and

ROBERT A. JOHNSON, dba APACHE INTERNATIONAL MINING ("Johnson"), whose address is Box 45-C, Sasabe Star Route, Tucson, Arizona 85736,

Golden Concord and Johnson have entered into an understanding concerning a joint mineral development program as follows:

1. <u>Creation of Joint Venture</u>

The parties hereby create a joint program to operate under the name of SONORA EXPLORING & MINING COMPANY ("Sonora"), and to be owned in accordance with the principles set forth in Section 6. The purpose of Sonora is to develop, mine, extract, mill, store, remove and market all metallic minerals, ore-bearing materials and rocks of every kind containing gold or other metallic minerals ("Minerals" herein) from certain patented and unpatented lode mining claims situated in the Oro Blanco Mining District, Santa Cruz County, Arizona, which includes (1) the possessory rights to the New Margarita # 33 through # 40 unpatented lode mining claims (the "Claims"); (2) the leasehold estate created by a lease with Ted and Marion Wallace concerning the Margarita # 2 though # 32 unpatented lode mining claims; (c) the leasehold estate created by a lease with Warren E. Culbertson concerning the Old Glory No. 1 patented lode mining claim; and (4) the leasehold estate created by a lease with Anamax Mining Company concerning the Old Glory No. 4 patented lode mining claim. The collective leasehold estates are referred to as the "Leases," and the property included within the Claims and the Leases are referred to as the "Property," all of which is situated in the Oro Blanco Mining District, Santa Cruz County, Arizona, more particularly described in Exhibit A attached hereto (collectively the "Property"). This Agreement is subject to the approval of the Vancouver Stock

Exchange, and if such approval is not obtained within ten (10) business days of the effective date hereof, this Agreement shall be null and void.

2. Term

This Agreement shall exist for a term of 50 years and so long thereafter as Minerals are being mined from within the Property, or Minerals mined from within the Property are being treated for their metal values; provided, however, that this Agreement may terminate in the manner set forth in subsections b or c of Section 4.

3. Representations and Title

3.1 Representations - Johnson represents to Golden Concord that (a) Johnson is doing business as Apache International Mining, which organization represents a group of investors in a limited partnership yet to be formed; (b) Johnson has all requisite power and authority to enter into this Agreement and perform its obligations hereunder; (c) Johnson has taken all requisite action to authorize the execution and delivery of this Agreement and the performance of all its obligations hereunder; (d) Johnson is not a party to or bound by, nor is the Property or any portion thereof subject to any agreement or instrument of any kind, or any judgment, order, writ or injunction of any court or governmental body that would prohibit or adversely affect the carrying out of any of Johnson's obligations hereunder; (e) Johnson owns legal title to the entire leasehold estate created by the Leases and possessory rights created by the Claims subject to the beneficial interest of Apache International Mining; (f) the Claims and Leases are valid and subsisting and cover the entire interest in and to the lands described therein; and (g) except as specified in Exhibit A and burdens created by the leases, the Claims and Leases are free of any mortgages, deeds of trust, security agreements, liens, royalties, overriding royalty interests, burdens, encumbrances or conflicting mining claims of any kind.

3.2 Title Materials - Within fourteen (14) days after the execution of this Agreement, Johnson shall, at Johnson's sole expense, deliver to Golden Concord copies of all title opinions, abstracts of title, status reports and plats pertaining to the Claims, Leases or land heretofore received by Johnson or to which Johnson has access, copies of all Bureau of Land Management Master Title Plats and Historical Indices pertaining to the legal subdivisions of the Property, and copies of all location notices, affidavits of assessment work, prior conveyances, leases, and all other instruments or agreements pertaining to the Property.

3.3 Technical Information - Prior to the execution of this Agreement, Golden Concord has been provided with all mining, exploration and geological reports, drilling logs, core and other samples, records of ore analysis and all books of other samples, records of ore analysis and all books of account and other business and accounting records relating to the Property.

4. Contributions

4.1 Initial Contribution by Johnson - Johnson hereby contributes to Sonora the right to conduct mineral exploration, development and mining on and under the Property in such a manner and to the extent that the Manager of operations hereunder may deem advisable for the purpose of producing, mining, processing, and marketing of Minerals from in and under the Property. Johnson shall not be obligated to furnish any funds to Sonora except from his share of Minerals produced from the Property, except as specified in subsection a(1) of Section 4.2.

