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L2000S1	ASLD - CURRENT STATUS INQUI	RY - APP/LEASE/C.	D. 1/15/1993
LAND#: 2 ACREAGE: STATUS SEQ /AUS	00-S-230-E-34-02-053-1000 ACTI 240.000 MINERAL KE LEASE#/ORDER# AMEND# ROLO# ROLODEX NAME	VE CROSS REF CO#/ XKELEASE/XPAT#	PAGE: 1 EVENT/ EFFECTIVE/ APPROVAL EXPIRATION
0.0	NEW 008-052526-00-000 0 7831 U HALTERMAN	LEASE / 1	1/12/1992 12/30/1992 1/11/1993 12/29/1997
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OPENCODE: LEASED: Y	URBAN: N OPEN: N	LAST M	AINTENANCE: 1/11/1993
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JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768 1993

January 17, 1993

Mr. Douglas MacKenzie President Excellon Resources USA, Inc. Suite 200-20 Adelaide St.E. Toronto, On Canada M5C 2T6

Dear Douglas,

Re: Documentation of JABA owned or leased ground and maps showing its relationship to the Tombstone Development Co., and other mining claims, within the Tombstone Mining District, Cochise Co., Arizona.

In relation to your request associated with your offer on the above referenced JABA property in the Tombstone Mining District of January 8, 1993, and my acceptance of same on that day, we have prepared a document entitled EXCELLON RESOURCES, USA INC., TOMBSTONE PROJECT LAND STATUS, TOMBSTONE MINING DISTRICT, COCHISE CO., ARIZONA, JANUARY 15, 1993. This Document shows all of the JABA claims and leases and their relationship to other claims in the district, on a district wide map at a scale of 1 inch equals 2,000 feet. Four blocks of claims are shown. On separate documents each claim is listed with its name, county recording data, BLM Serial Number and legal description location. All but the Escapule lease have accompanying maps showing each claim in more detail in relation to the public survey.

This document has been shipped to you via Fedral Express and should arrive at your office Monday, 01/18/93, by 10 am.

We have not shown the Robbers Roost leases because lack of funding from Excellon over the last 2 years dictated that these leases be dropped. We have reapplied for them and they shall be added to our documentation later.

Very truly yours

James A. Briscoe ADM01/17/93 CC:Lawrence Hecker, Esquire

80

VALDEZ GOLD INC. Suite #200 20 Adelaide Street East Toronto, Ontario MSC 2T6

EXCELLON RESOURCES INC. Suite #200 20 Adelaide Street East Toronto, Ontario M5C 2T6

JOINT PRESS ANNOUNCEMENT

January 15, 1993

FOR IMMEDIATE RELEASE

Valdez Gold Inc. (ASE-VAZ) and Excellen Resources Inc. (VSE-EXN) jointly announce that, subject to regulatory approval, they have entered into an agreement with USMX, Inc. (NASDAQ-USMX). USMX plans to initially explore and if warranted enter into a joint venture to further explore, develop, and mine certain patented and unpatented mining claims in Cochise County, near Tombstone, Arizona presently under lease to Excellon. Valdez/Excellon are in the process of leasing additional patented and unpatented mining claims in the same vicinity from the same owner of the land presently under lease which, if acquired, will form part of the overall joint venture. Under a previous agreement Valdez acquired the right to earn up to 75% of Excellon's interest in the Tombstone properties. Excellon is 48.5% owned by Valdez which in turn is 94% owned by MVP Capital Corp. of Toronto.

The agreement provides that USMX shall have an initial period of 60 days to investigate the properties and satisfy itself as to the state of title and shall fund an exploration program of at least \$75,000 on the properties (all figures in U.S. dollars). USMX may elect to extend the initial investigation for 60 days by making additional exploration expenditures of \$75,000 before April 30, 1993.

If USMX wishes to proceed it will enter into a joint venture agreement with Excellon/Valdez which will provide that USMX must spend the following additional exploration expenditures on the mining properties to earn a 65% interest:

May 1,	1993 to	July 1,	1993	\$100,000
August	1, 1993	to June	30, 1994	500,000
July 1,	1994 1	n Decembe	er 31, 1994	500,000



FEB-02-1993 11:17 FROM MVP Capital Corp

In addition to the exploration expenditures, beginning on March 1, 1993 USMX will take over property payments totalling \$20,000 per month until it has equalled payments made by Valdez/Excellon to February 1, 1993 of \$132,500. Subsequent to USMX having made property payments equal to those made by Valdez/Excellon, these payments will be shared equally by USMX and Valdez/Excellon. Once USMX has earned a 65% interest, property payments will be paid according to joint venture interests and Valdez/Excellon will be reimbursed an amount to adjust the total payments to that date to equate to 65% USMX and 35% Valdez/Excellon.

The agreement provides for a right of first refueal participation by all parties on after acquired properties in an area of mutual interest.

Initially, the participating partners in the joint venture will be USMX 65%, Excellon 17.5% and Valdez 17.5%. In addition to its contribution of its interest in the Leases and Mining Properties, Valdez Will, as part of its initial contribution and until USMX has earned its 65% interest, contribute any moneys required which are not provided by USMX. It is the intent of the parties that until USMX and Valdez have completed their respective initial contributions, the interest of Excellon in the Joint Venture will be carried and non-assessable and Excellon will not be required to fund any expenditures in order to maintain its joint venture

Excellon/Valdez are in the process of negotiating to acquire additional ground in Cochise County in the general Tombstone area from third parties.

USMX expects to commence a drilling program on the initially acquired properties within the next 10 days.

On behalf of VALDEZ GOLD INC.

Al Aminda

Richard W. Brissenden President (416) 867-1100 On behalf of EXCELLON RESOURCES INC.

A.D. MacKenzie President (416) 867-1100

Neither the Vancouver Stock Exchange nor the Alberta Stock Exchange has reviewed nor accepts responsibility for the adequacy or accuracy of the content of this Press Release which has been prepared by management.



ransmittal Memo

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ING

-Bob-Hemming 3213 USMX MS3ZI3 303-985-4665 FAX 980- 1363

Ruth-Garbord Sear Catalog Book ruptay Court Call Church 326-4188 72-7144 Sheiley Keelow 1-10-

Mardee Please send this via fax to Bob Hemming USMX FAX 303 - 985-4665 980 - 1363 P-159-01

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JAN-08-1993 16:26 FROM MVP Capital Corp

IU

P.02

January 8, 1993

To: Jim Briscoe

From: A.D. MacKenzie

Subject: JABA - Briscoe Ground

The following summarizes my understanding of our verbal agreement during my last trip to Tucson.

- JABA Briscoe will sell to Excellon Resources Inc. its holdings in the Tombstone Area. We will need a map and list of the claims but are those we have talked about during the past two years.
- (2) The purchase price is 475,000 shares of Excellon Resources Inc. The foregoing assumes an exchange rate of 1.00 U.S. = 1.25 Cdn. and a market price of \$0.27 per Excellon share. This is, of course, subject to Vancouver Stock Exchange approval. V.S.E. approval will be related to the market price at the time they approve the project.

In addition JABA - Briscoe will be entitled to a 2.5% Net Smelter Return royalty from any metals and minerals extracted from the property, i.e., includes gold, silver, base metals, etc. We will append a N.S.R. definition to the agreement. Excellon will have the right to purchase, at any time, for U.S. \$250,000, a 1 percentage point of the aforementioned royalty, with JABA - Briscoe retaining a 1.5% royalty.

JABA will have a 1.5% N.S.R. royalty on any State or Federal ground subsequently acquired within the attached Area of Interest. There is no buyback provision. This royalty applies only to ground acquired directly from the state or federal government and specifically excludes ground acquired from third parties. JABA agrees not to acquire any ground within the area of interest for itself or others unless Excellon has specifically waived its right to acquire such ground.

- (3) It is agreed that no royalty is payable to JABA Briscoe on the TDC ground already under lease (the Contention Lease) and ground currently under negotiation with TDC. Furthermore, no royalty is payable to JABA - Briscoe on any internal fractions acquired within or adjacent to any TDC ground or any other party properties acquired or located within the TDC ground.
- (4) Upon completion of the transaction, Jim Briscoe will be invited to join the Board of Excellon Resources Inc. and will be entitled to stock options as approved by the Board of Directors.

Yours truly,

at Madhim





JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

January 8, 1993

Mr. Jerome Neidfelt, President Tombstone Development Company, Inc. P. O. Box 1445 Grand Island, NE 68802

RE: Return of notebook entitled "Application for a Groundwater Quality Protection Permit", Grand Central Leaching Facility, dated August 3, 1988, Tombstone Mining District, Cochise County, Arizona - JABA Project #101-01

Dear Mr. Neidfelt:

Pursuant to your request of Jim Briscoe to return the above-referenced notebook, please find it included herewith.

Thank you for the loan and use of the application materials.

Sincerely,

Momas E. Waldup)

Thomas E. Waldrip, Jr.

TEW/ms

cc: James A. Briscoe A. Douglass MacKenzie



JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

MEMO

TO:	A. Douglass MacKenzie
FROM:	Thomas E. Waldrip, Jr.
DATE:	January 8, 1993

RE:

Zebra Gold Prospect, Tombstone Mining District, Cochise County, Arizona - JABA Project #159-01

Doug,

Pursuant to information received from Primo Gold Ltd., a report entitled "The Zebra Property", by Leroy Halterman P.G. of MinSearch, Inc., dated March 30, 1991, on the above referenced prospect, please find following my evaluation of factors which may have a bearing on potential negotiation for this property.

Item #1:

Please refer to the attached map of Zebra Prospect Land Status. As can be seen, Primo has limited their land acquisition activities to state lands over their target areas. During the initial stages of exploration, it is my feeling that a more extensive land package might be warranted, specifically along the apparent axial trend of mineralization. Generally speaking, most ground on trend and flanking the targets is also state mineral/surface in nature. I would recommend an attempt be made to consolidate these properties under permit until a closer evaluation can be made geologically to ascertain other potential target areas on trend or paralleling the current targets. Initial costs are minimal for permits, at approximately \$2.00 per acre (rental for 2 years) and a work commitment of \$10.00 per acre per year (which doesn't need to be done unless you want to retain the permitted area for more than the first year). Being that Primo has not elected to consolidate more state property given the minimal holding costs involved, a strong argument exists, I feel, to strictly limit their ownership and royalty interest, if their property is included in any Tombstone consolidation to that associated with their currently defined property position.

Item #2:

Please refer to Page 3, last sentence, "...when the prospecting permits are converted to state leases, they will be subject to a 5% net value production royalty...". I believe this statement is insufficiently detailed. Referencing my conversation with Mike Face of the State Land Office (602) 542-2685 of this date, hard rock mineral royalties are based on a 2% to 8% net production sliding scale royalty. Their formula calculates the royalty by assuming total cost of production and a 20-year past average of commodity prices; a type of "Net Present Value". Thus, if your total production costs currently amount to say \$250 per ounce of gold produced and the average gold price over the preceding 20 years came to \$275, the NPV break even point under these calculations is nearly attained and you would pay a minimal royalty, apparently unrelated to current market prices. I assume

Memo to A. Douglass Mackenzie from TEW RE: Zebra Gold Prospect January 8, 1993 Page 1 of 2 those production costs are taking into account the amount of royalties paid the State.

Price stated a good general figure might be estimated at a 5% net production royalty (net smelter return) for mine planning purposes. However, each mining lease is evaluated at the time of initial mining, and each year thereafter, with the royalty being adjusted accordingly up or down. He is sending more literature regarding this method of calculation of royalties on state lands which hopefully will help clarify our understanding of how royalties are calculated.

Item #3:

As will be noted on the attached map of the Zebra Prospect Land Status, all prospecting permits are due to expire within the next six months (by the end of June, 1993). Should the permits be allowed to expire, there is a risk associated with trying to reapply and the ability of Primo (or anyone else) to be successful in reacquiring the leased area. On opening of the area for reapplication by the state, chances are that multiple applications could be received by the state from any number of individuals or companies. In this situation of simultaneous filing for an area, drawings are held between the applicants to determine who will be awarded the permit. The likelihood of reconsolidating the target area in tact thus becomes very slim, if Primos data should become widely known. It might be noted that P.P. #95362 in Section 34 expired on 11/10/92. Current status of the area covered is unknown.

Item #4:

The preferable way to extend your rights to an area are to proceed toward a State Mineral Lease, which then allows you to mine and extract mineral values. Leases are for an initial term of 20 years, and for so long thereafter as mining continues, renewable on a yearly basis. In the past it was not difficult to obtain a Mineral Lease, often only based on geologically indicated resources. However, those days have past. In today's environment, one must be able to demonstrate a tonnage of at least drill-indicated Possible Ore. Chances of success for obtaining a Mineral Lease improve with increased definition of ore into the Possible and Proven categories for each 20 acre tract. With the current amount of geologic and drilling information available, it would appear that sufficient data exists to proceed toward acquiring Mineral Leases on certain areas of the prospecting permits.

Item #5:

The property information received in the Halterman report is not current enough to allow proper analysis. At the time of this memo (Item #3), AZ prospecting permit #95362 would have expired unless application for Mineral Lease was undertaken. All other permits are due to expire within the first 6 months of this year. You should be aware of these points in negotiation with Primo. We need a clearer picture from them on their plans to hold their state mineral rights longer than the next six months, and the costs of doing so.

Tom

TEW/ms

Memo to A. Douglass Mackenzie from TEW RE: Zebra Gold Prospect January 8, 1993 Page 2 of 2







JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

January 7, 1993

Mr. Jerome Neidfelt, President Tombstone Development Company, Inc. P. O. Box 1445 Grand Island, NE 68802

RE: Leases and assessment filings, TDC claims, Tombstone Mining District, Cochise County, Arizona - JABA Project #101-01

Dear Mr. Neidfelt:

Pursuant to my continuing review of title information for you on TDC patented and unpatented mining claims, I find that I am missing a number of documents which have been in effect over the last few years. I would appreciate it if you could check your company files and send entire copies of the following documents:

- 1. Lease or agreement between Frank Magini d.b.a. Cochise Silver Mines, Inc. and TDC, effective at some point between July 9, 1985 and January 1, 1988.
- 2. A release or Quit Claim of claims in above lease or agreement.
- 3. Lease between Harbor Financial, Inc./PBR Minerals, Inc. and TDC, dated January 1, 1988.
- 4. Lease between Santa Fe Pacific Mining, Inc. and TDC, dated February 11, 1988.
- 5. Any documentation related to leasing to Santa Fe Pacific Mining, Inc. of mineral rights below the 4,100 foot elevation on the patented mining claims held under lease by Harbor Financial, Inc./PBR Minerals, Inc., and owned by TDC (claims per Item #2 above).
- 6. Evidence of filing of Proof of Labor on unpatented mining claims T.S.A. #'s 51 thru 62 (these unpatented claims were leased to Santa Fe) with the county and B.L.M., for 1992
- 7. A release or Quit Claim for claims and/or mineral rights held under lease by Santa Fe Pacific Mining, Inc. (Items #3 and #4 above).

Jerome Niedfelt, President Tombstone Development Co. RE: Leases and Assessment Filings January 6, 1993' Page 1 of 2

- 8. A Quit Claim to TDC for unpatented claims located by Santa Fe Pacific Mining, Inc.claims and any assessment documents filed with the county and B.L.M. for 1992 calendar year - including but not limited to SAC #17 thru #20, TOMB #1 thru #6, #8 thru #11, #14 and #16.
- 9. A county recorded Notice of Non-Liability for the lease between Tombstone Exploration, Inc. (T.E.I.) and TDC lease dated February 7, 1979.
- 10. A county recorded Notice of Non-Liability for lease between Frank Magini, d.b.a. Cochise Silver Mines, Inc. and TDC.
- 11. A county recorded Notice of Non-Liability for lease between Harbor Financial, Inc./PBR Minerals, Inc. and TDC - lease dated January 1, 1988.
- 12. A county recorded Notice of Non-Liability for lease between Santa Fe Pacific Mining, Inc. and TDC - lease dated February 11, 1988.

Your help in providing us with the above requested documentation is appreciated.

Thank you!

Sincerely,

homas E. Waldup.n.

Thomas E. Waldrip, Jr.

TEW/msb

cc: James A. Briscoe

Jerome Niedfelt, President Tombstone Development Co. RE: Leases and Assessment Filings January 6, 1993 Page 2 of 2



JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

January 6, 1993

A. Douglass MacKenzie
Excellon Resources
20 Adelaide St. E., Suite 200
Toronto, Ontario, Canada M5C 2T6

RE: Notice of Non-Liability, USMX T.D.C. Claims, Tombstone Mining District, Cochise County, Arizona - JABA Project #159-01

Dear Doug:

With the changing of companies performing work on the Contention lease area, I think it is of importance that the operating company, i.e., USMX, file a new Notice of Non-Liability pursuant to the terms of Excellon Resources USA, Inc. lease with T.D.C., in order for them to be in compliance with that lease during their earn-in period (I assume USMX will be earning into a joint venture interest by their work commitment).

Subsequent to the earn-in period or upon formation of the joint venture, the Joint Venture should also file a new Notice of Non-Liability so that adequate protection is provided in all cases to TDC pursuant to the lease terms.

Sincerely,

Momon L. Waldrip

Thomas E. Waldrip, Jr.

TEW/ms

1/8/92 Tom: Thanks, Note my comments

MEMO

TO:	James A. Briscoe
FROM:	Thomas E. Waldrip, Jr.
DATE:	January 6, 1993

RE: Information related to washed rock, equipment on TDC property, Tombstone Mining District, Cochise County, Arizona - JABA Project #159-01

Jim,

Pursuant to my review of records, the following is indicated from various court records:

- According to a Complaint for Declaratory Judgement, filed by Plaintiff T.E.L, dated July 22, 1985, T.E.I. contended that they had approximately 30,000 tons of washed rock which they could sell for \$4.00/ton, which they believed was for benefit of their estate. An additional 1,960,000 tons of extracted but unwashed rock was contained on the property, but Plaintiff made no claim thereto.
- 2. The Honorable William A. Scanland, U.S. Bankruptcy Court Judge, ordered in open court on September 30, 1985, the lease between T.E.I. and TDC, dated February 7, 1979, was terminated. T.E.I. had until September 8, 1985, to remove from the leased premises all personal property, machinery, tools, appliances, supplies, pumps, pipe and equipment owned by T.E.I. Any property which was not removed by September 8, 1985, became the property of TDC. No mine tailings, ore or minerals could be removed from the leased premises pending determination by the court of the parties respective rights thereto.
- 3. The Honorable William A. Scanland, U.S. Bankruptcy Court Judge, ordered in open court on December 4, 1985, that the above washed rock, 30,000 tons, were the property of TDC.
- 4. Circa April 27, 1987, Frank Magini, d.b.a. Cochise Silver Mines, Inc., was actively working the previously crushed material and stacking it on the pad, according to Andrew Rendes of Arizona Department of Health Services, Southern Regional Office memo.
- 5. May 12, 1987, a request from Gary Lindroos to ADHS requested approval to remove tailings on the Impoundment Area to the Houghton Pad (approved by Martin Engineering) to the north of the Impoundment Area. Requests were made periodically thereafter until early November, 1987.

MEMO TEW to JAB RE: Washed Rock/Equipment TDC Property January 6, 1993 Page 1 of 2 From these records, it would seem at this time that TDC owns all the equipment, supplies, buildings, waste rock and crushed rock on the property, unless they have a subsequent verbal or written record to the contrary. I think this clearly solves the problem that Jerry was having while we were down at Tombstone with he and Doug as to who owned what. Of more importance as far as TDC is concerned is the fact that substantial tonnages of washed crushed rock has been removed from the property since mid-1987. Was Cochise Silver Mines allowed to sell materials? According to their Groundwater Protection Permit, there was no indication that they were selling or capable of selling washed materials as a product. It appears they were required to stack all their washed rock on double lined pads. Their operation was limited to a pilot scale slurry leach milling plant for the purpose of treating soils and/or tailings contaminated with cyanide (per their GWPP). Therefore, I was far as they were to property being leased to PBR/Harbor.

With what information is at hand, it would appear that TDC owns all equipment left on the property $w_{\mu}^{\mu} = 0$ and any improvements connected therewith. I would, therefore, believe it is up to TDC to provide $r_{\nu}^{\nu} = 0$ any care, maintenance, removal or security necessary to protect these items.

Tom

TEW/msb

Much of the equipment belongs to the creditions of PBR-Cowicham. E) not and vosser in the above chronology. fill 1/8/93

MEMO TEW to JAB RE: Washed Rock/Equipment TDC Property January 6, 1993 Page 2 of 2

Nemo. To: Douglas Mackingie From: Thomas E. Waldrip, Jr. Date January 5, 1993 T.D.C. Property Status Jund Status, Tombestone Mining District, Cochine County, Augona Jaba Project 159-01 Ke: Doug While completing the copying and organization of the data T.D.C. sent us (as were aware it was primary title information on T.D.C. and other owners claims in the District) several things have come to my attention which I feel bear some consideration and possibly immediate attention Hen I The P.B.R. lease with T.D.C. nov a memorandam was ever recorded to the Austining best I can tell. Nerther was the T.EI (Tom Schlors) lease now the court reandated release leg T.E. I of the claimie. Santa Fe Mining deil record a memorandum fluit I find no record in my files of a release being recorded. all in all this indicates a very un disciplene attemp to keep a clear fitle on their property. by T.D.C. Recomendations T.D.C. should file for record the court mandated release of T.EI. - Austin Minings lease.



2. T.O.C. should probably record a memorandum (2) of the lease or the lease of a memorandum (2) is not available for Karbor Financial, Ine PBR numerals, Inc. leave dated January 1, 1988 T.D.C. should abtain (of not available) a release from Santa Fe Meining for the clasmis they had under lease, 3 4. Excellow, USA should formulate a memoran dum of their leave with T.D.C. and have that recorded. 5. Excellon, U.S.A. should formulate a memorandum of their Coption granted to USMX and have this recorded (Note: U.S.MX should be required to post and provide a Motile of Non-liability for any work they carry on in the Searce area by them during the period of the option. Furthermore U.S. MX needs to hold T.O.C. harmless for liability, labor and materials furnished.). The above Notice of Non-leability should 6. be recorded, within 30 day of arguement being reached with theen by Excellon. Item IT Santa Fe's leave on T.D.C. o property included liglit (8) patented claims which were also under earlier valed leave to P.B.R. Menerals. Nothing indicated, that I've reviewed, these was any distinction made about one party

James A. Briscoe President Registered Professional Geologist



4500 E. Speedway, Suite 14/Tucson, Arizona 85712/602-795-6097

Exploration Consultants In: Base and Precious Metals, Uranium, Geothermal and Fossil Fuels Air Photo Interpretation

having surface / meneral nights to certain depth (3) and the other party having meneral and mening rights below that depth as indicated on Santa Fe' land maps area 1988. The eight claims en conflictare: land maps area 1988. The eight claims en conflictare: Sydney, Sulphuret, Mayflower, Ninety-Nine Sent Chance *2, Bors, Grand Pippis & Telephone. Its becoming clear that Santa Fe must have bad some sort of agreement with P.B.R./ Cowichan or T.O.C. wheel I'm not 40. aware of The reason I say this is that Santa Fe ded drilling on claims held by P.B.R / Corocchan beet not included in their lease with T.O.C. This helps explain whey possilly nuch of the geologic data is messing from T.O.C. "s files. I believe these points should be check out at length ou at least clearified. Its beginning to seems that Santa Fe did work on the P.B.R./Cowichan leave area without either party receiving data (T.D.C. ou Coweehan) at least what I've seen to date. Is it possible that Santa Fe was drilling and collecting samples on properties which they didn't control? as was inducated on their land status maps of 1988 ventage.

Owom

James A. Briscoe President Registered Professional Geologist



4500 E. Speedway, Suite 14/Tucson, Arizona 85712/602-795-6097

Exploration Consultants In: Base and Precious Metals, Uranium, Geothermal and Fossil Fuels Air Photo Interpretation Head Center Lot. 38 General 125 Surveyed 4/5/1879 rejected Yellow Jacket Lot 39 " M.S. 126 " 4/5/1879 "

Head Center - Yellow Jacket. patent issued. pat # M.S. 3213 3/3/1919 668200 gerial # 031320

Michael Spertman Beleing Montana 59105 282 West chestor Sg South

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-> (19-20-) Dennis Lance

8/20-21/1911-

-> Cost proposal & < 1. tynig ug to surface \bigcirc 2. duelong i to logger to New - & bold. > land status.

