



CONTACT INFORMATION  
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The following file is part of the JABA, Inc. Tombstone Mining Records

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### **QUALITY STATEMENT**

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## OUTLINE OF EVALUATION REPORT FOR THE USMX DRILL PROGRAM

### I. SUMMARY

#### A. Detailing of assets

1. \$500,000 spent on drilling and property payments since Jan. 1993.
2. Delineation of a geologic resource of between 72,702 oz Au equivalent (Combined Au & Ag), stated to be open pitable and 28,322 oz of deeper resources which is suggested to be too deep to mine by open pit. The total is 101,024 AuE, which at \$400 AuE would be valued at \$40,409,600. The strip ratio is suggested to be 4:1 using a 1:1 (45 degree) pit slope.
3. If close attention is paid to engineering geology of any projected open pit, the permissible pit slope can probably be 1.5 : 1 or 60 degrees. The strip ratio can thus be greatly reduced.
4. Crushed rock resources including AB type material, minus 6 inch nominal material and rip-rap, were not included in the USMX report. Hereinafter these materials will be referred to as Rock Product (RP), meaning any or all of those named. RP materials are estimated to have a potential value averaging in the estimated range of \$3.00 /per short ton. There is approximately 5 million tons of this material in current dumps aggregating an estimated value of \$15 mm.

- X
5. The rock value of \$3 can thus be added to both ore and "waste" mined from any projected open pit. As the crushed ore is exhausted of its precious metal content by leaching it will be (after neutralization of cyanide) offloaded from the heap leach pads and sold. This releases capacity of the expensive heap leach pads for more ore which in typical un-reusable heaps is lost, thus reducing significantly the cost per ton of the pads. Further, the waste rock is immediately translated into material that will pay for the cost of mining and crushing, as it can be sold for more than that cost (say \$1 to mine and \$1 to crush to a salable product). Thus the waste stripping becomes marginal ore. Since a significant amount of this material has low gold and silver values, it can go onto the leach pad. Beyond this, it is probable that screening tests will show that precious metals will report to the fines, and can thus be screened out. Thus the low grade could be crushed and screened, the fines agglomerated and heaped leached or milled, while the <sup>coarse</sup> sold as rock product (RP). Once the fines had been leached, this product too could be offloaded from the dumps and sold. This sale of



RP could have a significant effect on the stripping ratio effectively reducing it to zero. As stated above, the leach pad cost would be significantly lowered, as sale of RP would continually release "new pad" at no cost. The only limitation to this exercise would be:

a. The maximum sales potential of RP in the potential sales area which could include, if the railroad comes to Tombstone:

- (1) Tombstone
- (2) Sierra Vista
- (3) Benson
- (4) Wilcox
- (5) Bisbee
  - (a) For building aggregate
  - (b) For acid tailings remediation
- (6) Cochise Power plant
  - (a) Acid neutralization
- (7) Tucson
- (8) Phoenix
- (9) Nogales
- (10) Lordsburg
- (11) El Paso
- (12) Fill and cap material for Cochise Co. sanitary land fills.
- (13) Road metal for the above areas.

b. The price commanded by the RP.

- (1) RP has traditionally come from dry river beds in the southwestern USA. Because of extreme growth of the cities in the area need has produced large excavations in the dry river beds, while urban growth has encroached on the source areas. Flood flow during storm drainage in the usually dry rivers has caused down cutting by the rivers in response to the RP mining. Road crossings, bridge abutments and pilings and power transmission lines have been undercut and damaged or threatened. The result has been increasing regulations against mining of RP from river beds. Thus Tucson and Sierra Vista, and probably the other areas named, are in a deficit position with regard to high quality RP. RP from the Contention open cut is of a higher quality than that currently available in Tucson, Sierra Vista and Phoenix. Because of significant growth rates in all these areas, RP demand will remain high for the foreseeable future.
- (2) Competitive marketing of the RP will be necessary.

(3) Transportation costs will play a pivotal role.

(a) Tombstone is centrally located between population centers in Cochise Co., and only 20 miles or less from Sierra Vista, one of the most rapidly growing areas in Arizona. A new high capacity bridge at the Charleston crossing of the San Pedro river installed 2 years ago will allow hauling of heavy loads which the previous bridge did not.

(b) A rail line connecting Bisbee with the Southern Pacific RR at Benson 28 miles to the north exists and is currently used to haul freight, by a Scenic Railroad Tour Company. They have plans to rebuild the rail connection to Tombstone. When (and if) this line is constructed it may provide a less expensive way of hauling RP to surrounding metropolitan and road and other construction sites in the Southwest USA.

6. In the waning phases of mining after all heap leachable material was near exhaustion, the impermeable leach pads could be converted into impermeable, permanent land fills. Assuming a 10 mm ton capacity heap leach pad, and the lower density of refuse, a capacity of 8 mm tons might be envisioned. The tipping fees that might be expected, per the August 11 Wall Street Journal, could be in the range of \$30 to \$40 per ton. Lets say local Sierra Vista, Tucson, Phoenix, El Paso area fees might be \$20 per ton. Then the 8mm ton capacity of the heap leach pads which would have been completely amortized would result in an end of project cash flow of \$160 mm.

#### B. Surface Geology

1. No field check by JAB
2. Inconsistencies with previous maps (meaning the Butler - Wilson, Ransome maps)
  - a. Right lateral faulting with dip slip down on the W.
    - (1) Previous maps suggest left lateral faulting with dip slip down on the E.
  - b. Segment of Contention dike in area of North Ramp Joe limestone drag fold.
    - (1) Inconsistent with consistent strike of

other dikes within district.

- c. Joe limestone in the west wall of the Contention open cut is mapped (interpreted) as a large north trending fold (anticline), and its mapped extent takes it through just north of the Flora Morrison shaft, without faulting in a N - S trend. The axial plane of the described anticline is at an odd angle to previously mapped anticlines in the district and at odds with the with the standard direction anticline just 60 feet N.
  - (1) Previous maps show the Joe ls as three N 45 degrees E trending segments cut and separated by strands of the Contention - Tranquility fault zones and the Grand Central fault.

3. Significant geologic phenomena identified by the USMX mapping.

- a. Hornfels and calc-silicate alteration zones (indicating approach to a porphyry copper center) identified.
  - (1) Along axial plane of the Sulphuret North Roll (anticline).
  - (2) In the area of the west wall of the Contention cut that would be the right flank of the roll (anticline) of the Joe ls.
  - (3) In the east wall of the Contention open cut just west of the north end of the north ramp.
    - (a) This map pattern indicates increasing alteration intensity to the northeast, and is compatible with the increased geochemical moly content of geochemical samples plotted by Newell (1974) and with the Briscoe Hypothesis of a porphyry copper center toward the southeast corner of the town of Tombstone. It reinforces notes by Ransome, circa 1914 who identified massive calc-silicate alteration in the Naco formation on the 600 foot level of the Contention mine.
    - (b) I believe this is evidence that contradicts the suggestion that the Tombstone mineralization is part of a "failed porphyry copper system or one at distance from the mineralization", as stated in the USMX report.

- (4) Relation of the West Side Roll to the

Grand Central fault.

- (a) The strike of the roll (anticline) mapped in the area of the breccia on the southwest side of the pit - the exposed gold bearing area, is assumed to be the projection of the West Side (Sulphuret) roll. It isn't clear whether this feature was actually mapped, as there are no dip symbols in its vicinity, or whether it is projected from existing maps.
- (b) The northwest trending faults bounding the breccia zones are perhaps the Grand Central fault zone, though it was shown on the earlier maps as only one strand.
  - i) The trend of the WSR (West Side Roll) from its known position of over 2 thousand feet would have it intersecting the GCF (Grand Central Fault) at or just north of the Flora Morrison shaft, where it would be offset in a right lateral manner S of the fault.
    - a) The new map is inconsistent with the old.
    - b) It is important as the mineralization exploited by the Joe shaft may be the result of the offset portion of the WSR south of the GCF

(5) Tranquility - Contention fault main strand.

- (a) The main strand of the Contention - Tranquility fault passes through the Head Center shaft trending about N 18 E until it passes near or thorough the Tranquility shaft where it turns further east becoming the Tranquility fault trending N approx 47 E where it goes under cover. Movement is dip slip down to the east with left lateral movement of about 450 apparent southward movement (measured on the offset of the Joe limestone from the old maps).
- (b) This fault has not been plotted on

the USMX map and it may have been confused with a fault of the opposite sense plotted in the bottom of the pit.

- (c) The recognition and position of the CTF is critical because of its significant movement both dip slip and strike slip.

i) Kansbergs states, speaking of the mineral zone exposed in the bottom of the southwest part of the Contention cut, page 2 & 3, "Drill results indicated that mineralization extended about 400 feet northwest of the sampled area, but failed to continue further westward"...

ii) Measurement from the JABA map which shows the Contention fault in this area, indicates that it cuts and displaces the mineralization 450 feet to the south to somewhere south & west of the Flora Morrison Shaft. Since this zone accounts for a majority of the shallow ore, this is a critical concept.

a) It may be the high grade ore intercepted in the bottom of TS 33 may be the offset portion of this zone.

## COST ESTIMATE - RECOMMENDED PROGRAM

### Phase 1

1.	Geological mapping, geologging of 1989 & 1993 drill cuttings, geologic interpretation.	\$ 40,000
2.	Data compilation, computer input, Mintec block model and ore reserve calulation.	12,000
3.	Rock assays, geochemistry including sampling.	17,000
4.	CSAMT geophysical survey - orientaion phase	6,000
	- contingent survey	22,000
5.	Drilling - including supervision and assaying.	
	(a) Exploration - percussion & spot coring. 5000 ft. at \$10 per ft.	50,000
	(b) Definition - reverse circulation. 5500 ft. at \$15 per ft.	82,500
6.	Engineering, management and reporting.	<u>25,500</u>

Total phase 1

US \$ 255,000

### Phase 2

1.	Drilling - incl. supervision and assays.	
	(a) Exploration - percussion and spot coring. 5000 ft. at \$10 per ft.	\$ 50,000
	(b) Definition - reverse circulation. 10000 ft. at \$15 per ft.	150,000
	(c) Metallurgical - diamond HQ core. 2000 ft. at \$25 per ft.	50,000
2.	Metallurgical testing.	20,000
3.	Reserve calculations and prefeasibility report.	20,000
4.	Engineering, permitting and reporting.	<u>25,000</u>

Total Phase 2

US \$ 315,000

TOTAL PHASE 1 & 2

US \$ 570,000



## COST ESTIMATE - RECOMMENDED PROGRAM

### Phase 1

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6.	Engineering, management and reporting.	<u>25,500</u>

Total phase 1

US \$ 255,000

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2.	Metallurgical testing.	20,000
3.	Reserve calculations and prefeasibility report.	20,000
4.	Engineering, permitting and reporting.	<u>25,000</u>

Total Phase 2

US \$ 315,000

TOTAL PHASE 1 & 2

US \$ 570,000

0212

JUN

**FAX**

A TEAM PROFESSIONAL ASSOC., INC.  
2432 WEST PEORIA AVENUE  
BUILDING 7, SUITE 1075  
PHOENIX, ARIZONA 85029-4730

Date 06/01/94Number of pages including cover sheet 3To: JAMES BRISCO <sup>e</sup>

From:

DAVID A. RHINEPhone (602) 885-9141Fax Phone (602) 721-2768

CC:

Phone (602) 906-0020Fax Phone (602) 906-0019☐ Urgent☒ For your review☐ Reply ASAP☐ Please comment

Jim:

Please review the following draft of Contract. If this meets with your approval hard copy will be mailed for execution. We should be able to respond to this contract for scheduling of work to be performed two weeks from now.

Sincerely,



David A. Rhine

Exec. V.P.

25-30 hrs / day

### CONTRACT FOR PROFESSIONAL SERVICES

CLIENT: JABA, Inc.  
2100 North Wilmot Road, Suite 218  
Tucson, Arizona 85712

OWNER: ~~not known~~ *Excellon Resources USA Inc.*  
*Suite 200-20 Adelaide St. E*  
*Toronto, Ont. Canada M5C 2T6*

PROJECT: Use Global Positioning Systems to determine the coordinate locations of drill coring locations.

For the purpose of this Contract, **A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED** shall be herein referred to as SURVEYOR, and **JABA, Inc.** shall be herein referred to as CLIENT.

The surveyor agrees to comply to Standards and Specifications outlined in proposal, herein attached, and to furnish all supervision, labor, materials, and Professional and General Liability Insurance to perform said survey.

#### SCOPE OF WORK:

Global Positioning Services on a minimum of forty-five (45) drill coring locations. For procedure, accuracy and deliverables, please see the enclosed proposal.

The Client and Surveyor agree:

1. Surveyor shall not be liable for damages resulting from the action or inaction of governmental agencies, and governmental relations.
2. In the event that client institutes a suit against surveyor because of any failure or alleged failure to perform, error, omission, or negligence, and if such suit is not successful, client agrees to pay surveyor any and all costs of defense, including reasonable attorney's fees.
3. Should litigation be necessary to enforce any term or provision of this agreement, to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid by the client.
4. All original papers and documents, and copies thereof, produced as a result of this contract, except documents which are required to be filed with public agencies, shall remain the property of the surveyor and may be used by the surveyor without the consent of client.



5. A late payment PENALTY of one and one-half percent (1-1/2%) per month, which is an annual rate of eighteen percent (18%) shall be applied to any unpaid balance, commencing thirty (30) days after the date of the original invoice, unless other provisions for payment have been stipulated.
6. In the event all or any portion of the work prepared or partially prepared by the surveyor is suspended, abandoned, or terminated by the client, the client shall pay the surveyor all fees, charges, and services provided for the project, not to exceed any contract limit specified herein.

The Client to compensate the surveyor as follows: (Per the attached Scope of Work)

locate a minimum of Forty-five (45) drill locations at \$80.00 per point \$ 3,600.00

The total amount of three thousand six hundred, is based on \$80.00 per point.

**MOBILIZATION FEE:** A minimum of fifteen percent (15%) of the total contract will be required prior to commencing on the Scope of Work. This Mobilization Fee totals \$ 540.00

**CONTRACT BALANCE:** The balance of the total contract amount will be due and payable upon delivery of coordinate listing of drill site locations.

**SPECIAL NOTES/PROVISIONS:**

It is to be expressly understood between A Team Professional Associates, Incorporated and JABA, Inc., that upon a written signed contract AND Mobilization Fees, work will commence immediately. However; should JABA, Inc., for any reason, be denied a contract by the owner, JABA, Inc., shall compensate the surveyors for work and costs incurred up to and including the date of being notified in writing by JABA, Inc. of "stoppage" of work.

This Contract Agreement, Pages 1 and 2, including Proposal, which are hereby referred to and made a part of this Contract, shall constitute the Main Contract Agreement, and shall be binding on both parties of said contract.