4.2 Initial Contribution by Golden Concord -

a. Golden Concord shall, prior to the date six months from the effective date of this Agreement, furnish Sonora with the sum of Three Hundred Twelve Thousand Five Hundred Dollars ($312,500), and which shall include the following:

(1) Twelve Thousand Five Hundred Dollars ($12,500) to retire debts of Johnson (one-half of a $25,000 indebtedness, such additional amount to be paid by Johnson) and payable $5,000 on May 18, 1983, $5,000 on June 1, 1983, and $2,500 on July 1, 1983;

(2) Such funds to be used under the direction of the Managment Committee under the following schedule: May 15, 1983, $13,000.00; June 1, 1983, $13,000; July 1, 1983, $20,500, all of which contributions shall include those funds necessary to pay existing obligations of Johnson on behalf of the Property and funds required to maintain the Claims and Leases in good standing; and

(3) The remaining portion of such contribution shall be paid according to a schedule established by the Management Committee into a bank account in Sonora's name and in any case prior to the date six months from the effective date of this Agreement to be used under the direction of the Management Committee.

b. Golden Concord shall, after the contribution of the amount required by subsection a above,.furnish to Sonora at a rate required by the Manager under work plans approved by the Management Committee and in any case prior to December 31, 1986, an additional One Million Dollars ($1,000,000.00) to develop the Property and place it into production at a rate to be determined by a feasibility study approved by the Management Committee. If the Property can be placed into production for less than the above amount, Golden Concord's obligation to make such additional contributions under this subsection 4.2(b) shall terminate after the processing of Minerals from the Property has reached the rated capacity established by the approved feasibility study and payment for such Minerals sold has been received by Sonora.

c. If Golden Concord fails to satisfy the expenditure obligation of subsections a or b of this Section 4.2, this Agreement shall terminate and Golden Concord shall have no interest in this Agreement or Sonora, except as specified in Section 6.1.

d. Golden Concord may terminate this Agreement upon sixty (60) days' written notice at any time after it has satisfied its obligations under subsection a of this Section 4.2. If this Agreement is terminated by such notice, or if Golden Concord fails to satisfy obligations as set forth in subsection b, Golden Concord shall have no further obligations under this Agreement except those obligations of this Agreement that may have accrued as of the effective date of termination.

e. The expenditures required by subsections a and b of Section 4.2 shall include:

(1) All expenditures related to the determination of the existence of Minerals upon or under the Property, the physical characteristics thereof and the suitability of such materials to mining and metallurgical treatment. Such work may be performed on or off the Property. Such work shall also include such reclamation or restoration work as may be required by any federal, state or local agency or authority;

(2) Salaries including fringe benefits of Sonora personnel assigned directly to the Property;

(3) Costs of maintaining, preserving and defending title and rights to the Property;

(4) Expenditures billed to Sonora by independent contractors used by Sonora in activities described under subsection (1) above or making

evaluations and interpretations of such information and data;

(5) Equipment loaned by Johnson for use pursuant to this Agreement which may be billed for an amount of rental normally charged in arms-length transactions; and

(6) Costs of maintaining an office and support personnel of Sonora to include a reasonable amount fixed by the Management Committee for travel, expenses and fees for members of the Management Committee.

4.3 Further Contributions - At such time as Golden Concord has satisfied its obligation to make contributions under Section 4.2, any further contribution required to place the Property into production shall be obtained by Sonora and Johnson's interest shall not be subject to reduction.

5. Relationship of Parties

5.1 Rights and Obligations - The rights, duties, obligations and liabilities of the parties under this Agreement shall be several and not joint or collective, and each party shall be responsible only for its obligations as set forth in this Agreement. It is not the purpose or intention of this Agreement to create a partnership except for tax purposes.

5.2 Tax Election - It is the intention of the parties by this Agreement to create a partnership for tax purposes only within the meaning of Section 761(a) of the United States Internal Revenue Code of 1954, as amended (the "Code"). Taxable income, for federal income tax purposes, shall be determined under Subchapter K of Chapter 1 of Subtitle A of the Code, as amended. Johnson shall prepare and file annual partnership tax returns containing the following elections: (i) the taxable year; (ii) the accrual method of accounting; (iii) to deduct currently all exploration and development expenditures; and (iv) such others as Johnson may determine to be appropriate. For United States and state income tax purposes, the gains and losses from sales, abandonments, and other disposition of property, other than production, and all costs, expenses and credits, including depreciation, shall be shared and accounted for as follows:

(1) Operating costs shall be allocated to each party in accordance with its respective contributions to such costs.