James A. Briscoe President Registered Professional Geologist



4500 E. Speedway, Suite 14/Tucson, Arizona 85712/602-795-6097

Exploration Consultants In: Base and Precious Metals, Uranium, Geothermal and Fossil Fuels Air Photo Interpretation

Title SAC 17-20 SANTA FB to 1-6, 8-11,14 \$16 & TOMB CLAIMS DID TDC Get These claems ... Side on SiA Claimis. 57-SiA Claimis. 57-Nole Nole Nol Santu Fe filed on behalf of & see if T.D.C. The For 1992 5 ains and and a set J. S. 30 K winshed work of Howwent le daradores CBU/MA Land Kled by duch as provery X 30 K townaded Hongrade andian Allennes 9, 1955 OF. Herner 4 25 in on X 1.0.0 R order 1-6 14 16 8-11

ATTACHMENT 1 Page 1 of 2

MINING PROPERTIES INCLUDED IN LEASE AGREEMENT (Dated_____)

Between

Tombstone Development Company (Owner)

and

Excellon Resources U.S.A., Inc. (Lessee) Tombstone Mining District, Cochise County, Arizona

	Mineral Survey No.		BLM Serial No.
	(Patented Claims	Count	y Records* (Unpatented Mining
Mine/Claim Name	only)	Book	Page Claims)
Patented Mining Clai	ims: (1*)	-	10.5
Alta (M&B only)	289	7	405
Antelope	3227	29	300
Banner	792	15	385 (Less surface reservations of patent)
Big Comet	. 3224	29	310
Black Hawk	3696	30	411
Blue Monday	Gen.265	15	458
Bunker Hill	810	12	11
C.O.D.	928	15	108
Contact	679	9	536
Defence	Gen.279	14	289
East Side	Gen.280	14	272
East Side #2	376	14	278
Emerald	608	8	600
Emerald South Mine	3712	30	387
Escondido	3218	29	298
Extacy	Gen.261	8	87
First South Extention	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	-	
of the Toughnut	Gen.257	5	1 (Less surface ownership of record)
Floradara	3226	29	294
Gilded Age	Gen.181	9	34 (Less surface reservations of patent)
Goodenough	Gen.278	14	311 (Less surface ownership of record
			& surface reservations of patent)
Hard Up	344	27	278
Hawkeye-Little Wone	der 3216	30	146 (Less surface ownership of record
	G 0(0	15	& surface reservations of patent)
Herald	Gen.268	15	261
Hidden Treasure	676	11	220
Норе	295	20	210
Little Comet	3224	29	510
Luck Sure	205 Con 127	1/	205
Lucky Cuss	Gen.137	14	293
Mammoth	012	20	1 202
Meclann	5217	0	541
Mexican	2224	20	210
Miners Dream North Extension of t	5224 ha	29	510
North Extension of t	Gan 256	24	240
Sulphuret	705	34	240
Old Guard	105	20	204
Oregon	3220	29	207
Owl's Last Hoot	390	2/	297
Owl's Nest	259	14	319 2 (Less surface recomptions of potent)
Poor X	Gen.225	4	3 (Less sufface reservations of patent)
Prompter	477	12	215 6
Rattlesnake	811	14	0
Revenue	626	11	24
San Rafael	3225	30	108
Shootly	3227	29	300
Shorty	Gen.263	8	95 407
Silver Plume	Gen.239	9	477 5 47
Standard	801	11	24/ 224
Survey	Gen.292	1	554 204 (T)
Survey	267	14	304 (Less surface reservations of patent)

ATTACHMENT 1

Page 2 of 2 MINING PROPERTIES INCLUDED IN LEASE AGREEMENT (Dated_____) Between Tombstone Development Company (Owner) & Excellon Resources U.S.A., Inc. (Lessee) Tombstone Mining District, Cochise County, Arizona

	Mineral Survey No.			BLM Serial No.	
	(Patented Claims	Count	v Records*	(Unpatented Mining	
Mine/Claim Name	only)	Book	Page	Ĉlaims)	
Toughnut	Gen.136	14	263 (Less s	surface ownership of record)	
Tribute	Gen.281	14	325		
Verde	848	12	265		
Vizina	Gen 204	27	299 (Less	surface reservations of patent)	
Warne	Gen 178	5	258 (Less	surface reservations of patent)	
Wadaa	267	14	258 (1000)	surface reper takens of parent)	
Weatside	Gon 282	14	283		
westside	. 0611.202	14	205		
Unpatented Miing Cl	aims T.D.C. Group: (2	*)			
TDC #1	and Albreit eres. I.	340	207	A-MC-297997	
TDC #2		340	204	A-MC-297998	
TDC #3		340	208	A-MC-297999	
T.D.C. $#3$		340	209	A-MC-298000	
T.D.C. #4		340	210	A-MC-298001	
T.D.C. #5		340	211	A-MC-298002	
T.D.C. $\#7$		340	212	A-MC-298003	
T.D.C. #7		340	212	A-MC-298004	
T.D.C. #8		240	213	A-MC-298005	
T.D.C. #9		240	214	A-MC-298006	
T.D.C. #10		240	215	A-MC-298007	
T.D.C. #11		240	210	A MC 208008	
T.D.C. #12		340	217	A MC 208000	
T.D.C. #13		340	210	A MC 208010	
T.D.C. #14		240	219	A MC 202011	
T.D.C. #15		340	220	A-MC 209012	
T.D.C. #16		340	221	A-MC-298012	
T.D.C. #17		340	206	A-MC-298013	
T.D.C. #18		340	205	A-MC-298014	
T.D.C. #19		1489	35	A-MC-298015	
T.D.C. #20		1489	37	A-MC-298016	
T.D.C. #21		1489	39	A-MC-298017	
T.D.C. #22	<u>*</u>	1489	41	A-MC-298018	
T.D.C. #23		1489	43	A-MC-298019	
T.D.C. #24		1489	45	A-MC-298020	
T.D.C. #25		1489	47	A-MC-298021	
T.D.C. #31		1489	59	A-MC-298027	
Unpatented Mining	Claims T.S.A. Group:	(2*)	227	A MC 215490	
T.S.A. #51		1741	220	A-MC 215480	
T.S.A. #52		1/41	338	A-MC-215481	
T.S.A. #53		1741	339	A-MC-215482	
T.S.A. #54		1741	340	A-MC-215483	
T.S.A. #55		1741	341	A-MC-215484	
T.S.A. #56		1741	342	A-MC-215485	
T.S.A. #57		1741	343	A-MC-215486	
T.S.A. #58		1741	344	A-MC-215487	
T.S.A. #59		1741	345	A-MC-215488	
T.S.A. #60		1741	346	A-MC-215489	
T.S.A. #61		1741	347	A-MC-215490	
T.S.A. #62		1741	348	A-MC-215491	

*Notes

1.

2.

For patented mining claims - U.S. Patent Recording (Deed of Mines Book) For unpatented mining claims location notice recording (Docket Book)

A:TDCERLAM

Tombstone Development Company

P.O. BOX 1445

TELEPHONE 308/382-7480

GRAND ISLAND, NEBRASKA 68802

December 10th, 1992

Arizona Department of Environmental Quality 3033 North Central Avenue Phoenix, Arizona 85012

Attention: Don Bell

Dear Sir:

I wish to thank you at this time for the time you took to meet with me along with Mr. Douglas McKenzie and Mr. Jim Briscoe on December 8th, 1992.

I feel we had a very productive meeting and will take necessary steps to correct areas in which Tombstone Development Company is deficient on behalf of PBR Minerals.

As requested at the meeting, Jaba, Inc. of Tucson will give you a written preliminary plan of action which we propose to accomplish in the near future.

Briefly, this will include taking water level measurements in 4 wells drilled on the site: Namely,

Tombstone Well No. 1 TEI Water Wells No. 1, 2 and 3. PBR Water Well No. 1

They will then proceed to obtain water samples from these wells for the determination of water purity. They will also inspect the Grand Central Leaching Facility to monitor its integrity.

This plan should be presented to you on or before December 21st,

Very truly yours,

frome Mucdfeet

Tombstone Development Company By: Jerome Niedfelt, President

JN/ap

cc: Jaba, Inc.

		~ ~ ~	~
DRAFT	COPY	ONLY)

CERTIFIED MAIL Return Receipt Requested

Date: December 11, 1992 Ref: WP92-

Tombstone Development Corporation Mr. Jerry Niedfeldt P.O.Box 1445 Grand Island, Nebraska 68803

RE: Tombstone Development Corporation; Contention Mine, Processing, and Milling Site, Tombstone, Cochise County, Arizona; Remediation of the Compliance Problems and the Environmental Permitting of this Site.

Dear Participants:

TECHNICAL ASSISTANCE MEETING SUMMARY

A meeting was held on Tuesday December 8, 1992, at 1:30 pm, in the offices of the Arizona Department of Environmental Quality at 3033 North Central Avenue. During this Technical Assistance Meeting the following items were agreed upon:

1. Jim Briscoe, of Jabba Inc. (the landowner's and the lessee's consultant), will develop a preliminary compliance plan which will begin to develop the identification of the compliance problems (or the absence of a compliance problem) and the remediation steps that will be required. Included in these plans will be the sampling of the wells on site (for The EPA Safe Drinking Water Standards for Inorganics), and in the general area (where possible), as soon as possible to assist in the characterizations of these concerns. The plan will be submitted by December 22, 1992. The results of the testing will be submitted as the data becomes available.

2. Douglas Mackenzie, of Valdez Gold Inc. (representing the present Lessee), will develop and submit, in conjunction with US Mining and Exploration (the company that will accomplish the drilling and testing), a general drilling plan with map. This plan shall indicate the precautions that the driller will use to prevent any pollution from the previous cyanide spill from the past

pregnant solution pond, and the general area that the sampling will be conducted in. This plan will be submitted by December 22, 1992.

3. Roger Kennett and Dave Anderson will review the available ADEQ documents and provide a list of Departmental concerns for this site from the past inspections and submittals. An inspection of the site with a representative of the Southern Regional Office and any of the other principles that wish to be there, shall be planned and scheduled for January. The list and the schedule will be submitted by January 10, 1993.

4. Beginning with January 15, 1993, and on the 15th of every month thereafter, until the site is permitted, Tombstone Development company shall have caused a report to be submitted explaining the progress made on this site toward the remediation of the compliance problems and the permitting of the premises. This may be done through their designated consultant or by the owners themselves.

5. All items shall be submitted through: Arizona Department Of Environmental Quality Don Bell-#205 P.O. Box 600 Phoenix, Arizona 85001-0600 Telephone (602)207-4613 Fax: (602)207-4634

Attached is a list of the persons, including their addresses, that need to receive copies of each of these transactions. Please send these and indicate that these people have been copied in your transmittal. This will save a considerable amount of time.

Please do not hesitate to call myself or any of the principles involved.

Sincerely,

Donald G. Bell Water Pollution Compliance Officer Arizona Department of Environmental Quality

cc: Attached List

B:\PBR\TA12892 DB:DB:db

DISTRIBUTION LIST

Roger Kennett Arizona Department of Environmental Quality Aquifer Protection Permit Section-Mining P.O. Box 600 Phoenix, Arizona 85001-0600 Phone (602)207-4696 FAX: (602)207-4674

Dave Anderson Arizona Department of Environmental Quality Aquifer Protection Permit Section-Hydrology P.O. Box 600 Phoenix, Arizona 85001-0600 Phone (602)207-4669 FAX: (602)207-4674

Tombstone Development Corporation Mr. Jerry Niedfeldt P.O.Box 1445 Grand Island, Nebraska 68803 Phone: (308) -382-7480 Fax: (308) 382-7482

Jim Briscoe-Registered Geologist Jabba Inc. 2100 N.Wilmot Rd. Tucson Az. 85712 Phone:(602)-721-1375 Fax:(602)298-6688

Douglas Mackenzie, P.E. Vice President Valdez Gold Inc. Suite 200, 20 Adelaide St. E Toronto, Ontario M5C 2T6 Phone (416)867-1100 Fax: (416)867-1109

Jay Skardon Assistant Attorney General-Arizona 1275 W. Washington Phoenix Arizona 85007 Phone (602)542-1610

Donald Bell Arizona Department of Environmental Quality Water Pollution Compliance Unit-#205 P.O. Box 600 Phoenix, Arizona 85001-0600 Phone (602)207-4613 FAX: (602)207-4634 (or 2218) ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

WATER POLLUTION' COMPLIANCE UNIT 3033 North Central Avenue, 3rd Floor Phoenix, Arizona 85012

GENERAL INFORMATION (602) 207-2300 ADEQ TOLL FREE (1-800-234-5677)





TO: Jim Baiscon Fabba Fre ROOM NUMBER: PHONE NUMBER: 602-721-1375 FAX NUMBER: 602 298 6688. FROM: Don Bell - Azely Euson Dailing 205 ROOM: PHONE NUMBER: 602 207 4613 FAX NUMBER: (602) 207 - 4634 Number of Pages: ______ (Including this page)

Any problems with copy quality, please call the person who sent the document.
MEMO

TO:A. Douglass MacKenzieFROM:Thomas E. Waldrip, Jr.DATE:December 8, 1992

RE: Memorandum/Chain of Title, Santa Fe Mining's work on TDC claims, Tombstone Mining District, Cochise County, Arizona (P159-01)

Doug,

Pursuant to your request, approximately a quarter of the available title information generated by Santa Fe Mining on TDC's Tombstone properties has been copied and organized. I have arbitrarily set out a five-phased work schedule to accomplish this task as follows:

- 1. Review of Santa Fe Mining information available for copying;
- 2. Copy and organize completed title search information for claims in Excellon's Contention lease for possible use by U.S.M.X.;
- 3. Set up an organizational system for filing additional title information on other patented claims;
- 4. Copy and file additional materials; and
- 5. Report on completion of copying work and additional necessary work.

Phases 1 through 3 have been accomplished, Phase 4 is approximately 1/4 done, and Phase 5 is addressed following.

PHASE 1 - Review of Information

Several hours of time was spent reviewing the information received and developing an organizational system in which to file the copied information. I settled on a notebook index system divided by mining claim name pertaining to the leased area. Behind each claim index page, further subdivisions were created by labeled colored sheets. Previous review of received information indicated a far too optimistic initial appraisal of the completeness, nature and organization of the Santa Fe data. During our meeting here in Tucson on Friday, November 20, 1992, we happened to look at one of the 15 completed claims (title searches) out of a total of 88 claims for TDC at Tombstone. The remaining 63 claims are in varying states of review, generally very incomplete and in general, information scattered throughout the files (not well organized). It appears complete title searches were started and generally completed on 15 of the claims (I have not reviewed these for completeness), later to defer to common chains of title for groupings of claims, and ultimately only very preliminary title work on others. Work seemed to be very piece-meal at best, as exampled by the copying of recorded

Memo to A. Douglass MacKenzie From Thomas E. Waldrip, Jr. RE: Chain of Title TDC claims December 8, 1992 Page ^N of 3



documents, maps and subsequent organization.

PHASE 2 - Copying Completed Title Files on Excellon Lease Claims

Seven completed Santa Fe claim files were copied and organized out of the 33 claims in the lease area. A separate notebook was set up for this material, ultimately to turn over to U.S.M.X. if necessary.

PHASE 3 - Organizational System - Remaining Claims

As above, a notebook system was tabbed with all patented claims in alphabetical order for the District. A duplicate copy of information (Phase 2 above) was placed in these notebooks for Excellon's copy of such information. An additional 8 completed (total of 15) Santa Fe claim files were copied and filed herein.

PHASE 4 - Copy other file information

Copying was started on additional files and maps located in the boxes, which was known not to exist in JABA files, currently. To keep copying costs down, I have tried to eliminate copying already duplicated data, as it can always be had from our files at a later date, if needed. I have crudely organized our notebook file information in a manner to quickly facilitate a review and check of information to see what other information is necessary, so it can be ordered or obtained quickly. My ultimate goal is to have a complete information base of documents, maps and abstracts for each of the claims in order to quickly compose a written memorandum and chain of title report on each individual claim in TDC's claim holdings. Some information will be available for third party claims, also, but much less complete than that for TDC. This information will be generated from Santa Fe's files, other data currently in our files, continued title work on TDC claims (common chain of title to a point now under separate ownership), etc. Work was discontinued until we could determine how you wish us to proceed.

PHASE 5 - Recommendations

- 1. Complete copying and organization filing of Santa Fe data, estimated 10 to 12 man days of work.
- 2. Evaluate each of TDC's claims to ascertain additional information needed. Order needed copies of plats, data and documents from BLM, County Assessor and Recorder. Organize data when received.
- 3. Evaluate title documents for completeness.
- 4. Build additional chain of title where necessary from tract indexes and/or grantee/grantor indexes.

Memo to A. Douglass MacKenzie From Thomas E. Waldrip, Jr. RE: Chain of Title TDC claims December 8, 1992 Page ^N of 3



- 5. Order documents, organize.
- 6. Build written Memorandum of Title and Chain of Title documents.
- 7. Transfer information to client.

It is my opinion that at the very least we should finish copying information provided to TDC and return the originals back to them immediately. Other items can be performed on an as needed basis. Nevertheless, if a title search is going to be required on the claims, the sooner we start with this, the better. Lead time necessary on obtained volumes of copied data is at minimum three weeks in most cases, and often more than a month, seasonally. Unavoidable delays in the future could come about, not only by these delays, but by other, higher priorities in work schedules. These conflicts do not exist now.

I would suggest representatives of TDC be approached to ascertain their attitudes about their comletion of or at least splitting the cost on any title work done on their claims. It seems to me that they would benefit from such work, and it should have been done long ago. I also feel TDC's files in Grand Island should be reviewed, as it is clear they don't have a good handle on what is or isn't available in that regard. Assuming some title documents might be located, their work and costs would be proportionally reduced by assessing such information.

fromas E. Waldup Ja

Tom

TEW/msb

Memo to A. Douglass MacKenzie From Thomas E. Waldrip, Jr. RE: Chain of Title TDC claims December 8, 1992 Page ^N of 3





JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

PRELIMINARY UNEDITED COPY FOR DISCUSSION PURPOSES ONLY

December 8, 1992

Mr. Jerome Neidfelt, President Tombstone Development Company 1028 South Adams Grand Island, NE 68801

RE: Ownership Title, T.D.C. Patented Mining Claims, Tombstone Mining District, Cochise County, Arizona - JABA Project #100-01

Dear Mr. Neidfelt:

Pursuant to a quick review of TDC's patented land position in the Tombstone Mining District, several important factors are coming to light regarding future potential of mining thereon, as well as surface issues. At this time, it is important to stress that a full analysis of these issues has not been undertaken, only a preliminary review. I am uncertain as to the exact understanding currently held by the stockholders of the company and their exact knowledge as to the status of these lands related to these issues. I would, therefore, like to propose a working relationship be established between TDC and JABA, Inc., whereby JABA, Inc. would be a consultant to advise and hopefully resolve many, if not all, title issues regarding TDC's Tombstone property.

Currently, I have recognized the following problems:

- 1. Within the Tombstone District, TDC owns or controls 88 patented mining claims (more or less), 16 of which have (greater to lesser) separate surface ownership not common with TDC. The majority of these, 16 claims lie (in part or in whole) within the established Tombstone Townsite. Many patents to these 16 claims reserved pre-existing surface improvements and acreage to those parties, in a retroactive fashion, without identified meets and bounds or lot description. What is apparent is that TDC owned or controlled 247 lots (10 of which are partial lots) within the Townsite area, as of 1935. Many of these lots have surface improvements and are assessed for tax purposes to other parties. Several claims outside the Townsite boundary also reserved surface improvements, and I assume unspecified surface acreage, as yet not found in available records. These caused the following problems:
 - a. What does TDC own surface-wise on these claims? It is assumed TDC owns the mineral rights, or do they?

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Ownership Title December 8, 1992 Page ^N of 3

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- b. TDC is being taxed (assessed surface value) for the entire area of the claims, while they apparently do not control the entire surface domain of the claims (Arizona only assesses surface estate not mineral).
- c. In some cases, the occupant of the surface improvement is being double assessed separate from the surface owners (TDC).
- d. Do the surface improvement occupants have leases? For how long? What control does TDC have over them?
- e. TDC should own any and all surface improvement located on TDC's property, assuming expiration of any long-term leases. What has TDC done to re-establish their ownership to these properties, if any? Are there potential problems with adverse possession should TDC not assume proper ownership to these lands? Is TDC loosing a potential income source in rentals or sales? What liability does TDC have to these properties and improvements should someone be injured or killed on the property?
- f. What effects and how valid are zoning restrictions placed by the Town of Tombstone on mining on areas owned by TDC, including surface improvements (when this is done by assessed surface valuation) in which many of the surface occupants should not have been able to vote for zoning changes because they did not own the property (TDC does).
- 2. Within the area covered by the Goodenough, Empire, Toughnut, et al., claims, circa 1987, surface owners requested a change in zoning from I-2 (allowing mining) to R-2 (not allowing mining) from the city. The change was passed by City Council upon approval by a majority of property owners (assessed value of surface improvements). I feel this is a case of undue hardship being placed on TDC to limit their ability to mine and has diminished the value of their property. Furthermore, deeds to the surface ownership, specifically provided for reservations to the mineral holder to mine and remove minerals below 40 feet from these lands. Based on these reservations of these deeds, I feel the rezoning change was done improperly and that any surface assessed valuation established within the meets and bounds of such deeds should have abstained from voting on the rezoning issue. Was TDC contacted on this issue? If not, why not? This area roughly covers the second most productive portion of the District, and as such, amounts to a taking of TDC property rights, without due compensation.
- 3. The same argument exists for establishment of the city limits over much of TDC's property. Was TDC apprised of such changes?
- 4. Circa 1935, reference is made in documents that TDC had control of one, and possibly two,

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Ownership Title December 8, 1992 Page ^N of 3

JABA

PRELIMINARY UNEDITED COPY FOR DISCUSSION PURPOSES ONLY

mill site areas on the San Pedro River. Have these been sold? Does TDC still own them? They could be very valuable properties, both surface and water-wise.

No complete, clear chain of title work appears to be available on TDC's property. I would strongly advise TDC to come to speed on what they do and don't control, any restrictions, right-of-way, etc. to those lands, and above all, become a concerned participant in community affairs and an active landlord/landholder. To accomplish this, I feel you need to undertake and build a complete chain of title to your properties, both surface and mineral. Because of the complex nature of ownership, restrictions, etc., a composite map or maps need to be constructed to show this ownership. Computer-aided drafting (CAD), which we employ in our business, is well suited to such a task. Once these tasks have been accomplished, then plans can be laid as to how to proceed with any problem areas, legal interactions, properties to keep and/or dispose of, etc.

I believe that the value of TDC's property lies in its mineral potential. It would be best to protect that right. With my strong background in both geology and land work, I feel I am well qualified to undertake and manage such an activity on behalf of TDC, keeping the emphasis on the mineral potential. I would, therefore, like to offer the services and extensive pre-existing data base of our company for such an undertaking. I look forward to future discussion and/or work related to these matters.

Sincerely,

homas E. Waldry Ja

Thomas E. Waldrip, Jr.

TEW/msb

cc: A. Douglass MacKenzie

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Ownership Title December 8, 1992 Page ^N of 3





MINERAL Exploration & Development

PRIMO GOLD LTD.

1305-1090

West Georgia St.

Vancouver

British Columbia

Canada

V6E 3V7

December 7, 1992

Telephone

 Mr. Jim Briscoe

 (604) 685-9316
 JABA Inc.

 2100 N. Wilmont Rd. #218

 Facsimile
 Tucson, AZ

 (604) 683-1585
 85712

Dear Jim:

Please find enclosed the Zebra Documents as per your request.

Sincerely,

PRIMO GOLD LTD.

K.A. Cabianca

KAC:clh

enclosure

FILE Tombstone M.D. Cochise Co., AZ NEWS UPDATE



ZEBRA GOLD PROSPECT - COCHISE COUNTY, ARIZONA

MINERAL EXPLORATION & DEVELOPMENT

PRIMO GOLD LTD. The Zebra prospect is an epithermal, disseminated gold occurrence which appears to possess the potential for both a low grade heapleach deposit and a higher grade zone which may be recovered by conventional milling. The property as a whole has been examined geologically, geophysically and geochemically. These studies have located numerous areas of anomalous gold mineralization, a shallow gold reserve of unknown size which is only partially delineated, geophysical anomalies, which at depth were found to contain anomalous gold mineralization, and a number of other targets that have not been tested.

V6E 3V7

Telephone

Facsimile

(604) 685-9316

(604) 683-1585

The property totals 1,400 acres and is located approximately three miles southeast of Tombstone, Arizona. The land consists entirely of Arizona State Prospecting Permits.

Surface sampling over an area of almost three square miles has found gold mineralization in a number of geological environments. The most obvious mineralization has been found in the jasperoid outcrops where limestone beds have been silicified and contain anomalous gold values varying from sub ore grade to over one ounce per ton. However, other environments such as argillized limestones and shales contain anomalous mineralization, assays of contact silicification next to an intrusive have contained up to .29 ounces per ton gold, dark grey to black petroliferous limestones. Some of the drill holes have contained sub ore grade gold mineralization and calcite replacements on the surface and in drill holes also contained trace gold mineralization.

Drilling to date has been confined to only a few areas. One area of drilling has defined a small, shallow mineral body containing 104,632 tons of mineralization averaging .091 ounces per ton gold with a strip ratio of 1:4 to 1. Cyanide leach re-assays of five drill intervals indicate that approximately 70 percent of the gold was recovered. This mineralization has not been offset in several directions and there is no wider spaced reconnaissance drilling to locate the extensions of new bodies. A second area of drilling consists of four holes to test an area of anomalous gold mineralization in jasperoids. These holes intercepted weak to moderate gold mineralization at various depth from the surface to 450 feet. Two geophysical anomalies were located in a recently performed "test" program involving I.P. Resistivity and C.S.A.M.T. This test program consisted of only one line, approximately one mile long traversing the property in an East-West direction. One hole was drilled in each anomaly during 1992. The largest anomaly contained significant low grade mineralization over a wide interval. This hole has not been offset.

A number of large targets, both geophysical and geological have not been tested. The shallow mineral body containing ore grade gold mineralization has only been partially tested as has most of the property. Based on data generated to date it seems reasonable to assume that an aggressive drilling program would have a significant chance of locating a large economic gold ore body.

I med to check on expiration dates on pps in this area -Also CHALL State & de termine ausent sozialty schedule on otate lands. Write memo on what 2 come up with to boug Veryintersting prophy type yoning 12/15/92 Review of File JAB.

CERTIFICATION

I, Leroy Halterman of Albuquerque, New Mexico, do hereby state:

- 1. I am a consulting Geologist. I graduated from Missouri School of Mines, Rolla, Missouri in 1968 with a B.S. in Geology.
- 2. My address is 820 Piedra Vista NE, Albuquerque, NM 87123.
- 3. I am a member in good standing of the American Institute of Professional Geologists, and I am a Certified Professional Geologist, #3444 and a Registered Geologist #540 in the State of South Carolina.
- 4. I am employed by MinSearch, Inc., 11930 Menaul NE, Suite 112, Albuquerque, New Mexico 87112
- 5. Since graduation, I have practiced geology for 23 years, mainly in the western United States.
- 6. My report is based on numerous visits to the Zebra property. The most recent vist was January 14 through 25, 1991
- 7. Consolidated Paymaster and Tempo Resources has given permission to use the data they acquired in this evaluation and report.
- 8. This report entitled "THE ZEBRA PROPERTY" March 30, 1991, may be used by Primo Gold Ltd. in a public financing.
- 9. I myself or MinSearch, Inc. have no direct or indirect interest in the Zebra property or in Primo Gold Ltd.

Dated at Albuquerque, New Mexico, the 30th day of March, 1991.



Report on

THE ZEBRA PROPERTY

A Gold Prospect, Cochise County, Arizona

Sections 27, 28, 29, 33 and 34 Township 20 South, Range 23 East

Prepared for:

Primo Gold Ltd.

by

Leroy Halterman, Certified Professional Geologist #3444 MinSearch, Inc.