**SURVEYOR:** A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED  
2432 WEST PEORIA AVENUE, BUILDING 7, SUITE 1075  
PHOENIX, ARIZONA 85029-4730

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_, 19 \_\_\_\_\_

**CLIENT:** JABA, Inc.  
2100 North Wilmot Road, Suite 218  
Tucson, Arizona 85712

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_, 19 \_\_\_\_\_



*James A. Brisco - Copies*

GPS SURVEYING

LAND SURVEYING

CORPORATE OFFICE  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029  
(602) 906-0020  
FAX (602) 906-0019

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

June 02nd, 1994

Attn: Mr. Douglass MacKinzie, President  
Excellon Resources, Incorporated  
20 Adelaide Street East  
Box 28, Suite 200  
Toronto, Ontario M5C 2T6

Re: Global Positioning Systems survey to determine the coordinate locations of drill coring locations in Tombstone, Arizona.

Dear Mr. MacKinzie:

As per correspondence with Mr. James A. Brisco of JABA, Inc., we have been instructed to provide the contract for the above referenced work directly to your attention.

If you would be so kind as to take a few minutes to review the enclosed "Contract for Professional Services", and upon your approval, sign and date both copies provided, keeping one fully executed copy for your records and returning one fully executed copy to A Team.

Should you have any questions, please give me or David Rhine a telephone call.

Respectfully,

Loretta G. Wahl  
President, CEO

enclosures

cc: Mr. James A. Brisco, JABA, Inc., Tucson, Arizona

**received**  
6/4/94







GPS SURVEYING

LAND SURVEYING

CORPORATE OFFICE  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029  
(602) 906-0020  
FAX (602) 906-0019

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

## CONTRACT FOR PROFESSIONAL SERVICES

CLIENT: Attn: Mr. Douglass MacKinzie, President  
Excellon Resources, Incorporated  
20 Adelaide Street East  
Box 28, Suite 200  
Toronto, Ontario M5C 2T6

PROJECT: Use Global Positioning Systems to determine the coordinate locations of drill coring locations.

For the purpose of this Contract, **A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED** shall be herein referred to as SURVEYOR, and **EXCELLON RESOURCES, INCORPORATED** shall be herein referred to as CLIENT.

The surveyor agrees to comply to Standards and Specifications outlined in proposal, herein attached, and to furnish all supervision, labor, materials, and Professional and General Liability Insurance to perform said survey.

### SCOPE OF WORK:

- Mobilization of men and equipment to Tombstone, Arizona.
- Locate the positions of 70 drill coring locations.
- Provide Control coordinates that will be compatible to previous mapping coordinates.
- Minimum Horizontal Precision will be 1:50,000 internal accuracy.
- Provide Final coordinate listing of coring positions with a Registered Land Surveyor Certification and Seal.

The Client and Surveyor agree:

1. Surveyor shall not be liable for damages resulting from the actions or inaction's of governmental agencies, and governmental relations.
2. In the event that client institutes a suit against surveyor because of any failure or an alleged failure to perform, error, omission, or negligence, and if such suit is not successfully prosecuted, client agrees to pay surveyor any and all costs of defense, including reasonable attorneys fees.
3. Should litigation be necessary to enforce any term or provision of this agreement or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid by the client.

*Cegay*

4. All original papers and documents, and copies thereof, produced as a result of this contract, except documents which are required to be filed with public agencies, shall remain the property of the surveyor and may be used by the surveyor without the consent of client.
5. A late payment PENALTY of one and one-half percent (1-1/2%) per month, which is an annual rate of eighteen percent (18%) shall be applied to any unpaid balance, commencing thirty (30) days after the date of the original invoice, unless other provisions for payment have been stipulated.
6. In the event all or any portion of the work prepared or partially prepared by the surveyor is suspended, abandoned, or terminated by the client, the client shall pay the surveyor all fees, charges, and services provided for the project, not to exceed any contract limit specified herein.

The Client to compensate the surveyor as follows: (Per the attached Scope of Work)  
locate seventy (70) drill locations at \$73.00 per point

\$5,110.00

**MOBILIZATION FEE:** A minimum of fifteen percent (15%) of the total contract will be required prior to commencing on the Scope of Work. This Mobilization Fee totals \$ 766.50

**CONTRACT BALANCE:** The balance of the total contract amount will be due and payable upon delivery of coordinate listing of drill site locations and proper invoicing.

**SPECIAL NOTES/PROVISIONS:**

It is to be expressly understood between A Team Professional Associates, Incorporated and Excellon Resources, Inc., that upon a written signed contract AND Mobilization Fees, work will commence immediately. However; should Excellon Resources, Inc., for any reason, terminate this contract, Excellon Resources, Inc., shall compensate the surveyors for work and costs incurred up to and including the date of being notified in writing by Excellon Resources, Inc. of "stoppage" of work.

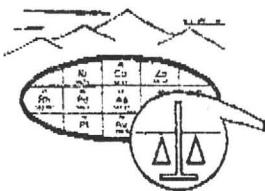
This Contract Agreement, Pages 1 and 2, which are hereby referred to and made a part of this Contract, shall constitute the Main Contract Agreement, and shall be binding on both parties of said contract.

**SURVEYOR:** A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED  
2432 WEST PEORIA AVENUE, BUILDING 7, SUITE 1075  
PHOENIX, ARIZONA 85029-4730

By: *Joretta A. Wahl* Title: *President, CEO*  
Date: *June 22nd*, 19 *94*

CLIENT: MR. DOUGLASS MacKENZIE  
EXCELLON RESOURCES, INC.  
20 ADELAIDE STREET EAST, BOX 28, SUITE 200  
TORONTO, ONTARIO M5C 2T6

By: *D. Mackenzie* Title: *President*  
Date: *June 7th*, 19 *94*



# SKYLINE LABS, INC.

1775 W. Sahara Dr. • P.O. Box 50106  
Tucson, Arizona 85703  
TEL: (602) 622-4036 FAX: (602) 622-6085

June 6, 1994

EXCELLON RESOURCES USA, INC.  
Attn.: Mr. A. Douglas McKenzie  
Suite 200-20  
Adelaide Street East  
Toronto, Ontario M5C-2T6

Dear Sir:

Pursuant to my conversation with Mr. James Briscoe, Tucson, Arizona, I am confirming our agreement on the pricing and turnaround-time for approximately 1000 RC cutting samples from your project in Southeast Arizona.

## DETERMINATION

## PRICE/SAMPLE

- 1). Preparation\* on 5lb RC sample,  
Crush entire sample to nominal  
minus 10 mesh, split 300 grams  
and pulverize in ring mill to  
nominal minus 200 mesh.....\$ 3.50
- 2). Au,Ag by fire assay/gravimetric finish  
(0.002 oz/ton Au, 0.01 oz/ton Ag).....\$ 2.50

\*NOTE: Turnaround-time on plus or minus 100 dry samples per day will be 36-48 hours. If samples are damp to wet add 12 hours drying time. If clayey/sloppy wet or standing water, add 24 hours.

Due to the rapid turn-around time required for this operation, and lack of previous credit experience, we would appreciate a 50 percent (\$6,000.00 US) advance on the project to be sent by "FED-EX". Also, if you could supply us with credit references in the States we would be most appreciative.

If you should have any questions, please call or fax.

Sincerely,

*William L. Lehmbeck*  
William L. Lehmbeck  
Manager

cc: Mr. Jim Brisco (by fax)

Charles E. Thompson  
Arizona Registered Assayer No. 9427

William L. Lehmbeck  
Arizona Registered Assayer No. 9426

James A. Martin  
Arizona Registered Assayer No. 11122

P.01

01 21212768

FROM SKYLINE LABS 14:56 06/06/1994

received

REVIEWED  
JAB

TOTAL P.01

\$6K received from Excellon  
4/9/94

COCHISE HEALTH SERVICES INC.

612 ETHAN ALLEN AVE

TAKOMA PARK, MD 20912

(301) 891-3246

received  
6/20/94

REVIEWED  
J.A.B.

Jim Brisco  
5610 E Sutler Ln.  
Tucson, AZ 85712

June 19, 1994

Dear Mr. Brisco

Cochise Health Services, a not for profit corporation, is making application to the Bureau of Land Management (BLM) for transfer of 640 acres of federal land in Cochise county Arizona. This application is being made under the 1926 Recreational and Public Services Act. That act requires that the issue of mining claims be addressed when transferring federal lands.

The area we want to acquire is in Cochise County on BLM property described as: The BLM parcel NW quarter of section 29 and the NE, NW and SW quarters of Section 30, Township 21, Range 23 East of the Gila and Salt River Base Meridian, Cochise County, Arizona.

Johnson  
Ranch  
area

It is our understanding that you represent the owners of mining claims for this area. We wish to enter into negotiations for the relinquishment of mining claims on this property contingent on the approval for purchase or lease/purchase by BLM. Please provide information concerning the terms and conditions for the relinquishment of federal mining claims.

Sincerely yours

Jennie Dirksen

Jennie Dirksen  
President

6/29/94 Tct - talked w/ John Dirksen.  
They want to use this land for a hospice  
out of town (AIDS) as residents don't want it  
in town. Exam. of our Tombstone land map  
shows this area is adjacent to Johnson Ranch.  
the next adjacent section. There there is  
no reason for any action.

JAD

## JOHN M. GUILBERT

740 West Las Lomitas Road  
Tucson, Arizona  
85704-2706

602-887-0628 phone  
602-887-3834 fax

Department of Geosciences  
University of Arizona  
Tucson, Arizona  
85721  
602-621-2509 phone  
602-621-2672 fax

June 23, 1994

Memo to: A. Douglas MacKenzie  
From: John M. Guilbert  
Re: Future drilling at Tombstone

You, Jim Briscoe, and I have just finished a 6-hour meeting on evaluation of drilling results from the first 7 holes around the Contention Pit area of the Tombstone Project. Jim expressed some concern that perhaps the generally bad results in the deeper portions of the holes had to do with air-loss, water-loss, or drilling-mud-loss with concomitant loss of precious-metal-rich fines into fractures in the hole walls. However, there exist many occurrences of low-grade gold in the lower portions of the holes the local distribution of which is similar to distribution of higher grades higher up, suggesting that the deep portions have normally disposed but just plain low-grade gold. The USMX holes show the same higher grades near the surface that the new holes do. Finally, there is almost no correlation between gold and silver, suggesting that one or the other has been influenced by supergene enrichment (probably the gold) and is likely to be richer near the surface in a blanket zone parallel to it. I conclude that the drilling and sampling appear true to life, and that the values at depth really are low. Systematic analytical procedure errors may still exist, but I don't think that 'blowout' contributes significantly to them.

The distribution of values STRONGLY (and disappointingly) suggests that most of the gold is supergene in the area tested, although logging of the holes (for fracture-veinlet versus limonite distribution) will tell the tale. We agree that the best ploy from here is to limit drill depth to 300 feet, and use the remaining budget to zap 8 or 9 shallow holes that will determine the extent of such supergene (or shallow hypogene) values. The Contention Fault appears far less significant than everyone has thought in terms of both structural offset and ore localization; 2 of the last series of holes in this stage will cut it, and 4 more will cut a strand of it and either the Skip Shaft or the Arizona Queen Fissures.

received  
6/26/94



e-mail Internet = GUILBERT@CCIT.ARIZONA.EDU Bitnet = GUILBERT@ARIZVMS.BITNET

Page 1 of 2

The 9 holes that we laid out will fill in three areas of potential shallow pits, areas that may link up to provide 200,000-300,000 ounces or so of gold. They probe the Contention Fault strands and zone, and especially the northwesterly-striking rolls and north-easterly-striking fissures in the area at the north end northwest of the Contention Fault zone, in it, and to the south and east of the pit. We can hope that parts of these areas will in fact link.

In any event, a score or so of the drill cuttings samples should be analyzed by the roll-bottle technique to make sure that the assay methods used do not under-report cyanide-leachable gold or silver.

The results so far are not as great as we had expected, but the best may yet be to come.

Page 2 of 2





ELKO BIT SERVICE PRICE LIST

<u>SIZE</u>	<u>TYPE</u>	<u>MANUFACTURER</u>	<u>PRICE</u>
4 1/2"	Hammer	Mission Sandvik	414.00
4 1/2"	Hammer	Drillmaster	392.15
4 1/2"	Hammer	Secoroc	392.15
4 1/2"	Tricone	Varel	586.50
4 1/2"	Tricone	Baker Hughes	575.00
4 3/4"	Hammer	Mission Sandvik	414.00
4 3/4"	Hammer	Drillmaster	392.15
4 3/4"	Hammer	Secoroc	392.15
4 3/4"	Tricone	Baker Hughes	575.00
4 3/4"	Tricone	Smith	632.50
4 7/8"	Hammer	Center Return	833.75
5"	Hammer	Mission Sandvik	414.00
5"	Hammer	Drillmaster	392.15
5"	Tricone	Smith	632.50
5 1/8"	Hammer	Mission	414.00
5 1/8"	Hammer	Center Return	833.75
5 1/8"	Hammer	Drillmaster	392.15
5 1/4"	Hammer	Mission	416.30
5 1/4"	Hammer	Drillmaster	392.15
5 1/4"	Tricone	Baker Hughes	632.50
5 1/4"	Tricone	Smith	638.25
5 3/8"	Tricone	Baker Hughes	632.50
5 3/8"	Tricone	Smith	638.25
5 1/2"	Hammer	Mission Sandvik	465.00
5 1/2"	Hammer	Drillmaster	392.15
5 1/2"	Hammer	Center Return	948.75
5 5/8"	Tricone	Baker Hughes	925.75
5 5/8"	Tricone	Smith	925.75
5 5/8"	Tricone	Varel S.J.B.	1,750.30
5 3/4"	Tricone	Varel S.J.B.	1,750.30
5 3/4"	Hammer	Center Return	948.75
5 3/4"	Hammer	Mission Sandvik	465.00
5 3/4"	Hammer	Drillmaster	392.15
5 7/8"	Hammer	Mission Sandvik	465.00
5 7/8"	Hammer	Drillmaster	448.50
6"	Hammer	Ingersoll	483.00
6"	Hammer	Drillmaster	483.00
6"	Hammer	Center Return	948.75
6"	Tricone	Varel	650.00
7 7/8"	Reamer	Back Reamer	1,035.00
10"	Hammer	Drillmaster	1,495.00
14 3/4"		Hole Opener	2,479.85

received  
6/27/94





**EKLUND**  
**DRILLING COMPANY INC.**  
LANCE J. EKLUND - Owner



Date: 6-27-94

FAX TRANSMITTAL SHEET

NUMBER OF PAGES:	2
COMPANY:	JABA, Inc.
FAX NUMBER:	602-721-2768
ATTENTION:	Robert Mace
FROM:	Eklund Drilling / Julie
TIME SENT:	1:20 pm.
MESSAGE:	Attached is our list of bit prices. Please note that the 15% is not included in that price.

\*\*\* Please notify us if all copies do not arrive \*\*\*

## Ian McAvity's European Tour - June 15 / 30, 1994

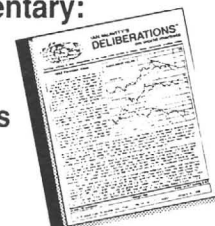
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IAN McAVITY'S  
**DELIBERATIONS**<sup>TM</sup>  
on world markets

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Editor: Ian M.T. McAvity, C.M.T.