(2) Exploration and development costs shall be allocated to each party in accordance with its respective contribution to such costs.

(3) Depreciation and basis in property for investment tax credits, if any, shall be allocated to each party in accordance with its respective contribution to the adjusted basis of such property at the time such contribution is made. The term "adjusted basis" shall mean the adjusted basis as defined in Section 1011 of the Internal Revenue Code of 1954, as amended.

(4) Gains and losses from each sale, abandonment or other disposition of property (other than production) shall be allocated to the parties in such manner as will reflect the gains and losses that would have been includable in their respective income tax returns if such property were held by the parties outside this Agreement. The computations shall take into account each party's share of the proceeds derived from each sale or other disposition of such property during the year, selling expenses and the party's respective contributions to the unadjusted cost basis of such property, less any allowed or allowable depreciation, depletion, amortization, credits, or other deductions that have been allocated to each party with respect to such property as provided in this subsection (4).

(5) All other classes of costs, expenses and credits not falling within subsections 1, 2, 3 and 4 above shall be allocated to and accounted for by each party in accordance with its respective contributions to such costs, expenses and credits.

5.3 Access - Both parties shall have access to the Property at any reasonable time to inspect any operations conducted pursuant to this Agreement, together with the right to inspect all drilling data, samples, cores, logs and other data pertaining to the Property. Upon reasonable request of Golden Concord, Johnson agrees to furnish copies of all logs, assay reports, maps and other factual geological information related to the Property that it has in its possession.

5.4 Confidentiality - During the term of this Agreement the parties shall treat any information obtained as a result of exploration and development of the Property as confidential and shall not, without the written consent (not unreasonably withheld) of the other party, disclose the same to third parties. The parties mutually agree that, if possible, disclosures required by law shall be provided to the other party not less than two (2) weeks prior to disclosure. The parties further agree that any submittals to any stock exchange or releases to the press shall be subject

to the prior approval of the other party, which approval shall not be unreasonably withheld, but which shall not be given if such submittal or news release contains any misstatement of fact.

5.5 Other Opportunities - Each of the parties shall be free to acquire other mining properties or interests therein and engage in other mining activities without any duty or obligation to permit the other party to participate therein or to share in any profits therefrom, except within exterior boundaries of the Property and the area of interest established under Section 11.

6. Principles for Determination of Ownership and Cost Allocation

6.1 Ownership - Upon the completion of the expenditures by Golden Concord as required by subsection a of Section 4.2, Golden Concord shall own a fifty percent (50%) interest in the Property, and Johnson shall retain a fifty percent (50%) interest in the Property. Golden Concord's interest shall be subject to subsequent reduction to a ten percent (10%) interest if it fails to complete its obligations under subsection b of Section 4.2. At such time as Golden Concord has contributed a cumulative total of One Million Three Hundred Twelve Thousand Five Hundred Dollars ($1,312,500.00) to Sonora under the provisions of Section 4.2 (or such lesser amount if the Property is placed into production for a lesser amount), its fifty percent (50%) interest shall not thereafter be subject to reduction.

6.2 Allocation of Costs - When Golden Concord has satisfied its obligation to make contributions pursuant to Section 4.2, any additional funds required to place the Property into production shall be obtained from sources other than the parties and may be from institutional financing or such other financing methods as the parties may agree upon. If Golden Concord's interest has been reduced to a ten percent (10%) interest, however, it shall make contributions to any budgets and work plans developed by the Management Committee established under Section 7 of this Agreement and if it fails to advance its share of the funds within thirty (30) days after a call for such funds, Golden Concord's interest in this Agreement, Sonora, and the Property shall be forfeited to Johnson subject however to the provisions of Section 12.1.