March 30, 1991

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APPENDICES

Appendix A - Rock and Soil Sample Descriptions and Assay Results

Appendix B - 1990 -1991 Drill Hole Assay Data

ACCOMPANING DOCUMENTS

1. Zonge Engineering and Research Report

2. Soil Geochemistry Data Sheets and Assay Reports

THE ZEBRA PROPERTY

A Gold Prospect

This report was prepared at the request of Primo Gold Ltd. and was based on numerous visits to the property by the author. The most recent visit was January 14 through 25, 1991 when the author supervised a three hole drilling program and a soil sampling survey. Earlier visits to the property included supervising a drilling program, geophysical programs, geological and geochemical mapping. In addition to the field examinations, data compiled by Energy Reserves Group, Consolidated Paymaster, Wellington Finanical, and Tempo Resources Ltd. was also used in the preparation of this report.

The Zebra prospect is an epithermal, disseminated gold occurrence which appears to possess potential for both a low grade heapleach deposit and a higher grade zone which may be recoverable by conventional milling. The property as a whole was examined geologically, geophysically and geochemically.

Location, Topography, Vegetation and Access

The Zebra prospect is located in sections 27, 28, 29, 33 and 34 of T2OS, R23E, (31 39'N, 110 W) in Cochise County, Arizona. Elevations vary between 4,600 and 5,000 feet.

The closest major habitation is the historic town of Tombstone which is three miles northwest of the property. The nearest commercial air service is Tucson, Arizona approximately seventy miles northwest of the prospect (Figure 1). It should be noted that Tombstone was a major producer of silver, gold and lead from veins and replacement deposits. Production from these mines totaled over 30,000,000 ounces of silver and 200,000 ounces of gold.

The northern portion of the Zebra property is most easily accessed by traveling south on Highway 80 from Tombstone for three miles, then proceeding east on a paved road for two miles towards McNeil, and finally turning south on an unimproved dirt road for three quarters of a mile. The topography in the prospect area is moderately hilly to flat, with primitive roads crossing most of the low-lying terrain. Vegetation consists of sparse desert grasses, cacti, yucca, creosote bushes, cat claw and occasional mesquite trees. Mild arid winters make yeararound operations possible, although mid-summer temperatures are somewhat distressing for both men and machines.



ZEBRA PROSPECT LOCATION MAP

FIGURE 1

Property Status

The property totals 1,400 acres and includes the NE/4 of section 29, all of section 28, the NE/4 of section 33, the SW/4 and S/2 of the SE/4 of section 27 and the NW/4 and N/2 of the SW/4 of section 34, T20S, R23E and consists entirely of Arizona State Prospecting Permits (Figure 2). Details of permits with numbers assigned are as follows:

1. State of Arizona Prospecting Permit No. 95854, S/2 SE/4, Section 27, Township 20 South, Range 23 East, Cochise County, Arizona.

2. State of Arizona Prospecting Permit No. 95925, SW/4 Section 27, Township 20 South, Range 23 East.

3. State of Arizona Prospecting Permit No. 95899, S2/SW, and N/2SW, Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.

4. State of Arizona Prospecting Permit No. 95857, S2/NW, and N2/NW, Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.

5. State of Arizona Prospecting Permit No. 95855, NE/4 Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.

6. State of Arizona Prospecting Permit No. 95856, SE/4 Section 28, Township 20 South, Range 23 East, Cochise County, Arizona.

7. State of Arizona Prospecting Permit No. 95986, S/2 NE/4 and S/2 N/2 NE/4, Section 29, Township 20 South, Range 23 East, Cochise County, Arizona.

3. State of Arizona Prospecting Permit No. 95898, NE/4, Section 33, Township 20 South, Range 23 East, Cochise County, Arizona.

4. State of Arizona Prospecting Permit NO. 95362, NW/4 and N/2, SW/4, Township 20 South, Range 23 East, Cochise County, Arizona.

The property is registered in the name of Primo Gold U.S.A., a wholly owned subsidiary of Primo Gold Ltd., owns a 100% interest in these properties. The prospecting permits require an annual rental payment of \$1 per acre and an annual work requirement of \$10 per acre for the first two years and the work requirement is increased to \$20 per acre in subsequent years. When the prospecting permits are converted to state leases, they will be subject to a 5% net value production royalty.



Regional Geology

The Zebra prospect lies along the axis and slightly west of the deepest portion of the Sonoran geosyncline in an area known as the Pedregosa Basin. It also lies within a belt of northnorthwest trending mountain ranges that are separated by broad alluvial-filled valleys which extend from the Colorado Plateau in central Arizona to Sonora, Mexico. Regional tectonic compression in the area began in Late Cretaceous-Early Tertiary Laramide orogeny and was directed northeast-southwest. Release of compression was accomplished by north-northwest trending folding and by faulting along abundant northwest trending low angle thrusts which in places, steepen to become high-angle reverse faults. During the Middle Tertiary, extension produced the present Basin and Range topography with deformation dominated by movement along normal faults in several orientations. Intrusion and extrusion of igneous rocks accompanied this movement. Major faults, within the prospect area, are generally aligned with this basin and range trend, and minor faults generally strike perpendicular to this trend direction.

Local Geology

The prospect area itself is underlain by a relatively thick blanket of Paleozoic and Mesozoic sediments with outcrops of predominately Permian Colina Limestone on the surface (Figure 3). Numerous small Tertiary rhyolitic and dacitic intrusives, which are the only other outcropping rocks, are located in and near the western and northern halves of section 28, T2OS, R23E. Nearby rhyolite intrusives of similar composition have been age dated at 63 M.Y.

Stratigraphically, only two Permian formations will be discussed in this report. Considering their lithologies, they are the only two economic targets for mineralization when considering size and grade of the potential orebodies. In ascending order, these formations are the Earp Formation and the Colina Limestone.

The Earp Formation is Pennsylvanian and Permian in age and does not outcrop on the property. It is composed of interbedded siltstone, sandstones and light-gray limestone and dolomite beds. To the west, the limestone content is sparse. However, to the east, in the Zebra prospect area, the limestone content increases upsection. Consequently, moving upsection, there is a transitional contact rather than a sharp contact between the Colina Limestone and the Earp Formation. In the nearby Tombstone hills, a 584 foot section of Earp Formation was measured.



The Permian Colina Limestone is composed of limestones, silty limestone, thin shale units, siltstones and dolomite beds. The sediments are generally medium tannish grey to grey and the limestone is often fossiliferous and contains light to dark grey chert nodules. Deformation of the sediments has occurred through folding and faulting. The Colina Limestone probably approaches its maximum thickness of 650 feet on the property. In the nearby Tombstone hills, a 633 foot section of Colina Formation was measured.

Numerous structures have been identified on the prospect. Six major structures, labeled A through F in figure 3 including structure B which is the range front fault have been identified through mapping and geophysics. Numerous smaller structures have also been identified and noted in figure 3. Detailed discussion of some these structures and their geophysical and mineralization relationship has been included in the latter part of the report. However, it should be noted at this time that in most cases where these structures can be observed, they have been silicified and contain anomalous concentrations of gold.

Geology-Epithermal Model

The epithermal model has been used to explain the origin of many low-temperature, disseminated precious-metal deposits and has been used numerous times to successfully guide exploration for these types of deposits. Although the Zebra prospect already has an identified target which conforms to this model and should be tested, this same model can be used to further explore the deeper targets and numerous other areas on the property which have the characteristics of this model.

The epithermal model implies that a buried intrusive or other heat source acts as a thermal pump to circulate meteoric waters. These fluids leach trace amounts of metals from the country rock along their circulating path. The metal enriched solutions then rise along the paths of least resistance and as the solutions cool they precipitate their dissolved metals content along with other elements. A vertical zonation of metals, gangue and alteration forms within this system. The precious metals and their associated gangues are normally the last economically important elements to precipitate. The precipitation is often associated with boiling of these ascending solutions. In addition to gold and silver, barium, arsenic, antimony and mercury are common pathfinder elements which also precipitate in association with precious metal mineralization. These elements are used to assist in the exploration for hidden epithermal deposits. (Figure 4).

Carlin Model of Precious Metals

Disseminated Replacement Type Deposit



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Wall rock alteration and its zoning are important guides in exploration for deposits within the epithermal system. In disseminated epithermal deposits, such as those which may comprise the Zebra prospect, silicification and argillic alteration of the limestones along and near structures is prevalent. Also, the introduction of iron sulfides, barite, flourite, arsenic and antimony compounds along with trace amounts of gold are common.

It should also be noted that many of the described characteristics of the Zebra property are present in the Tombstone mineral deposits. However, the carbonate replacement deposits at Tombstone are within a different formation. Also, because of the base metal content, these deposits were evidently deposited below or at the bottom of the epithermal system as we understand it. At Zebra, only three miles away, silver values are low but gold values are high. This may indicate a district wide zonation which could have important implications in an expanded exploration program.

Geology-Other Models

There appears to be some evidence that a intrusive/limestone contact silicification model may also be present in the Zebra prospect. Personal communication about recent work by Phelps Dodge has been directed towards a "Skarn Model". Some evidence of this may be the silicification associated with the contact between the limestone and intrusive in section 28. Anomalous gold values up to .29 ounces of gold per ton has been taken from the limited amount of outcrop in the area. However, it is also possible that this contact between the intrusive and the limestone served as a path for ascending auriferous solutions much like a fault or fracture resulting in replacement and mineralization.

Previous Work

The Zebra property was held in the recent gold boom by two other companies: Energy Reserves Group from 1982 thru mid-1983 and Consolidated Paymaster from mid-1983 thru mid-1985. Energy Reserves Group work consisted of geological mapping and geochemical sampling which delineated a number of potential targets, some of which are still untested today. Consolidated Paymaster's work consisted of a 10-hole drill program which totaled 2,465 feet and was designed to test several of the surface anomalies located on the property. Seven of these holes, five of which are on Primo Gold's property, were clustered in a twelve acre area in section 34 and three were located in and near a rhyolite intrusive in section 28. Later work performed in a 1988 program revealed that the holes in section 34 probably tested only the surface remnant of mineralization that occurs at depth to the north of the drilling. Overall, this program tested only a small percentage of the prospective mineralized area in the Zebra prospect. Most holes in the 1983 Paymaster program did encounter minor mineralization, less than .01 ounces of gold per ton, with one hole, 28-3, encountering 20 feet of .045 ounces per ton gold within sixty feet of the surface.

In mid 1985, Wellington Financial conducted a one hole drilling program to test the continuity of the mineralization located by hole 28-3. This offset drill hole, 28-4, also intercepted mineralization of similar grade but thicker than that found in Paymaster's 28-3 drill hole. In 1988, Tempo Resources Ltd. conducted magnetic and VLF geophysical surveys and drilled an additional four shallow holes in this area. Three of the four holes intercepted significant amounts of alteration and two contain mineralization similar to the earlier intercepts. During this program Tempo also attempted to drill through unconsolidated sediments over a strong VLF anomaly in section 34 but had to abandoned the hole after several attempts. Tempo also drilled a 340 foot hole in the east central portion of section 28 near some anomalous jasperoids. The hole intercepted thick zones of trace gold mineralization which never exceeded .01 ounce per ton gold.

All of the previous programs contained some geological mapping and geochemical sampling. Results of this work has allowed the delineation of a large number of auriferous occurrences in a number of environments. Many of these occurrences combined with past and present work have delineated numerous targets some of the most important ones will be discussed in this report.

1990-1991 Primo Gold Ltd. Program

In mid 1990, Primo Gold Ltd. conducted additional geological mapping and sampling to further define potential targets which follow by a 9 hole 1235 foot drill program. In late 1990 and January of 1991, a combination geophysical and geochemical soil sampling as well as drill program was performed on the property. The geophysics consisted of IP, resistivity, TEM and CSAMT and the soil geochemistry program totaled 323 samples which were analyzed for gold, arsenic and mercury. This recent program, along with previous work, will be discussed in detail later in the report and will serve as a basis for some of the recommendations.

Expenditure for the Benefit of the Property

Expenditures by Primo Gold in the 1990-91 programs totals \$97,449(Canadian). These funds were used for drilling, assaying, geophysics (IP,Resistivity, TEM and CSAMT), geochemical sampling, soil geochemical sampling and assaying and geological mapping.

<u>Geology, Mineralization and Potential Drill Targets</u> Section 28

Section 28 is a highly mineralized area which based on geology, geochemistry, geophysics and drilling has delineated numerous targets of which the best four will be discussed in this report in the order of their merit. The first is associated with a feeder structure in the west central portion of the section which strikes approximately north 40 degrees west and has a near vertical dip. Silicification associated with this structure has been sampled and mapped. Samples have varied from trace to 1.02 ounces per ton gold. Samples in excess of .1 ounce per ton gold are common. It is believed that this structure was not only mineralized but also served as a feeder structure to supply the solutions that mineralized the host bed intercepted by the drill holes. According to the epithermal model, these mineralizing solutions would rise along the structure to the zone of boiling where they would begin to precipitate their precious metals content. However, because permeable beds within the Colina Limestone were present, these solutions also migrated laterally along bedding planes mineralizing them as well as the structure. The result of this lateral migration is the mineralization that can bee seen in past and more recent drilling.

During the 1990-91, Primo Gold drilled nine holes to test and extend the mineralization. Five of these holes intercepted significant mineralization which combined with past drilling has delineated a small shallow mineral body. (Figure 5). A mineral appraisal prepared by MinSearch and dated August 31, 1990 indicates that a total of 100,632 ton of gold mineralization has been delineated with an average grade of .091 ounces per ton and a stripping ratio waste to mineral of 1.4 to 1. This mineral body is still open in both directions of an apparent northeastsouthwest trend. Cyanide leach re-assays of five drill intervals indicate that approximately 70 percent of the gold was recovered by this assay method. Other nearby mineralized areas with lesser grade at the surface have not been drill tested.

It should also be noted that this mineralization is located 800 feet south of an intrusive which is in contact with the limestones. This contact has not been tested but samples taken along it sometimes contain anomalous gold with values up to .29 ounces per ton gold being recorded. In this area, as well as other areas, the contact of intrusives may represent a significant target.

The second significant target is in the center of section 28 and is associated with an a east-west structure that mineralization can be traced for over 2,000 feet along it. This length is evidenced by altered limestone outcrops and float which exhibits



moderate red hematite and minor orange limonite staining. One good altered outcrop extends for almost 500 feet. However, the rest of the trend is predominately float. Numerous samples have been taken along this trend with most assaying between .005 and .028 gold ounces per ton gold.

During January 1991, Primo Gold drilled three holes at the extreme east end of the trend to test some surface rock anomalies. All three holes were angle holes, two were drilled at -55 degrees to a drillers depth of 200 feet and one was drilled at a -45 degrees to a drillers depth of 600 feet (Figure 6). All holes intercepted mineralization but mineral reserve estimates can not be assigned to them without additional drilling. It is also noteworthy that hole #90-12 indicates that good grade mineralization does occur at depths of over 300 feet. Significant intercepts over .1 ppm are listed in the table below.

Hole #90-10		Hole #90-11		Hole #90-12	
Depth 20-25	Gold in ppms .11	Depth 0-05	Gold in ppms .15	Depth Gold in 0-05	ppms .10
25-30	.35	35-40	1.43	10-15	.37
120-25	2.30	40-45	.12	15-20	2.05
130-35	.19	45-50	.15	60-65	.56
140-45	.25	60-65	.17	65-70	.11
		65-70	.10	435-40	.35
		105-10	.38	440-45	1.90
				445-50	.13

This trend was also tested by Primo Gold as part of a 1990-91 Geophysical program consisting of IP, Resistivity, TEM and CSAMT. One line was run in a east-west direction across the center of section 28. Resistivity and CSAMT surveys reveal two high resistivity blocks both located under the valley at approximately 2400 (anomaly 2400) feet east of the west line at a depth of approximately ± 200 feet and another at 3600 (anomaly 3600) feet east of the west line at a depth of approximately + 400 feet (Model #2, Figure 7). The resisitivity anomalies also have a slightly higher than background IP response associated with them which may indicate the presence of pyrite which is commonly associated with gold mineralization on the property. Interpretation of these anomalies are that they are either intrusives, jasperoid replacements or a combination. Should these bodies be auriferous replacements then they could represent significant mineral reserves to be added to those already delineated.

At approximately the same time that the drilling and geophysics were performed, a soil sampling program consisting of north-south lines 500 feet apart sampled at a 100 foot interval along the line. These lines covered most of section 28 and a small portion of section 34. Samples were analyzed for gold, arsenic and mercury and contour maps using the surfer software were prepared. (Figures 8,9 and 10) Both the gold and mercury maps show good





FIGURE 7

Taken from Zonge Engineering & Research Organization, Logistics Report, IP Survey

ZEBRA PROSPECT-GOLD IN SOIL (ppb)



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correlation with the geophysical anomalies. The geophysical highs lie in anomalous areas just off the center of the anomalies. The reason for them not being located exactly on the high may be that the mineralization was developed next to or around the feature or lateral movement of the soils or it may be that the lines which were 500 feet apart did not coincide exactly with the highs.

The third target is the large range front faults that lies under the alluvium along the western front of the hills. A smaller but parallel structure located at the foot of these hills contains anomalous gold. These structures which vary from a few inches to over ten feet commonly contain over 1 ppm (.03 ounces per ton). As an example, two of these structures just south of the geophysical line in section 28 assayed .07 ounces per ton gold. Cross structures which disappear underneath the valley fill also contain anomalous gold indicating that there is a reasonable chance that these larger structures are mineralized.

The fourth target is the Earp Formation and the transition interval between the the Colina and Earp Formations may represent an even better target than the one that has already been found and partially tested. The thin bedded nature of these formations suggests that they should be better potential hosts for gold mineralization than the horizon previously tested. This may be an especially attractive target along the larger structure such as the range front faults.

Geology, Mineralization and Potential Drill Targets Other Sections

Section 34 has targets similar to those in section 28 but lack those generated by the recent geophysical and soil geochemical program. Only a few soil samples were taken in the extreme southwest portion of the section and did not reveal any significant anomaly but most of the section remains to be tested. Targets three and four for section 28 have similar potential on section 34. This section also has numerous mineralized structures occurring on it with grades similar to those previously described which may represent additional targets.

One additional target does occur on section 34 which was the result of an earlier (1988) VLF survey. This target is a strong anomaly located in the southwest corner of the property.(Figure 11) It is believed that the anomaly may be the result of the intersection of two structures one parallel to the range front and the other trending northeast-southwest along the valley. This valley, where the anomaly is located, foiled the attempts to test the anomaly in the 1988 drilling program. Several attempts were made to drill through the valley fill but hole conditions never let the hole go deeper than 120 feet. The drilling rig used was a vertical rig not capable of drilling angle holes.

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Limestone outcrop is located within 250 feet of the drill site and with an angle drilling rig a hole could be started in bedrock and angled into the anomaly, thus eliminating the problem.

Sections 27, 29 and 33 all have potential targets and with the exception of the 120 acres in 29 all have very similar structures, mineralization and anomalous gold concentrations on them. No resistivity type of geophysics or soil geochemistry has been run on them so the targets consist mainly of types three and four found in section 28. However, additional work could yield additional targets especially in areas of known strong (+1 ppm) mineralization.

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VALDEZ GOLD INC. Suite #200 20 Adelaide Street East Toronto, Ontario M5C 2T6

EXCELLON RESOURCES INC. Suite #200 20 Adelaide Street East Toronto, Ontario M5C 2T6

JOINT PRESS ANNOUNCEMENT

November 4, 1992

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FOR IMMEDIATE RELEASE

Valdez Gold Inc. (ASE - VAZ) and Excellon Resources Inc. (VSE -EXN) jointly announce that, subject to regulatory approval, they have entered into agreements to acquire and fund the initial development of the Tombstone Property (the "Property"). Excellon has the right to earn a 100% leasehold interest in the Property which is a former producing gold/silver heap leach mining operation near the town of Tombstone, Arizona. The principal asset of Valdez Gold is a 25% interest in the Valdez Creek Project, a gold producer operated by Cambior Inc. in Alaska. MVP Capital Corp. owns 94% of Valdez Gold.

Valdez Gold has entered into an agreement with an investor whereby that investor will purchase a U.S. \$300,000 five year debenture of Valdez Gold and certain warrants and options. These funds will be used by Valdez Gold to acquire 470,000 shares of Excellon and, subject to the approval of the Vancouver Stock Exchange, an additional 750,000 escrow shares of Excellon, and to fund the acquisition and initial development of the Property by Excellon. This funding will earn Valdez Gold up to a 75% direct interest in Excellon's leasehold interest in the Property. The 1,220,000 shares to be acquired represent 57.6% of the presently outstanding shares of Excellon. The common shares of Excellon are listed on the Vancouver Stock Exchange, however the subject transactions will be completed off-market. The purpose of Valdez Gold in making the acquisition is to acquire control of Excellon. It may increase its ownership of, or control or direction over, shares of Excellon from time to time. Messrs. Richard W. Brissenden and A. Douglas MacKenzie, directors and officers of both Valdez Gold and Excelion, acted jointly and in concert with Valdez Gold in making the

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The investor will receive a warrant to purchase 1,080 ounces of gold from Valdez Gold at U.S. \$350 for a period of three years, a warrant to purchase 1,080,000 common shares of Valdez Gold at 15¢ per share for a period of twelve months escalating to 20¢ per share for the next twelve months, and an option to purchase 50% of any shares of Excellon which might be earned by Valdez Gold as a result of its earn-in agreement with Excellon.

The Excellon shares to be acquired by Valdez Gold are presently subject to an agreement between Messrs. Brissenden and MacKenzie and Messrs. Paul Shatzko and Jess R. Martinez, Jr. Messrs. Shatzko and Martinez were directors of Excellon prior to October 29, 1992. That agreement provides for the acquisition by Messrs. Brissenden and MacKenzie of 750,000 escrow shares from Messrs. Shatzko and Martinez and 470,000 free-trading shares from certain other shareholders for a total purchase price of \$203,000, of which \$55,000 has been paid. Valdez Gold has assumed the rights and obligations of Messrs. Brissenden and MacKenzie under the terms of this agreement, and will repay to them the \$25,000 which they have paid to date. The balance of the purchase price of \$148,000 will be paid in three quarterly instalments to June 30th, 1993.

The lease of the Property was held by Cowichan Resources, Inc., an Arizona corporation which filed a plan under Chapter 11 of the Bankruptcy Code of the United States. This plan was approved by the Bankruptcy Court with an effective date of August 24th, 1992. Under this plan, Excellon has the right to acquire a 100% interest in the lease of the Property and related mining assets by, among other things:

- (a) entering into a new lease with the lessor of the Property on substantially the same terms as the previous lease. This new lease has been executed.
- (b) paying a total of U.S. \$660,000 to a creditor of Cowichan Resources who has a lien on the Property and \$150,000 to the lessor of the Property, both over 31 months.
- (c) spending at least U.S. \$767,500 on the Property within 30 months of the effective date of the approved plan with a view to bringing the Property back into commercial production.
- (d) issuing 400,000 common shares in the capital of Excellon to Cowichan Mines Ltd., the parent of Cowichan Resources.
- 3 -

If Excellon does not fulfill the above requirements, the plan will terminate. If commercial production is achieved, the lessor of the Property will receive 30% of net cash flow until it has received U.S. \$200,000. During this period, Excellon will receive 70% of net cash flow and then 100% until it has received an amount equal to 200% of all preproduction expenditures including the U.S. \$200,000 to the lessor. At that point, 40% of net cash flow will go to the unsecured creditors of Cowichan Resources until they are paid in full, an amount of approximately U.S. \$3,400,000. Thereafter, Excellon will receive 90% of net cash flow and Cowichan Resources will receive 10%, subject to the right of Excellon to purchase 90% of the 10% interest of Cowichan Resources for U.S. \$1,500,000 in cash or shares of Excellon at their market value at that time, at its option.

Valdez Gold and Excellon have entered into an earn-in agreement whereby Valdez Gold can earn up to 75% of the interest Excellon has in the Property by spending U.S. \$1,500,000 on the acquisition and development of the Property within 30 months of the effective date of the approved plan. Under the earn-in agreement, Excellon will issue 500,000 warrants to Valdez Gold having a term of 30 months, with an exercise price of 25¢ per share for the first 12 months, 30¢ for the second 12 months and 35¢ for the final 6 months. The warrants will be exercisable on a pro rata basis as Valdez Gold spends the U.S. \$1,500,000. Assuming that the warrants are all exercised (none are yet exercisable as sufficient expenditures have not yet been funded), Valdez Gold would then own 1,720,000 Excellon shares, representing approximately 65.72% of Excellon's then issued The Valdez Gold debenture holder will be entitled to shares. purchase 50% of any Excellon shares received as a result of the exercise of such warrants at a price of 25¢ per share.

Effective October 29, 1992, Mr. Jess R. Martinez, Jr. resigned as a director and Secretary and Mr. Paul Shatzko resigned as a director of Excellon.

On behalf of VALDEZ GOLD INC.

Richard W. Brissenden President (416) - 867-1100

On behalf of EXCELLON RESOURCES INC.

A. Douglas MacKenzie/ President (416) - 867-1100

Neither the Vancouver Stock Exchange nor the Alberta Stock Exchange has reviewed nor accepts responsibility for the adequacy or accuracy of the content of this Press Release which has been prepared by management.

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NOTICE OF NON-LIABILITY FOR LABOR AND MATERIALS FURNISHED

NOTICE IS HEREBY GIVEN that the undersigned is the Owner of the following described mine, patented and unpatented mining claims situated in _____ Cochise ____ County, State of _____ Arizona , the names of which and the books and pages of recording of the deeds and location notices in the Office of the Recorder of said county and with reference to unpatented mining claim(s) the Bureau of Land Management (B.L.M.) serial numbers of which are as follows:

	Mineral Survey No.			BLM Serial No.	
	(Patented Claims	County Rec	cords	(Unpatented Mining	
Mine/Claim Name	only)	Book Pag	ge	Claims)	
				A REAL PROPERTY AND A REAL	

See Attachment 1 following, which by this reference is made a part hereof.

Pursuant to the terms of a Lease Agreement entered into between the Owner and Excellon Resources USA, Inc. (Lessee), which is dated August 24th, 1992, and is for a term commencing on _____August 24, 1992 ____, and continuing for so long thereafter as Lessee continues to make certain payments to Owner, the property will be in the possession of and operated by _______ Excellon Resources USA, Inc. (Lessee).

The Owner is not and will not be working or operating the claims or mine or any part of the claims or mine and does not intend to purchase supplies or materials for the claims or mine or to employ any persons to labor thereon during the term of the above-described Agreement.