*(Next issue will be mailed July 6th)*

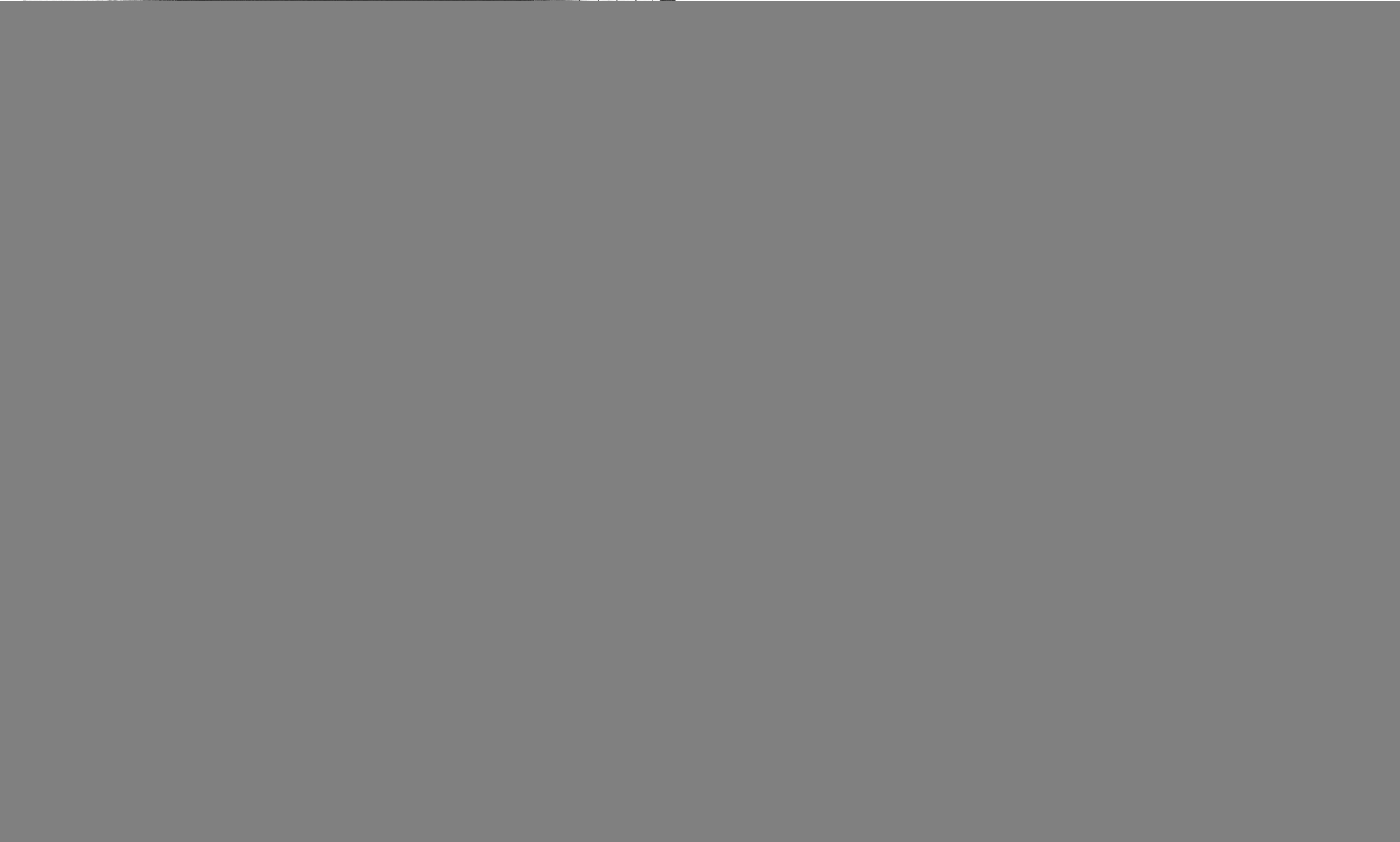
VOL.XXIII. NO.2.

(#541)

June 15, 1994

















# MVP CAPITAL CORP - UPDATE

May 31, 1994

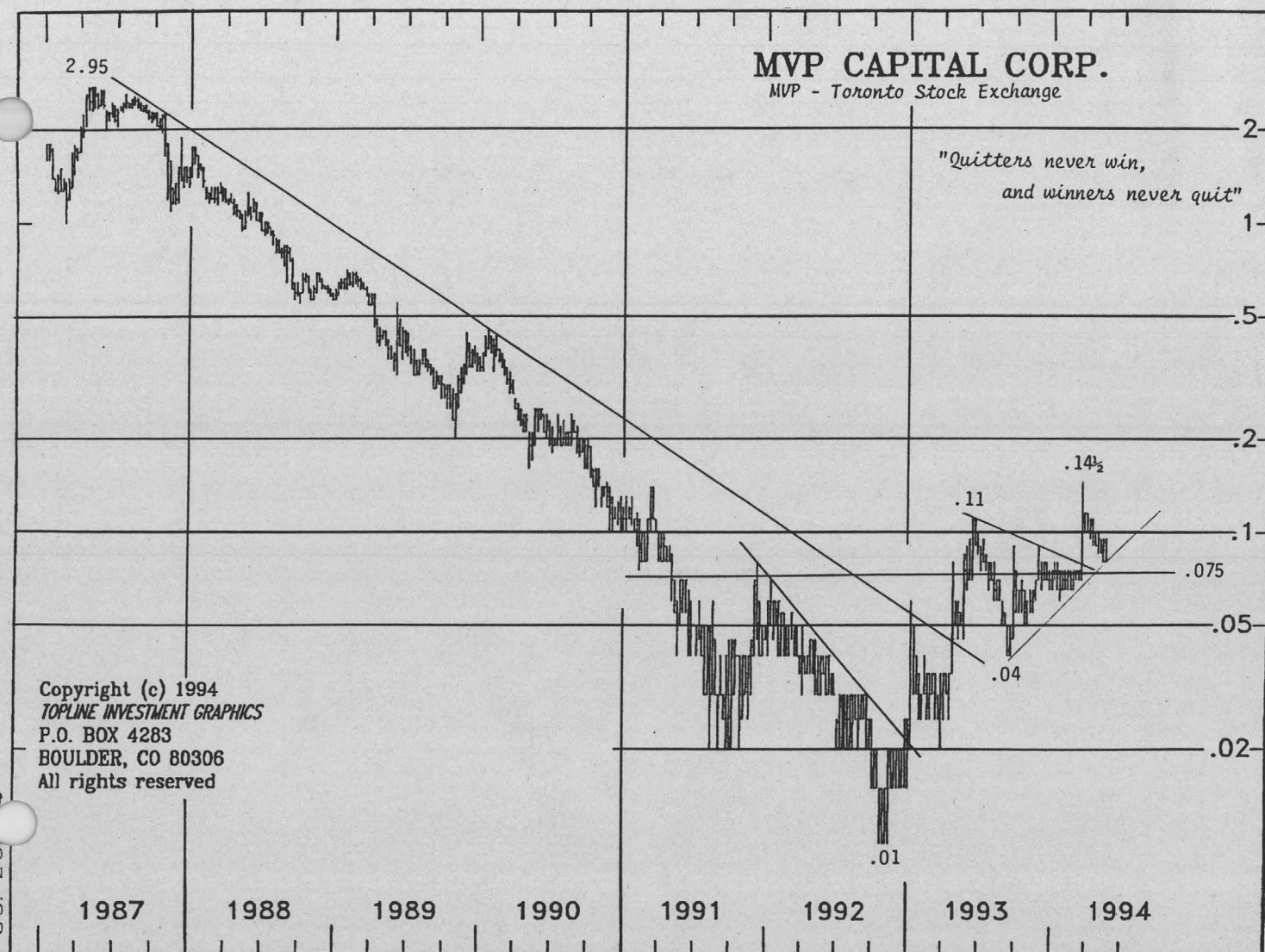
★ The drilling of the initial gold targets on the TDC Lease No. 1 ground near Tombstone, Arizona, which is 50/50 controlled by MVP CAPITAL CORP. and its 37.4% affiliate, EXCELLON RESOURCES INC. will commence before the middle of June.

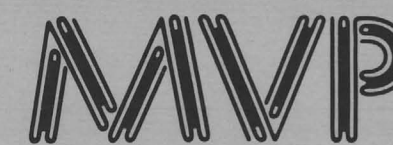
The objective is to build on the previously identified resource of 1,154,000 tons grading 0.063 opt gold equivalent; and a nearby, deeper, 289,000 tons grading 0.098 opt gold. (The Annual Report contains a typo in referring to this material as 0.98 opt.)

★ Initial ground geophysics and geochemistry work on Robbers Roost, which is optioned out to BHP Minerals has been underway for several weeks. Their first drilling is expected to get underway by mid-summer. This huge target is 50/50 controlled by MVP and its affiliate, EXCELLON RESOURCES INC. More complete details on these Arizona properties are in the Annual Report.

★ The permit application process by INTERNATIONAL MICHAM RESOURCES INC. for a large exploration permit in Portugal is advancing, and together with the other MVP affiliate, DUNDEE-PALLISER RESOURCES INC., it is planned to reactivate IMR with a new financing this summer, to commence the Portuguese exploration, and also to return to the 1991 gold discovery in Switzerland, for additional drilling.

★ HOLMER GOLD, the newest MVP affiliate has recently announced a significant expansion in the size of their exploration permits in Cuba; and are rapidly moving towards the commencement of initial drilling. In addition, it has subsequently acquired an option on a large gold property in Peru.





MVP CAPITAL CORP.

1993 ANNUAL REPORT



MVP

MVP

## MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

of Excellon for \$364,000. In addition, Excellon completed a private placement for proceeds of \$550,000. The private placement included the issue of 1,100,000 common shares of Excellon and 550,000 warrants to purchase common shares of Excellon for two years, exercisable at \$0.60 per share for the first year and \$0.70 per share for the second year. The Company subscribed for 900,000 common shares and 450,000 warrants of the private placement.

[c] The holders of the debentures denominated in U.S. dollars exercised its warrants to purchase 250,000 common shares of Excellon from the Company for \$0.35 per share. The exercise of these warrants reduced the balance of the debentures outstanding by U.S. \$63,840.

[d] The Company purchased a total of 1,050,000 common shares and warrants to purchase 1,050,000 common shares of Holmer Gold Mines Limited ["Holmer"], a public company listed on the Alberta Stock Exchange, as follows:

[i] purchased 600,000 units of Holmer consisting of 600,000 common shares and warrants to purchase 600,000 common shares at \$0.50 per share until February 2, 1995, at a total cost of \$180,000;

[ii] purchased 450,000 units of Holmer consisting of 450,000 common shares and warrants to purchase 450,000 common shares at \$0.60 per share until October 15, 1995, at a total cost of \$180,000.

The Company now owns 16.0% of the outstanding common shares of Holmer.

## PRESIDENT'S REPORT TO THE SHAREHOLDERS

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## Share Capital:

(Outstanding as at May 2, 1994)  
162,467,046 common shares of no par value  
Common Shares Listed Toronto Stock Exchange  
Symbol - MVP

## ANNUAL MEETING

Friday, June 10, 1994 - 11:00 a.m.  
The Osgoode Room, Toronto Board of Trade  
3 First Canadian Place, Toronto, Ontario

## CORPORATE INFORMATION

**Directors:** Richard W. Brissenden  
Karl J.C. Harries, Q.C.<sup>1</sup>  
Ian M.T. McAvity<sup>1</sup>  
Eugene C. McBurney  
Fenton Scott<sup>1</sup>

<sup>1</sup> Member of Audit Committee

**Officers:** Ian M.T. McAvity, President and CEO  
Richard W. Brissenden, Vice-President and CFO  
A. Douglas MacKenzie, Vice-President  
R. Kenneth S. Pearce, Secretary  
Harry J. Spook, Treasurer  
Dr. J.M. Guilbert, Geological Advisor

**Head Office:** 20 Adelaide Street East, Suite 200  
Toronto, Ontario M5C 2T6

**Bankers:** Royal Bank of Canada,  
20 King Street West, Toronto, Ontario

**Legal Counsel:** Fogler, Rubino, Toronto, Ontario

**Auditors:** Ernst & Young,  
Toronto, Ontario

**Registrar and  
Transfer Agent:** Montreal Trust Company,  
151 Front Street West, 8th Floor  
Toronto, Ontario M5J 2N1



**HIGHLIGHTS**

1993 and the beginning of 1994 has been an eventful period for MVP Capital Corp. and its associated companies – Dundee-Palliser Resources Inc., Excellon Resources Inc., International Micham Resources Inc. and Holmer Gold Mines Limited. A current corporate chart outlining the MVP group of companies and their activities is included on page 4. A review of the associated companies follows on pages 5 to 7.

This is the eighth annual report of MVP and covers a period during which the restructuring of MVP was completed and the renewed development of MVP and its associated companies began.

**Highlights include:**

- Completion of restructuring of MVP.
- Private placements of \$1,000,000 of convertible bonds and warrants and \$1,000,000 of common shares and warrants were completed in 1993 and early 1994.
- Exploration on the Company's and Excellon's interests in Arizona continued through 1993 and 1994. An agreement was signed with BHP Minerals International Exploration Inc. whereby BHP can earn up to a 70% interest in certain copper targets in the Arizona interests by spending U.S. \$3,625,000 over 6 years and providing Excellon/MVP with a feasibility study.
- MVP acquired a significant interest in Holmer in early 1994. Holmer pioneered the current activity of Canadian mining companies in Cuba and plans to expand its Cuban holdings and begin exploration programs on these properties in 1994.
- Dundee maintained its option to acquire the Gays River Mine in good standing and together with International Micham is negotiating to acquire an exploration permit in southeastern Portugal.

**RESTRUCTURING COMPLETED**

On August 15, 1993, all of MVP's outstanding preferred shares, which had been issued to the former Swiss bond holders, were automatically converted into common shares.

Valdez Gold completed the restructuring of its affairs. Its major asset was a 25% interest in the Valdez Creek Project (the "Valdez Project") held through a 100% owned subsidiary, Camindex Resources, Inc. MVP owned 16,000,000 common shares (94.1%) of Valdez Gold. The Project is operated by Cambior Inc., a major Canadian gold producer which owned the remaining 75%.

Valdez Gold transferred its interest in the Project to Cambior as repayment by Valdez Gold and MVP of all of their debts, obligations and liabilities associated with the Project including the gold loans and amounts due to Cambior, some of which had

been guaranteed by MVP. In addition, MVP issued 15,000,000 common shares of MVP to Cambior. For accounting purposes, this transaction was reflected as of January 1, 1993.