7. Management

7.1 Management Committee - The parties hereby establish a "Management Committee" comprised of two representatives of each party who shall have the authority to act on behalf of

the party they represent on all matters considered by the Management Committee pursuant to this Agreement. The Management Committee shall meet at least quarterly or at the call of either party. The Management Committee shall make all policy decisions relating to the work carried out hereunder and shall finalize budgets and work plans. Without limiting the generality of the foregoing, Management Committee shall have exclusive authority with respect to the following matters:

a. approval of budgets and work plans and modifications;

b. approval of the decision to prepare a feasibility study for mining the Property, and the election to proceed with development and mining of the Property or any portion thereof;

c. approval of annual statements of account;

d. approval of the terms of purchase or rentals of equipment and the providing of services by third parties;

e. approval of contracts and expenses of Fifty Thousand Dollars ($50,000.00) or more if assets for the original costs exceeds Fifty Thousand Dollars ($50,000.00)

f. approval of any deviation from approved budget and work plan and a cumulative amount in excess of ten percent (10%);

g. setting and changing of the production rate of capacity of mining and mining facilities and treatment methods;

h. settlement of all claims receipts involving third parties except those covered by insurance or where settlements are less than Ten Thousand Dollars ($10,000.00); and

i. acquisition or abandonment of mineral rights within the exterior boundaries of the Property.

7.2 Meetings - The Management Committee shall hold a regular annual meeting on or about June 1 of each year to review operations conducted and to consider a proposed budget and work plan for the subsequent year. Notice of such regular meetings shall be sent by the Manager's representative to the members of the Management Committee at least thirty (30) days prior to meeting day.

7.3 Decisions -

a. The Management Committee shall make decisions in accordance with the vote of its members, who shall cast votes in proportion to ownership as determined under this Agreement. Decisions of the Management Committee shall be made by a vote of the majority of interest in Sonora.

b. If the parties cannot agree on a budget for exploration or development of the Property, the work plan proposed by Golden Concord during the period it is making the expenditures required by subsection a of under Section 4.2 shall be adopted, provided that Golden Concord first takes into account the reasonable requests of Johnson.

c. If the parties cannot agree on a budget for development of the Property after Golden Concord has made the expenditures required under subsection a of Section 4.2 as first submitted to the Manager, either party may submit a work plan for further consideration, and the work plan that requires the greatest expenditure shall be adopted.

d. If the Manager or non-manager proposes a feasibility study (including a bulk sampling program, pilot mine or the sinking of a shaft), and if the other party does not concur in the proposal, the non-concurring party may require the performance of additional exploration work under a work plan of its design as a prerequisite to the feasibility study. Such additional exploration work shall be performed as an obligation of Sonora by the Manager under the general provisions of this Agreement during the succeeding three-month period.

e. After a feasibility study has been completed either party can propose a production work plan. The plan shall contain (1) a legal description and map of the mine; (2) operating methods, mine life and production rates; and (3) a detailed schedule of the funds required to develop the mine and construct necessary capital facilities. The production work plan shall be evaluated by the Management Committee who shall determine all relevant factors with the object of maximizing profits from the mine commensurate with sound economic forecasts, mining and processing techniques, optimum mine life and safety. The Management Committee decision may include the performance of additional exploration work, which work shall be performed by the Manager as a cost of Sonora during the following three-month period. If the parties disagree as to the advisability of placing the Property into production, the matter shall be resolved by arbitration in the following manner. Johnson shall submit to Golden Concord the names of three mining engineers registered by the State of Arizona with experience

in the evaluation and mining of small precious metal mines and Golden Concord shall, within thirty (30) days from the date of submission, select one individual from the list to act as arbitrator. The decision of the arbitrator shall be final and shall be made within three (3) months after submission of the matter.

8. Appointment, Duties and Obligations of Manager

8.1 Manager - Johnson will manage all operations under this Agreement, subject to the control of the Management Committee, and shall remain in such capacity unless it elects not to serve in such capacity, resigns or is replaced as provided by this Agreement. The Manager may resign upon not less than 180 days' notice (unless the non-manager agrees to a lesser period) or at the election of the non-manager may be removed for cause if (1) it is determined to be in default in performing its duties, (2) Manager makes the general assignment for the benefit of its creditors, (3) an order for relief under Title 11 of the United States Code with respect to the Manager, (4) the Manager assigns its interest in this Agreement to any party not owned or controlled by the Manager, or (5) if the Manager's working interest is reduced to less than fifty percent (50%).