The Owner will not be liable for labor performed or materials or merchandise furnished in the operation or development of the claims or mine during the term of the above-described Agreement, and the claims or mine will not be subject to a lien or any debts incurred for labor performed or materials or merchandise furnished for the operation or development of the claims or mine during the term of the Agreement.

DATED AND POSTED on the ground this 30th day of September, 1992.

)ss.

OWNER - Tombstone Development Company

921024008

JABA INC 2100 N WILMONT RD #218 TUCSON , AZ. 85712

On this 25th day of September, in the year 1992, before me, Arlene Pedersen Jerome Niedfelt, a Notary Public, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as the <u>President</u> of <u>Tombstone Development Company</u>, an Arizona ____ Corporation, and on behalf of the Corporation therein named and acknowledged to me that said Corporation executed it.

My Commission Expires: 1/15/93

Nebraska



Mer Notary Publi

REQUEST

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STATE OF

COUNTY OF ____Hall

ATTACHMENT 1

MINING PROPERTIES INCLUDED IN NOTICE OF NON-LIABILITY FOR LABOR AND MATERIALS FURNISHED Between Tombstone Development Company (Owner) and

Excellon Resources U.S.A., Inc. (Lessee)

	Mineral Survey No. (Patented Claims	Count	v Records*	BLM Serial No. (Unpatented Mining	
Mine/Claim Name	only)	Book	Page	Claims)	
Patented Mining Claims: (1*) (3*)					
Houghton	3228	29	335 (Less sur	face ownership of record)	
Cincinatti	Gen.254 (Deed recor	ded DK	(115 Page 09)		
New Year	Gen.213	9	260		
Cornell	3228	29	335		
Michigan	3228	29	335		
Illinois	3228	29	335		
Grand Central	Gen.143	5	24		
Contention	Gen.120	3	334		
Naumkeg	Gen.148	5	17		
Flora Morrison	Gen.258	8	177		
South Ext. of the					
Grand Central	Gen.144	7	100		
Contentment	Gen.252	15	300		
Buffalo	3228	29	335		
Southern Belle	3228	29	335		
Tranquility	Gen.155	3	565		
Cocopah	Gen.266	6	440		
Silver Thread	790	11	564		
Content	Gen.253	15	297		
North Point Fraction	808	12	568		
Empire	Gen.152	11	76 (Less sur	face ownership of record)	
Head Center-Yellow			(1	
Jacket	3213	29	296		
Silver Belt	793-AM	15	382		
Protection	3230	29	409		
Moonlight	751	11	548		
Fortuna	3214	29	304		
Sydney	475	27	293		
Sulphuret	Gen.156	5	8		
Mayflower	1012-AM	18	360		
Ninety-Nine	3225	30	166		
Last Chance #2	809	11	553		
Boss	800	14	594		
Grand Dipper	540	8	606		
Telephone	927	15	103		
Unpatented Mining (Claims: (2*)				
TDC #26		1489	49-50	A-MC-125079	
T.D.C. #27		1489	51-52	A-MC-125080	
T.D.C. #28		1489	53-54	A-MC-125081	
T.D.C. #29		1489	55-56	A-MC-125082	
T.D.C. #30		1489	57-58	A-MC-125083	

*Notes:

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For patented mining claims - U.S. Patent Recording (Deed of Mines Book)

2. 3.

•1.

For unpatented mining claims location notice recording For title to all of Tombstone Development Company's patented claims listed

For title to all of Tombstone Development Company's patented claims listed above with the exception of the Cincinatti Gen. Survey No. 254 may be found in Deed of Mines Book 34 pages 368 et seq.





JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

October 6, 1992

Mr. Jerome Neidfelt, President Tombstone Development Company 1028 South Adams Grand Island, NE 68801

RE: Santa Fe data/reports, Tombstone Mining District, Cochise County, Arizona, JABA project #159-01

TEN

Dear Mr. Neidfelt:

Pursuant to my continuing evaluation of Santa Fe's work and resulting data on your company's mining claims at Tombstone, I believe that a number of items should have been turned over to TDC at the conclusion of Santa Fe's efforts at Tombstone that were not. I am at a disadvantage in not knowing exactly what the terms of your lease agreement with Santa Fe were regarding transfer by them to TDC of generated data. However, it is normal operating procedure by most companies to only transfer as much data as necessary to satisfy the lessor. Generally speaking, though, the lessor should be entitled to all factual data generated, and most times, interpretative results, unless those results are based on proprietary processes known only to the lessee. Believing this not to be the case in this particular instance, I feel Santa Fe should be approached to see if they would be conducive to turning over copies of this additional information to TDC. It is worth a try. All of this additional information has been gleaned from Santa Fe's reports, and thus it can be assumed that it was done by them, and available.

The following is a listing of such information. I have also indicated in each case the importance of each item. Some information or formats of that information is inherently more important than other information, and would be desired over raw field data, if possible.

Item 1: Reference August, 1988 report

Computerized drafting and data bases. In several instances, Santa Fe referenced use or formation of these data bases and files. It is unclear as to just how much information was computerized, but references were made which would indicate a substantial amount. It is <u>very important</u> that TDC get any and all computer disc/tapes of such information for drafting and assay data. Additionally, it is important to know what programs were used to generate such file data, so those may be obtained, if necessary, to review file data. It is also important to know how complete the file data is for each of the project areas, so as

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe work October 6, 1992 Page 1 of 4 make a determination of what other information may be necessary to acquire, which was not computerized. Should Santa Fe wish not to provide disks of electronically stored data, hard copy file dumps (print outs) should be adequate.

Item #2: Reference August, 1988 report

GEOREF - computerized literature data base search - this listed all bibliographic geologic references for the Tombstone area. This is <u>not a very important</u> item, but a good reference for TDC.

Item #3: Reference August, 1988 report

Santa Fe gained access to and copied reports and maps pertaining to the Tombstone area from the American Heritage Center's Anaconda collection of maps and reports. I have been informed that these maps, data wise, are the most complete, accurate and informational for the area. It is my understanding that these maps contain the best information available on the mines northeast of the Contention mine area (Tranquility-Empire-Silver Thread workings), including level maps showing detailed underground geology, mineralization, and details of assay data. I do not believe TDC has copies of these maps and reports in their files, and I would strongly suggest that TDC try to gain access to Santa Fe's copies of these reports and maps and make their own copies. This information is very important to acquire. If we were to approach the American Heritage Center to acquire this same data it would be extremely costly. There is both a membership access fee and a stiff reproduction fee, with limitations on the amount of material which can be copied under each of the membership categories. At a minimum I would expect that it would amount to \$3,000 to \$4,000, and possibly more, just to get what Santa Fe already has. First, I would request Santa Fe make copies of this information for TDC. Lacking success here, I would request Santa Fe to release the maps and reports to TDC to copy the information and then to return the originals to Santa Fe. An ultimate fall back position would be for Santa Fe to contract out the reproduction of this information, TDC paying for the copying, ultimately to be reimbursed by MVP, upon prior approval.

Item #4: Reference August, 1988 report

McLain Harbers Co., Inc. of Tucson was contracted to fly aerial photography over the project area. It is <u>very important</u> that TDC or its assigns have a release by Santa Fe to both review and/or copy these photos for their own use. Generally, the contracted company (McLain Harbers) retains ownership of the photo negatives, and the contractee (Santa Fe or its assigns) can get access at a later date to get additional copies made. Via a release granted by Santa Fe to McLain Harbers for TDC, TDC would have access to these negatives for future use. It is my belief that Santa Fe should have, at the very least, turned over one copy to TDC of any prints made from these negatives on terminating their work in the district. I think it is <u>very important</u> to ask Santa Fe for a complete set of such prints now, and/or at the very least, allow a release to TDC for access to the negatives.

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe work October 6, 1992 Page 2 of 4



Item #5: Reference August, 1988 report

A series of structural overlay maps based on 1:24,000 and above 1:12,000 aerial photography were constructed early in the project, as well as follow-up ground mapping. This data was then computer transferred (see Item #1) to topographic and geological base maps of the area. I think it is <u>very important</u> that you obtain copies of all aerial photo overlays and subsequent base topographical and geological maps showing any structural data. If confidence is established that this type of information is all located in computer files and/or geological maps, these later items would be acceptable in lieu of all the working maps and overlays.

Item #6: Reference August, 1988 report

Reportedly, 355 surface and underground geochemical samples were collected in the district. Of these, 103 were reported to TDC (above report) by Santa Fe, the remainder of samples, a majority of which were reported from other claims controlled by TDC (I assume this means the PBR lease area), have never been reported, from what I can see from reports, to TDC by Santa Fe. A rather laissez-faire attitude toward reporting all the facts related to these samples is apparent. Of the 103 sample results reported to TDC, no mention was made as to the sample being taken above ground or underground in workings, at whatever elevation. Additionally, sample #'s 1019 through #1039 do not indicate the lithology of the sample. What happened to the results from the other 252 points and why were they not reported to TDC as indicated they would be? Accordingly, as indicated in Santa Fe's report of this period:

"at each sample location, various geologic data were also collected. These include the following: type and dimensions of mineralization; sample mineralogy, paragenesis, and dilution; alteration type, mineralogy, width and intensity, host rock lithology; strike and dip of mineralized structure and cross structures; and estimated extent of mine workings. It is intended that all of this information will be encoded and entered into the computer data base (refer to Item #1) along with all assay data, for subsequent analysis".

To date, TDC has only received the sample numbers, horizontal coordinates, lithology (with noted exception above), alteration, alteration intensity, and assay data on 103 samples. The remaining data that was to be encoded for each of these sample sites and remainder of the unreported sample sites to be given at a later date have not been received by TDC. Given the critical nature of information contained in these samples, it is <u>very important</u> to acquire this information. The following would be a prioritized listing of acquisition as to the format of materials to be turned over:

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe work October 6, 1992 Page 3 of 4



- *1. Computer data base on disc, plus hard copy printout if all the samples and related sample site characteristics have been encoded (best of all worlds!).
- 2. Computer data base on disc if data encoding is complete.
- 3. Hard copy print out of computer data base if data encoding is complete.
- *4. Computer data base on disc with hard copy print out with what information is available with hard copy for field note sample forms containing remainder of site characteristics.
- 5. Copy of field note sample forms or sample collection logs.

*Note: I feel it is important for security purposes to always request a hard copy of any information contained on a computer disc or tape as you ultimately backup just in case something should happen to the electronic media storage backup.

Item #7: Reference August, 1988 report.

Actually, this is a continuation of Item #6 next above. Santa Fe indicated they were going to construct various 3-dimensional computer models of this information and "generate maps showing the distribution of raw assay data, contoured maps of various groups of metal ratios, and maps showing the various types of mineralization and alteration in the project area... assay data being factor analyzed and sample scores plotted... etc." This information in computer disc form or at the least in hard copy maps should have been turned over to TDC at the conclusion of Santa Fe's tenure of the property. There is <u>some importance</u> in acquiring this data, but it is not critical as it can be re-constructed from infomation in Item #6, next above.

It is important to point out that at this juncture, an additional two Santa Fe reports have not been reviewed (February, 1990 and August, 1991). Additional requests may need to be annotated to this list, after review of those reports.

I do not wish to belabor the point, but I strongly recommend that a concertive attempt be made by TDC to obtain copies of all the above information.

Sincerely. lomast Wo

Thomas E. Waldrip, Jr.

c:tewsftdc

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe work October 6, 1992 Page 4 of 4



Send to Jerry. Hand delivered to Jerry \$ Dory 10/6.

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JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

October 2, 1992

Mr. Jerome Neidfelt, President Tombstone Development Company 1028 South Adams Grand Island, NE 68801

RE: Santa Fe data/reports, Tombstone Mining District, Cochise County, Arizona, JABA project #159-01 missing material

Dear Mr. Neidfelt:

Per my letter of September 29, 1992, when we returned your company's Santa Fe data and reports to you, the following is a list of items referenced in that data, that was found to be "missing".

Reports: No reports were found for the following reporting periods:

- 1. Semi-Annual report for February, 1990, and attachments (reporting period of August, 1989 to February, 1990)
- 2. Semi-Annual report for August, 1991 and attachments (reporting period February to August, 1991)

Exhibits, Attachments, Addendums and Plates: We have the written reports but no exhibits for:

- 1. Report of February, 1989 (reporting period August, 1988 to February, 1989) no attachments/exhibits were found for this reporting period, which were referenced by the written report. An extensive volume of data should exist, including, but not limited to:
 - a. Drill logs and assays for diamond drill holes T-1 through T-5
 - b. Geologic map of Tombstone Basin area (Plate I)
 - c. Graphic drill hole logs T-1 through T-5 (Plate II)
- Report of August, 1989 (for reporting period February, 1989 through August, 1989)
 this report is complete except for a geologic map of the Tombstone Basin area that was reportedly attached.

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe data - "missing" October 2, 1992 Page 1 of 3

- 3. Report of August, 1990 (for reporting period February, 1990 to August, 1990) the text portion of the report is complete, however, no attachments were found, which should include:
 - a. Geologic map of the Wedge area (south of P.B.R. pit)
 - b. Geochem sample location map for same area.
 - Report of February, 1991 (for reporting period August, 1990 through February, 1991) the text of report is complete, however, all plates and appendices are missing, including:
 - a. Plate I Geologic map of Wedge area
 - b. Plate II and Plate III 200+ geochem sample location sites on TDC claims
 - c. Appendix I reports of analysis for geochem samples located on Plates II and III, next above.
 - d. Appendix II assay results of diamond drill hole TW-01 and rotary drill holes TW-02 through TW-05
 - e. Appendix III detailed drill logs of drill holes enumerated next above
 - Report of February, 1991 (for reporting period August, 1991 through February, 1992) report complete except for:
 - a. It appears that what would be Page No. 5 (pages are unnumbered) of the report is missing (immediately following Table 1), and what is now page 5 should be Page 6 (text does not follow from page to page)
 - b. Rotary drill holes No.'s TW-7 and TW-8 have no included assay logs and it is unclear from the report if drill hole TW-8 was assayed. It is clearly stated that TW-7 was not assayed.

I would appreciate it if you could review the TDC company files to see if you can come up with any of the missing information. Of note is the fact that several people (I assume TDC concerns) have made comments and notes in the margins of the reports. Is it possible that these individuals may have retained some of the missing information? I cannot stress enough the importance of this information to TDC, and its availability to potential lessees. If the information is not found to reconstruct your entire data file on Santa Fe's work, what information you have now is critically deficient in content and interpretive value, with some of it being totally worthless. This missing data amounts to many thousands of dollars of exploration effort. Much of the factual data in the reports is tied back to the various maps and logs, and it is critical to combine the data. Should you be unable to access this data, I would strongly suggest you approach Santa Fe to see if they have retained the information that would complete your files, and if so, acquire it. What has already been received and the above items, if found, should form the bulk, if not all, of the information provided by Santa Fe to TDC over their lease period.

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe data - "missing" October 2, 1992 Page 2 of 3

4.

5.



I sincerely appreciate your efforts in locating this data and forwarding it to me.

Very truly yours homen & Waldrup, . Thomas E. Waldrip, Jr. 6

TEW/ms

Mr. Jerome Neidfelt, President Tombstone Development Co. RE: Santa Fe data - "missing" October 2, 1992 Page 3 of 3





JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

CERTIFIED MAIL # 1900 381 106

October 2, 1992

Cochise County Recorder's Office P. O. Box 184 Bisbee, AZ 85603

RE: Filing of and request for recording of a Notice of Non-Liability for Labor and Materials Furnished

Dear County Official:

Please find enclosed a two (2) page Notice of Non-Liability to be recorded in your county on behalf of Tombstone Development Company, lessor of certain mining claims in the Tombstone Mining District of your County.

A check in the amount of \$9.00 has been included to cover recording fees, along with a self-addressed, stamped envelope for return of the recorded document.

Thank you for your time and attention to this matter.

Sincerely, Monas Maldup, A. Thomas E. Waldrip, Jr., Agent (MS6)

TEW/msb

Enclosure: Notice of Non-Liability SASE

NOTICE OF NON-LIABILITY FOR LABOR AND MATERIALS FURNISHED

NOTICE IS HEREBY GIVEN that the undersigned is the Owner of the following described mine, patented and unpatented mining claims situated in <u>Cochise</u> County, State of <u>Arizona</u>, the names of which and the books and pages of recording of the deeds and location notices in the Office of the Recorder of said county and with reference to unpatented mining claim(s) the Bureau of Land Management (B.L.M.) serial numbers of which are as follows:

	Mineral Survey No.		BLM Serial No.	
	(Patented Claims	County Records	(Unpatented Mining	
Mine/Claim Name	only)	Book Page	Claims)	

See Attachment 1 following, which by this reference is made a part hereof.

Pursuant to the terms of a <u>Lease</u> Agreement entered into between the Owner and <u>Excellon Resources USA, Inc.</u> (Lessee), which is dated <u>August 24th, 1992</u>, and is for a term commencing on <u>August 24, 1992</u>, and continuing for so long thereafter as Lessee continues to make certain payments to Owner, the property will be in the possession of and operated by <u>Excellon Resources</u> <u>USA, Inc.</u> (Lessee).

The Owner is not and will not be working or operating the claims or mine or any part of the claims or mine and does not intend to purchase supplies or materials for the claims or mine or to employ any persons to labor thereon during the term of the above-described Agreement.

The Owner will not be liable for labor performed or materials or merchandise furnished in the operation or development of the claims or mine during the term of the above-described Agreement, and the claims or mine will not be subject to a lien or any debts incurred for labor performed or materials or merchandise furnished for the operation or development of the claims or mine during the term of the Agreement.

DATED AND POSTED on the ground this 30th day of September, 1992.

OWNER - Tombstone Development Company

STATE OF	Nebraska)
COUNTY OF	Hall)ss.)

Jeronie Nielfeet (President)

On this <u>25th</u> day of <u>September</u>, in the year 1992, before me, <u>Arlene Pedersen</u>, a Notary Public, personally appeared <u>Jerome Niedfelt</u>, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as the <u>President</u> of <u>Tombstone Development Company</u>, an <u>Arizona</u> Corporation, and on behalf of the Corporation therein named and acknowledged to me that said Corporation executed it.

My Commission Expires: 1/15/93

(falence Dedeusen) Notary Public

GENERAL NOTARY-State of Nebraska ARLENE PEDERSEN My Comm. Exp. Jan. 15, 1993

ATTACHMENT 1

MINING PROPERTIES INCLUDED IN NOTICE OF NON-LIABILITY FOR LABOR AND MATERIALS FURNISHED Between Tombstone Development Company (Owner)

and

Excellon Resources U.S.A., Inc. (Lessee)

		Mineral Survey No.			BLM Serial No.	
		(Patented Claims	County	v Records*	(Unpatented Mining	
	Mine/Claim Name	only)	Book	Page	Claims)	
	Patented Mining Cla	ims: (1*) (3*)				
~	Houghton	3228	29	335 (Less surf	lace ownership of record)	
	Cincinatti	Gen.254 (Deed record	ded DK	115 Page 09)	1	
	New Year	Gen.213	9	260		
	Cornell	3228	29	335		
	Michigan	3228	29	335		
	Illinois	3228	29	335		
	Grand Central	Gen.143	5	24		
	Contention	Gen.120	3	334		
	Naumkeg	Gen 148	5	17		
	Flora Morrison	Gen 258	8	177		
	South Ext. of the	00111200	0	177		
	Grand Central	Gen.144	7	100		
	Contentment	Gen.252	15	300		
	Buffalo	3228	29	335		
	Southern Belle	3228	29	335		
	Tranquility	Gen 155	3	565		
	Cocopah	Gen.266	6	440		
	Silver Thread	790	11	564		
	Content	Gen.253	15	297		
	North Point Fraction	808	12	568		
	Empire	Gen.152	11	76 (Less surf	ace ownership of record)	
	Head Center-Yellow			To (Less sur	ace ownership of record)	
	Jacket	3213	29	296		
	Silver Belt	793-AM	15	382		
	Protection	3230	29	409		
	Moonlight	751	11	548		
	Fortuna	3214	29	304		
	Sydney	475	27	293		
	Sulphuret	Gen.156	5	8		
	Mayflower	1012-AM	18	360		
	Ninety-Nine	3225	30	166		
	Last Chance #2	809	11	553	/	
	Boss	800	14	594		
	Grand Dipper	540	8	606		
	Telephone	927	15	103		
	Unpatented Mining C	Claims: (2*)				
	TDC #26		1/100	10 50	A MC 125070	
	TDC #27		1409	51 52	A-WC 125090	
	TDC #29		1409	52 54	A MC 125081	
	TDC #20		1409	55-54	A-IVIC-125081	
	TDC #29		1489	53-50 57 50	A-MC-125082	
	1.0.0. #30		1469	57-38	A-MC-120083	

*Notes:

For patented mining claims - U.S. Patent Recording (Deed of Mines Book) For unpatented mining claims location notice recording

1. 2. 3.

For title to all of Tombstone Development Company's patented claims listed above with the exception of the Cincinatti Gen. Survey No. 254 may be found in Deed of Mines Book 34 pages 368 et seq.

Tombstone layers Highways 1. Primary paved highways - (CENTER LINE HIGHWAY) 45 30 2. Secondary paved roads & streets 3. Gravel rouds. major (MAINTAINED) 4. Trails - ungraveled roads (unmaintraines) 5. Old rail road grades & beds Residental - Business ? 1. Single unit homes - resident 2. Business - schoots - etc. 3. Muie buildings - TANKS, Sheds, HEADFRAMES 4. Public Buildings - schools, courthouse, p.O. CITY HALL, HOSPITAS 5. trailer Park 6. Parks - Athletic field - playground - recreation AREA 7. Grave yards - Gemetary 10. LAN'S fill - Dumps Public Works - improvements WATER TANKS - WATER STORAGE _ LOVERED WATER PESERVO, 1. WATER LINES (IF KNOWN) or Aqueduct. WELLS - WINDMILLS Power lines (poles) telephone 3 4. Fenses Sewage disposal AREA? Air post Survey pts - Cord. pts 5. 1. Flagged points (syspols) BM's MIN sur. pts etc. 2. Flagged elevarionis control (numeric) (2) 3. X-Y values on control 200 4. X-Y cord-grid. (lines) 300 5. X-Y cord guid (Numbers)

were every present, have been croued on, uncapping only mose volcame units which predate the detachment even.

5. Alteration - In general, the volcanic section outcropping in the claim area has undergone widespread hydrothermal propylitic and argillic alteration. In mineralized areas on the claims, argillic-grade alteration is generally noted. This association being limited in intensity and extent, though. Silicification via countless seams, veins and veinlets of quartz plus or minus calcite is noted in certain mineralized areas of the district. Wide-spread and extensive zones of potassium enriched volcanic rocks (potassium metasomatism) is noted and generally believed coevil with development of the detachment/listric faulting and hydrothermal solutions traversing these zones of weakness or conduits. The hanging wall rock of the detachment zone have been enriched, but as yet, a clear picture of potassium metasomatism along listric faults is unclean awaits further study.

6. Mineralization - In general, surface indications of mineralization are associated with faulting, hydrothermal alteration, silicification and low sulfide content. Ore grade mineralization is reflected by high gold to silver ratios, a noticeable lack of base metals and anomalous mobile minerals and elements of flourine, mercury, arsenic and uranium. These characteristics indicate the ore deposition was near or at the top of the zone of epithermal mineralization. All ore thus far mined has been oxidized. In the area of the claim group, mineralization can be assigned to three main modes of occurrence:

- a). Fissure veins veins emplaced along structurally prepared areas, fault contacts or margins of intrusion(?) in which shatter sheeting or brecciation of brittle volcanics resulted in open space filling by vein matter. Contact between the vein and country rock is often gradational at best. Gold mineralization predominates in these veins and is probably of late-Tertiary age.
- b). Tabular bodies nearly flat lying tabular bodies of gold mineralization are encountered at times associated with flat-lying detachment fault zones. Mineralization is late-Tertiary in age, generally found above the sole of the fault in which the hanging wall rocks are shattered by several periods of movement and deposition of mineralization, generally in whole, replaced by quartz or strongly silicified, altered, fracturing and silicification decreasing away from the mineralized zone.
- c). Uranium mineralization found admixed with or separately zoned(?) around fissure veins.

7. Geochemical Results - Within the claim area, widely spaced geochem samples point to the presence of at least one and possibly more extensive zones of anomalous gold mineralization. Satellite and possibly overlapping the gold anomalies are zones of uranium mineralization. Future studies remain to fill in and interpret these studies.

These results have hastened efforts to delineate, extend and develop, by scientific principles, known and suspected area valuable lode mineral content, within the boundaries of the subject mining claims.

An exploration-development program consisting of drilling, sampling, geological, geochemical, and geophysical studies, is presently under consideration for this property. All technical work and results are in the possession of and are considered to be the exclusive property of JABA, Inc., co-owner of the subject mining claims, with offices at 2100 N. Wilmot Road, Suite #218, Tucson, Arizona 85712, Attention: Mr. James A. Briscoe, President.

Respectfully submitted,

James A. Briscoe (Agent) Registered Professional Geologist Arizona #9424 California #518



Contour - Kopo. 1. INDEX CONTOUR Line - (25') 2. INDEX CONTOUR ELEVATION (25' Interval) 3 a 100 CONTOUR INDEX LINE 45 500' INDEX CONTOUR ELEVATION (s')5. INTER MEDIATE COALTOUR LINES Mines - Prospects 1. Mine shafts & openings 11. Claimilines 12. LOCATION MONUMENTS 2. prospects pits 3. Open pits (rim) 4. Open pit (Floor) 5. Waste dumps 6. Trenches 7. Mill tAilings 8. FATTIN LEACHING ponds + PACH 9. PADS LEACHING 10. dvill holes WATER WAYS 1. Streams (Major Writher) 2. Secondary Streams PUBLIC CANDS 1. Tokon ship Lines (Townships, RAnges & Sections) 2. Townsite boundary 3. City Limits

- 2. Analysis and computer logging of old geological maps from previous mining activities.
- 3. Annotation to geological base map of geological data acquired during previous underground mining eras with more recent information acquired by other companies and governmental agencies.