Further, Valdez Gold transferred all of its interest in Excellon and Valdez Gold USA Inc. together with the related secured debt owed to third parties and its interest in Camindex to MVP for full settlement of its debt to MVP. The related debt was exchanged for a U.S. \$390,000 debenture issued by MVP. The debenture matures July 13, 1998 and bears interest at the rate of 15% per annum, payable annually commencing September 5, 1994 in either cash or, at the option of MVP, in common shares of MVP based on the 30 day weighted average price of the common shares prior to the payment date. In addition, the holders received warrants to purchase a total of 6,000,000 common shares of MVP at \$0.08 per share to July 13, 1996 and warrants to purchase a total of 250,000 common shares of Excellon held by MVP at \$0.35 per share to June 24, 1996. For accounting purposes, this transaction was reflected as of June 30, 1993.

With completion of the Cambior and MVP transactions, Valdez Gold had satisfied all of its material liabilities. The sale to an investor group of MVP's interest in Valdez Gold for \$160,000 closed September 1, 1993.

**FINANCINGS**

In June and July, 1993, MVP completed the issue of \$1,000,000 of convertible bonds. Proceeds were used to purchase convertible debentures of Dundee and to provide working capital. The bonds bear interest at the rate of 10% per annum, payable in cash, or 14% payable in common shares of MVP and mature June 24, 1998. They are convertible into common shares of MVP at a price of \$0.05 per share. Subscribers to the issue received warrants to purchase a total of 8,000,000 common shares of MVP at \$0.08 per share for 3 years and warrants to purchase 1,333,334 common shares of Dundee held by MVP at \$0.20 per share for 3 years.

In July and November, 1993, Dundee completed private placements of \$1,500,000 and \$500,000 respectively of convertible debentures, of which MVP purchased \$1,000,000. Proceeds from the private placement are being used by Dundee to fund expenditures related to the option to purchase the Gays River mine, purchase of the MVP shares described below, repayment of advances from MVP and to provide working capital. The bonds mature July 15, 1998 and bear interest at 10% per annum, payable in cash, or 14% per annum in common shares. The bonds are convertible into common shares of Dundee at \$0.20 per share.

On November 12, 1993 Dundee purchased 17,500,000 common shares of MVP for \$0.05 per share or a total of \$875,000. The purchase price was paid \$312,500 in cash and \$562,500

**MVP Capital Corp.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 1993 and 1992

**7. INCOME TAXES**

At December 31, 1993, the Company and its Canadian subsidiaries have non-capital income tax losses of approximately \$8,726,000 which are available for carryforward to reduce future years' taxable income. These income tax losses expire as follows:

	\$
1995	1,004,000
1996	2,973,000
1997	3,211,000
1998	716,000
1999	411,000
2000	411,000
	<u>8,726,000</u>

In addition, the Company has net capital losses of approximately \$29,390,000 available for application against net taxable capital gains of future years.

The Company also has timing differences of approximately \$18,195,000 which are available primarily to reduce taxable capital gains of future years. These timing differences consist primarily of the amount by which marketable securities written down in the accounts of the Company exceed the capital losses claimed to date for income tax purposes.

The U.S. subsidiary has incurred net operating losses for U.S. income tax purposes of approximately U.S. \$26,000,000. These losses expire during the period 1998 through 2008. The deductibility of these net operating losses is restricted as a result of a change in control during 1988.

Any future benefit of loss carryforwards or timing differences have not been recognized in the consolidated financial statements.

**8. SUBSEQUENT EVENTS**

Subsequent to December 31, 1993 the following events occurred:

- [a] The Company completed a private placement of 12,500,000 common shares and 12,500,000 warrants to purchase common shares at \$0.10 per share for one year, for proceeds of \$1,000,000.
- [b] Excellon issued 311,104 common shares to the Company in settlement of \$155,152 of advances owing to the Company and the Company exercised its warrants to purchase 166,700 common shares of Excellon at \$0.30 per share. The Company sold 700,000 common shares

## MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

**[b] Preferred shares**

Authorized

Unlimited number of shares without par value

The following is a summary of the preferred shares issued and converted to common shares during 1993 and 1992.

Date and description	Number of shares	\$
Balance, December 31, 1991	2,658	3,350,675
Converted into common shares	389	490,374
Balance, December 31, 1992	2,269	2,860,301
Converted into common shares	2,269	2,860,301
Balance, December 31, 1993	—	—

The preferred shares have the following rights, privileges, restrictions and conditions:

- [i] The preferred shares may be issued in one or more series.
- [ii] No dividend shall be declared so long as preferred shares are outstanding and the preferred shares rank with regard to the return of the capital in priority to the common shares.
- [iii] The preferred shares rank on a parity with the preferred shares of every other series with respect to priority in the return of capital in the event of liquidation, dissolution or winding up of the Company.

During 1991, the Company issued the first series of preferred shares, consisting of 2,658 shares designated as Series A Preferred Shares [the "Series A Shares"], which had attached thereto the following:

- [i] At the option of the Company, each Series A Share was redeemable at a price per share of \$3,629.
- [ii] At the option of the holder, each Series A Share is convertible into 25,212 common shares of the Company prior to August 15, 1993.
- [iii] On August 15, 1993, the Series A Shares then outstanding were automatically converted into fully-paid common shares on the basis that for each Series A Share, the Company issued 25,212 common shares.

## PRESIDENT'S REPORT TO THE SHAREHOLDERS

in a three year 10% note convertible into Dundee shares at \$0.40 per share. In addition, Dundee has an option to purchase an additional 3,750,000 common shares of MVP from the same shareholder at \$0.05 per share for two years. The note matures on November 12, 1996 and bears interest at the rate of 10% per annum payable in cash or, at Dundee's option, in common shares of Dundee.

In January and March, 1994, MVP completed the private placement of a total of 12,500,000 common shares and warrants to purchase an additional 12,500,000 shares at \$0.10 per share for one year for total proceeds of \$1,000,000. Of these proceeds, \$360,000 was used to acquire shares and warrants of Holmer. MVP now owns 1,050,000 common shares (16.0%) of Holmer and warrants to purchase an additional 1,050,000 common shares. Of these warrants, 600,000 are exercisable at \$0.50 per share until February 1, 1995 and 450,000 at \$0.60 per share until October 15, 1995. In addition, MVP has certain first rights to participate in future financings by Holmer, and board representation.

During March, 1994, MVP sold 700,000 shares of Excellon for proceeds of \$364,000. Subsequently, Excellon completed a \$550,000 private placement of 1,100,000 common shares and warrants to purchase an additional 550,000 common shares for two years, exercisable at a price of \$0.60 per share for the first year and \$0.70 per share for the second year. MVP purchased 900,000 common shares and warrants to purchase an additional 450,000 common shares of the Excellon private placement. On April 8, 1994, a debtholder of MVP exercised a warrant to purchase 250,000 common shares of Excellon held by MVP. After these transactions, MVP owns 1,647,804 common shares (34.6%) and warrants to purchase an additional 450,000 common shares.

## FINANCIAL RESULTS

MVP's net loss for the year ended December 31, 1993 was \$1,026,122 (\$0.01 per share) compared with \$4,922,380 (\$0.07 per share) in 1992. The 1992 period reflects the operations at the Valdez Project which was disposed of with effect from January 1, 1993. Total general and administration expenses and professional fees for 1993 were \$654,449 compared with \$591,805 in 1992. The increase reflects additional professional fees related to the restructuring and financings.

## CAPITALIZATION

MVP now has 162,467,046 common shares issued and a further 61,000,000 shares that would be issued on debt conversion or exercise of warrants and options. The debt conversion and the exercise of the warrants and options would eliminate all long term debt and result in cash proceeds of approximately \$3,300,000. The shares that would be issued for cash are at an average price of \$0.09 per share.

## SUMMARY

With the restructuring completed and exploration activity planned for 1994 in Arizona, Canada, Cuba, Portugal and Switzerland within our group of companies, it is a challenge to 'get on with the future'. In the past year, the financial markets have begun to demonstrate a shift in focus from the financial asset sectors towards the tangible categories, and with this trend we have observed renewed interest amongst sophisticated investors in mineral exploration and development companies.

When the MVP shares traded up to 14½¢ in March, a major milestone was accomplished. At that moment, the common shares that had been issued to settle the defaulted Swiss Franc Convertible Bonds, had a market value that covered the remaining unpaid principal, and the five coupons we did not pay. Six months after the original maturity date, the original Swiss bondholders had been made whole. Integrity is a major business asset, and this challenge could not have been accomplished without the ongoing support, and cooperation of several of those bondholders; as well as our original co-lead manager of the issue, Alpha Securities AG of Pfaffikon, Switzerland, who supported us all the way. The Company would not have survived without that support, for which we are extremely grateful.

Exploration success by any one of the four associated companies, or on the MVP direct interest in the Tombstone properties, should have a significant impact on the value of MVP shares. With the exception of Dundee-Palliser, the outstanding float of shares in Excellon, Holmer Gold and International Micham is quite small. Small capitalizations with prospectively large targets carry inherently huge reward potential with equally huge risks. Individually we believe each of our affiliates is an attractive speculation for investors. Collectively, an investment in MVP diffuses the level of risk for investors, by spreading it over the extent of MVP's current holdings; and others which we are hopeful of developing. The trading liquidity of MVP shares is an attractive aspect in the eyes of many investors who view MVP as being equivalent to a "Junior Resource stock index".

While the past few years have been very difficult, our commitment to survival has been demonstrated as we step forward to a new future.

On behalf of the Board

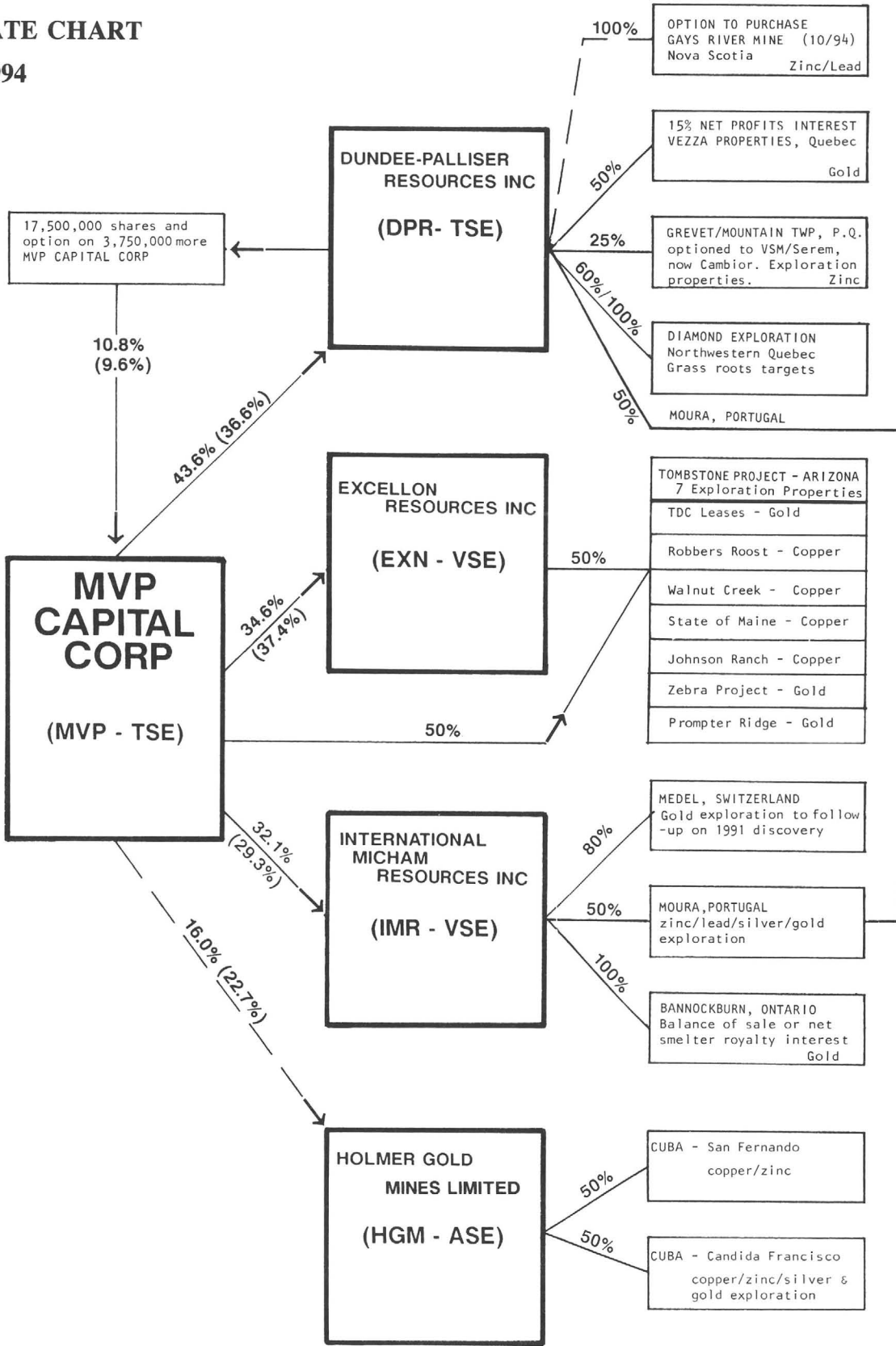


Toronto, Ontario  
May 4, 1994

Ian M. T. McAvity  
President

CORPORATE CHART

MAY 4, 1994



PERCENTAGES OF OWNERSHIP SHOWN, AND BRACKETED PERCENTAGES ASSUME FULL DILUTION WHICH WOULD RESULT FROM CONVERSION OF DEBT, EXERCISE OF WARRANTS AND OPTIONS, AS OF MAY 4, 1994.

MVP Capital Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

6. SHARE CAPITAL

[a] Common shares

Authorized  
Unlimited number of shares without par value

The following is a summary of the common shares issued and redeemed by the Company during 1993 and 1992.

Date and description	Number of shares	\$
Balance, December 31, 1991	67,015,784	78,752,036
Conversion of 389 Series A Preferred Shares	9,807,468	490,374
Redemption of common shares	(8,234)	(272)
Balance, December 31, 1992	76,815,018	79,242,138
Conversion of 2,269 Series A Preferred Shares	57,206,028	2,860,301
Shares issued in connection with the disposal of the Valdez Creek Project [note 2]	15,000,000	750,000
Share issued in satisfaction of interest obligations on convertible debentures [note 5]	946,000	70,004
Balance, December 31, 1993	149,967,046	82,922,443

The Company has a share option plan for officers, directors and employees. At December 31, 1993, there were outstanding options as follows:

Number	Price \$	Expiry Date
6,750,000	0.06	November 10, 1998
4,950,000	0.15	March 17, 1997

Also, in connection with the issue of the convertible debentures [note 5] the Company issued warrants to the agent to purchase 2,800,000 common shares at \$0.08 per share expiring on June 24, 1996.

See details of convertible debentures and debentures denominated in U.S. dollars [note 5] and subsequent events [note 8].



## MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

In connection with the issue of the convertible debentures, the Company issued warrants to purchase 8,000,000 common shares of the Company at \$0.08 per share, expiring June 24, 1996 and also issued warrants to purchase from the Company 1,333,334 common shares of Dundee at \$0.20 per share, expiring June 24, 1996.