8.2 Funding - The Manager will advise Golden Concord by the 15th day of each month of its estimate of expenditure that will be incurred during the following month pursuant to the approved budget and work plan during the time Golden Concord is making contributions under subsections a or b or Section 4.2. Golden Concord will advance these sums to the Manager before the first of the following month. The Manager will deposit these advances in a special bank account in the name of and maintained solely for the purposes of Sonora. If the Manager overextends a budget and work plan by more than ten percent (10%) without the prior approval of Golden Concord, Golden Concord will not be responsible for that portion of the overexpenditure that exceeds ten percent (10%) of the approved amount except when such overexpenditure was necessary in the Manager's opinion to preserve title to the Property or was incurred in an emergency situation.

8.3 Manager's Powers and Rights - The Manager shall, in accordance with the terms and conditions of each approved work plan, have full, complete and exclusive control and charge and supervision of the work included thereunder. The Manager shall not be liable for losses sustained in the conduct of operations under such work plan except such losses as may result from Manager's gross negligence or willful misconduct. The parties will grant to the Manager a lien upon its interest in all production from the Property as

security for payment of costs chargeable to it, together with any interest payable thereon.

8.4 Manager's Obligations - The Manager shall have the following obligations:

a. To manage, direct and control all operations under work plans and in accordance with applicable laws and regulations;

b. To keep true and correct books, accounts and records of operations under this Agreement separate from other records of Johnson. The books shall be available to the parties at all reasonable hours, and the parties may have copies of the same. By the end of the following month, the Manager will submit to the parties a statement of expenses incurred through the end of the previous month plus a current bank account reconciliation. Either party may request an annual audit to be performed by a firm of certified public accountants mutually acceptable to the parties, the cost of which audit shall be a cost of Sonora;

c. To protect the Property and this Agreement from liens and encumbrances created by operations conducted pursuant to the Agreement except liens granted to the Manager by operation of the Agreement;

d. To carry appropriate liability insurance and shall save and hold harmless the other party from any and all claims arising out of or resulting from Manager's operations of the Property;

e. To provide work progress reports at not less than monthly intervals and will advise the parties and the Management Committee promptly of any changes it determines warranted in the current work plan and of any pertinent material results. Normal decisions concerning the conduct of operations shall be made in the best judgment of the Manager; provided, however, that the Manager shall consult from time to time with the Management Committee concerning basic policies or programs;

f. To pay from time to time on behalf of the parties as the same become due and payable all taxes levied or assessed against the Property; provided, however, that each party shall pay for and be responsible for all the taxes measured by or assessed upon its income;

g. To hire employees, consultants and professional services as may be necessary to conduct operations under the Agreement; and

h. To perform or cause to be performed for the account of the parties all obligations required to maintain the Property in good standing and to pay in a timely manner all costs incurred under a work plan.

8.5 Marketing of Products - The Manager shall market all ores and minerals produced from the Property for and on behalf of both parties. Either party may, however, elect to purchase its proportionate share of such ores and minerals for fair market value at the point in the production process that Manager, within its reasonable discretion, has otherwise elected to sell such production. If either party makes such an election, the other party shall be notified of such election not less than three months prior to such action; provided, however, that this provision shall not interfere with the Manager's ability to enter into long-term contracts for the sale of production that would of necessity foreclose such separate purchase right of the parties. The fair market value of any production purchased by a party under this provision shall be determined by the price that would have otherwise been paid for the product at the nearest purchaser of products of similar quantity, grade, and metallurgical characteristics. Any extra costs incurred or separate arrangements that may be necessary by reason of the exercise of this right to make a separate purchase shall be borne or made by the party making such election.

9. Notices

Notices to the parties shall be sent to the addresses specified in the recitals of the parties to this Agreement by certified or registered mail, or by telex or cable and considered delivered and effective three days following the date of mailing or the day following cabling or telexing.

10. Transfer and Encumbrances

10.1 Right of First Refusal - If either party receives a bona fide offer to sell, pledge, hypothecate or otherwise transfer its respective interest in the Property, the Agreement, Sonora, or its share of production, it is expressly understood that the other party will have the first right to accept such offer for a cash equivalent of one hundred and ten percent (110%) of the offer within 30 days after receipt of notice of such offer. This provision shall not apply to any transfer to an entity owned or controlled by the party making the transfer.

10.2 Encumbrances - Neither party shall encumber its interest in the Property or Sonora without the written consent of the other party.