This work was performed over the entire claim group to evaluate the discovery of valuable lode mineral deposits located thereon, and to assist in planning further exploration and development work. The work was performed throughout the period from September 1, 1991 to August 31, 1992, by or for JABA, Inc., 2100 N. Wilmot Rd., Suite #218, Tucson, Ariz 85712, telephone (602) 885-9141, under the direct supervision of James A. Briscoe, a Registered Professional Geologist for 22 years in the State of California (No. 518) and Arizona (No. 9424), with degrees from the University of Arizona (B.S. Geology, M.S. Geology, 1967). Other persons performing work upon said claim group were:

Thomas E. Waldrip, Jr., Geologist/Landman, B.S. Geology, University of Arizona, 4426 E. Patricia Street, Tucson, AZ 85712 Mardee S. Briscoe, Business Manager, A.S. Secretarial, Lasell Junior College, 5610 E. Sutler Lane, Tucson, AZ 85712 Other JABA, Inc. professional staff, field/office technicians and consultants.

The cost of non-scientific assessment activities and/or geological, geochemical and geophysical studies exceeded \$3,700, and was paid for by JABA, Inc., an undivided co-owner of the subject mining claims.

The basic findings to date from past and continuing technical studies performed on this contiguous claim group are:

1. Geologic Section - The terrain in the immediate claim area is composed of a Cenozoic (mid-Tertiary, probable Miocene and younger) alternating complex of pyroclastic, in part hypabyssal, sequence of acidic to basic volcanic rock locally called the Bullfrog Hills Volcanic Sequence. The rocks have a composition ranging from basanite and basalt to latite, rhyodacite and rhyolite. They occur as flows, predominately near the top of the sequence, ash flows (welded tuffs), tuffs throughout, and locally as intrusives. The basal units of the sequence are fluvioterrestrial(?) in origin composed of tufaceous sedimentary rocks and locally, at least a 30 foot section of limestone. Rhyolitic rocks predominate quantitatively over all other types of volcanic rocks and compose a majority to all of the ash flows, tuffs, flows and intrusives on a volume basis. The volcanic rocks are possibly derived from a magma chamber associated with a caldera complex proposed to encompass the Bullfrog Hills area. Theoretically, this is possible, but unlikely. Current thought leans toward the idea that Bullfrog Hills Volcanic Sequences is on a detached surface, with the rock sequence being derived from a proximal caldera complex located to the northeast by several tens of kilometers.

2. Regional Geology - Locally, but distal, 4 to 8 kilometers from the claim boundary, are a sequence of Precambrian gneiss and schists intruded by pegmatitic granites, unconformably overlain by a fragmentary sequence of Paleozoic rouranging from limestones, quartzites and sandstones in the lower section, to predominately dolomites in the upper portion of the sequence. The complete section is no where locally complete, with only fragmentary protuberances outcropping from the overlying mantel of Tertiary volcanics and Quaternary alluvial cover.

3. General Structural Setting - In general, the Bullfrog Mining District is structurally located along the projection of the Las Vegas Shear/Walker Lane zones where deep-seated structures have apparently localized and tapped deep magma sources, as evidenced by the repeated, episodic volcanism of mid- to late-Tertiary time, in the area. An early period of tectonic deformation (orogeny) in the late-Cretaceous or early-Tertiary resulted in the Paleozoic rocks being intensely folded and faulted, and, also producing major thrust faults. A post mid-Tertiary (Miocene) extensional tectonic terrain has resulted in low-angle normal fault development (detachment faulting) at or near the base of the volcanic section, with the Bullfrog Hills Volcanic Sequence being the hanging wall and the Paleozoic section being the footwall, generally speaking. The directional movement of the hanging wall is currently not clearly understood. The sole of the detachment fault may possible a reactivation and follow an older thrust fault surface.

4. Localized Structure - Focusing on the immediate claim area, deformation can be categorized as sympathetic in nature to the post-Miocene detachment fault surface (which lies proximal at an unknown depth), projecting under the claim area from its sinuous exposure several kilometers to the south of the claim area. Present and past mapping work has demonstrated a rather regular interval of repeating, moderate-to-high angle, north-to-northeasterly trending westerly-dippin faults cutting the area. The periodicity between faults on east to west cross section would be approximately one mile, demonstrated by the topography of the area. It is believed that the high angle (listric) faults coalesce at depth into a single low-angle, normal (detachment) fault. These listric surfaces bound internal blocks of rotated volcanics, dipping moderately to the east. Therefore, if one were to traverse the area from west to east, he would encounter repeating, rather periodic sequence of high-angle faults, sets of which bound internal eastward dipping, rotated blocks of the volcanic section.



JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

September 29, 1992

Mr. Jerome Neidfelt, President Tombstone Development Company 1028 South Adams Grand Island, NE 68801

RE: Santa Fe data/reports, Tombstone Mining District, Cochise County, Arizona; JABA project #159-01

TUNKAY FILE

Dear Mr. Neidfelt:

Enclosed please find the Santa Fe data package you provided us, which I am returning in its entirety. On behalf of MVP and JABA, Inc., I thank you for your timely response to our request to have access to and sending us the Santa Fe data and reports on your Tombstone property. Geologically, their results are interesting, and will be added to our Tombstone geological computer data base. It would be premature to comment any further than to say that Santa Fe's data is another important piece of the puzzle at Tombstone.

After a quick review, it appears that there is additional Santa Fe information that was not included in the data package that you sent to us. Certain information is referred to by Santa Fe in their reports which may not have been included in semi-annual data packages to TDC, but should have been. We have copied the enclosed information in its entirety, and I will carefully go through the information over the next few days and reference these "missing" items which we may still be able to get from Santa Fe. However, I do not want to delay return of your files while reviewing the data and formulating the list of additional information. This list will be included in separate cover in the near future.

Thank you again for your timely response to our request and the information provided.

Sincerely, Comas E Waldup

Thomas E. Waldrip, Jr. Executive Vice President

Enclosure: TDC 9/21/92 correspondence

cc: Douglass MacKenzie James A. Briscoe Tombstone Development Company

P.O. BOX 1445 TELEPHONE 308/382-7480 GRAND ISLAND, NEBRASKA 68802

September 21st, 1992

Jim Briscoe 2100 North Wilmot No. 218 Tucson, Arizona 85712

Dear Sir:

Enclosed find the following Santa Fe reports:

February llth, 1988- August llth, 1988July 21st, 1988- December 20th, 1988May 1st, 1989- August 7th, 1989February llth, 1990- August 11th, 1990August llth, 1990- February 11th, 1991August llth, 1991- February 11th, 1992

Also enclosed please find copy of assessment of unpatented claims.

Very truly yours,

Jerome Mincfelt

Tombstone Development Company / By: Jerome Niedfelt, President

JN/ap

Encs.

Tombstone Development Company

P.O. BOX 1445

TELEPHONE 308/382-7480

GRAND ISLAND, NEBRASKA 68802

September 25th, 1992

Jaba Inc. 2100 N. Wilmot Rd. #218 Tucson, Arizona 85712

Attention: Thomas E. Waldrip, jr.

Gentlemen:

Enclosed herewith please find signed and notorized notice of non-liability for labor and materials furnished for our lease with Excellon Resources USA, Inc..

Please make sure that these documents are properly filed and posted as per your letter of September 21st, 1992.

Very truly yours,

rome Nielfeer

Tombstone Development Company By: Jerome Niedfelt, President

JN/ap

Enc.

\$9.00 recordences



JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

September 21, 1992

Mr. Jerome Niedfelt, President Tombstone Development Company Box 1445 Grand Island, NE 68802

RE: Notice of Non-Liability for Labor and Materials Furnished for Lease between TDC and Excellon Resources, Tombstone Property, Tombstone Mining District, Cochise County, Arizona

Dear Mr. Niedfelt:

Pursuant to your requests to Doug MacKenzie and Jim Briscoe regarding the above referenced Notice, I have prepared the necessary Notice for your signature and notarization. Several blank spaces remain to be filled in by yourself. I would appreciate it if you could do that for me, as I have not received a copy of the final Lease Agreement yet.

The signed and notarized document should then be returned to me in the enclosed envelope. I will then see to it that copies of the document are posted on the grounds and that the original is properly filed with the County Recorder's office in Bisbee. Upon return of the original, recorded document, I will forward it to you for your files in an estimated time frame of approximately three weeks.

Sincerely

Momas & abldup. J.

Thomas E. Waldrip, Jr.

TEW/msb

Enclosure: SASE Notice of Non-Liability

cc: James A. Briscoe Douglass MacKenzie

Tombstone Development Company

P.O. BOX 1445

TELEPHONE 308/382-7480

GRAND ISLAND, NEBRASKA 68802

September 21st, 1992

Jim Briscoe 2100 North Wilmot No. 218 Tucson, Arizona 85712

Dear Sir:

Enclosed find the following Santa Fe reports:

February 11th, 1988- August 11th, 1988July 21st, 1988- December 20th, 1988May 1st, 1989- August 7th, 1989February 11th, 1990- August 11th, 1990August 11th, 1990- February 11th, 1991August 11th, 1991- February 11th, 1992

Also enclosed please find copy of assessment of unpatented claims.

Very truly yours,

Jerome Midfelt

Tombstone Development Company / By: Jerome Niedfelt, President

JN/ap

Encs.



File Memo To: Janua a. Buroi From: T. E. Waldup Vate Deptember 21, 1992 Re: Conversation Saturday, September 19, 1992 at Bookmans Used Books with Reter Magane concerning Santa Fe Mening's Tombstore Project, Tombstone Mining Pestrict, Cochese County arizona. Jm: Following please find a summary of my conversation with leter on above, referenced subject, as previously discussed the telephone on Sunday afternoon September 20, 1992, and pursuant to your request that I document it is a finance mouealth Mune it in a file memo. First a little background enformation nught he in order. Peter was udeheng as a consultant with Santa Fe. This apparently came about approximately store plus year ago When Santa Fe was Conducting a Regenal gold exploration program in 3E aregona (a pet project of the exploration Manager whose name excupes me at this point. After finding a number "sniffs" as Peter called it and continuely running to him for it and continuely running to him for explanations, fiter indicated that they possibly should expand out of the

JABA INC.

Sulphure Aprings valley region to the one including the Tombestone District, where signifigantly more was known about the muneralization and the goology was less (3) observere. As we know this was followed up on with Santa Fe acquiring the remainder of the TOC property not then held ley PBR/Cowichan. It is my understanding from Reter that the reason Santa Fe pulled up stakes in SE Asyona, was not so much caused by a lack of identifiable resources as apparently they've had their enteri exploration bedget for the area slashed the after a company derective came down the office reduciting all exploration activities back to their patented property positions in Nevada. Us it was phrased to nee Santa Fa's managment " why should use he paying absorbent war saying monenty payments and regardies when have all this land in Nevada with no payment or voyalties most of which has been little explored and additionally which we have leaved out some for hardly any royalties. It seems clear we should explore our grounds there first." It would this appear that the reasoning for Santa Fe terminating their lease was not so much cause by discuraging results JABA INC. JABA

In the Tombestore area, but to contrary, but later more involved with company politics, priorities", and goals. It is my understanding that Santa Fe's work at Tompistored potential reserves but apparently these reserves we neither of the size or grade to convence management to retain their position there as they "didn't meet the companyes criteria to nor alyectives. Jehewise, this copparently the case in the Tourquese District, nowever, there they've continued to hold the ground, based on the extensive area of mineralyation, nome defined ore reserves, and pa potentially Hevelopæulele ov saliable product. Peter suil à lot of nuneralization has been found their, the problem being structural (low angle faulting) making it deficults to impossible to corrolate rock types, nuneralization trancles, etc often between closely spaced dill holes. "none-the-less gwen a successful operation at Tombestore one might he advised to take a close look at consolidation of this area into to an operational unit.

 \bigcirc





Tombstone Development Company

P.O. BOX 1445

TELEPHONE 308/382-7480

GRAND ISLAND, NEBRASKA 68802

September 18th, 1992

Bureau of Land Management Arizona State Office Branch of Mining Law Administration P. O. Box 16563 Phoenix, Arizona 85011

Gentlemen:

Enclosed find check in the amount of \$155.00 along with copy of affidavit of annual assessment work for 31 claims.

Very truly yours,

Tombstone Development Company By: Jerome Niedfelt, President

JN/ap

Enc/ck



To: Douglas Mackenzie - MUP I (416) 867-109 (FAX) Hope this is what you wANTED. IF NOT LET ME KNOW. TOM

RETURN FAX # 1 (602) 721-2768





7132211212

BRACEWELL/PATTERSON

F-863 T-349 P-001/018 SEP 04 '92 16:29

BRACEWELL & PATTERSON

2900 SOUTH TOWER PENNZOIL PLACE HOUSTON, TEXAS 77002-2781 713 223 2900 FAX 713 221 1212 TELEX 76 2141

Fixal Signature Signature

COPY to TELE IOO CONGRESS AVENUE AUSTIN, TEXAS 78701-4042 SIZ 472 7800 4000 LINCOLN PLAZA BOO N AKARD DALLAS, TEXAS 78201-3320 ZI4 740 4000 2000 K STREET N.W. WASHINGTON, D.C. 20008-1809 ZOZ 828 8800 43 BROOK STREET LONDON WIY 28L 071 358 2330

FACSIMILE COVER LETTER

Please	deliver the following pages to					
	James Briseoe					
This fa	esimile is from Bynn Harrell					
and is	being transmitted on	SEP 0 4	1992	10		
at	a.m./p.m.			, 19		
	GENERAL INFORMATION					
1.	The length of this facsimile (including cover letter) is	18	madeo			
2.	Facsimile machine number (713) 221-1212		peges.			
3.	If you do not receive all pages, please call Paula Ellis	/Pat Fonte	nette at			
	(713) 221-1233		and the set			

MESSAGE

CONFIDENTIALITY NOTICE

THIS FACSIMILE FROM THE LAW FIRM OF BRACEWELL & PATTERSON CONTAINS INFORMATION THAT IS CONFIDENTIAL OR PRIVILEGED, OR BOTH. THIS INFORMATION IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ON THIS FACSIMILE COVER LETTER. ANY DISCLOSURE, COPYING, DISTRIBUTION OR USE OF THIS INFORMATION BY ANY PERSON OTHER THAN THE INTENDED RECIPIENT IS PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY US BY TELEPHONE IMMEDIATELY AT (713) 221-1233 SO THAT WE CAN ARRANGE FOR THE RETRIEVAL OF THE TRANSMITTED DOCUMENTS AT NO COST TO YOU.

BRACEWELL & PATTERSON

2900 SOUTH TOWER PENNZOIL PLACE HOUSTON, TEXAS 77002-2781 713 223 2900 FAX 713 221 1212 TELEX 26 21-1 100 CONGRESS AVENUE AUSTIN, TEXAS 78701-4042 512 472 7800

4000 LINCOLN FLAZA 500 N AKARO Dallas, Texas 75201-3320 214 740 4000

2000 K STREET N. W. WASHINGTON, D. C. 20006-1809 202 828 5800

> 43 BROOK STREET LONDON WIY 28L 071 355 3330

By Telecopier

Mr. Jerome Niedfelt President Tombstone Development Company Box 1445 Grand Island, Nebraska 68802

> Re: Proposed Lease Agreement between Tombstone Development Company and Excellon Resources Inc.

September 4, 1992

Dear Mr. Niedfelt:

Attached hereto is the final draft of the Lease Agreement, marked to reflect changes made to the prior draft.

It is my understanding that Cowichan Resources, Inc. will execute a separate Lease Termination Agreement that Patricia Wendel is drafting.

I will Federal Express clean copies of the Lease Agreement to you and to Doug MacKenzie for delivery on Tuesday morning.

Please call me with any questions or comments.

Very truly yours,

Bracewell & Patterson

A. Harrell

cc: Mr. A. Douglas MacKenzie Excellon Resources Inc. 20 Adelaide Street East Suite 200, Box 55 Toronto, Ontario M5C 2T6 Canada (By Telecopier) BRACEWELL & PATTERSON

Mr. Jerome Niedfelt September 4, 1992 Page 2

> Ms. Patricia H. Wendel Snell & Wilmer 1500 Citibank Tower One South Church Avenue Tucson, Arizona 85701-1612 (By Telecopier)

Mr. Scott H. Gan Mesch, Clark & Rothschild, P.C. 259 North Meyer Avenue Tucson, Arizona 85701 (By Telecopier)

Mr. Michael Urman DeConcini, McDonald, Brammer, Yetwin & Lacy, P.C. 2525 East Broadway Boulevard Suite 200 Tucson, Arizona 85716 (By Telecopier)

Mr. James Briscoe V Excellon Resources Inc. Tucson, Arizona (By Telecopier)

Mr. Lawrence Talbot Smith, Lyons, Torrence, Stevenson & Mayor 550-999 Canada Place Vancouver V6C 3C8 (By Telecopier)

Mr. G. Alan Rafte Bracewell & Patterson

GAR\28401\1001 NEIDFELT.LTR

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made and entered into as of August 24, 1992, by and between Tombstone Development Company, an Arizona corporation ("Lessor") and Excellon Resources USA, Inc., an Arizona corporation ("Lessee").

WITNESSETH:

WHEREAS, Lessor is the owner of the patented and unpatented mining claims described on Exhibit A annexed hereto;

WHEREAS, Lessor has been, until the affective date of this Agreement, leasing the Mineral Property (hereinafter defined) to Cowichan Resources, Inc., the successor-in-interest to PBR Minerals, Inc., pursuant to a Lease Agreement (the "Prior Lease") dated as of January 1, 1988 by and between Lessor, Harbor Financial, Inc., and PBR Minerals, Inc.;

WHEREAS, subsequent to the Prior Lease, Cowichan Resources, Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code;

WHEREAS, pursuant to the Modified Second Amended Debtor's Plan of Reorganization dated March 20, 1992 (the "Plan"), Cowichan Resources, Inc. has agreed to allow Lessee to lease the Mineral Property from Lessor in exchange for certain payments set forth in this Agreement; and

WHEREAS, Lessor and Cowichan Resources, Inc. desire to terminate the Prior Lease upon the offective date of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED;

1. <u>DESCRIPTION OF PROPERTY</u>. Lessor represents that it is the owner of certain patented and unpatented mining claims located in Cochise County, Arizona, described in Exhibit A annexed hereto, together with all water rights appurtenant to said mining claims or held, owned or used in connection therewith and the right to use the same on said mining claims. Said mining claims, including the said appurtenant rights, will be hereinafter referred to as the "Mineral Property."

2. <u>GRANT OF LEASE</u>. In consideration of the covenants to be performed by the Lessee and other valuable consideration, Lessor does hereby grant unto Lessee, during the term and pursuant to the provisions of this Agreement, exclusive possession and control of the Mineral Property (i) to drill, mine, and otherwise extract minerals from any location on the Mineral Property, (ii) to treat, mill and leach the tailings located on the Mineral Property, (iii) to sell minerals derived from the Mineral Property to an industry-recognized smelter or refinary in the United States of America selected by Lessee with the consent of Lessor, which consent shall not be unreasonably withheld, and (iv) to conduct any other activity on the Mineral Property related to the foregoing. The nature of such mining, milling, and leaching operations shall be in accordance with the provisions of Section 10 hereof. All oil, gas, and water rights are retained by Lessor; provided, however, that Lessee shall have the right to drill for and use all water on the Mineral Property for purposes of processing ore.

3. <u>ROCK WASTE</u>. Lessee shall be allowed to sell and remove the crushed waste rock of the tailings wash operation, provided said crushed waste rock has, in fact, been properly processed and has been certified by an independent registered assayer to contain no saleable metals or cyanide contamination. Gross proceeds from the sale of crushed waste rock will be divided fifty percent (50%) to Lessor and fifty percent (50%) to Lessee.

4. <u>REPORTS</u>. Lessee shall make a written report to Lessor at least once each month. Any such report shall provide complete information concerning Lessee's operations and performance hereunder, including but not limited to (i) exploration results, (ii) the number of tons of material treated, (iii) quantity, grades and dates of materials shipped, and (iv) the amount of proceeds derived from sales. Should the Mineral Property achieve commercial production during the term of this Agreement, the Lessor shall receive a copy of all reports to Lessee from any refinery Lessee sells minerals to pursuant to Section 2 hereof regarding the receipt of gold or silver shipments as well as reports from any such refinery regarding refined gold or silver produced from the Mineral Property.

ANNUAL LABOR OR ASSESSMENT WORK. Lessee shall do and perform, 5. within the time required by law, the annual labor or assessment work on or for the benefit of all the unpatented mining claims constituting a part of the Mineral Property for the mining year ending September 1, 1993, and for each mining year thereafter so long as this Agreement or any extension is in force and effect. Said labor or assessment work shall comply with all applicable laws of the United States of America and the State of Arizona; provided, however that if this Agreement is terminated, forfeited, or cancelled at any time prior to six (6) months before the expiration of any mining year after September 1, 1993, Lessee shall be relieved from doing the annual labor or assessment work for the year in ' which termination takes place, but shall be responsible for clean-up requirements of the EPA and the ADEQ relating solely to Lessee's operations on the Mineral Property during the term of this Agreement. Upon completion of said annual labor or assessment work for any particular year, Lessee shall execute an affidavit evidencing the performance of said work, which affidavit will be distributed by Lessee to the appropriate
governmental agencies. Notwithstanding the foregoing, if the federal mining laws are amended regarding assessment work obligations, this Section shall be superceded by the requirements of any such new law.

6. <u>RENTAL: ROYALTY</u>.

6.1 <u>Rental</u>. Subject to Lessee's right to terminate pursuant to Section 9, beginning on March 1, 1993 and for the remainder of the term of this Agreement and for the remainder of the term until the minimum royalty payment specified in Section 6.4 shall become effective, Lessee shall pay to Lessor a rental payment of \$5,000.00 per month on the first day of each calendar month. Such \$5,000.00 rental payments are not deductible against royalties.

6.2 <u>Royalty</u>. Royalties on silver and gold produced and sold from the Mineral Property shall be paid in kind on a graduated scale calculated as follows:

5% of refined silver while silver is selling at not more than \$10.00 per ounce and 5% of refined gold while gold is selling at not more than \$400.00 per ounce.

6% of refined silver while silver is selling at more than \$10.00 but not more than \$12.50 per ounce and 6% of refined gold while gold is selling at more than \$400.00 but not more than \$500.00 per ounce.

7% of refined silver while silver is selling at more than \$12.50 but not more than \$15.00 per ounce and 7% of refined gold while gold is selling at more than \$500.00 but not more than \$600.00 per ounce.

8% of refined silver while silver is selling at more than \$15.00 but not more than \$17.50 per ounce and 8% of refined gold while gold is selling at more than \$600.00 but not more than \$700.00 per ounce.

9% of refined silver while silver is selling at more than \$17.50 but not more than \$20.00 per ounce and 9% of refined gold while gold is selling at more than \$700.00 but not more than \$800.00 per ounce.

10% of refined silver while silver is selling at more than \$20,00 but not more than \$30.00 per ounce and 10% of refined gold while gold is selling at more than \$800.00 but not more than \$1,200.00 per ounce.

Rentalist 16 Stort 1993 March 11

Lessor shall take delivery of in-kind royalties of gold or silver at the refinery, with all costs of refining such gold and silver to be paid for by Lessee. All price quotations referred to above for silver shall be based on the monthly average Handy and Harman silver price as quoted in the US publication "Metals Week" for the calendar month in which such silver is refined. All price quotations referred to above for gold as quoted in the US publication "Metals Week" for the calendar month in which which such gold is refined. 6.3 <u>Royalty - Other Minerals</u>. A 5% net smelter defined in Exhibit B ("NSR") will be produced and rold of

defined in Exhibit B ("NSR") will be paid on any minerals or metals produced and sold from the Mineral Property other than silver or gold, the royalty for which is addressed in Section 6.2, and crushed rock waste, the royalty for which is addressed in Section 3. With respect to such 5% NSR on other minerals or metals, Lessee shall have the right to purchase from Lessor at any time a 24% NSR for \$750,000.00 \$1.000.000.00.

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These don't say the same thing I

Cessation of Production. If at any time the mining 6.5 operations should cease, the \$7,500.00 minimum royalty payment shall revert back to a \$5,000.00 monthly rental payment in accordance with Section 6.1. If at any such later time Lessee shall again start taking minerals from an open pit or underground operation, the \$5,000.00 monthly rental payment shall again convert to a \$7,500.00 per month minimum royalty payment pursuant to Section 6.4.

7. TAXES AND RELATED PAYMENTS. During the term of this Agreement, Lessor shall pay all taxes or other governmental assessments on the Mineral Property before they become delinquent, and Lessee shall reimburse Lessor for taxes and other governmental assessments Lessor is required to pay on the Mineral Property. Such reimbursements shall be made within thirty (30) days after Lessor notifies Lessee of the amount of such taxes or governmental assessments. Notwithstanding the above, Lessee shall have the right in good faith to contest any tax or governmental assessment and withhold payment of such tax or assessment if permitted under the applicable appeals procedures.

sence.

8. This Agreement shall continue so long as Lessee TERM. complies with the terms of this Agreement, subject however, to the rights of termination in Section 9 below.

TERMINATION BY LESSEE. During the initial thirty-month term 9. of this Agreement, Lessee has the right to terminate and surrender this Agreement only on each of February 28, 1993, August 31, 1993, August 31, 1994 and February 28, 1995 and at any time thereafter during the term hereof by giving Lessor written notice of its intention to do so at least thirty (30) days prior to the February 28, 1993 termination date and thereafter at least sixty (60) days prior to the termination date to be specified in said notice. Upon such termination, all obligations of Lessee to make rental or minimum royalty payments or any other payment not theretofore accrued or to perform any other further obligation hereunder (except as specified in Section 19 below) shall forthwith cease.

10. MANNER OF WORK. The Lessee agrees to cause all work to be done in a careful and miner-like manner and to conform in all respects with the mining laws of the State of Arizona and with the rules and requirements of the EPA and the ADEQ. Lessee shall conduct its operations hereunder so as to meet EPA and ADEQ requirements at all times, including any and all new legislation that would apply to said Mineral Property. Lessee shall maintain fences around shafts and inclines. Notwithstanding the foregoing, nothing in this Section shall obligate Lessee to meet EPA or ADEQ requirements relating to operations on the Mineral Property prior to Lessee's operations on the Mineral Property. If Lessee shall fail to meet its obligations under this Section 10, Lessor shall have the option, after 30 days prior written notice to Lessee specifying the necessary work, to conduct such necessary work. Lessor shall invoice Lessee for any work conducted by Lessor pursuant to this Section 10 and Lessee agrees to reimburse Lessor within 30 days of receipt of such invoice.