- [c] The debenture denominated in U.S. dollars [U.S. \$390,000], which matures July 13, 1998, has terms as follows:
- [i] Interest at the rate of 15% per annum, payable annually in cash or, at the Company's option, in common shares of the Company based on the 30-day weighted average price of the common shares on The Toronto Stock Exchange prior to the payment date.
  - [ii] Collateral for the debenture is a specific security interest in all of the issued and outstanding shares of Valdez Gold USA, Inc. and 1,220,000 common shares of Excellon owned by the Company.

In connection with the issue of the debenture, the Company issued warrants to the purchase 6,000,000 common shares of the Company at \$0.08 per share, expiring April 30, 1996 and also issued warrants to purchase from the Company 250,000 common shares of Excellon at \$0.35 per share, expiring April 30, 1996 [note 8[c]].

- [d] Valdez Mines Inc. had borrowed 8,400 ounces of gold under a gold agreement from Cambior, a participant in the Project, and sold the gold for cash at an average price of U.S. \$360 per ounce. Interest was charged on the loan at a rate per annum equal to Cambior's cost of gold for such gold loan plus 1%. The effective interest rate on this loan was 2.571% at December 31, 1992.

The stated value of the gold loan was determined using the market value of the borrowed gold at the reporting date. The difference between the market value and the remaining balance of the loan proceeds was reported as a deferred gain.

This loan was repaid in connection with the transfer to Cambior of VGI's interest in the Project [note 2].

## REVIEW OF ASSOCIATED COMPANIES

## SUMMARY OF HOLDINGS, MAY 4, 1994

## DUNDEE-PALLISER RESOURCES INC.

Dundee is engaged in the exploration for minerals and the development of mineral properties. MVP is the major shareholder and owns 7,115,945 (43.6%) of the outstanding shares and \$1,000,000 (50%) of the outstanding convertible debentures as of May 4, 1994. In addition, Dundee owns 17.5 million shares of MVP and has an option to acquire an additional 3,750,000 shares until November 12, 1995 at a price of \$0.05 per share.

## Gays River Acquisition

Dundee has an option from Westminer Canada Limited to purchase the Gays River zinc-lead mine, 60 kilometres north of Halifax, Nova Scotia. The assets to be acquired include the mine property and infrastructure which includes port facilities, a 1,350 tonnes per day concentrator, shop, administration building and mining equipment. In excess of \$40.0 million was spent by former operators on this property.

The term of the option agreement, as amended, is to October 31, 1994. Dundee is paying Westminer the estimated costs of maintaining the mine on a care and maintenance basis during the option period. This amounts to \$22,000 per month.

Mineable reserves from underground are calculated to be 1,197,960 tonnes grading 9.51% zinc and 5.41% lead. In addition, there is an open pit reserve approximating 800,000 tonnes grading 2.1% zinc and exploration properties totalling 722 claims. There is an excellent probability of greatly increasing both the underground and open pit reserves. Underground development to support production of 800 tonnes per day is largely complete. Dundee's proposed mine plan contemplates the milling of 800 tonnes per day from underground and 500 tonnes per day from open pit operations for a minimum mine life of approximately six years.

The purchase price for the Gays River mine is \$5,000,000 and a 1.5% - 7% sliding scale royalty, related to metal prices, payable to the vendor. Dundee estimates it will require financing totalling \$15.5 million to purchase the mine and bring it back into commercial production. The Province of Nova Scotia has approved a loan of \$6 million to assist in the purchase of the property. With this loan and other conditionally committed financial facilities, Dundee has arranged financing commitments of \$12.5 million. The Nova Scotia loan is subject to satisfactory zinc and lead prices and additional funding of \$3 million, subordinate to the Nova Scotia loan.

It is Dundee's plan to maintain the Gays River property on a care and maintenance basis until zinc and lead prices have recovered from their presently depressed levels. It is worth noting that at a zinc price of U.S. \$0.48 per lb., a lead price of U.S. \$0.24 per lb. and an exchange rate of Cdn. \$1.33/U.S. \$1.00,

the economics of the project are very attractive. First concentrate production could be achieved within 4-6 months of a production decision.

## Vezza Deposit

In October 1992, Dundee sold to Agnico-Eagle Mines Limited its 50% interest in the Vezza Deposit, located approximately 66 kilometres from the mining and milling facility of Agnico at Joutel, Quebec, for \$500,000 and a 7.5% net profits interest. The Vezza Deposit has drill indicated reserves of approximately 2,780,000 tons grading 0.15 ozs. Au./ton.

Agnico has the right to re-acquire a 5% net profits interest in these claims for \$1,350,000 up to and including 90 days after the commencement of commercial production. In the event that Agnico exercises this right, Dundee has the right, to require Agnico to purchase their remaining 2.5% net profits interest for \$650,000.

Agnico has commenced an underground program on the Vezza Deposit. All required surface buildings and equipment were installed by December 31, 1993 and the sinking of a 330 meter 3 compartment shaft is underway with completion scheduled for June, 1994. This will be followed by a program of lateral development, milling of a bulk sample and an underground drilling program scheduled for completion by the end of 1994.

## Exploration Activities

The announcement that diamond bearing kimberlites had been discovered in Le Tac Township in northwestern Quebec caused Dundee and its 40% joint venture partner, Murgor Resources Inc. to engage Paterson, Grant & Watson Limited, consulting geophysicists with a significant background in diamond exploration, to review the available geophysical data with respect to our claim groups and surrounding ground in northwestern Quebec. Their report identified 41 high priority targets which they recommended be investigated. Dundee/Murgor now control 29 of these targets and Dundee, on its own, controls the 12 additional targets. Dundee/Murgor plan to fund exploration programs on these targets through "flow-through" share financing arrangements or joint ventures with others.

Dundee and International Micham have agreed to formalize a joint venture agreement and are in the process of applying for an exploration permit encompassing 300 square kilometres in southeastern Portugal (see International Micham discussion on page 7).

## EXCELLON RESOURCES INC.

MVP owns 1,647,804 (34.6%) shares of Excellon and warrants to purchase an additional 450,000 shares.



Excellon is a mineral exploration company which is concentrating its efforts in the Tombstone area of southern Arizona. Excellon owns, has the right to acquire, or is in final negotiations to acquire, a 50% interest in excess of 14 square miles contained in 7 separate properties in the Tombstone area. The other 50% is owned by MVP Capital Corp.

The Tombstone area, discovered in 1877, has produced approximately 1/3 of a billion dollars, at modern metal prices, in gold, silver, lead, zinc, copper and manganese. Until very recently the area was thought to be a mid-Tertiary aged epithermal silver-lead-zinc district of limited size and potential. However more recent work shows it to be of Laramide age and genetically associated with the recently recognized Tombstone Caldera of the same age. The Tombstone district is now perceived to be geologically the same as the productive copper porphyries of southwestern North America.

The Company's properties cover proven and suspected porphyry copper centres and attendant polymetallic/precious metal halos that are in or adjacent to the Tombstone Caldera. The Company's Consultants, Dr. John M. Guilbert, Professor Emeritus, The University of Arizona, and James A. Briscoe, President, JABA, Inc. recognized authorities on such types of ore deposits, have recommended specific exploration programs on these properties.

Robber's Roost Porphyry Centre

On November 30, 1993, Excellon signed an agreement with BHP Minerals International Exploration Inc. ("BHP") to undertake mineral exploration and, if warranted, develop mining operations on 13 State Mining Leases and 4 Federal claims which Excellon has either under lease or option and known as the Robber's Roost area, near Tombstone (approximately 6 square miles).

The basic terms of the deal with BHP are as follows:

- (i) BHP must spend at least U.S. \$3,400,000 on exploration expenditures over 6 years to earn a 60% interest in the property;
- (ii) In addition, annual payments totalling U.S. \$225,000 must be made to MVP/Excellon over 5 years;
- (iii) By providing MVP/Excellon with a feasibility study BHP can increase its interest in the property to 70%. Thereafter, the project would operate as a 70-30 joint venture with appropriate dilution clauses.

Interest in the property arose as a result of the examination by Excellon and BHP geologists of recently acquired drill core from drilling carried out in 1973-1974 by another mining company. According to Excellon's geological consultant, J. A. Briscoe "The 1973-1974 program missed obvious signs of a significant porphyry system. This system may contain an open pit heap leachable, enriched chalcocite blanket, starting at 150 feet in

depth. High grade skarn type copper mineralization will probably be present in reactive rocks around the porphyry intrusive - perhaps at relatively shallow depth." The report goes on to state that "the chances of a mineable chalcocite blanket in the 0.5% copper range or better at a depth of 150 feet to the top and about 100 feet in thickness is good. Including the chalcocite blanket and sediment hosted replacement mineralization, the total potential of the Robber's Roost property is in the billion to tens of billions of pounds of copper." BHP must spend \$150,000 on the property in Year 1 and \$250,000 in Year 2.

In summary, BHP must spend U.S. \$3,625,000 to earn any interest in the property with no further expenditures by Excellon/MVP during the earn-in period. The initial exploration program consisting of ground geophysics and geochemistry is underway with drilling expected to commence in August, 1994.

TDC Leases

A group of claims known as the TDC Leases, (approximately 3 square miles) are in the most advanced stage of exploration. During the first half of 1993, 86 reverse circulation holes were drilled on the TDC Leases totalling 24,885 feet. Approximately 50% of this drilling was adjacent to and within a previously mined open pit area. This drilling defined a geological resource of 1,154,000 tons grading 0.063 opt gold equivalent. An additional deeper geological resource of 289,000 tons grading 0.98 opt gold equivalent was also identified.

Excellon's partner in the aforementioned drilling program became discouraged when the most prolific gold zone appeared to fade abruptly to the west and chose to abandon their interest in the area. Subsequent analysis by Briscoe revealed that there appeared to have been a failure to take into account a major strike slip fault. Further examination of this data plus data from previous work by Briscoe suggest there is potential to develop substantial additional ounces of gold within the disturbed ground in and around the old open pit area. These reserves are likely to be amenable to open pit mining and the ore, based on previous mining operations, is known to respond favourably to heap leaching with high recovery rates. A 3,000 ton per day Merrill-Crowe processing plant was installed on this property in 1989 by a previous owner. The plant remains on the property and could be made operational with minimum expenditures.

Furthermore, excellent potential exists on other partially tested and untested ground within the TDC Leases which, according to Briscoe, could contain in excess of 1.5 million ounces of gold equivalent. A two stage exploration program was recommended by Briscoe et al. The first stage to cost approximately U.S. \$250,000 and which is underway consists of geochemistry, geophysics and 10,500 feet of drilling. A follow up program including 17,000 feet of drilling at a budgeted cost of U.S. \$315,000 is contemplated. Excellon proposes to raise



MVP Capital Corp.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

5. LONG-TERM DEBT

[a] Long-term debt consists of the following:

	1993 \$	1992 \$
MVP Capital Corp.		
Convertible debentures [b]	1,000,000	—
Debenture denominated in U.S. dollars [c]	499,200	—
Valdez Mines Inc.		
Gold loan, at market value [d]	—	3,230,766
Deferred gain	—	262,844
Gold loans, at book value	—	3,493,610
Valdez Gold Inc.		
Notes payable and equipment loans denominated in U.S. dollars	—	23,996
Debenture payable denominated in U.S. dollars	—	373,579
	1,499,200	3,891,185
Less current portion	—	3,500,566
	1,499,200	390,619

[b] The convertible debentures, which mature June 24, 1998, have terms as follows:

- [i] Interest at the rate of 10% per annum, payable semi-annually in cash or, at the option of either the Company or the holder, 14% per annum, payable semi-annually in common shares of the Company based on the 30-day weighted average price of the common shares on The Toronto Stock Exchange prior to the payment date.
- [ii] Convertible at the option of the holder into common shares of the Company at \$0.05 per share.
- [iii] Redeemable at par value at any time that the common shares have traded for 20 consecutive trading days at a weighted average price exceeding 200% of the conversion price per share.
- [iv] Collateral for the convertible debentures is a specific security interest in 6,798,505 common shares of Dundee owned by the Company and a security interest in the \$1,000,000 convertible debentures of Dundee owned by the Company, including the rights to any common shares issued to the Company on conversion of these convertible debentures.



## MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

- [b] At December 31, 1993, the Company had a 39.6% interest in the common shares of Excellon Resources Inc. ["Excellon"]. The Company and Excellon are equal partners in earning interests in mining properties in Cochise County, State of Arizona [collectively the "Tombstone Properties"].

On certain of the mining properties [the "Tombstone TDC claims"] the Company and Excellon must make payments of U.S. \$810,000 [U.S. \$227,500 incurred to December 31, 1993] and incur exploration and development costs totaling U.S. \$830,000 [approximately U.S. \$500,000 incurred to December 31, 1993] to earn the 100% interest. These payments and costs must be incurred by February 1995 to earn the interest. If commercial production is achieved on the Tombstone TDC claims, the lessor and other parties will receive a percentage of the initial cash flow from production.

Other mining properties [the "Tombstone JABA claims"] were acquired subject to the vendor retaining a 2.5% net smelter return royalty. In late 1993, Excellon and the Company entered into an agreement with BHP Minerals International Exploration Inc. ["BHP"] whereby BHP can earn up to a 70% interest in certain of the Tombstone JABA claims by:

- [i] incurring at least U.S. \$3,400,000 on exploration and development of the claims over a six-year period;
- [ii] making annual payments totaling U.S. \$225,000 to Excellon and the Company over a five-year period; and
- [iii] providing Excellon and the Company with a feasibility study to develop the claims.

As part of an agreement between Excellon and the Company relating to the Tombstone Properties, the Company earned warrants to purchase 166,700 common shares of Excellon over a term of 30 months from September 25, 1992, with an exercise price of \$0.25 per share for the first 12 months, \$0.30 per share for the second 12 months and \$0.35 per share for the final 6 months [note 8].

- [c] At December 31, 1993, the Company had a 32% interest in International Micham Resources Inc. ["International Micham"]. International Micham has interests in mining properties in Switzerland and the Province of Ontario which it is in the process of exploring and has not yet determined whether these properties contain ore reserves that are economically recoverable. International Micham and Dundee have agreed to formalize a joint venture to conduct exploration activities in Portugal.

## REVIEW OF ASSOCIATED COMPANIES

Cdn. \$1,000,000 in the coming months to fund its share of this program and to provide working capital through an issue of shares and warrants.

## Zebra Project

Recent research by Bonham & Sillitoe, Guilbert & Osterberg, Kuehn, and Jones and others have shown that Carlin Style gold mineralization (distal gold halo) may surround gold bearing porphyry systems - up to 5 kilometres distant from the porphyry centre. Such potential exists in the greater Tombstone area. Excellon has recently acquired an option on approximately three square miles, four to five kilometres southeast of the town of Tombstone. Minor jasperoid is associated with gold apparently disseminated in silty limestone in amounts up to one ounce per ton along structural features. Some geophysics has been done and limited near surface drilling has indicated 100,000 tons of material at 0.09 opt in one small area. As anomalous gold occurs over several square miles, potential is thought to be significant.