10.3 Bankruptcy - If the Manager makes a voluntary assignment for the benefit of creditors, or is adjudged a bankrupt, then the other party shall have the first right of refusal to purchase the interest of a bankrupt party from the trustee in bankruptcy.

10.4 Inurement - The rights of either party hereunder under an assignment permitted by this Agreement shall be binding upon the heirs, personal representatives, beneficiaries, successors and assigns of the parties.

11. Area of Interest

If either party acquires an interest in real property within one mile from the exterior boundaries of the Property, such real property interest shall be automatically subject to the terms of this Agreement. The cost of the acquisition of such real property interest shall be an expense to Sonoara unless within 30 days from and after any such acquisition the non-acquiring party objects to such acquisition, in which case the acquiring party shall own such real property interest free and clear of the rights and obligations of this Agreement.

12. General

12.1 Default - If either party fails to perform any obligation required by this Agreement, such party shall not be in default unless the party asserting the failure gives written notice to the other specifying the asserted default. If such failure is not cured within thirty (30) days after receipt of the notice (fifteen (15) days in the case of the failure to contribute money under Sections 6.2 and 8.2), or if action has not been undertaken within such time period to cure any failure not related to the contribution of money and thereafter diligently prosecuted to completion, the party asserting such default may terminate this Agreement subject only to rights vested in the parties prior to the default.

12.2 Further Assurances - Each of the parties agree to perform such acts and execute such additional documents as may be necessary to carry out the intent and purpose of this Agreement.

DATED this 23rd day of May, 1983.

Golden Concord:

By _____
Harry Moll
Chairman of the Board

Johnson:

By _____
Robert Johnson

PROVINCE OF BRITISH COLUMBIA) ss.

The foregoing instrument was acknowledged before me this 27th day of May, 1983, by Harry Moll, Chairman of the ~~Board of Golden Concord Mining Corporation, a Canadian corporation, for and on behalf of the corporation~~ Board of Golden Concord of Arizona, Ltd. on behalf of said Company.

My commission ~~expires:~~ is for life

Notary Public

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 23d day of MAY, 1983, by Robert A. Johnson.

My commission expires:
APRIL 17, 1984

Notary Public

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EXHIBIT A

The "Property" that is the subject of an Agreement between Golden Concord and Johnson consists of the real property interests in the Oro Blanco Mining District, Santa Cruz County, Arizona, and consists of 39 unpatented lode mining claims (the "Claims") and two patented lode claims.

The Claims consist of 40 unpatented lode mining claims and are of record as follows:

Name of Claim	Location Date	Santa Cruz County Official Records Book	Page	BLM Serial A MC #
Margarita No. 2	9-11-61	33	13	
Relocation	6-19-68	91	561	17001
Amendment	5-13-81	302	5	
Margarita No. 3	9-11-61	33	14	
Relocation	3-29-68	89	197	17002
Amendment	5-13-81	302	6	
Margarita No. 4	9-11-61	33	15	
Relocation	3-29-68	89	198	17003
Amendment	5-13-81	302	7	
Margarita No. 5	2-6-63	41	385	
Relocation	3-29-68	89	199	17004
Amendment	5-13-81	302	8	
Margarita No. 6	2-6-63	41	386	
Relocation	3-29-68	89	200	17005
Amendment	5-13-81	302	9	
Margarita No. 7	2-6-63	41	387	
Relocation	6-19-68	91	562	17006
Amendment	5-13-81	302	10	
Margarita No. 8	2-6-63	41	388	
Relocation	6-19-68	91	563	17007
Amendment	5-13-81	302	11	
Margarita No. 9	2-6-63	41	389	
Relocation	3-29-68	89	201	17008
Amendment	5-13-81	302	12	
Margarita No. 10	2-6-63	41	390	
Relocation	3-29-68	89	202	17009
Amendment	5-13-81	302	13	
Margarita No. 11	3-29-68	89	203	17010
Amendment	5-13-81	302	14	
Margarita No. 12	3-29-68	89	204	17011
Amendment	5-13-81	302	15	
Margarita No. 13	3-29-68	89	205	17012
Amendment	5-13-81	302	16	
Margarita No. 14	3-29-68	89	206	17013
Amendment	5-13-81	302	17	
Margarita No. 15	3-29-68	89	207	17014