PROTECTION FROM LIENS. During the term of this Agreement, the 11. Lessee shall keep the Mineral Property and the whole and every part thereof free and clear of liens for labor done or work performed upon the Mineral Property relating to Lessee's operations on the Mineral Property, for materials furnished to Lessee on or for the Mineral Property, or for 2 what does 4 wis entail do we need a formation 3 the development or operation of the Mineral Property under this Agreement; provided, however, that Lessee shall not be required to remove any such lien as long as Lessee is contesting in good faith the validity or amount thereof. Lessee will provide Lessor with a signed acknowledgment of property posting and a hold-harmless agreement to Lessor signed by any and all parties providing goods or services to Lessee prior to providing such goods and services.

INDEMNITY. Lessee shall defend, indemnify, and hold Lessor 12. harmless from and against any and all cost, loss, damage, expense, This doesn't make

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BRACEWELL/PATTERSON

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obligation, claim or liability, including reasonable attorneys' fees, suffered by Lessor as a result of the work or operations of the Lessee, its agents or employees, on the Mineral Property.

13. <u>INSPECTION: INDEMNITY</u>. Lessor, or its duly authorized agents or representatives, shall be permitted to enter into or upon the Mineral Property at all reasonable times for the purpose of inspection, but shall enter upon the Mineral Property at Lessor's and its agents' and representatives' own risk and so as not to unreasonably hinder the operations of Lessee. Lessor shall defend, indemnify and hold Lessee harmless from and against any and all cost, loss, damage, expense, obligation, claim or liability, including reasonable attorneys' fees, suffered by Lessee as a result of the presence of Lessor or its agents or representatives or any of them on the Mineral Property.

14. <u>INSURANCE</u>. Lessee shall, during the term hereof, provide and maintain general liability insurance in the aggregate of not less than \$2,000,000.00. Such insurance shall name Lessor as an additional insured. A certified copy of such policy of insurance shall be furnished to Lessor within 20 days of the commencement of the term of this Agreement.

15. <u>EVENTS OF DEFAULT</u>. Each of the following shall constitute a "Default" by Lessee under this Agreement:

15.1 The failure of Lessee to make any rental or royalty payment due Lessor under the terms of this Agreement; or

15.2 The failure of Lessee to make any payment of any other amount owed by Lessee to Lessor hereunder; or

15.3 The failure of Lessee to make any payment that Lessee is obligated to make pursuant to the Plan.

15.4 The failure of Lessee to fulfill or perform any other covenant or obligation of Lessee contained in this Agreement and the Plan.

16. <u>REMEDY ON DEFAULT</u>. In the event of a Default by Lessee hereunder and a failure of Lessee to remedy such Default within thirty (30) days after written notice of such Default, Lessor shall have the right to terminate this Agreement immediately and retake the Mineral Proparty; provided, however, that if Lessee commences to correct any Default, other than the payment of money, within such thirty (30) day period and thereafter diligently continues to endeavor to correct the same but the same cannot be fully corrected within such thirty (30) day period for reasons other than the inability of Lessee to pay money, then Lessor may not terminate this Agreement so long as Lessee is diligently continuing the work of correcting the same. 17. <u>PRIOR LEASE</u>. Lessor agrees that the Prior Lease shall be terminated as of the date of this Agreement.

18. ASSIGNMENT. The knowledge and ability of Lessee are relied upon by Lessor in entering into this Agreement. Lessee's rights hereunder are not assignable without the express written consent of Lessor, which consent shall not be unreasonably withheld. Notwithstanding the above, Lessor agrees that Lessor's consent shall not be required if Lessee assigns its rights hereunder to MVP Capital Corp., Valdez Gold Inc., or Valdez Cold USA, Inc.

19. <u>SURRENDER OF PROPERTY</u>. In the event of a valid forfeiture, cancellation or other termination or expiration of this Agreement, the Lessee shall do whatever is necessary to meet EPA and ADEQ requirements, relating solely to Lessee's operations on the Mineral Property during the term of this Agreement, and peaceably surrender possession of the Mineral Property to the Lessor immediately. Upon surrender of the Mineral Property, all obligations whatsoever of the Lessee hereunder which have not accrued shall cease as of said termination date, except that Lessee's obligation to comply with EPA and ADEQ requirements, relating solely to Lessee's operations on the Mineral Property during the term of this Agreement, shall not terminate until such EPA and ADEQ requirements are satisfied.

REMOVAL OF EQUIPMENT BY LESSEE. The Lessee shall have ninety 20. (90) days after a valid forfeiture, surrender or other termination of this Agreement, to remove from the Mineral Property all warehouse stocks, merchandise, materials, tools, hoists, compressors, engines, motors, pumps, transformers, electrical accessories, metal or wooden tanks, pipes and connections, mine cars and any and all other machinery, trade fixtures and equipment, erected or placed in or upon the Mineral Property by Lessee or owned by Lessee, except rails and mine timbers in place at the commencement of this Agreement. If this Agreement is terminated by Lessee on or before February 28, 1995, then all improvements and equipment located on the Mineral Property on the commencement date of this Agreement shall remain on the Mineral Property upon a valid forfeiture, surrender or other termination of this Agreement. All improvements and equipment owned by Lessee and placed on the Mineral Property by Lessee may not be removed by Lessee upon a valid forfeiture, surrender or other termination of this Agreement until Lessee's obligation to comply with, including payments and performance, EPA and ADEQ requirements relating solely to Lessee's operations on the Mineral Property during the term of this Agreement has been satisfied.

21. <u>NOTICES</u>. All notices required or permitted under this Agreement shall be in writing and, (a) if by air courier, shall be deemed to have been given one Business Day after the date deposited with a recognized carrier of overnight mail, with all freight or other charges prepaid, (b) if by telegram, shall be deemed to have been given one Business Day after delivered to the wire service, (c) if by telex, provided an answerback is received, shall be deemed to have been given when sent, (d) if mailed, shall be deemed to have been given three Business Days after the date when sent by registered or certified mail, postage prepaid, and (e) if sent by telecopier, shall be deemed to have been given when sent, addressed as follows:

To Lessor:

Tombstone Development Company P.O. Box 1445 Grand Island, Nebraska 68802 Telecopier: (308) 382-7482

To Lessee:

Excellon Resources USA, Inc. 20 Adelaide Street East Suite 200, Box 55 Toronto, Ontario M5C 2T6 Telecopier: (416) 867-1109

"Business Day" shall mean a day other than the days that banking institutions are required or permitted to be closed under the laws of the State of Arizona.

22. <u>GOVERNING LAW</u>. This Agreement shall be governed and construed in accordance with the laws of the State of Arizona without giving effect to any principles of conflicts of laws.

23. <u>INUREMENT</u>. The terms, provisions, covenants and agreements herein contained shall extend to and be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

24. <u>INTEGRATION</u>. This Agreement and the Exhibits hereto set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, prior arrangements and prior understandings relating to the subject matter hereof.

25. <u>WAIVER OR MODIFICATION</u>. This Agreement may be amended, modified, superseded or cancelled, and any of the terms, covenants, representations, warranties or conditions hereof may be waived or modified, only by a written instrument executed by a duly authorized officer of Lessor and Lessee, or, in the case of a waiver or consent, by or on behalf of the party or parties waiving compliance or giving such consent. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by any party of any condition, or of any breach of any covenant, agreement, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or waiver of any other condition or of any breach of any other covenant, agreement, representation or warranty.

26. <u>HEADINGS</u>. The Section headings contained in this Agreement are for convenient reference only and shall not in any way affect the meaning or interpretation of this Agreement.

27. <u>INVALID PROVISIONS</u>. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

28. <u>MULTIPLE COUNTERPARTS</u>. This Agreement may be executed in a number of identical counterparts, each of which for all purposes is to be deemed as original, and all of which constitute, collectively, one agreement; but in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

29. <u>ENVIRONMENTAL COMPLIANCE</u>. Nothing in this Agreement shall be construed to obligate Lessee to comply with or be liable for EPA, ADEQ, or other governmental regulations relating to the Mineral Property, other than EPA, ADEQ or other governmental regulations relating solely to Lessee's operations on the Mineral Property during the term of this Agreement. If the EPA, ADEQ or other regulatory agency should interfere with Lessee's operations on the Mineral Property due to pre-existing conditions not caused by Lessee, Lessee shall have the right, but not the obligation, at Lessee's expense, to mitigate such pre-existing environmental or other condition.

30. Attorneys Fees. Notwithstanding any other provision of this Agreement, in any action or proceeding arising out of or in connection with any of the terms or covenants in this Agreement, the prevailing party shall be awarded, in addition to equitable relief and/or damages or other relief, all reasonable costs of attorneys' fees incurred. This paragraph shall be severable from all other provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement, in person or by duly authorized officers, as of the day and year first written above. 4

LESSOR:

TOMBSTONE DEVELOPMENT COMPANY

By:__

President

STATE OF _____ § \$ ss. COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of ______, 1992, by ______, for Tombstone Development Company.

NOTARY PUBLIC

(seal)

My Commission Expires:_____

LESSEE:

EXCELLON RESOURCES USA, INC.

By:___

President

STATE OF _____ § \$ ss. COUNTY OF _____ §

The foregoing instrument was acknowledged before me this _____ day of ______, 1992, by ______, for Excellon Resources USA, Inc.

NOTARY PUBLIC

(seal)

My Commission Expires: CONSENT OF COWICHAN RESOURCES. INC.

Cowishan Resources, Inc., represents that it is the successor-in-interest to PBR-Minerals, Inc., hereby consents to the terms of the attached Lease Agreement and agrees that the Lease Agreement dated January 1, 1988 by and among Tembetone Development Company, Herbor Financial, Inc., and PBR Minerals, Inc., shall be terminated as of the offective date of the attached Lease Agreement. COWICHAN RESOURCES, INC.

By:______ Nome:______ Titlo:_____

CONSENT OF HARBOR FINANCE AND HARBOR FINANCIAL, INC.

Harbor-Finance and Harbor Financial, Inc. horoby concent to the terms of the attached Lease Agreement and agree that the Lease Agreement dated January 1, 1988 by and among Tembstone Development Company, Harbor Financial, Inc., and PBR Minerals, Inc. shall be terminated ac of the effective date of the attached Lease Agreement.

HARBOR FINANCE HARBOR FINANCIAL, INC.

Rv.	Rat .	
	-J .	
Name:	Name :	
Title	Ti+10:	militianen anti-
	itoro,	

7132211212

BRACEWELL/PATTERSON

EXHIBIT A

Patented claims located in Sections 11, 12, 13, and 14, Township 20 South, Range 22 East, Gila and Salt River Base and Meridian, Cochise County, Arizona.

<u>Claim Name</u>	Patent	<u>No.</u>		
Houghton	3228	ł		
Cincinatti	254			ž
New Year	213			
Cornell	3228			
Michigan	3228			
Illinois	3228			
Grand Central	143			<i>.</i>
Contention	120			
Naumkeg	148			
Flora Morrison	258			
S. Ext. Grand Cen	tral 144			
Contentment	252			
Buffalo	. 3228			
Southern Belle	3228			
Tanquility	L# 49	> Worlong G	EN .155	
Cocopah	L 🔹 82	1 0 6	CN 266	
Silver Thread	, 790			-C
Content	69	- wrong e	Sen 275	
North Point	808	U	150	
Empire	/ 4 46	~ wrong C	gen 152	
Head Center	3213	2 m. ola	A 3	
Yellow Jacket	3213	1 one cean	\sim	
Silver Belt	793	-AM		
Protection	3230			
Moonlight	751			
Fortuna	3214			
Sydney	475		1	
Sulphuret	L# 48	- wrong ben	-156	
Mayflower	798	wrong 1012	-AM	
Ninety-Nine	3225		Roj	moundurale
Last Chance #2	809		,,	212 and
Boss	800			10:2-Ha
Grand Dipper	540			
Telephone	927			

L = Lot NO.

-Am

F	<u>Claim Name</u> TDC #26	Docket 1489	<u>Page</u> 49 & 50	<u>AMC#</u> 125079	<u>Section</u> 12 & 13	<u>Tnship</u> 20 S	Range 20
E	TDC #27	1489	51 & 52	125080	13	20 S	2 0
E	TDC #28	1489	53 & 54	125081	1.3	20 S	20
R	TDC #29	1489	55 & 56	125082	13	20 S	20
R ^a	TDC #30	1489	57 & 58	125083	13 & 14	20 S	20

Unpatented claims located in Cochise County, Arizona

EXHIBIT B

NET SMELTER RETURN

Net Smelter Return shall mean actual proceeds received from any mint, smelter or other purchaser for the sales of ores, metals or concentrates produced from the mining claims and sold after deducting from such proceeds the following charges to the extent that they were not deducted by the purchaser in computing payment: smelting and refining charges; penalties; cost of transportation of ores, metals or concentrates from the mining claims to any mint, smelter or other purchaser; marketing costs; insurance of such ores, metals or concentrates; and any export or import tax on said ores, metals or concentrates levied in the United States or by the country into which such ores, metals or concentrates are imported, if such charges or costs are not deducted from the proceeds received.

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800 W. WASHINGTON SUITE 415 PHOEN IX, ARIZONA 85007 **TELEPHONE 602-542-4174**

> **FIFE SYMINGTON** GOVERNOR

STATE PARKS **BOARD MEMBERS**

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KENNETH E. TRAVOUS EXECUTIVE DIRECTOR

COURTLAND NELSON DEPUTY DIRECTOR

Mr. Thomas E. Waldrip, Jr. Executive Vice President JABA Inc. 2100 N. Wilmot Rd. #218 Tucson, Arizona 85712

Dear Mr. Waldrip;

I hope the slides we provided for your copy work proved adequate. I spoke to my supervisor, Mr. Hollis Cook, about your proposal of giving us copy maps that we do not presently have in our collection. We are very interested in this prospect, however we will need to examine the maps first before deciding on inclusion. The computer program of the Tombstone mining district is also of interest to us. We would really like to see the finished work. It is likely that such a program, if obtainable, would greatly enhance our mining exhibit.

Sincerely Austin

Ass't Park Manager

Tombstone Courthouse

Tombstone, Arizona 85638

State Historic Park

P.O. Box 216

August 10, 1992

AA/dle



MEMO

TO:James A. BriscoeFROM:Thomas E. Waldrip, Jr.DATE:July 27, 1992

RE:

Tombstone Mining District data copying, Arizona Department of Mineral Resources, Phoenix Arizona, analysis of acquiring maps and making copies

Jim,

Pursuant to my trip to Phoenix to review the Arizona Department of Mineral Resources data files on the Tombstone area, on July 14, please find following my appraisal of what I found, my proposed and desired method of reproducing maps, and an estimated time frame to accomplish the work.

Some general observations are in order first. We have generally exhausted most of our in-house sources of maps from which reliable data can be generated. The ADMR has a map collection dating to the turn of the century of approximately 150 maps, most of which are oversized linens (>36" wide) and colored, covering most, if not all, the major mines in the Tombstone District. Many of the ADMR maps are not duplicated in our collection, and vise versa, nor are the maps at the Tombstone Courthouse duplicated in either collection (a visit being made there on July 17, 1992). However, the maps in the Tombstone Courthouse are very general, poor shape, not flat, and probably not worth the effort in acquiring copies when compared to the ADMR collection. Additionally, the Arizona State Park people in charge at Tombstone are on a big preservation kick and I seriously doubt we could get access to the original maps, anyway, even if we wanted. I have, therefore, made a decision to get copies of slides which have been made of many of the maps (approximately 50) for reference purposes.

The ADMR collection is by far the most valuable, as far as I am concerned, and I would like to direct my efforts in trying to acquire copies of their file maps. These maps go a long way in completing our current drafting project on underground workings, stoped areas, and geology in the Tombstone District. However, there are problems. First and foremost is an organization problem, both at the ADMR (many maps are unlabeled and separated), and secondly, of me just trying to keep straight information contained on various maps. Many of the maps are unique and quite easy to separate out. But, on the other hand, a number of maps contain repetitive information, but have unique data associated with each map. In order to glean the existence of such data, it is important to carefully examine each map in detail and compare it with similar maps we currently have in-house to winnow out repetitive information. This would mean a complete set of maps would need to be taken to Phoenix and reviewed in the office at the ADMR, an overwhelming task at best, should we not be able to bring them here to Tucson.

For reference purposes, many of the maps at the ADMR are colored. If we get reproductions made in Phoenix, we will have to wait for the reproduction proces⁵ and then make color annotation at the ADMR, upon return of the maps to their office from the blueprint firms. Both processes are time consuming and expensive for our client, in light of additional food and lodging expenses for a prolonged stay in Phoenix.

The quality of a number of maps is highly questionable. Some maps probably will not survive a

pass through any type of reproduction process, without first either major repair or laminating.

In general, three types of information is present in the ADMR files: (i) information and maps $11" \times 17"$ or less in size; (ii) maps of less than 36" in width; and (iii) oversized maps greater than 36" in width. The information in (i) above, generally cannot be removed from the ADMR office, but copies can be made there for a nominal charge. The other maps can possibly be removed for outside reproduction.

My proposal is, if acceptable by Leroy Kissinger and Ken Philips, that we be allowed to:

- 1. Remove oversized maps (approximately 20-30 maps at a time from the ADMR Phoenix office to be returned to Tucson and JABA's offices by company personnel and vehicle.
 - a) An inventory list of maps will be handwritten and checked by ADMR personnel on removal and return of the maps by JABA.
 - b) Maps will be removed for approximately one week from the Phoenix office if additional time is needed, ADMR staff will be contacted by JABA.
 - c) Labels and explanations will be made for each map requiring such and affixed to the maps in whatever area desired by ADMR staff for filing purposes.
 - d) Paper copies of maps 24" or less in size will be laminated if desired by ADMR staff to both protect and preserve the maps in as much a natural state as possible. Repairs will be made as necessary and possible. Larger maps may be laminated depending on desires of ADMR staff and JABA's capabilities vs. possible problems associated with the maps.
 - e) Maps of 36" or less in width will be xeroxed in-house on an engineering Xerox copier.
 - f) Maps of 36" or more in width will be reproduced by appropriate means by Tucson Blueprint, Tucson, Arizona, a bonded reproduction house.
 - g) Maps will remain in rolls pursuant to the way they were removed from ADMR files in Phoenix.

MADMAM

- h) Maps will be returned to Phoenix, and additional groups picked up.
- In-house work

2.

- a) Label maps
- b) Laminate maps
- c) Reproduce maps
- d) Color maps (reproduced copies)
- e) Re-roll maps
- f) Return maps to Phoenix with inventory list

Assuming we are successful in acquiring the use of the maps as proposed, we should be able to cut down on expenses for overnight food and lodging stays in Phoenix. Additionally, I feel we have

the ability to cut down on copying fees by use of our equipment and cutting down on copies of duplicate information which is not always possible because of time restraints in Phoenix. Likewise, hopefully we can cut down on labor costs by using a lessor paid person to color necessary maps that have been reproduced, instead of by myself in Phoenix. Although it will require several trips to Phoenix by myself, I can use that time to review and copy maps and reports in letter-sized files, as well as picking up/returning another batch of maps. I estimate the total cost for this process, including transportation, 5 to 6 trips, labor, reproduction, coloring, etc. to be in the \$5,000 range. Although this appears rather high, it calculates out to approximately \$50/map acquired. I feel this is very economical compared with the cost of reacquiring the data contained on the maps. As previously pointed out on my last trip, for which all costs came to less than \$500, I made copies of 11 maps, which had in excess of 4,800 elemental assays and sample points for gold and silver, which amounts to approximately \$.10 per assay. Should we proceed with my envisioned project and costs, each elemental assay would cost only approximately \$1.00 just for information contained on these maps alone. The rest of the information on other maps would be free on a costing out basis. I would say that that was relatively cost-effective information. Of even more importance is the fact that should this type of data be recollected and re-assayed, I doubt that you could repeat the results for anything less than 15/sample or $15 \times 2,400 = 36,000$; 20/sample is probably realistic, or \$48,000. Therefore, we would be acquiring all the information on the maps for something like 1/10th the cost of just repeating what information is contained on these 11 maps.

Timing is a dependent variable in relationship to available funds in which to perform the project. Knowing that funding is curtailed presently until early fall, possibly earlier, this schedule conflicts with other business activities needed to be accomplished at that time by myself. Needless to say, it would be best to start work on this ADMR copying work now, which I would like to do as my schedule now permits this. Otherwise, because of timing and deadlines in the fall, it will necessitate making this work 2nd in prjority. Therefore, a smooth transition of copy work to drafting might not occur if we should way to start copying the ADMR data at that time. I believe it will take between 3 and 4 man weeks of my time to complete this task, which could easily be performed during the month of August, fitting into my schedule well, now. I am, therefore, in favor of continuing this work immediately, but will defer to your decision as to when it is started.

Tom

TEW/ms

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ARIZONA

Mineral Resource

BUDGET NEWS

The Arizona State Legislature finally passed, and the Governor signed, a State budget for the fiscal year 1992-1993. The Arizona Department of Mines and Mineral Resources is included in that budget and will continue to operate, aiding the development of the State's mineral resources.

As a result of budget constraints the Legislature has directed the ADMMR to eliminate the mining engineer position that was vacated May 1, 1992 with the retirement of Dick Beard.

TUCSON OFFICE CLOSES

After deliberation, the Department's Board of Governors made the difficult decision to close the ADMMR office in Tucson. This does not mean the end of service for those people in southern Arizona engaged in the development of mineral resources. The following alternatives are suggested when it is inconvenient to visit the Department's Phoenix office.

1. Call ADMMR at 1-800-446-4259 from anywhere in Arizona.

2. Review file data and library references by phone. A limited number of pages can be sent by facsimile or express mail service. Obtaining complete file data is available through contract copy services. Ask for details. This is a service often used by our constituency throughout North America.

3. Use other libraries. Most published reference material is available in Tucson at the Arizona Geological Survey, the University of Arizona Library, the U.S. Bureau of Mines, and the U.S.Geological Survey.

4. Schedule a field visit. Within the limits of our small travel budget it may be possible to meet with a staff member for major projects.

We encourage you, when possible, to visit our offices at 1502 West Washington in Phoenix. You will find reference material, mine and prospect files, and other mining related information readily available.

IN MEMORIAM

Arthur William Bloyd, Curator Emeritus of the Arizona Mining and Mineral Museum passed away on June 24, 1992. Art was instrumental in reorganizing the museum after it was reacquired by the Department in 1974. Art, known for his consummate knowledge of minerals and enthusiasm for the Museum, was curator from 1974 to 1989 when he retired with a medical disability. He will be missed by all whose lives he touched, especially Arizona's rockhounds and mineral collectors, his friends, and those who worked with him.

Mine Trivia:

Can you name Arizona's newest open-pit copper mine?

FEDERAL MINING LAW REPEAL

Enclosed with this newsletter is a memorandum from the American Mining Congress entitled House Interior Committee Approves Mining Law Repeal Legislation.

DONATIONS REQUESTED

After operating in our new facility for a year, a number of needs have become evident. In view of the fiscal restraints on the State we are asking for surplus items from our friends in industry.

Equipment needs:

Binding machine Map storage cabinets - flat Book shelves (12" X 36" X 84" preferred) PC computer equipment Letter-size file cabinets

Library needs:

Economic Geology, January 1986 through the present Geologic Society of America Bulletins, Memoirs, etc on Arizona Industrial Minerals Magazine, Issue #1 - #255 Mining and Scientific Press Post-1975 mining, mineral processing, geologic, and geophysics reference and textbooks

Arizona Department of Mines & Mineral Resources, 1502 W. Washington, Phoenix, AZ 85007

REMEMBER, WE ALWAYS WANT REPORTS AND DATA ON ARIZONA MINING AND MINERAL EX-PLORATION. Please keep the Department in mind when planning the dispersal or disposal of such information.

RECENT PUBLICATIONS

OFR92-10 Copper Oxide Resources

Listing of a thousand mines and prospects in Arizona that contain copper oxide mineralization. Location maps accompany the data. In press.

OFR92-9 Status of Industrial Mineral Consumed in Arizona and California

The current status of industrial minerals consumption data in various industries in Arizona and Southern California is detailed in this open-file report. This open file report is frequently updated during the year. In press.

SR17 The Primary Copper Industry of Arizona, 1990.

The report covers production, stripping ratios, ore grades, mill recoveries, reserves, employment and wages, and other statistics pertaining to Arizona's copper industry. A brief review of each producer's facilities and activities provides information on industry acquisitions and restructuring.

D39 Active Mines in Arizona, 1992.

Fifty-seven companies, operating 100 mines, are listed in this year's directory. In addition, 114 sand and gravel operations are listed. The directory lists operating company name, corporate address and phone numbers, key personnel, mine, mill, or smelter location, and a description of the operation. The directory includes a 1:1,000,000 scale map.

MR7 Gold Panning in Arizona

This mineral report addresses recreational gold panning and placer gold locations in Arizona. It is both a useful reference work and a handy gift for friends.

MINE TRIVIA ANSWER:

Magma Copper Company's San Manuel Mine. Development of the open-pit, located within the subsidence zone of the underground mine, began in 1985.

ASPED

Included with this newsletter is a general policy statement for the Mining and Minerals Cluster of the Arizona Strategic Plan for Economic Development (ASPED). ASPED has been recently renamed the Governor's Strategic Partnership for Economic Development, to be known as GSPED.

MINING ACTIVITY

- Georgia Marble Company has acquired Andrada Marble Company and is constructing a new plant at the quarry site to produce crushed and ground calcium carbonate.
- Cambior USA Inc. plans to develop Carlota, a new open-pit copper oxide mine and SX-EW facility. The mine will consist of 4 deposits; Carlota, Eder North and South, and Cactus. Reserves totaling about 76 million tons of .5% copper were announced, with drilling nearing completion.
- Southwest Color Supply is nearing completion of a natural red iron oxide mining and milling project to produce red paint pigment. The mine is located in Yavapai County and the mill is located in an industrial park in Phoenix.
- Mining scams, always detrimental to the mineral resources industries, seem to come in waves. Current subjects involve unassayable ores together with secretive extraction processes and "gold loans" wherein an unsophisticated investor is encouraged to hold bullion as collateral for a loan. The "gold loans" are being promoted and arranged by telemarketing methods.
- Cyprus Copper Company has new corporate offices in Arizona at 1501 W. Fountainhead Parkway, Tempe, AZ 85282, phone (602) 929-4400.
- Clay is one of the very few mineral commodities to experience a large annual growth rate in consumption. Uses that prompts this growth include leachate containment for ponds, waste dumps, and landfills.