Excellon/MVP can earn up to a 75% interest in the property by spending a total of U.S. \$540,000 over a three year period. Excellon/MVP are seeking a partner to fund an exploration program on this project.

## Other

Excellon/MVP owns or has under option four other properties in the Tombstone area, three with porphyry copper potential and one with distal gold potential (2 square miles). Excellon/MVP intend to seek partners to fund these other projects or to fund exploration programs on them itself as time and funding permit.

## HOLMER GOLD MINES LIMITED

MVP owns 1,050,000 common shares (16.0%) of Holmer and warrants to purchase an additional 1,050,000 common shares. Of these warrants, 600,000 are exercisable at \$0.50 per share until February 1, 1995 and 450,000 at \$0.60 per share until October 15, 1995. In addition, MVP has certain first rights to participate in future financings of Holmer and has the right to nominate one member to the Holmer Board of Directors.

Early in 1992 Holmer was one of the pioneers of the current activity of Canadian mining companies in Cuba. Holmer was the first Canadian public company to review and to acquire mining areas from the Cuban State Mining Company. Under this agreement Holmer can earn a 50% interest in the properties and is to be the Operator of the project. The two properties known as the San Fernando and Candida Francisco Projects cover 50 and 100 square kilometres respectively. Holmer is currently negotiating to acquire significant additional acreage in Cuba. Copper was discovered on the San Fernando property in 1927

and produced intermittently up to 1960 when it was closed after the Cuban revolution. During the period 1985-1991, systematic geology, soil geochemistry, magnetic surveys, mapping, trenching and approximately 8,000 metres of drilling (46 holes) were completed at an estimated cost of \$500,000. There are reported reserves on the property totalling 2 million tons at 2.3% copper and 3.5% zinc at shallow depths ( $\times 150$  metres). The deposit is open to the east and at depth. Follow-up work will include detailed compilation of technical data, test EM surveys, AEM surveys and systematic follow-up of targets leading to diamond drilling as well as ore definition drilling.

The 100 square kilometre Candida Francisco Project covers two former producers and two very significant prospects. Systematic geological, geophysical and geochemical surveys and limited drilling were carried out during the late 1980's at an estimated cost of \$500,000. Located in the oldest mining camp in Cuba, the area covers a favourable geological setting to host island-arc type copper-zinc-silver-gold mineralization including vein-type and volcanogenic sulphide deposits. Further work will include drilling to extend known reserves and to test all known prospects.

## INTERNATIONAL MICHAM RESOURCES INC.

MVP owns 1,591,468 (32%) of International Micham, which is currently inactive but maintains a gold prospect in Switzerland on which two holes were drilled in 1991 yielding 246 feet of 0.033 ozs. Au/ton and 302 feet of 0.021 Au/ton respectively.

Prospecting has indicated that the zone is continuous, with similar widths at surface, for a strike length of 3 miles. No work has been carried out on the property since 1991, however International Micham plans to seek a partner to further explore this interesting prospect.

In late 1993 International Micham agreed to formalize an arrangement with Dundee whereby Dundee would proceed to make application for an exploration permit encompassing some 300 sq. kms in Portugal. The agreement will provide, among other things, that to earn a 50% interest Dundee must spend the first \$67,000 to match previous legal, consulting and other expenditures on these properties by International Micham. Thereafter, a joint venture will be formed on a 50-50 basis. The area has known massive sulphide deposits containing zinc, lead, silver and copper. The most promising initial target is a deposit with geological reserves of 800,000 tonnes grading 8% Zn and 2% Pb. This deposit is known to be open along strike and at depth. Should the joint venture be successful in obtaining the exploration permit, it plans to fund an exploration program beginning in the third quarter of 1994.

## MVP Capital Corp.

# CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Years ended December 31

	1993 \$	1992 \$
<b>RESOURCE OPERATIONS</b>		
Income, net of royalties and refining charges	—	9,346,070
Production costs	—	7,776,205
Depreciation and depletion	—	2,467,629
Professional fees	—	36,653
General and administration	—	162,926
Write-down of plant, equipment and deferred development costs	—	59,544
	—	10,502,957
<b>Loss from resource operations</b>	—	1,156,887
<b>OTHER OPERATIONS</b>		
Interest income	88,819	71,709
Amortization of financing costs	18,791	—
Interest	135,470	449,632
Gold hedging	—	26,578
Net loss on foreign exchange	19,666	319,179
	173,927	795,389
Professional fees	159,177	122,094
General and administration	495,272	306,785
Depreciation	3,354	4,193
	831,730	1,228,461
Write-down of marketable securities	—	1,037,469
Gain on sale of marketable securities	(161,752)	(47,813)
	669,978	2,218,117
<b>Loss from other operations</b>	581,159	2,146,408
Loss from operations before the following	581,159	3,303,295
Equity in loss of affiliates	325,106	1,071,693
Loss on sale of investment in affiliate <i>[note 4]</i>	—	547,392
Net loss on disposal of Valdez Creek Project and subsidiary <i>[note 2]</i>	119,857	—
<b>Net loss for the year</b>	1,026,122	4,922,380
Deficit, beginning of year	80,634,172	75,711,792
<b>Deficit, end of year</b>	81,660,294	80,634,172
<b>Net loss per share</b>	\$0.01	\$0.07

See accompanying notes

## MVP Capital Corp.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

## 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	1993		
	Cost \$	Accumulated depreciation and depletion \$	Net book value \$
Deferred exploration and development costs			
Tombstone Properties	587,643	—	587,643
Office equipment and furniture	30,391	16,974	13,417
	618,034	16,974	601,060
	1992		
	Cost \$	Accumulated depreciation and depletion \$	Net book value \$
Mining properties	1,795,229	280,701	1,514,528
Deferred exploration and development costs			
Valdez Creek Project	2,960,531	2,067,029	893,502
Tombstone Properties	340,813	—	340,813
Plant and equipment	4,185,868	1,341,547	2,844,321
Office equipment and furniture	30,391	13,619	16,772
	9,312,832	3,702,896	5,609,936

See note 4[b] concerning the Tombstone Properties.



MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

## 2. VALDEZ CREEK PROJECT AND VALDEZ GOLD INC.

As at December 31, 1992, the Company owned, through its 94% owned subsidiary Valdez Gold Inc. ["VGI"], a 25% interest in the Valdez Creek Project [the "Project"], an open pit operation which mines and processes gold-bearing gravels in Alaska. Since May 1991, VGI was unable to fund its share of costs of the Project and meet its obligations under its gold loans [note 5]. Cambior Inc. ["Cambior"], the other participant in the Project, funded VGI's share of the obligations to the Project and retained VGI's share of gold production from the Project during the period May 1991 to December 31, 1992. At December 31, 1992, the net amount due to Cambior, excluding gold loans, was \$3,781,532.

In early 1993, VGI, the Company and Cambior entered into an agreement to transfer VGI's interest in the Project to Cambior as repayment by VGI and the Company of all its debts, obligations and liabilities associated with the Project including the gold loans and amounts due to Cambior. In addition, the Company issued 15,000,000 common shares with a stated value of \$750,000 to Cambior in conjunction with the transfer. The resulting loss on disposal was \$279,857.

Subsequent to the transfer of the Project to Cambior, VGI transferred substantially all of its remaining net assets to the Company in settlement of intercompany accounts between VGI and the Company. The Company then sold its 94% interest in VGI for proceeds of \$160,000.

The loss on disposal of the Project and the gain on disposal of VGI is reflected net in the consolidated statements of operations and deficit.

MVP Capital Corp.

CONSOLIDATED STATEMENTS OF CHANGES IN  
FINANCIAL POSITION

Years ended December 31

	1993 \$	1992 \$
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(1,026,122)	(4,922,380)
Add (deduct) non-cash items		
Amortization of deferred financing costs	18,791	—
Depreciation and depletion	3,354	2,471,822
Write-down of plant, equipment and deferred development costs	—	59,544
Write-down of marketable securities	—	1,037,469
Gain on sale of marketable securities	(161,752)	(47,813)
Loss on sale of investment in affiliate	—	547,392
Equity in loss of affiliates	325,106	1,071,693
Net loss on disposal of Valdez Creek Project and subsidiary	119,857	—
Net change in non-cash working capital balances related to operations	(188,307)	(120,315)
<b>Cash provided by (used in) operating activities</b>	<b>(909,073)</b>	<b>97,412</b>
<b>INVESTING ACTIVITIES</b>		
Disposition of interest in net liabilities in the Valdez Creek Project, including cash of \$105,626	(855,626)	—
Investment in and advances to affiliates	(432,847)	(590,795)
Purchase of marketable securities	(17,356)	(18,750)
Proceeds on sale of marketable securities	342,183	646,616
Proceeds on sale of interest in affiliate	—	317,389
Purchase of property, plant and equipment	(246,830)	(1,956,850)
Proceeds on disposal of subsidiary	160,000	—
<b>Cash used in investing activities</b>	<b>(1,050,476)</b>	<b>(1,602,390)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in promissory note payable	—	148,000
Increase in long-term debt	1,125,621	296,141
Deferred financing costs	(187,912)	—
Increase in amount due to Cambior Inc.	—	1,038,485
Issuance (redemption) of shares	820,004	(272)
<b>Cash provided by financing activities</b>	<b>1,757,713</b>	<b>1,482,354</b>
<b>Net decrease in cash during the year</b>	<b>(201,836)</b>	<b>(22,624)</b>
Cash, beginning of year	143,253	165,877
<b>Cash (bank overdraft), end of year</b>	<b>(58,583)</b>	<b>143,253</b>

See accompanying notes

MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

MVP Capital Corp. [the "Company"] was incorporated on July 21, 1986 under the Business Corporations Act (Ontario). The principal business of the Company is to invest in the capital of publicly-traded exploration companies and to engage in ventures that are involved in the production of mineral resources on a project financing basis.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. A summary of the significant accounting policies is set out below:

**Basis of presentation**

The consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The ability of the Company to continue as a going concern is dependent upon, amongst other things, the ability of the Company to raise additional capital to finance its ongoing activities.

**Basis of consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Valdez Mines Inc., Valdez Gold U.S.A., Inc., Camindex Resources, Inc., Master Gold Inc. and MVP Europe Establishment. All intercompany balances, transactions and profits thereon have been eliminated on consolidation.

**Investment in affiliates**

The Company's interests in Dundee-Palliser Resources Inc., Excellon Resources Inc. and International Micham Resources Inc. are accounted for by the equity method.

**Marketable securities**

Marketable securities are initially carried at cost. Where there has been a decline in value below cost, which is considered to be other than temporary in nature, a provision for loss in value is recorded.

**Property, plant and equipment**

[a] The Company has interests in certain mineral properties which it is in the process of exploring and has not yet determined whether these properties contain ore reserves that are economically recoverable. Exploration and development costs relating to these properties are capitalized in the accounts until such time as the property is brought into production, abandoned or sold. These costs will be depleted on a unit-of-production basis over the total

MVP Capital Corp.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993 and 1992

proven reserves or will be written off if exploration activities prove unsuccessful or if the mining property is abandoned. The recoverability of these costs is dependent upon the existence of economically recoverable ore, the ability of the Company to obtain the necessary financing to complete the exploration and development and upon future profitable production.

[b] Plant and equipment relating to the Valdez Creek Project were recorded at cost with amortization being charged over 5 years using the straight-line method based on the estimated useful lives of the assets. Repairs and maintenance were charged to operations. Major improvements and replacements which extend the useful life of an asset were capitalized and amortized over the remaining estimated useful life of that asset. The costs of mining properties and expenditures associated with the exploration and development of the Valdez Creek Project were capitalized and depleted using the unit-of-production basis.

[c] Office equipment and furniture are carried at cost less accumulated depreciation. Depreciation is charged at 20% on a declining balance basis.

**Financing costs**

Financing costs relating to the issue of convertible debentures are deferred and amortized over the term of the convertible debentures.

**Foreign currency translation**

Account balances denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the balance sheet date for monetary items, at exchange rates prevailing at the respective transaction dates for non-monetary items and at the average exchange rates prevailing during the year for revenues and expenses, except for depletion and depreciation which are translated at the same rate as the respective asset. Exchange gains or losses are included in income except for those related to long-term debt which are deferred and amortized over the remaining term of the debt.

**Inventories**

Inventories of operating supplies were valued at the lower of cost and replacement cost.

JUL



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

## FAX TRANSMITTAL

# of Pages 3

TO: R. W. B FROM: J.A. BRISCOE  
CO: Excelsior JABA, INC.  
DATE: 7/7/94 PHONE: (602) 721-1375  
FAX # \_\_\_\_\_ FAX # (602) 298-6688 \*2  
COMMENTS Map for follow up FedEx  
package

July 7, 1994

Mr. Richard W. Brissenden  
Chairman  
Excellon Resources Inc.  
Suite 200-20 Adelaide St.E.  
Toronto, On Canada M5C 2T6

Dear Richard:

Re: Zebra Base Maps and Contention drill hole positions using air photo surveying (photogrammetry) and up date of the Contention pit area roads and drill pads and new topography.

At Zebra we are currently obligated to spend \$12,800 on Arizona State Lease assessment work by Dec. 29, 1993. Also, our agreement with Primo includes a \$100,000 work commitment the first year of the lease. The details of the timing of the obligations for the State is detailed in the February 8, 1994 Memo from Tom Waldrip to Doug Mackenzie regarding the amount and due dates for all Excellon obligations related to government assessment work in the Tombstone area. The nearest obligation at Zebra is \$5,600 by July 27 and the next is \$4,800 by Aug. 24 while the last for 1994 is \$2,400 by Dec. 29, 1994 totaling the \$12,800.

One of the problems in progressing at Zebra is the available maps are inadequate. I have previously recommended an aerial photographic mapping program that will be additive to the one we already have in the main part of the district. This will allow us to start with ortho photo sheets at a scale of 1" = 500', which can be enlarged 2x for detailed mapping. If future work justifies it we can add topography as needed. This program covers Zebra and the surrounding area as shown on the attached map. This program including the survey base, and photography over Contention, will cost \$13,461. I have checked with Mr. Michael Rice of the Arizona State Land Department and this work, as it is part of the evaluation and exploration of our state leases lands will be completely acceptable as state assessment work.