Amendment	5-13-81	302	18	
Margarita No. 16	3-29-68	89	208	17015
Amendment	5-13-81	302	19	
Margarita No. 17	3-29-68	89	209	17016
Amendment	5-13-81	302	20	
Margarita No. 18	3-29-68	89	210	17017
Amendment	5-13-81	302	21	
Margarita No. 19	3-29-68	89	211	17018
Amendment	5-13-81	302	22	
Margarita No. 20	3-29-68	89	212	17019
Amendment	5-13-81	302	23	
Margarita No. 21	3-29-68	89	213	17020
Amendment	5-13-81	302	24	
Margarita No. 22	3-29-68	89	214	17021
Amendment	5-13-81	302	25	
Margarita No. 23	3-29-68	89	215	17022
Amendment	5-13-81	302	26	
Margarita No. 24	3-29-68	89	216	17023
Amendment	5-13-81	302	27	
Margarita No. 25	3-29-68	89	217	17024
Amendment	5-13-81	302	28	
Margarita No. 26	3-29-68	89	218	17025
Amendment	5-13-81	302	29	
Margarita No. 27	3-29-68	89	219	17026
Amendment	5-13-81	302	30	
Margarita No. 28	3-29-68	89	220	17027
Amendment	5-13-81	302	31	
Margarita No. 29	3-29-68	89	221	17028
Amendment	5-13-81	302	32	
Margarita No. 30	3-29-68	89	222	17029
Amendment	5-13-81	302	33	
Margarita No. 31	3-29-68	89	223	17030
Amendment	5-13-81	302	34	
Margarita No. 32	3-29-68	89	224	17031
Amendment	5-13-81	302	35	
New Margarita No. 33	12-10-81	320	338	158794
New Margarita No. 34	12-10-81	320	340	158795
New Margarita No. 35	12-14-81	320	342	158796
New Margarita No. 36	12-14-81	320	344	158797
New Margarita No. 37	12-14-81	320	346	158798
New Margarita No. 38	12-14-81	320	348	158799
New Margarita No. 39	12-15-81	320	350	158800
New Margarita No. 40	12-15-81	320	352	158801

The "Leases" are described as follows:

Wallace Mining Lease. Mining Lease effective April 1, 1980, by and between Ted S. Wallace and Robert A. Johnson, as amended effective as of July 1, 1982, concerning the Margarita No. 1 through Margarita No. 32.

Anamax Mining Lease. Mining Lease effective July 23, 1982, by and between Anamax Mining Company and Robert A. Johnson, concerning the Old Glory No. 4, patented mining claims, Mineral Survey No. 4185, Patent 1100096, of record in Book 27 (Deeds), Page 5.

Culbertson Mining Lease. Mining Agreement effective December 22, 1981, by and between Warren E. Culbertson and Robert A. Johnson, concerning the Old Glory No. 1, patented mining claim, Mineral Survey No. 4131, Patent 1100307, of record in Book 27 (Deeds), Page 3.

Johnson is aware of the following surface boundary overlaps related to the Claims:

(1) The Swift and Taylor Craft placer mining claims conflict with the Margarita No. 2 and the New Margarita Nos. 33 and 34, which conflict has been resolved by an Agreement dated effective December 10, 1981, between the owners of the placer claims and Robert A. Johnson.

(2) The Nueva Ruby ## 7, 8, 9 and 10 located by Frank S. Clark, John C. Godsil, Pebra Rose Grove and T.W. Shock conflict in part with the Margarita Nos. 1 and 2, which conflict has been resolved by quitclaim deeds that have not been fully executed. (Note: Agreement calls for conveyance of Margarita No. 1 and part of Margarita No. 2)

(3) The Jackpot #1, #2 and #3 overlap portions of the Margarita group and are asserted by Charles Hagerty. A dispute as to the position of the Jackpot claim exists.