Our small staff and limited budget do not allow us to release newsletters on a regular basis, but we hope to be able to use this media as one more method to disseminate information on Arizona mining and minerals. In these times of expanding demands for mineral resources, communication becomes increasingly important for the industry and for the general public. If you know someone who would like to be added to our mailing list, please let us know.

Pack-up Marked iten 5th page



Department of Mines and Mineral Resources

1502 West Washington Phoenix, Arizona 85007 Toll Free in Arizona - 1-800-446-4259 (602) 255-3791

LIST OF AVAILABLE PUBLICATIONS

April, 1992

ORDERING INSTRUCTIONS

Prepayment is required on all orders. Make checks payable to the Dept. of Mines & Mineral Resources.

POSTAGE and HANDLING

Orders are shipped "Special Fourth Class - Book Rate." Postage and handling charges are listed below. If your total order is:

\$0.50 - \$5.00, add \$1.50

\$5.01 - \$10.00, add \$2.00

\$10.01 - \$20.00, add \$2.50

(If order is above \$50.01 please contact the Department.)

Photocopies of out-of-print publications are available for \$.15 per page.

NOTE: When ordering 3 or more free circulars, please enclose \$1.00 to help defray costs. SPECIAL REPORTS

DIRECTORIES

D32 ARIZONA MINING CONSULTANTS, by N.J. Niemuth, 1988. A listing of registered consultants for the following mining related disciplines: assayers, geologists, geological engineers, geophysical engineers, metallurgical engineers and mining engineers. Approved U.S. Mineral Surveyors are also included. 30 p. \$1.50

D35 EXPLORATION OFFICES - 1988, by N.J. Niemuth. A listing of 67 companies that either have exploration offices in Arizona or have exploration interest/activity in Arizona but with regional offices elsewhere. The commodity interest for each company is included. 18 p. \$2.00

D39 DIRECTORY OF ACTIVE MINES IN ARIZONA - 1992, The listings are alphabetical, giving company name, address, key personnel, mine name and location. A separate listing of sand and gravel operations is provided. Includes 1:1,000,000 map showing the locations of the active mines and mine offices. 20 p. \$4.00

\$20.02 - \$30.00, add \$3.00 30.01 - 40.00, add 3.50 40.01 - 50.00, add 4.00

SR1 URANIUM PROSPECTOR'S GUIDE, by K.A. Phillips & M.N. Greeley, 1979. A guide for the independent prospector searching for occurrences of uranium. Chapters on mineralogy and geology of uranium and prospecting methods. 34 p. \$2.00

SR11 MANUAL FOR DETERMINATION OF STATUS AND OWNERSHIP, ARIZONA MINERAL AND WATER RIGHTS, by J.C. Lacy, 1986. A detailed explanation of land, mineral rights and water rights ownership status. Includes annotated samples of status maps and indexes. 50 p. \$3.00

SR12 LAWS AND REGULATIONS GOVERNING MINERAL RIGHTS IN ARIZONA, by V.H. Verity and L.D. Clark. 9th Edition, reprinted 1988. A lay language interpretation of federal and state laws applicable to mineral rights within Arizona. Includes discussions and forms for locating (staking) and maintaining claims on both public domain and State owned lands. 91 p. \$5.00

SR17 THE PRIMARY COPPER INDUSTRY OF ARIZONA, 1990, by R.R. Beard. Summarizes activity in Arizona's copper industry during 1990. Contains detailed statistics on the copper industry, including production by mine, and a reserve table providing grade and tonnage for over 60 deposits. 69 p. \$8.00

MINERAL REPORTS

MR3 MOLYBDENUM OCCURRENCES IN ARIZONA, by C.J. Hicks, 1979. Occurrences are listed by county with a brief description of each. The mineralogy, geology, uses and history of molybdenum are provided. 37 p. \$6.00

MR4 ARIZONA INDUSTRIAL MINERALS, by K.A. Phillips. 1987, Covers 1400 known Arizona industrial mineral occurrences. The commodities included are mica, silica-quartz, specialty sand, pumice, limestone, salt, dolomite, clay, zeolites, fluorspar, feldspar, wollastonite, strontium, and others. Includes location tables and maps. 185 p. \$12.00

MR5 GEMSTONE PRODUCTION IN ARIZONA, by K.A. Phillips, 1988. Text of a presentation for the American Institute of Mining, Metallurgical & Petroleum Engineers. 6 p. \$2.00

MR6 BERYL - A UNIQUE OPPORTUNITY FOR THE PROSPECTOR AND SMALL MINE OPERATOR, by K.A. Phillips, 1986. Describes the mineral beryl, prospecting techniques, and its amenability to production by small mine operators. 7 p. \$2.00

MR7 GOLD PANNING IN ARIZONA, by D. Bain, 1990. Includes the origin of placer gold in Arizona, prospecting tips, panning instructions, and maps to panning locations. 30 p. \$3.00

MINE OCCURRENCE SERIES

The data in the Mine Occurrence Series was compiled from a study done in cooperation with the US Bureau of Mines. The data is updated on a continuous basis by the Department in a series of county databases known as Arizona Mineral Industry Location System (AzMILS). All items may be ordered in paper or PC compatible disk form. Computer data is in Dbase file format, but can be requested in ASCII. Please indicate disk size and density when ordering.

County AzMILS Indices contain 3 parts: an alphabetic listing of primary and alternate names, a geographic listing by legal description, and an AzMILS numerical sort. Each listing includes the following information; mine name, alternate mine name(s), AzMILS number, and location by legal description (township, range, section, quarter section).

County AzMILS Databses include primary mine name, alternate name(s), commodity(s), topographic quadrangle name, latitude, longitude, township, range, section, quarter section, and references.

Number	County	Index Paper	Index Disc	Database Paper	Database Disc
M0-1	Apache	\$25.00	\$12.00	\$40.00	\$20.00
MO-2	Cochise	29.00	15.00	60.00	30.00
MO-3	Coconino	28.00	14.00	55.00	27.50
MO-4	Gila	30.00	25.00	65.00	32.50
MO-5	Graham	25.00	12.00	45.00	22.50
MO-6	Greenlee	25.00	12.00	35.00	15.00
MO-7	La Paz	25.00	15.00	45.00	22.50
MO-8	Maricopa	30.00	15.00	75.00	37.50
MO-9	Mohave	40.00	30.00	105.00	52.50
MO-10	Navajo	25.00	12.00	35.00	15.00
MO-11	Pima	35.00	25.00	80.00	40.00
MO-12	Pinal	35.00	25.00	80.00	40.00
MO-13	Santa Cruz	30.00	12.00	50.00	25.00
MO-14	Yavapai	50.00	30.00	125.00	75.00
MO-15	Yuma	25.00	12.00	30.00	15.00

Commodity Databases include the same information as the County Databases, but are for specific commodities and cover the entire State.

Commodity	Database Paper	Database Disc
MO-16 Gold	\$300.00	\$155.00
MO-17 Silver	250.00	135.00
MO-18 Copper	250.00	135.00

Special Sorts are available, sorted on any field or combination of fields. Price: \$25.00 plus 15 cents per occurrence.

Program System

A menu driven collection of 19 programs simplifies searching, sorting, viewing and printing information from the databases. The programs are compiled run time versions that do not require Dbase or any other software to use. \$100.00

County AzMils Maps. Arizona mine occurrences plotted on Arizona Department of Transportaion base maps (scale 1 = 2 miles) by AzMils number. Order by county and map number from the index map.

Blackline copy, \$2.00 per sheet.



OPEN-FILE REPORTS

OFR89-1 INDUSTRIAL MINERALS IN ARIZONA'S PAINT INDUSTRY, by K.A. Phillips, 1989. Addresses a potential market for development of industrial mineral deposits in Arizona. The State's paint manufacturing industry is described emphasizing the wide variety of industrial minerals consumed, their specifications and the quantities used. 13 p. \$2.50

OFR89-2 INDUSTRIAL MINERALS IN ARIZONA'S WALLBOARD JOINT CEMENT INDUSTRY, by K. A. Phillips, 1989. Addresses a potential market for development of industrial mineral deposits in Arizona. The State's wallboard joint cement manufacturing industry is described emphasizing the specifications and quantities of industrial minerals consumed. 9 p. \$2.50

OFR89-3 INDUSTRIAL MINERALS IN SOUTHERN CALIFORNIA'S WALLBOARD JOINT CEMENT INDUSTRY (A Potential for Mineral Development in Arizona) by K.A. Phillips, 1989. Addresses a potential market for development of industrial mineral deposits in Arizona. The region's wallboard joint cement manufacturing industry is described emphasizing the specifications and quantities of industrial minerals consumed. 12 p. \$2.50

OFR90-5 PUBLICATIONS OF THE DEPARTMENT OF MINES AND MINERAL RESOURCES FROM 1939 TO 1990, by D. Bain, 1990. 15 p. \$2.50

OFR91-6 INDUSTRIAL MINERALS IN ARIZONA'S CULTURED MARBLE INDUSTRY, by K.A. Phillips, 1991. Addresses a potential market for development of industrial mineral deposits in Arizona. The State's cultured marble industry is described emphasizing the specifications and quantities of industrial minerals consumed. 11 p. \$2.50

OFR91-8 PUMICE AND PUMICITE IN ARIZONA, by J.M. Hoffer, 1991. Describes over 50 pumice occurrences in Arizona. 67 p. **\$10.00**

CIRCULARS

Circulars are free. When ordering over two, however, please include \$1.00 to help defray costs.

C2 ARIZONA LAND OWNERSHIP STATUS, by K.A. Phillips, 1988. Brief instructions on determination of land status.

C3 PLATINUM IN ARIZONA, by K.A. Phillips, 1980. Answers commonly asked questions about platinum group metals, minerals, and potential in Arizona.

C4 PROSPECTING FOR BARITE, by C.J. Hicks & K.A. Phillips, 1981. Brief discussion of barite and its deposits. Provides prospecting guidelines applicable to most minerals.

C7 SERVICES OF THE DEPARTMENT TO POTEN-TIAL PURCHASERS OF ARIZONA MINERAL COMMODITIES, by K.A. Phillips, 1988.

C8 COBALT, by C.J. Hicks, 1982. Describes cobalt, its minerals, geology and Arizona's potential for the prospector.

C9 TITANIUM, by M.N. Greeley, 1982. Describes titanium, its minerals, geology, and Arizona's potential for the prospector.

C10 SERVICES AND HELP FROM THE ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES. by K. A. Phillips, 1985.

C11 MINING SCAMS, by M.N. Greeley, 1986. Discusses common features of mining scams and ways to avoid being a victum of one.

C12 PATENTING A MINING CLAIM. Revised January, 1980. Explains requirements and procedures.

C14 REFERENCE MATERIAL LIST - PHOENIX OFFICE, by D. Bain, 1987. Listing of ADMMR library holdings on mines, mining, and recovery technology.

C16 ARIZONA ROCKHOUND INFORMATION, by D. Bain, 1987. Includes information on mine tours, mineral collecting fee areas, gold panning, and a short bibliography.

C18 ASSAYERS AND ASSAY OFFICES IN ARIZONA, by N.J. Niemuth, 1989. Lists addresses of commercial assay offices in Arizona with registered assayers.

C19 BOOK LIST, A selection of elementary through advanced texts pertinent to geology, mining, and minerals.

C20 MAPS AND BOOKS FOR ARIZONA GOLD AND GOLD PROSPECTING. Authors, titles, and publishers' names and addresses are provided.

C21 SEVERED MINERAL RIGHTS. Bureau of Land Management., 1979. Answers questions that arise concerning mineral exploration on lands where the surface rights are privately owned, but the mineral rights are owned by the Federal government.

C27 TREATING GOLD ORES BY AMALGAMA-TION, by R. R. Beard, 1987. Text of a presentation at a mining seminar.

C30 ARIZONA MINING LAW CHANGE - 1989, 1990. Explains the changes in lease and claim procedures for State Trust Lands.

C32 ARIZONA GEM SHOW LIST- 1991-92, Includes date, location, sponsoring group, contact person.

C33 COUNTY AGENCIES CONCERNED WITH MINING & MINERAL RESOURCES IN ARIZONA, 1991. Includes a listing of all County Recorders' addresses.

C34 STATE AGENCIES CONCERNED WITH MIN-ING & MINERAL RESOURCES IN ARIZONA, 1991. Contains names, addresses, and pertinent people at state agencies concerned with mines and mineral resources.

C36 ARIZONA RECORDATION LAW CHANGE, 1991.

C37 ARIZONA MINING UPDATE - 1991. A review of current mining activity in Arizona. Includes gold, copper, uranium, gemstone, industrial mineral, and coal activity.

C38 FEDERAL AGENCIES CONCERNED WITH MINING IN ARIZONA, 1992. Contains addresses of Bureau of Land Management, Forest Service offices, and other Federal agencies.

C39 PERTINENT DATA FOR NEW OR PROSPEC-TIVE MINING OPERATIONS IN ARIZONA, by N.J. Niemuth, 1992. Briefly discusses permits and regulatory requirements of state, federal, and county agencies for mining operations.

C41 EARTH SCIENCE CLUBS, 1992.

MAPS

All maps are shipped folded. Contact the Department to special order rolled maps or a different scale or media.

M84-1 ARIZONA MINERAL POTENTIAL MAP, by K. A. Phillips and others, 1984. Scale 1:1,000,000. Map showing areas favorable for future discovery and development of mineral deposits for land use planning considerations. Blackline **\$2.50**.

MM-17 METALLOGENIC PROVINCES OF ARIZONA by P.F. O'Hara, N. J. Niemuth, and G. Ryberg, 1989. Preliminary edition showing 49 metallogenic provinces in Arizona. Compiled from USBM Mineral Occurrence Location System for Basin and Range and Transition zones. Scale 1:1,000,000. Blackline **\$2.50**.

MINE OCCURRENCE MAPS - See page 2

REPRINTS OF OUT-OF-PRINT MAPS

GOLD PLACER MAP, by M. Johnson, 1970. Scale 1:1,000,000. Map showing location of placer gold deposits in Arizona. Reprint of USGS Bulletin 1355, Plate 1. Blackline print. \$2.00.

GEOLOGIC MAP OF MARICOPA COUNTY, ARIZONA, by E. Wilson, R. Moore, and H. W. Peirce, 1957. Scale 1:375,000. Originally published by Arizona Bureau of Geology and Mineral Technology. Blackline print. \$1.50.

GEOLOGIC MAP OF PIMA AND SANTA CRUZ COUNTIES, ARIZONA, by E. Wilson, R. Moore, and R. O'Haire, 1960. Scale 1:375,000. Originally published by Arizona Bureau of Geology and Mineral Technology. Blackline print. \$1.50.

ARIZONA MINING DISTRICT MAP, by E. Wilson, R. O'Haire, and F. McCoy, 1961. Scale 1:1,000,000. Map and Index of Arizona Mining Districts. Originally compiled by Arizona Bureau of Geology and Mineral Technology. Blackline print. \$2.50

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ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: CONTENTION MINE

ALTERNATE NAMES:

HEAD CENTER FLORA MORRISON TRANQUILITY PUMP SHAFT YELLOW JACKET GRAND CENTRAL GROUP

COCHISE COUNTY MILS NUMBER: 171

LOCATION: TOWNSHIP 20 S RANGE 22 E SECTION 11 QUARTER SE LATITUDE: N 31DEG 42MIN 10SEC LONGITUDE: W 110DEG 03MIN 44SEC TOPO MAP NAME: TOMBSTONE - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

SILVER GOLD LODE LEAD COPPER OXIDE

BIBLIOGRAPHY:

KEITH, S.B., 1973, AZBM BULL. 187, P. 74 AIME TRANS. V. 10, P. 335-339, 342-343 AIME TRANS. V. 33, P. 3-37 AZBM BULL. 143, P. 41, 43-45, 69-71 ADMMR CONTENTION MINE FILE AGS 1988 FALL FIELD TRIP

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: TOUGHNUT MINE

ALTERNATE NAMES: NORTHWEST HOODOO STOPES

COCHISE COUNTY MILS NUMBER: 213

LOCATION: TOWNSHIP 20 S RANGE 22 E SECTION 11 QUARTER SE LATITUDE: N 31DEG 42MIN 30SEC LONGITUDE: W 110DEG 03MIN 58SEC TOPO MAP NAME: TOMBSTONE - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

LEAD SILVER ZINC COPPER GOLD LODE CALCIUM

BIBLIOGRAPHY:

KEITH, S.B., 1973, AZBM BULL. 187, P. 79 ANTHONY, J.W, ET AL MINERALOGY OF AZ P 35, 92 98, 115 AZBM BULL 143, 1938, P 41, 44, 89, 92-93 AIME TRANS V33, 1903, P 3-37 ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: BUNKER HILL MINE

ALTERNATE NAMES:

MAMMOTH RATTLESNAKE BLACK BEAUTY

COCHISE COUNTY MILS NUMBER: 166

LOCATION: TOWNSHIP 20 S RANGE 22 E SECTION 14 QUARTER SW LATITUDE: N 31DEG 41MIN 28SEC LONGITUDE: W 110DEG 03MIN 46SEC TOPO MAP NAME: TOMBSTONE - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:

SILVER LEAD ZINC MANGANESE COPPER OXIDE

BIBLIOGRAPHY:

KEITH, S.B., 1973, AZBM BULL. 187, P. 74 AZBM BULL 143, 1938, P. 45, 47 USBM IC 7990, 1961, P. 31 NEW MEXICO GEOL SOC GUIDEBK, 1978, 29TH CONF. P. 319 ADMMR BUNKER HILL FILE

Ken Philips

NOTICE

TO: Users of and suppliers to the Department of Mines and Mineral Resources FROM: Leroy E. Kissinger, Director SUBJECT: Department of Mines and Mineral Resources Tucson Office EFFECTIVE DATE: April 29, 1992

Most of you know that the State of Arizona's fiscal condition is still a shambles to put the best construction on the subject. As a result of budget constraints necessary to match spending with income, the Legislature has directed the ADMMR to eliminate the mining engineer position that will be vacated May 1, 1992 with the retirement of Dick Beard.

After discussion with the Board of Governors for the Department, the hard decision has been made to close the ADMMR office in Tucson. This does not mean in any way that the Department will stop providing information for those people in Southern Arizona who are engaged in the development of mineral resources. It is our intent that we continue to provide that service with our small staff in Phoenix to the best of our ability.

The following procedures have been established to make the Department's service available to the mining public.

1. The Department can be reached by calling **1-800-446-4259** from anywhere in Arizona which will ring in the Phoenix office of ADMMR.

A staff member will review files and library references, make copies for mailing, transmit by facsimile a limited number pages, ship reports by Federal Express or other express mail service and provide the same service that is given to our constituency throughout North America.

Most published reference material - that is, books, trade publications, etc. are available at

the University of Arizona Library, the U.S. Bureau of Mines and the U.S. Geological Survey office, or the Arizona Geological Survey.

2. It will be possible to set up field visits with a member of our technical staff for major projects.

3. The Federal mining claim microfiche are now available at the Tucson BLM office at 675 N. Freeman Road in Tucson. Don Ducote is the BLM office manager in Tucson. Their telephone number is (602) 670-5321. The Federal mining claim microfiche are also available for use at tht Pima County Recorder's Office, phone (602) 740-8151.

4. We encourage those who are able, to visit our offices at 1502 West Washington in Phoenix. You will find reference material, mine and prospect files, and other mining related information readily available. You will also find a convenient and comfortable place to work and do your research in your quest for discovering new projects or developing old mining projects.

While it by no means will be as convenient for our friends in Tucson, we believe that with a minimum of extra effort on your part, we can still provide the service that you desire and deserve.

The positive side of this solution is that we believe the job can still be done with a significantly lower cost to us taxpayers.

Good hunting !!!





JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

April 30, 1992

Mr. Douglas MacKenzie President Excellon Resources Inc. Suite 200-20 Adelaide St.E. Toronto, On Canada M5C 2T6

Dear Douglas,

Re: Progress in digitization of Tombstone maps.

The digitizing of the underground mine workings is going somewhat more rapidly than I had expected. Pete Bondante has completed the Contention Pump Shaft area horizontal workings, and will be working on inputting the shafts and stopes today. You will recall that we are entering it into AutoCAD in 3 dimensions. This will allow us to understand various aspects of the mines and geology that are simply not possible in a 2 dimensional presentation. Even with this preliminary look we are able to see some important relationships that were not apparent before. For example, it appears the Tranquility Fault portion of the Contention Zone may be listric-normal, that is it appears to flatten with depth. Lower workings appear to be concentrated in the footwall of this fault. This suggests the hanging wall has never been explored and introduces the possibility that virgin mineral zones may be present in this block.

Further good news has resulted from Tom Waldrips research of our files in the last week. Fourteen years ago, in 1978, our librarian cataloged 150 additional maps and some 2,000 assays covering workings and stopes in the anticlinal rolls to the west of the Contention area. However, as a result of the law suit filed by Tom Schloss (TEI); this work was stopped and the data was never copied. These data are thought to exist in archives in Phoenix. Tom will be making a trip to check these archives as soon as he can make arrangements. Further, Tom has evidence to suggest that there are assays from the Contention area workings, and that sometime during the early part of this century, all workings were re-sampled, and these data may still exist. Of course this material will be invaluable. The 2,000 assays we have identified would cost at least \$60,000 to re-sample if the workings were accessible, which they aren't. We also hope to find the Eagle-Pitcher data on their mining operations in the district that span the period of time from the 1930's to the late 1940's(?).

When we get the additional data, we will probably enter the assay portion of it into the computer via dBaseIII+ (a powerful data base program), which will then interact with our GIS (Geographic

Information System) software called MapInfo. The images of the mine workings and geology will be imported from AutoCAD. When that has been accomplished we will have a "smart map" in which the data may be manipulated in a variety of useful ways, interactive with the map.

Our preliminary print outs of the underground workings are in color, and I would be happy to Fed. Ex. a copy to you if you would find it useful.

The discovery of the additional data is truly exciting. I had suspected that additional data existed and would be found once we got started. However this catalog from 1978 has remained forgotten and hidden in our files until Tom discovered it. Other data may well exist. With this information we, at low cost, will be able to reconstruct, and accurately view in a way never before possible, the extensive data that exists on the Contention Lease and surrounding area. Subsequent drilling will, as a result, have very specific targets and resulting information will be entered into an already detailed 3 dimensional model of the old part of the district. Highly informed decision making will be possible.

Ð

Very truly yours; 1 cor James A. Briscoe



JABA INC. 2100 N. Wilmot Rd. #218 Tucson, AZ 85712 (602) 885-9141 (FAX) 721-2768

April 30, 1992

Mr. Douglas MacKenzie President Excellon Resources Inc. Suite 200-20 Adelaide St.E. Toronto, On Canada M5C 2T6

Dear Douglas,

Re: Addendum to this mornings report.

I forgot to mention an important new item.

The maps that are currently going into the AutoCAD system show drill stations that Newmont Mining used for underground diamond drilling in the early 1950s. Since we now know the 3 dimensional location of these positions, we can input the drill log data of Newmonts' that we have in our files. Further there is a core storage house at the Empire shaft that I am told contains the Newmont core. Assuming the core is intact, with legible labels, we can re-log this core or re-sample it if necessary.

Newmont unfortunately did not assay all their core for gold. This appears to be a common mistake that appears to have been repeated with every operator in the district up to the present time. Tom Waldrip thinks he sees evidence that gold disseminates outward more pervasively than silver in the ore bodies that we have data on. Thus we are encouraged that gold mineralization will be more widely distributed than the mined ore bodies.

Very truly yours; COT

James A. Briscoe

Aco. 8/19/9/ \$413-Good 11 7/3/91 I've taken a few second while getting materials Jim out for Frunch do sran through Butless & Wilson article on Tombertone a gain. Seem that our I deas about structural evelution of Tombstone fit closely with those of theirs . . . compression creating foldenig / neverse faulting accongramed by faulting (shearing stress) m to compression normal breaks tension compression. ANTICLINC Syncling TENSION DIRECTION Stowenter ARL DIRECTION , Non continuous LENAR FAULTING) NDKATING A SHEAR renciees SPACE offer etc. Goode Nov OFAULTS Revense Complessioni DiKC NE SW X X X OR REVERSE FAUTING NORMAL TO COMPRESSION direction

1/16/93 Tom: I ran across fluis nome in my files. Jour Hipughts are good IN I've not sure if you kept a Oppy so I made these, Due should go into the Tombs fore note book system -Here of Sher should the offer should go to Denars hance for Kerl Kaushergs 20

I feel these Structural flatures probably arere created at time of compression. The important question is timing of Sike emplacement and muneralegation. I believe that all events may have taken place at relative one time frame. I've never been able quite to understand how the fersures carried meneralization and deter generally were barrier but I think now I've come up with and idea. as follows compression: creating folds and reverse faulting also SHEAR FAULTING and Tension breaks Emplacement of defes along SHEAK FAULTS with resultant Gracting of wall rock. SHEAR FAULTS were continuous to depth and receptive zones for dike emplacement while Tension breaks were non continions and anreceptive. Nydro thermal solutions - were generally sealed off fromis SHEAR FAULTS (occupied by Solidifie deties) but able to go surface ward in Tension breache. Que to hydrostatic pressure the Tension break tended to split apart and become contensis probably creating enough movement along threw lenght to create some shear. as this stress encountered the debe they with original shear facture) in their original shear direction - theis explained, how sometimies these arears are strongly mineralized. - see mext page

Prie numerial / defie STRIKE SLIP MOUCHe At. MAYBE OFF SET BY TENSION FRAUTURES SHEAR X X X Dike Emplacement Jernellane Fissure MINEIAL DEVELOPMENT mineralize il di Le area often high grade -due to many small spaces and veins Minerallico X

Normal faulting - Tranquility Contention fault. post meneral - aff set both fissure yones and Empire Dike (foulted Sigments hering Contention deke (:)) oboviouily normal faulting of a shale sequence with create some some stress with we a polid dike and it would tend to undergo Brittle fracturing. Supergene numeralization - mealbening creales enveronmen Where by Sulphede numeral break down creating sulphultic alteration, removing all beet selice and clays. These yones would thus be conduce ideal hosts for Supergener numerale ation of Gold'& Selver. of interest is the fact that the delie " does carry some numeralization in the faulted" yones above the 5th level (Secondary numeralization) as to the footwall of faults near dikes. of oven more interest is that where these faults intersect receptive horregon's below the dete that also are numeralized. These fore my conclusion is that the faults and dethe have nothing to do with the original mineralization - but did act as channel ways for secondary leached solutions - where supergene mineraly tion took place -See altached for ideas etc. reading

THE TOMBSTONE DISTRICT

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e angle to the l to warp into esuming their of t¹ ~ fissures rei__ction of described by faults, dikes, ent along the ends into-the it-approaches

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(U Geol.