FAXED  
6:30 AM  
7/7/94

## ZEBRA/CONTENTION ESTIMATE BREAKDOWN

ITEM	SECTIONS DONE INDIVIDUALLY	ALL SECTIONS DONE AT ONCE	COST VARIANCE
Phase I - Zebra & Contention			
Base triangulation survey (A-Team Surveyors)	\$6,891.00	\$6,891.00	
Air photo color photo scale 1" = 2,000'/1:24,000	\$2,825.00	\$2,825.00	\$0.00
Color repro (all)	\$979.00	\$979.00	\$0.00
Job prep & analytical triangulation	\$2,018.00	\$2,018.00	\$0.00
Orthophoto Negative @ 1:12,000/1" = 1,000'	\$418.25	\$418.25	\$0.00
Ortho reproduction @ 1:6,000/1" = 500'	\$329.75	\$329.75	\$0.00
Sub Total	\$13,461.00	\$13,461.00	
Contention area			
Target drill holes	\$2,350.00	\$2,350.00	\$0.00
Update Orthophoto map Sheet 5	\$836.00	\$836.00	\$0.00
Update topography Sheet 5 & plot targeted drill holes (estimate could be high)	\$2,807.00	\$2,807.00	\$0.00
Sub Total	\$5,993.00	\$5,993.00	\$0.00
TOTAL PHASE I	\$19,454.00	\$19,454.00	\$0.00
Phase II - Zebra			
Topographical mapping 1" = 200'			
Section 26 - 10' contours	\$1,373.00		
Section 27	\$1,498.00		
Section 28	\$1,373.00		
Section 29	\$1,498.00		
Section 33	\$1,249.00		
Section 34	\$1,373.00		
Section 35	\$1,249.00		
Sub Total	\$9,613.00		
All sections done at same time		\$6,142.00	
TOTAL COSTS	\$29,067.00	\$25,596.00	\$3,471.00

# Irrigation & Sprinkler Supply, Inc.

2130 EAST 12th STREET • TUCSON, ARIZONA 85719-6397

IRRIGATION  
602-792-4652

WATERWORKS  
602-622-2688

FAX  
602-792-3679

~~9.32-5.30~~  
Cost to target holes at Tomb

TEW Times arriving  
stay in Tomb. @ 100/day  
TFL. & work 8 hrs  
w/ 3 man crew boards  
TEW. ie 450/day  
incl. TFL

# 57.50

GD @ #10<sup>50</sup> x 8 = \$84  
+ 45/day = 129 ÷ 8  
= 16.13

16.13

Helpers @ 6.00/hr  
= 8<sup>31</sup> x 8 = 66<sup>48</sup>/day  
No TFL. x 2 =

16.62

2.50

Jeep - 20/day

92.75

Gasoline & targets /  
hr = \$23.20 / Target  
+ A 2 to survey it  
plus for gasoline finally  
sup \$25

FOUNDED 1968



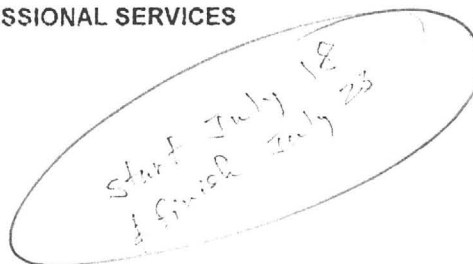
GPS SURVEYING  
LAND SURVEYING

CORPORATE OFFICE  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029  
(602) 906-0020  
FAX (602) 906-0019

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

### CONTRACT FOR PROFESSIONAL SERVICES

CLIENT: Attn: Mr. Douglass MacKinzie, President  
Excellon Resources, Incorporated  
20 Adelaide Street East  
Box 28, Suite 200  
Toronto, Ontario M5C 2T6



PROJECT: Use Global Positioning Systems to locate and determine the coordinate locations of Aerial Photo Panels

For the purpose of this Contract, **A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED** shall be herein referred to as **SURVEYOR**, and **EXCELLON RESOURCES, INCORPORATED** shall be herein referred to as **CLIENT**.

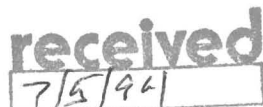
The surveyor agrees to comply to Standards and Specifications outlined in proposal, herein attached, and to furnish all supervision, labor, materials, and Professional and General Liability Insurance to perform said survey.

#### SCOPE OF WORK:

- Mobilization of men and equipment to Tombstone, Arizona.
- Locate and panel 19 photo control positions as outlined by your photogrammetrist.
- Repanel 11 previous photo control positions.
- Provide Control coordinates that will be compatible to previous mapping coordinates.
- Minimum Horizontal Precision will be 1:50,000 internal accuracy.
- Provide Final coordinate listing of panel positions with a Registered Land Surveyor Certification and Seal.

The Client and Surveyor agree:

1. Surveyor shall not be liable for damages resulting from the actions or inaction's of governmental agencies, and governmental relations.
2. In the event that client institutes a suit against surveyor because of any failure or an alleged failure to perform, error, omission, or negligence, and if such suit is not successfully prosecuted, client agrees to pay surveyor any and all costs of defense, including reasonable attorneys fees.
3. Should litigation be necessary to enforce any term or provision of this agreement or to collect any portion of the amount payable under this agreement, then all litigation and collection expenses, witness fees, court costs, and attorneys fees shall be paid by the client.



OK'd 7/7/94 I called DR  
said Fax it to Toronto



4. All original papers and documents, and copies thereof, produced as a result of this contract, except documents which are required to be filed with public agencies, shall remain the property of the surveyor and may be used by the surveyor without the consent of client.
5. A late payment PENALTY of one and one-half percent (1-1/2%) per month, which is an annual rate of eighteen percent (18%) shall be applied to any unpaid balance, commencing thirty (30) days after the date of the original invoice, unless other provisions for payment have been stipulated.
6. In the event all or any portion of the work prepared or partially prepared by the surveyor is suspended, abandoned, or terminated by the client, the client shall pay the surveyor all fees, charges, and services provided for the project, not to exceed any contract limit specified herein.

The Client to compensate the surveyor as follows: (Per the attached Scope of Work)  
Lump Sum Total :

\$6,891.00

**MOBILIZATION FEE:** A minimum of fifteen percent (<sup>12%</sup>~~15%~~) of the total contract will be required prior to commencing on the Scope of Work. This Mobilization Fee totals \$ 900.00

**CONTRACT BALANCE:** The balance of the total contract amount will be due and payable upon delivery of coordinate listing of Aerial panel locations and proper invoicing.

**SPECIAL NOTES/PROVISIONS:**

It is to be expressly understood between A Team Professional Associates, Incorporated and Excellon Resources, Inc., that upon a written signed contract AND Mobilization Fees, work will commence immediately. However; should Excellon Resources, Inc., for any reason, terminate this contract, Excellon Resources, Inc., shall compensate the surveyors for work and costs incurred up to and including the date of being notified in writing by Excellon Resources, Inc. of "stoppage" of work.

This Contract Agreement, Pages 1 and 2, which are hereby referred to and made a part of this Contract, shall constitute the Main Contract Agreement, and shall be binding on both parties of said contract.

**SURVEYOR:** A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED  
2432 WEST PEORIA AVENUE, BUILDING 7, SUITE 1075  
PHOENIX, ARIZONA 85029-4730

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_, 19 \_\_\_\_\_.

**CLIENT:** MR. DOUGLASS MacKENZIE  
EXCELLON RESOURCES, INC.  
20 ADELAIDE STREET EAST, BOX 28, SUITE 200  
TORONTO, ONTARIO M5C 2T6

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_, 19 \_\_\_\_\_.

**FAX**

A TEAM P.A. INCORPORATED  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029

Date 07/05/94Number of pages including cover sheet 3

To:

James Brisco

From:

Dave RhinePhone 721-1375Fax Phone 298-6688

CC:

Phone (602) 906-0020Fax Phone (602) 906-0019**REMARKS:**☐ Urgent☒ For your review☒ Reply ASAP☐ Please comment

Jim,

Please review the contract for setting and locating the control panels for your next project site.

If you should have any questions, please call. Additionally, if you should have any suggestions to expedite the signatures of this contract, please advise.

Thank you,

Dave R.

# ZEBRA/CONTENTION ESTIMATE BREAKDOWN

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TOTAL COSTS	\$29,067.00	\$25,596.00	\$3,471.00

\$13,045

Doug: Once we have done the circled work items, any or all subsequent work can be done at any future date.

FAXED  
7/8/94  
11:20 AM

Post-It™ brand fax transmittal memo 7671		# of pages ▶
To AD MacKenzie	From JABA	
Co. Excellon Inc.	Co. JABA Inc.	
Dept.	Phone #	
Fax #	Fax #	

Tucson, Sunday, July 10, 1994

**The Arizona Daily Star** Page Ten — Section A \*\*



## DRAFT

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

MVP CAPITAL CORP.  
Suite #200  
20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

## JOINT PRESS ANNOUNCEMENT

JULY 12, 1994

FOR IMMEDIATE RELEASE

Excellon Resources Inc. (EXN-VSE) and MVP Capital Corp. (MVP-TSE) announce that they have completed a 14 hole (approximately 6,125 feet) reverse circulation drilling program on their jointly owned (50/50) TDC Leases near Tombstone, Arizona. Four of these holes intersected significant mineralization, as follows:

Hole Number	Intersection			Au (oz./ton)	Ag (oz./ton)
	From	To	Feet		
ECR-3	40	65	25	0.176 <i>OK</i>	6.39 <i>OK</i>
ECR-4	5	50	45	0.032 <i>OK</i>	2.96 <i>OK</i>
ECR-5	135	170	35	0.037 <i>OK</i>	1.31 <i>OK</i>
ECR-6	15	60	45	0.050 <i>OK</i>	3.32 <i>OK</i>

These results are presently being reviewed to determine if they have materially added to the previously established geological resources in two separate zones of 717,000 tons grading 0.065 and 289,000 tons grading 0.098 ounces of gold equivalent per ton.

*46,605 < 400*  
*18.6 mm*  
In a separate project in the Tombstone area, BHP Minerals International Exploration Inc. has the right to earn up to a 70% interest in certain copper targets known as the "Robber's Roost", which are also jointly owned by Excellon and MVP, by spending U.S. \$3,625,000 over 6 years and providing Excellon/MVP with a feasibility study. If BHP earns its interest by completing the feasibility study, Excellon and MVP will each own a 15% interest in the copper targets. BHP has informed Excellon/MVP that it has completed a geophysical survey which identified a number of anomalies and that it plans to commence a 4 or 5 hole (approximately *4,000* feet) diamond drill program on the Robber's Roost ground by the end of July, 1994. *28,327 oz x 400*  
*11.33*  
*2.50 mm*

On behalf of

EXCELLON RESOURCES INC.

On behalf of

MVP CAPITAL CORP.

Richard W. Brissenden  
Chairman  
Excellon Resources Inc.  
(416) - 867-1100

Ian M. T. McAavity  
President  
MVP Capital Corp.  
(416) - 867-1100

The Vancouver Stock Exchange has neither approved nor disapproved of the contents of this Joint Press Release.

received  
7/12/94

REVIEWED  
J.A.B.

TOTAL P.02

**DELIBERATIONS**FAX LEAD SHEET

TO: James A. Briscoe TIME: 3:45 P.M.  
FAX NO: /(602) - 298-6688 DATE: July 11th, 1994  
FROM: Richard W. Brissenden RETURN  
FAX NO: 416-867 - 1109

REFERENCE: Attached please find a "Draft" Excellon Resources Inc./MVP  
Capital Corp. Joint Press Announcement for your review and comments. As we  
would like to make this release at the close of business tomorrow, July 12th,  
1994, I would appreciate any comments at your earliest convenience.

---

NUMBER OF PAGES INCLUDING LEAD SHEET: 2

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CONTACT THE SENDER AS  
SOON AS POSSIBLE AT:

416-867-1100

# Bank One, Arizona, NA

## MEMO-ADVICE OF CHARGE

OFFICE \_\_\_\_\_

We have charged your account for DIFFERENCE ON YOUR DEPOSIT OF  
7-8 CAD CHECK NOT CONVERTED 6310.00 AT 7/27

Date 7-11-94

PHOTOCOPY ATTACHED

By A Jones

TO

JABA INC  
2100 N WILMOT RD STE 218  
TUCSON AZ 85712-3051

ACCT. NO. 42972684

DEDUCT THIS AMOUNT FROM  
YOUR ACCOUNT BALANCE

\$ 1812.86

CUSTOMER ADVICE

0-203-0004 Rev. 2/88

### SMITH, LYONS, TORRANCE, STEVENSON & MAYER

BARRISTERS & SOLICITORS

VANCOUVER, B.C. V6C 3C8

PAY

**PAY 6310.00**

T 6071

TO THE  
ORDER  
OF

JABA, Inc.

DATE

April 7, 1994

AMOUNT

\$ 6,310.00

CANADIAN IMPERIAL BANK OF COMMERCE  
400 BURNARD STREET, VANCOUVER, B.C. V6C 3A6

TRUST  
ACCOUNT

SMITH, LYONS, TORRANCE, STEVENSON & MAYER

*Laurence Salby*  
M/L

⑈00010⑈010⑈ 85⑈03117⑈

⑈0000631000⑈

**received**  
7/14/94

REVIEWED  
J.A.B.

TO: JAMES A. BRISCOE  
CO.:  
DEPT.:  
FAX #: (602) - 298-6688

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

MVP CAPITAL CORP.  
Suite #200  
20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

JOINT PRESS ANNOUNCEMENT

JULY 12, 1994

FOR IMMEDIATE RELEASE

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These results are presently being reviewed to determine if they have materially added to the previously established geological resources in two separate zones of 717,000 tons grading 0.065 and 289,000 tons grading 0.098 ounces of gold equivalent per ton.

In a separate project in the Tombstone area, BHP Minerals International Exploration Inc. has the right to earn up to a 70% interest in certain copper targets known as the "Robber's Roost", which are also jointly owned by Excellon and MVP, by spending U.S. \$3,625,000 over 6 years and providing Excellon/MVP with a feasibility study. If BHP earns its interest by completing the feasibility study, Excellon and MVP will each own a 15% interest in the copper targets. BHP has informed Excellon/MVP that it has completed a geophysical survey which identified several anomalies and that it plans to commence a 4,000 foot diamond and reverse circulation drilling program on the Robber's Roost ground by the end of July, 1994.

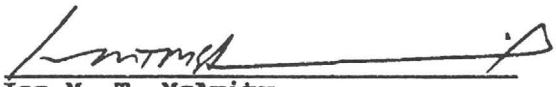
On behalf of

EXCELLON RESOURCES INC.

  
Richard W. Brissenden  
Chairman  
Excellon Resources Inc.  
(416) - 867-1100

On behalf of

MVP CAPITAL CORP.

  
Ian M. T. McAvity  
President  
MVP Capital Corp.  
(416) - 867-1100

The Vancouver Stock Exchange has neither approved nor disapproved of the contents of this Joint Press Release.

received  
7/12/94







GPS SURVEYING  
LAND SURVEYING

CORPORATE OFFICE  
5035 W. Harmont Drive  
Glendale, Arizona 85302  
(602) 934-3304  
FAX (602) 930-0004

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

April 21, 1994

JABA Inc.  
2100 N. Wilmot Rd.  
Suite 218,  
Tucson, Arizona 85712

Attn: James A. Briscoe  
President

RE: Proposal to provide Photo Ground Control and Coring locations at the Tombstone mine site.