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Amek
7 May 8

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MARGARITA PROPERTY
SUMMARY OF ESTIMATED ORE RESERVES

Area	Sec.	Geological Tons	Geological Oz. Au/Ton	Mineable (Cutoff w/60% Recovery) Tons	Mineable (Cutoff w/60% Recovery) Oz. Au/Ton	Mineable (Cutoff w/100% Recovery) Tons	Mineable (Cutoff w/100% Recovery) Oz. Au/Ton
Cascabel	2	7,173	.084	4,782	.102	7,173	.084
	3	16,825	.064	16,825	.064	16,825	.064
Subtotal		23,998	.070	21,607	.072	23,998	.070
North Hill	6	3,754	.032	-	-	-	-
	7	12,404	.032	3,998	.041	10,486	.033
	8	12,749	.072	4,817	.149	7,020	.110
	9	3,072	.089	1,536	.152	3,072	.089
	10	24,898	.053	22,630	.056	22,630	.056
	11	4,586	.060	3,182	.074	3,182	.074
	12	13,888	.051	3,456	.118	9,280	.066
	13	13,490	.050	10,902	.056	10,902	.056
	14	26,037	.043	21,216	.046	26,037	.043
	15	18,480	.060	18,480	.060	18,480	.060
	16	17,875	.055	8,781	.084	8,781	.084
	17	4,266	.060	1,466	.141	3,868	.073 ← ?
	18	8,015	.058	6,054	.069	8,015	.058
	19	10,160	.172	10,160	.172	10,160	.172
	20	1,696	.032	-	-	1,696	.032
Subtotal		175,370	.059	116,778	.076	143,609	.067
North Margarita	23	10,150	.042	2,342	.099	5,660	.058
	24	41,459	.033	12,135	.045	26,797	.038
Subtotal		51,609	.035	14,477	.054	32,457	.041
Margarita	27	17,617	.038	9,240	.045	9,240	.045
	28	10,521	.066	10,521	.066	10,521	.066
	29	36,600	.042	36,600	.042	36,600	.042
	30	29,744	.046	19,844	.052	27,581	.047
	31	51,304	.052	33,496	.061	48,887	.053
	32	41,472	.051	35,208	.055	41,472	.051
	33	37,296	.063	30,528	.071	33,408	.066
	34	36,036	.057	30,852	.063	32,472	.061
	35	1,504	.025	-	-	-	-
	36	1,440	.085	1,440	.085	1,440	.085
	37	1,408	.038	-	-	-	-
Subtotal		264,942	.052	207,729	.057	241,621	.054
TOTAL		515,919	.054	360,591	.064	441,685	.058
Strip Ratio				1.21		1.35	

May 8, 1984

Apache International Mining Company
P.O. Box 45-C
Sasabe Star Route
Tuscon, Arizona 85736 406-252-3635

Attention; Mr. Robert Johnson

Dear Bob,

I wish to confirm the discussion between yourself, Mark Johnson, Mr. Cebulski and myself on our visit to your home on May 5, 1984. It was mutually agreed to that our report had several areas that need to be added to the existing prepared report. We further agreed that it will be our responsibility to bring this report up to an acceptable level by adding further testing and additional data to this report at our expense. Those additions and data are as listed below.

#1. We will crush and test in column leach tests, random selected ore from your property the following sizes, 3" Minus, 2" Minus, and 1" minus. Head and residue assays will be performed on these sizes to determine recovery percentages, cyanide consumption, percolation. Solution testing will be performed on Perkin-Elmer AA units with graphs furnished detailing the above as well as PH levels throughout the tests.

#2. After results of the above testing have been evaluated, we will then make recommendations for sizing your ore for the most economical method of recovery taking into consideration cyanide consumption, economics of crushing to size, water availeble for plant type, (zinc precipitate vs. carbon towers).

#3. We will make crushing and sizing evaluation on the ore from the structured ore body through seive testing and geologic information furnished by Mark Johnson.

#4. We will offer our suggestions for plant design and size from our findings with our best economical plan for your use.

With the information already contained in our report and with the addition of the above information combined in a usable manner, I am sure you will find our report covering the questions raised by Kappes, Cassiday & Associates. All of our testing will be conducted at Pegasus facilities at Zortman Montana by Mr. Omar Muhtadi a metallurgical Engineer and director of assay lab at Pegasus.

Our best estimate for total time required for this testing is approximatly 90 days from the time we recieve the required 1500 lbs. of mine run ore at the lab.

I am hopeful that with this additional information included in our report that your endeavors to place this property into production will be successful. We are convinced that the ore is leachable and economically feasible to do so.

Thank you for your courtesy and patience in this matter, we are most anxious to resolve this matter for both parties concerned.

Sincerely Yours

D. L. Stratton