The effect of the Tranquility fault system is to drop the hanging wall area to the east, perhaps as a single block in the northern part and as a series of slices or blocks in the southern part. The details of this fault so far as known are illustrated and discussed in the descriptions of the Contention-Grand Central ore zone.

The displacement on the fault is not known from direct measurement. Assuming that the Contention dike is a faulted portion of the Empire dike and that the movement was down dip, a displacement of 500 feet is calculated. The total displacement of the segments of the Contention dike, shown on Plate VIII, amounts to 590 feet.

Grand Central fault

Cutting the rocks in the southern portion of the Tombstone basin is a system of northwesterly striking faults of which the best known is the Grand Central fault. This fault offsets both dikes and fissures, but its age relation to the Tranquility-Contention fault is not known. Where the faults meet in the Little Joe workings, the rocks are greatly crushed, and there are not enough accessible openings to make a determination of the relations possible.

Date of the late faulting

The time of the late faulting is not definitely known. It was later than mineralization. On the Southern Belle claim, 300 feet east of the Dipper shaft, is a fault that lies in strike with the Tranquility-Contention fault, dips eastward, and displaces the Cenozoic deposits. It seems likely that a part, at least, of the movement on the Tranquility-Contention fault took place at the end of Tertiary or in early Quaternary time.

CAUSE AND RELATION OF STRUCTURAL FEATURES

The several structural features of the Tombstone district are perhaps the result of a single system of forces acting over a considerable period of time, but, if so, the character and direction of such forces have not been clearly determined or postulated. The earliest forces in the Laramide revolution seem to have been compressive and resulted in folding and reverse faulting. As judged by the nearly east-west Prompter reverse fault, the compression was in a north-south direction, but the folds in the Tombstone basin and in the southeastern part of the district indicate that the compression was in a northeast-southwest direction.

The early folding and reverse faulting were followed and perhaps in part accompanied by the nearly north-south fracturing. Displacement occurred on the stronger of these fractures, and the presence of dikes in some of them indicates that they were deep seated. They may be regarded as the results of shearing stresses that accompanied the folding. The northeast ore fissures trend nearly at right angles to the folds in the Tombstone basin and are marked by very little displacement. They are-more-continuous as fissure-zones_than as individual-fissures. These features suggest tension breaks rather than compression breaks.

The earlier structures might therefore have resulted from forces compressing the region in a southwest-northeast direction, with accompanying tension at right angles.

The later faults are normal, indicating extension rather than compression, and may be regarded as the result of the cessation of the compressive forces and the settling and readjustment of the region by gravity.

ORE DEPOSITS

HISTORY AND PRODUCTION

Summary

The Tombstone district proper was discovered by Ed. Schieffelin in 1877. By 1880 it was developed to large production with metallurgical plants on the San Pedro River.

By 1882 some of the mines had reached water level, and pumping was undertaken. The encountering of water in the mines led to the building of metallurgical plants at Tombstone and the abandonment of those on the San Pedro River.

By 1886 many of the large ore bodies had either been mined out or mined to water level, and production in the district fell off sharply.

During this early period to 1886 the district produced about one half of its total to the present. In 1881 and 1882 it yielded more than \$5,000,000 worth of ore per year. From 1886 to the present the district has been a steady producer. Production has varied with conditions but has averaged more than a third of a million dollars per year. It was stimulated during the World War and subsequent years by the high price of manganese and silver and in recent years by the increased price of gold.

By 1900 many of the properties had been combined under one ownership, and during the next decade a serious attempt to develop the deposits below water level was made. This attempt did not prove profitable and was abandoned in 1911.

The value of metals produced to the close of 1936 is estimated at \$37,000,000: \$19,000,000 was produced from 1879 to 1886 and \$18,000,000 from 1886 to 1936.

The accompanying table is a brief summary of the history of the district.

Detailed description²⁷

Before its purchase from Mexico, the region that constitutes southern Arizona was largely controlled by Indians. Prospectors

²⁷ Based largely upon unpublished notes by J. B. Tenney and information furnished by J. H. Macia.

THE TOMBSTONE DISTRICT

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The shales of the Bisbee group above the Blue limestone are weak beds that in places are complexly folded, but for much of the area the details of this folding have not been determined. The most favorable beds on which to work out the general structure are those of the Blue limestone and the top of the Naco limestone. The brittle "Novaculite" lying between these strata presents a complexity due to adjustment that is difficult to understand until the main structure as represented by the more competent beds is determined. There is some suggestion, especially in the Empire area, where close folding has brecciated the "Novaculite" and dike fissures further broke it, that the entering dike tended to bulge into the brecciated areas, and the resulting adjustment further complicated the structure of this zone.

Dikes

Opportunity for observing structural features in the dikes has not been favorable in the Contention-Grand Central zone where mineralization along and in the dikes is greatest, since the mine workings in that area are largely caved. This dike fissure is a fault on which there has been considerable displacement, in contrast to most of the other dike fissures on which little movement has taken place. The deformation resulted in considerable brecciation in some of the beds cut by the fault, and the intrusion of the dike material into the fissure probably further brecciated the rocks along the walls. The walls of the fissure and the dike were further broken by movement on the fissure after the dike material had solidified. In general, faulting of the dikes resulted in gouge along the break rather than in breccia, but the mineralization in the Contention dike indicates that under some conditions permeable zones must have resulted from faulting along and in the dike. In general the dike fissures on which there was some faulting, such as the Contention-Empire dike fissure, have produced permeable zones along the dikes and to some extent in the dikes that have been favorable to mineralization. Prospecting along other dikes with less movement on their fissures has not revealed much ore. The northeast fissures, where they crossed the dike fissures, further broke the rock and completed the preparation of

do not cross the dikes directly but tend to swing into the dikes for any fort some distance in crossing.

The large ore shoots are at such crossings.

DEPOSITS ASSOCIATED WITH NORTH-SOUTH (DIKE) FISSURES

Contention-Grand Central ore zone

The Contention-Grand Central ore zone follows the Contention dike from the Tranquility fault southward through the Head Center, Contention, Flora Morrison, and Grand Central mines, past the Brady stope. In this length of 3,300 feet, it contained many large, rich ore bodies mainly between the surface and the

fourthelevel. As the Contention, Grand Central, and Head Center mines yielded more than \$10,000,000 worth of ore prior to 1886, this ore zone has been the most productive one of the Tombstone district. Generally the rock was soft and the mining costs were low.

Water was encountered below the sixth level. During 1901-6, in an expensive effort to unwater the district, the Pump shaft of the Contention Mine was sunk to the tenth level. This project was abandoned in 1911, and subsequently the Pump shaft caved. The greater part of the Contention-Grand Central workings are now inaccessible.

Here the surface is composed of shale and sandstone of the Bisbee group, stratigraphically higher than the "Joe" limestone member (page 19). These beds prevailingly dip at low angles eastward and are intruded by the Contention dike. The Tranquility fault, swinging southward near the Tranquility shaft and separating into several branches, displaced the sedimentary beds and the dike in a complex manner (Plates IV and VIII). Some of these branches follow the bedding planes, and others dip more steeply. Due to their eastward dip, these faults displaced three or four segments of the dike successively downward and eastward, all above the fifth level (Plate VIII). At places the structure has been further affected by cross faults of east to northeast strike and relatively small displacement.

Ore occurs (1) in the faulted segments of the diker (2) in brecciated footwall-zones of these segments, and (3) in limestone beds of the shale sequence. Very little ore has been found below the fifth level where the dike is in place and unfaulted.

The ore bodies appear to have been genetically connected with northeast fissures, some of which are traceable on the surface (Plate IV). As stated on page 36, an ore fissure, upon intersecting the dike, tends to follow it for an interval before resuming the northeastward trend.

Two ideas as to the structural relations may be considered.

1. Prior to displacement by the postmineral Tranquility fault system, the upper portion of the dike, with steep, westward dip, and the sedimentary beds, with gentle easterly dip, formed a single northward-trending structure, like an inverted trough, that trapped the ore solutions. Within this structure, the rocks of sufficient permeability and favorable chemical composition were mineralized by the ore solutions from the northeast fissures.

Due, probably, to unknown conditions of fracturing, the portions of the dike above the fifth level were relatively permeable and susceptible to mineralization, whereas the dike on the seventh and lower levels was very little altered.

2. The Contention dike was faulted by the Tranquility fault system before the formation of the northeast mineralizing fissures, and the ground in the faulted block was well prepared for mineralization. The evidence does not warrant a definite selection of one of these but suggests the latter with the probability of renewed postmineral movement. According to Blake the dike is

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luility fault ralizing fisrepared for fini⁺⁻ selecob: .ity of the like is laminated parallel to its walls, and large portions of it are strongly silicified. In the upper three levels, particularly, the dike and adjacent shale show extensive kaolinization.⁴⁹

The ore was rich in silver, gold, and lead. Much of it was high in iron, and most of it was oxidized.

In the northern part of the zone were numerous large ore bodies, as shown on Plates IV and IX. South of the Grand Central shaft there were three large ore bodies in a faulted segment of the dike above the third level. No ore was found in the dike south of the southernmost or Brady stope. On the footwall side of the dike near the Brady stope, impure limestone in the shale sequence contained a sulphide ore body that was mined for 50 feet below the third level.

The Contention dike was followed on the third level for some 1,500 feet south of the Brady stope to the Dipper shaft but without finding any important ore bodies.

It may be noted that the intersections of the northeast fissures with the Blue limestone, "Novaculite," and upper part of Naco limestone have not been thoroughly prospected in this area.

Emerald Mine

The collar of the Emerald shaft is at the top of the Cambrian Abrigo limestone, which dips 35 to 45 degrees E. The mine workings connected with the 900-foot inclined shaft attain a vertical depth of approximately 880 feet and pass from Abrigo limestone into Bolsa quartzite at the eighth level. As these workings were inaccessible at time of visit, the following description of the underground features is based upon unpublished notes by F. L. Ransome, together with additional information furnished by J. H. Macia.

The ore deposit is mainly south of the shaft, within a fault fissure that strikes N. 20 degrees E. and dips about 76 degrees W. Replacing crushed material, the ore is narrow to absent where the fissure is tight. It is wider and of somewhat better grade in the Abrigo limestone than in the Bolsa quartzite. Although not of commercial width or grade throughout, the ore formed an essentially continuous shoot 1,100 feet long by ½ to 10 feet wide from the surface to below the deepest workings. According to Mr. Macia, an 80-foot winze from the ninth level, about 400 feet south of the Emerald shaft, showed a width of 6 feet of ore that contained 10 per cent lead, 8 per cent zinc, ^{2/3} per cent copper, 11 ounces of silver, and \$2.00 in gold per ton. Discontinued because of water, this winze did not reach the bottom of the ore shoot. Mr. Macia states that the production from below the seventh or water level was worth \$278,000.

The ore mined was partially oxidized sulphides. According to Ransome, considerable wulfenite was present in the oxidized material, and horn silver occurred in some of the solid galena. 1.11

⁴⁹ Wm. P. Blake, "Geology and Veins of Tombstone, Arizona" (Am. Inst. Min. Eng. Trans.), X (1882), 338-39.



Plate VIII,---Generalized cross section through Contention dike at Pump shaft, looking north. (Modified from F. L. Ransome.)

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Shop No. 149
File No. 2037 ST
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Latest Quotation

1 oz. Gold.....

1 oz. Silver..... 1 Ib. Copper.....

1 lb. Leod.....

1 lb. Zinc.....

THIS CERTIFIES

Samples submitted for assay contain as follows:

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Date. 18 March 1968

Arizona Assay Office

815 NORTH FIRST STREET

Phone: 253-4001

JAMES STEWARE CO Phoenix Arizona

1. 28 × 4. 2 × 2 × 2 × 2

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Charleston,

Phoenix, Arizona 85001 P. O. BOX 1148

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REMARKS

Assayer.....

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P. O. BOX 218 PHONE 364-8092

DOUGLAS. ARIZONA - 85607

CERTIFICATE OF ASSAY

ame James Stewart Co, Address 3033 N, Central Phoenix, Arizona

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MINING ENGINEER AND

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MEMORANDUM TO FILE

Pisciple

March 4, 1968

Hite

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RE: Mining - Limestone

Diamond drilling of this deposit was authorized on February 29. Drill location was picked near the limestone outcropping which occurs on State Land Section 7, T 20 S, R 22 E. However, actual drilling is on Federal Land approximately 15 feet west of east section line and on the Claim Horne #123 near the east end center post.

Geophysics of the hole reveals:	
\ Depth/to Cu	825'
Ore Thickness	1080'
\ "A"/	12.6
''B''	11.6
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Geophysics of spot 175' southeast	
Scopily Brody of April 1	
Depth mf to Cu	750'
Ore Thickness	1365'
"A"	10.5
/ "B"	7.7
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MEMORANDUM TO FILE

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March 7, 1968

382

RE: Limestone - Boyles Brothers Drilling - HOLE L-1

Wednesday evening, March 6, 1968 - 4 p.m. - Hole at 250' depth. Now in the U. S. Porphry - fairly good alteration zones in preceding 100'. A sample taken at 206' to be assayed.

C. A. Cosgrove

CAC :ef

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270 Shop No 2046 51

VALUES Letest Oustation

1 oz. Gold 1 oz. Silver 1 lb. Copper 1 lb. Leod 1 lb. Zinc

THIS CERTIFIES Samples submitted for assay seatain as follows: 25 April 1963 Date

Arizona Assay Office

815 NORTH FIRST STREET

Phone: 253-4001

JAMES STEWARD CO PROENIX ARIZONA Phoenix, Arizona 85001 P. O. BOX 1148

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Short Ton 2000	Lbs.
Short Ton Unit 20	Lbs.
Long Ton 2240	Lbs.
Long Ton Unit 22.4	4 Lbs.

MARKS	SIL	SILVER PER TON		VALUE		GOLD PER TON		UE	TOTAL VALUE PER TON		CUPPER				REMARKS
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ANDY CHUKA, PRINT

ALTERATION-MINERALIZATION ZONING IN PORPHYRY ORE DEPOSITS



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Meno To: James a. Briscow From; T.E. Waldrep & Date: June 19, 1992 Re: Computerce 3-0 Geologic map construction, objectives, Macedures, Tombistone Mining Destrict, Cochese County augonia P----01 Jpn: Pursuant to our meeting of Thursday morning, June 18, 1992 please find following information regarding our expected and envisioned means of constructing à three demensional geologic map of the Tombstone mining districto as you are aware this is the first teme that any of ees, you lete ov I have undertaken a drafting project of this type (3-D) I magnitude and complexity. Therefore by meressity, we've proceeded towith caution in our altering efforts, taking extreme care to break-out all components on to seperate layers. Here to fore, peter and I have been moceeding towards a hypothing goal results without leenefit of a witten format or check list of procedures to "reach these goals. This is not to say we've been proceeding without direction, just that the ideas have been capaulated \bigcirc in my head and not written down. as a result of the our meeting it was clear that these ideas meeded to be transfired to paper inorder to have a more formal quide line to proceeder by and also keep ow client informed © Copyright 1988 by JABA INC. of our efforts.

Following please find my initial but line, which by necessity will be denamic and processes, and ever khanging as a results of changing hardware, koleware, lead tenie, Jeninical conditions to name a few.items. I: Review & Intrepret in house data. During this process, where herets fore, I've Johen enhouse and external sources of geologie data and provitienced as to value for inclusion into the data base for detiging, including mine working, gologie maps, plan days, cross-sections, drilling data trenching, sampling daba etc. Numerious deplicate and for information repetive items have been eleminated by this pocess. I've also up graded all map. so far, by coloring them there to fore most maps were black-fashile copies I to make them laseer to input semular data and often cleanify what initially appeared to the extrancoles and at best unclear data. Acondary, it was necessary to curefully color cordinate varbus, elevational data primerince may plan maps have information projected either \bigcirc upor down to the plan map elevation this data had to be seperated, clearly, (Zvalue) in the arment the poper elevation has been no easy tash, for in the past © Copyright 1988 by JABA INC.
little allention has been paid for presenting 3 elevateorial data, wa clear and consece manner. I've now charted out elevations for most of the major mines in the District along with tevels, but revisions are still being made to increase accusary as more data is reviewed. Not to worry, though, is the fact we can easily change an elevation on any previous work done, in seconds, because if our layered drawing system, resulting peater begrees of acturacy and not more work. If External Dources of Data To date three additional sources of map data data have been located for underground workengo (geologie, workenigs and assay data) amounting to agreported 250 additional maps. access and unlimited except copyability is & believed to be worth at the cost of copying, pehedeles and security of the property. These sources will be looked into de in-house pourses of data are exhusted and adequate funding is in hand to undertake such work. 14 Data Input This will be an on going process through and the life of the project, heaverly loaded on the front-end in both time, effort and expense. This I feel is the weakest lind in the claim as it is the point of greatest potential error input © Copyright 1988 by JABA INC.

of questionable (useful) data, Great care must "he taken to accurate" place the data in space, (2) interpret often criptic notes and detail; (3) understand that you are dealing with data from several eras, some of which is of varing degrees of accuracy; 4) predict predrawn blas of authors doing the work especially an intrepreted data such as crosspections and projected data to plan or cross-section, and 5.) visualize the complex mature of the mode of meneralization that is projected to plan maps most of whech is actually dipping between Heretofore, most visual presentations have been either vertical or horizontal projections of three dementional data to two-dementional surfaces (plans or cross-sections) a relative simple almost mechnical method of presentation. Generally, elevation components were ellustraced only it cross-section - for which the greatest degace Entrepretation of geologic features is also present. On the other hand - plan maps have the greatest amount of Mal data but lettle blevational détail. When one begins drafling in 3-D one must not only be understanding of the 3-D surface detail but also detail in space below ground at various elevations and the interations of all components; Es with the earth's surface bloching access of underground workings, Computer generated tertaarn projection create a simulai situation, thus the term vertual reality maps. Thus working on the Comput JABAN © copyright 1988 by JABA INC.

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one must drag elements off the heretofore 2-D 3 ellustrated maps to their proper location in space on 2 Case in point - land maps have known surveyed directions from some place to a momement and then around the boundary of the claim. By drawing a claim of the above direction and distance one has a 2-D rectange setting in space, not really refecting reality on the edith's surface. In 3-D modeling lack claim monument must be drug to the earth surface model and placed on the surface Then if one wester to reflect the area of the claims a line neede to be drug along the surface between points. Almost without exception this line is longer than the true hourgontal destance as measured on flat plan as in surveying (the earth surface is irregular object.). One could leave the claim as suchreflecting the surface area only - but one must think ultimately of how, and what use and need one might have in the fature for such a claim boundary. Obviously should One wish to draw cross-sections of plan maps. in the future one would no-doubt like to see claim boundaries as the cross any section or plan elevation map. Refecting this need walls be extructed towards the earths anter lines can be extructed the surgace boundaries. to any depth, but a periores de cot only arrises by doing this. One tends to block buiew in space of other algieting from certain veew perspectives, such as mine working geology etc. © Copyright 1988 by JABA INC.

One has created a marce of cells (area of (b)claims) a walled maise in reality. How do you deal with this. Only by very careful handling of layers heeping each component seperate and by turning layers on on aff as meded for a particular presentation ou illustration when printing. Multiply this (stopes) workenings, geological formations, faulty dikes etc.) night start to see the complexity of 3-D modeling. This discussion their reflects why it is a very slow process, vare being taken not to create future problems for illustrative output. During this stage which I nuglit add, will be addative throughout the entrie stage of the project information such as location of Irilling, Muneralization, sampling, topographer, alteration Land Status, lithology, structure, culture, and man's past mining acturties will be represented basically on a one to - one basis in three dementional space. Thus we will be taking any useful data réprésenting hard information and fou which we feel à third demension maybe known ou found and placing that information as the having files for the project. Even mitrepretative data such ab Gross- Gection Con be useful in determing projected plunges of say one structures or any number of other items such as underground workings, bedding units etc. Most reconstructable past and present © Copyright 1988 by JABA INC.

data can be input at reasonable degrees of 7) accuracy (reality). This work then becomes the base map, if you will, for all future work which will either become addative and reinforce the ald data, addative and disprove interpretive andor real data ou addative to areas of no enformation. In so doing one can quickly make jidgements as to the validity of old data bets, its accurcy and any potential insete into in fuitive interposetation provide a ley visual mation ou de ductive Masonin IV Creation of Rata Base. Nehetofore efforts have been essentially directed towards identification of the parts and pieces of the pugget, trying to get a handle on the shapes, where they fit wither the pugnel, how they fit to gether are a unit or units, complexated they the reality that vie are dealing with meetyple pangels stacked on top of one ano ther. oo askal of called the Data Input Phase. During this the next phase we are taking the pan caked pumpels \bigcirc and creating inductualized data sets for each of the components that ultimately will be desliged, as exampled by numer depation, \bigcirc alteration, Hopes, lithology etc. Regularly Shaped objects, need not generally be delth with if they can be protrayed by lines planes, How other semple rectalinear shapes in a hight, width, depth format in three demenshional © copyright 1988 by JABA INC.

Abace. Regular faults, unfolded redements, nune workings, shafts, claim boundaries mugat represent exaples of such regularly shape alejects. Oh Other hand, eil regular shaped objects require nuch closer attention in order to peniaccurate poject them as real features with volume an shape in the three demensional attrasphere Ove must realize that each elrequilar object is none-the-less constructed of a multitude of. generally semple simple rectalinear framework mish. These facets give grapped a the object the perspective of volume and shape Often these illrequelarly shaped object are only partially pleant in shape and one demension of the other must be inferred or interpolated from what data is present, above below ou somewhere around the illne yularly phape object. The whole picture is not present. Most of the valuable information necessary to correctly visualize object in space be they Appes, folded sedimentary units, alteration yones, mineralization etc. fit this caligory. One can either grossly simply them or expend additional energies to more accurately protray them realistically. Several recently released software programs may no be able to automatically toke traving file data of Alorequear shaped abjects and make a topological rendering of its external surface over which a meskleke mosaic of planer surfaces and draped creating a vesually correct $^\circ$ Copyright 1988 by JABA INC. JABA

appearing object with depth of wew ou in other words, volume, which can be measured at least on the computer. Should these programs be found laching, a stand by method would be to create a ditigal data base using X, Y & Z values for the descrid object. run this actribute values through a contouring program and then fit a work over that "to create a object and then reinseit the created abyeit bach into the drawing as a rendering of the object. This later method take time and is much more mechinial but achieves the same results. For example lets say we wanted the bottom surface of the Bestree Fri One would set upa gride, hopefully in such a way to incoporate as much known data vests as possible for the bottom of the Bestee. Imaginary drill holes would then need to be drilled in such a way to intersect the the bottom of the Bribee in intermediate areas containing no real data pets and interpolated values apended as if it real data. The data is then contoured and you have a woim's eye view of the basal Bushee. Both methods are only models and would only be as realistic and waled as the amount of real data available for use at the tene of model construction. Future work would be necessary to refine all models to their greatest accurdey. The more work the closer the model © Copyright 1988 by JABA INC.

will fit reality. By necessity one will probably @ have to rely on rather crude pictures of any one piece of the pitare. The key factor here is that even a crude picture is better than no picture at all; and groups of pictures composed of all the known enformation can significantly encrease the veries's deductive copasity when viewing the countly arranged data in space. Thus the relation ships between mineralization, alteration, structure and lethologies I may become very niach niore clear, leadeny one to other semular areas (targets) within the District and hopefully enhancing the rate (success) of discovery of mineralyation ... as present above the exact needs of V Contouring this dection await evaluation of various other methods of modeling below surface data. I'm optomistic these other options will provide a workable solution for modeling such objects None the Cess aufaire modeling will be done to provide us with a surface tertain model of topographic information of over the District. Shadenig and Intergration of drawing files VL Once the stage has been reached that sufficient detail has been retained in various drawing files, it this information is then rendy to to be chaded or painted on the surface and all the components combined to make a composit model. Here is the starting point where file maintance le come very important © Copyright 1988 by JABA INC.

in determining what layers of information are 11) to be worked with. If we've been successful in Reeping information relatively well seperated between various layers it should be a relative lasy process to shade necessary object. Otherwise additional peperation will be necessary before are work on this step. Shaded abjects will to take on the phape of that object but these objects will be hollow. This fait creates some problems when constructing later cross-sections and plan maps because of the hollow interior cross-section of such abjects but we should be able to overcome this by some sort of touching up when cross sections or maps are constructed. TI Cross- sections and Plan Map Construction, altimately most of the information intered into the model of the Tombestone Mining District will intergrated into one large drawing file; Master model of you will Because of the volume of data, and that the data will tend to be hidden by abjects in front of behind, under or over the intended drewing area, a method muit be devised in order been such information, for intrepretative value. In some cases, some relationship nay become apparent by derect observation from the compater reconctor simply he manipulation of certain layers of information contained wa drawing file. Nowever, for most of the information a more limited mewing area will be necessary in order to fally find understand its value. This is in reality © Copyright 1988 by JABA INC.

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is a problem of perspectives of the thewer, intertwined (2) with a paneparent wew of the model, then in which opac walls have been placed. These open walls are omnidurectional in space and block of the at some point the abservers new of other ofyects. behind them. Because of the ominommidsrectional destractions must continually change were point and perspectives to see what needs to be viewed. on the computer generated monitor version, To avoid this confusion multiple horryontal and/or vertical pluce map can be constructed to intergrate délettre information, into 2-directional maps which eaw le weived without interference of the opace wall. A series of these maps can then, be quickly looked at to get a visual quasi quasini three demensional model of the area. Care needs to be taken, however when constructing any slice maps. Whensever a slice of the 3-D model is takenly a verable width slab of the earth surface must be looked at. If one makes this slab to thick or to their details can be confusing. This is due to the fact that everything in that slab is projected to the plane of the drawing. Thus you could get nuni workings on top of One another, stopes blocking out mine workings, and "Withological contacts appearing as thicker units or Formations, only to mention a few problems. Further, any word shaped objects in the drawing including any thing capable of being measured for volume will need to be © Copyright 1988 by JABA INC.

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