A-Team Professional Associates Inc. is pleased to present this proposal for your Tombstone Project. As before, we propose using Global Positioning Systems (GPS) to locate all ground control. Although this far exceeds typical accuracies, it provides a solid foundation for future work.

As we had discussed, the costs for the coring locations will be a flat \$80.00 per position. This cost requires a minimum of 45 corings to be located. If we should exceed 60 corings to be located, I feel an additional savings could be realized. 4,800

From the maps that I have reviewed, I find that 19 control panels will be needed for the photo control. We will also need to repanel up to 9 previous control points to provide continuity of the new mapping.

The cost for mobilization, locating and cataloging control, GPS field observations and postprocessing GPS Data for 45 to 60 positions for the coring location operation will amount to \$3,600 to \$4,800. To provide positions of the 19 panels for photo control, 2 brass cap control monuments and repaneling as needed will cost \$6,130. From my estimations, this would yield a total savings of approximately \$1,070. This substantial savings results from eliminating the mobilization included into the coring location costs.

As in the previous project, the initial phases of locating and identifying control positions, recovery of geodetic control stations and field observations are standard company procedures. The aerial panels will be set at the time of the GPS observations. Horizontal control will be established to control positions to achieve an 1:100,000 relative precision of internal control.

Please call us if we can provide any additional information. Thank you for the opportunity to respond to your request. Good luck with your project.

Respectfully,

David A. Rhine, R.L.S.  
A TEAM Professional Associates Inc.

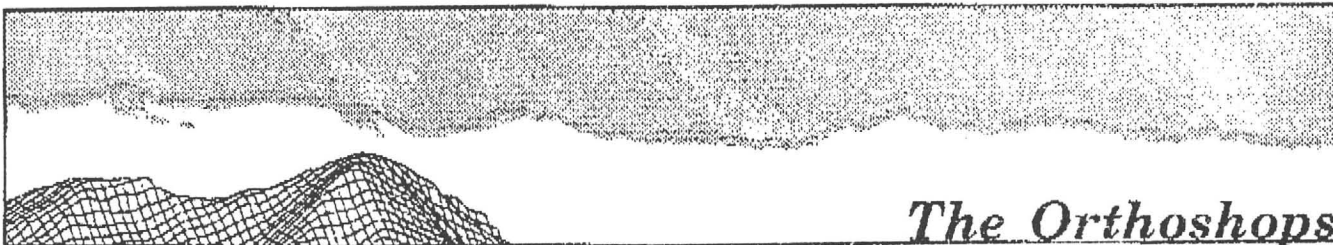
received  
8/27/94

This an up  
date on the  
earlier survey  
proposal.  
This contains work notes  
on the Zebra contention  
drill hole survey

Target 60 pts  $\times 15 @$   $\frac{900}{200}$   
1,100

VS 5,000 PTS = 4,000 savings

6/21/2021



*The Orthoshops*

1121 West Grant Road, Suite 401  
Tucson, Arizona 85705  
(800) 568-9782

1723 27th Avenue, N.E.  
Calgary, Alberta T2E 7E1  
(800) 563-1740

## FAX COVER SHEET

To: Jim Briscoe  
Company James A. Briscoe & Assoc.  
FAX (602) 298-6688  
Date: June 27, 1994

From: Lyle Slater  
Pages.....2.....(including cover page)  
Topic: Tombstone

### Message:

Dear Jim,

Attached is the price sheet previously sent to you.

The original mapping photo used in Tombstone was 1:12500. From this photo, your horizontal and vertical error should fall just under one foot.

Thanks!

If you do not receive all pages, please call and advise.

Tele: 602-798-1323

FAX: 602-798-1569

color photo scale 1" = 2,000 1:24,000

# TOMBSTONE ESTIMATE BREAKDOWN

ITEM	SECTIONS DONE INDIVIDUALLY	ALL SECTIONS DONE AT ONCE	COST VARIANCE
AIR PHOTO	\$2,438.00	\$2,438.00	\$0.00
COLOR REPRO (ALL)	\$896.00	\$896.00	\$0.00
JOB PREP AND ANALYTICAL TRIANGULATION	\$1,694.00	\$1,694.00	\$0.00
ORTHO PHOTO NEGATIVE @ 1:12000 1" = 1000	\$418.25	\$418.25	\$0.00
ORTHO REPRODUCTION @ 1:6000 1" = 500	\$329.75	\$329.75	\$0.00
TOPOGRAPHICAL MAPPING 1" = 200'		5,776	
SECTION 26 10' contours	\$1,373.00	6,130	Base Δ Survey
SECTION 27	\$1,498.00	500	Add. Surveyors Mobo & Lemob-
SECTION 28	\$1,373.00		
SECTION 29	\$1,498.00		
SECTION 33	\$1,249.00	12,406	
SECTION 34	\$1,373.00		
SECTION 35	\$1,249.00		
SECTIONS DONE INDIVIDUALLY	\$9,613.00		
ALL SECTIONS - SAME TIME		\$6,142.00	
TOTAL COSTS	\$15,389.00	\$11,918.00	\$3,471.00

The Orthoshop-Tucson

6,130 survey control  
\$12,272

Fly Photography to add 1" = 500 ortho  
if necessary  
will cost ? extra flying.  
No extra control.

---

Cost to do 56 USMX holes & 14 ECRs = 70

Photos

Drill Holes — 200

Target size for drill hole targets 6' legs w/ 2' wide material  
w/ 1' open in middle.  
Do T rather than X

JABA should re-target  $\Delta$

31

3

1

2

4

section cor.

}

6 + 8 mine shafts + 14 ECR holes  
+ 56 USMX holes + 5 water wells  
+ 5 Santa Fe holes

= 94 targets X 25 to set targets

= \$2,350 vs \$700 for the same  
many ECRs \$6,000

# ZEBRA/CONTENTION ESTIMATE BREAKDOWN

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8:55

Lyle Slayton

011 52 62 14 56  
98

• Air

2,825  
979

It's all a  
cont. area

Color Repro

• Job Rep  
& Δ action

2,018

Ortho Neg  
& Repro

Same -

Cont. area  
Ortho update

836

• Update T&A  
& P.L.

2,807

Drill holes  
(ball park.)

---

10,213





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

July 15, 1994

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

Dear Douglas:

Re: Zebra - Contention Aerial Photography

Transmitted with this note is the Contract from The Ortho Shop. I have reviewed it and it is fine. If you will sign it and fax it back to them and Fed Ex a check in the amount of the down payment, they will be ready to fly it next Monday July 25, pending clear weather. The weather could be a problem however as we have two large forrest fires burning on either side of Tombstone and the Monsoon rains are predicted to start this week. We will just have to wait clear, smoke free weather for the flight go ahead.

Best regards;

  
James A. Briscoe

# THE ORTHOSHOP-TUCSON STANDARD SERVICES CONTRACT 1994 EDITION

CONTRACT NO. 5

## I. CONTRACTING PARTIES

This Contract is made as of the 15th day of July, 19 94, between:

the Contractor:  
(firm name and address)

The Orthoshop-Tucson  
1121 W. Grant Rd., Suite 401  
Tucson, AZ 85705

and the Client:  
(firm name and address)

Excellon Resources USA, Inc.  
Suite 200-20 Adelaide Street East  
Toronto, ON M5C 2T6

## II. MAPPING PROJECT

### A. The Mapping Project Area

This Contract is for services concerning the following Mapping Project:

Project: "Zebra"

Location: Tombstone, Arizona

Size: 4480 Acres

Intended Map Usage: Exploration

### B. The Contract Area Map

It shall be the responsibility of the ☐ Contractor ☒ Client to provide a Contract Area Map upon execution of this Contract, which shall depict the Mapping Project Area.

### C. Flight Plan

The Client's approval of the area of coverage shown on a flight plan provided by the Contractor ☐ is ☒ is not required before the aerial photography required by this Contract may be undertaken.

## III. SERVICES OF THE CONTRACTOR

### A. The Services

The Contractor shall provide the following services. (Check if applicable and insert requested information)

#### Aerial Photography:

Photography shall be ☒ Color ☐ Black & White ☐ Infra-Red ☐ Infra-Red Color ☐ Other (Specify)

Scale of Photography: 12500, 24K & 36K Flight Height: 6250, 12K, 18K Photo Index ☐ Yes ☒ No

Focal Length of Camera to be Used: ☐ 88mm ☒ 152mm ☐ 210mm ☐ 305mm

**Mapping:**

Map Scale: \_\_\_\_\_

Contour Interval: \_\_\_\_\_

☒ Aerotriangulation    ☐ Photogrammetric Digital Mapping    ☐ Orthophotographic Mapping**B. Additional Specifications**☐ The following additional specifications regarding the Mapping Project are appended as Attachment B and are incorporated by Reference.Specifications: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_☒ No additional specifications apply.**C. Special Conditions**☒ The following special conditions regarding the Mapping Project are appended as Attachment C and are incorporated by Reference.Conditions: All of the 1:24000 aerial photography will be analytically bridged to verify GPS survey work and for use in dropping control to the 1:36000 photo in order to produce the desired 1:6000 orthophoto.☐ No additional special conditions apply.**VI. MAPPING DOCUMENTS TO BE DELIVERED**

The Contractor shall furnish the following Mapping Documents, which are instruments of photogrammetric service:

**A. Aerial Photography:**☒ Contact Prints    Number of Sets: 1    ☒ Color    ☐ Black & White    ☐ Infra-Red    ☐ Infra-Red Color☐ Photo Index    Number of Sets: \_\_\_\_\_    Scale: \_\_\_\_\_☐ Enlargements    Number: \_\_\_\_\_    Size: \_\_\_\_\_☐ Other (Specify): \_\_\_\_\_**B. Aerotriangulation Reports**☐ Full Adjustment Report    ☒ Coordinate List Only    ☐ Other (Specify): \_\_\_\_\_**C. Photogrammetric Map**☐ Topographic/Planimetric    ☐ Planimetric Only    ☐ Other (Specify): \_\_\_\_\_**D. Final Manuscript**☐ Paper Proof    ☐ Color Ink    ☐ Black Ink Only    Number of Copies: \_\_\_\_\_☐ Mylar Proof    ☐ Color Ink    ☐ Black Ink Only    Number of Copies: \_\_\_\_\_☐ Scribed Final    Number of Copies: \_\_\_\_\_

**E. Digital Data Files**

☐ ☒ Contours

☐ ☒ Planimetry

☐ ☒ DTM

Software Format: DTM: \_\_\_\_\_

Contours/Planimetry: \_\_\_\_\_

Media: ☐ ☒ Floppy Disk 3.5" ☐ ☒ 1/4" Cartridge Tape ☐ ☒ 4mm DAT Tape

☐ ☒ Other (Specify): \_\_\_\_\_

Number of Copies: \_\_\_\_\_ Special Instructions: \_\_\_\_\_

**F. Orthophotographic Map**

☒ ☒ Conventional Ortho Negatives

☐ ☒ Deliver to Client

☐ ☒ Digital Orthophoto

☐ ☒ Softcopy

☒ ☒ Hardcopy

Neg./Pos. \_\_\_\_\_

Data Format: \_\_\_\_\_

☐ ☒ UNIX

☐ ☒ 8mm Exabyte

☐ ☒ DOS

☐ ☒ 4mm DAT

☐ ☒ Mac

☐ ☒ CD ROM

☐ ☒ SUN

☐ ☒ Other (Specify): \_\_\_\_\_

DTM data for Digital Orthophoto provided by:

☐ ☒ Contractor

☐ ☒ Client

Softcopy Files:

☐ ☒ Title Block

☐ ☒ Without Title Block

Softcopy Notes: \_\_\_\_\_

Georeferenced: ☐ ☒ Yes ☐ ☒ No

☐ ☒ With Contours

☐ ☒ Whitelines

☐ ☒ Blacklines

☐ ☒ Without Contours

☐ ☒ Screening Screen Size: \_\_\_\_\_

☐ ☒ Mylar

☒ ☒ Photo Paper

Number of Copies: \_\_\_\_\_ 1

Hardcopy Notes: The 1:12000 ortho negative will be enlarged to 1:6000 with grid ticks and coordinate information superimposed on photographic paper.

## V. FEATURES TO BE SHOWN

### A. Source of Feature Names

It is the responsibility of the Client to provide all appropriate Feature Names. In addition, layer, color, line type, symbology and other appropriate information is the responsibility of the Client. In the event Client does not supply information as requested, the Contractor will use Standard Feature Code Tables developed for in-house use.

- |   |   |
|---|---|
| <input type="checkbox"/> <input checked="" type="checkbox"/> Airports                                 | <input type="checkbox"/> <input checked="" type="checkbox"/> Sidewalks          |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Bridges & Overpasses                     | <input type="checkbox"/> <input checked="" type="checkbox"/> Spot Elevations    |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Buildings                                | <input type="checkbox"/> <input checked="" type="checkbox"/> Signs              |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Bench Marks                              | <input type="checkbox"/> <input checked="" type="checkbox"/> Swamps & Wetlands  |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Trailers                                 | <input type="checkbox"/> <input checked="" type="checkbox"/> Swimming Pools     |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Cemeteries                               | <input type="checkbox"/> <input checked="" type="checkbox"/> Tanks              |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Centerlines of Streets, Roads & Highways | <input type="checkbox"/> <input checked="" type="checkbox"/> Towers             |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Concrete Slabs & Foundations             | <input type="checkbox"/> <input checked="" type="checkbox"/> Traveled Ways      |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Contours                                 | <input type="checkbox"/> <input checked="" type="checkbox"/> Alleys             |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Control Points                           | <input type="checkbox"/> <input checked="" type="checkbox"/> Highways           |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Culverts                                 | <input type="checkbox"/> <input checked="" type="checkbox"/> Paved Roads        |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Culvert Headwalls                        | <input type="checkbox"/> <input checked="" type="checkbox"/> Dirt Roads         |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Curbs, Edges of Traveled Ways            | <input type="checkbox"/> <input checked="" type="checkbox"/> Trails             |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Drainage Ditches                         | <input type="checkbox"/> <input checked="" type="checkbox"/> Trees (Individual) |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Driveways                                | <input type="checkbox"/> <input checked="" type="checkbox"/> Trees (Group)      |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Fences (Backyard)                        | <input type="checkbox"/> <input checked="" type="checkbox"/> Utility Structures |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Fences (Major)                           | <input type="checkbox"/> <input checked="" type="checkbox"/> Utility Poles      |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Landfills & Excavation                   | <input type="checkbox"/> <input checked="" type="checkbox"/> Light Poles        |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Parking Areas                            | <input type="checkbox"/> <input checked="" type="checkbox"/> Sewer Manholes     |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Pipelines & Corridors                    | <input type="checkbox"/> <input checked="" type="checkbox"/> Water Valves       |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Power Transmission Lines                 | <input type="checkbox"/> <input checked="" type="checkbox"/> Catch Basins       |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Railroads                                | <input type="checkbox"/> <input checked="" type="checkbox"/> Drop Inlets        |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Rivers, Creeks, Ponds & Lakes            | <input type="checkbox"/> <input checked="" type="checkbox"/> Fire Hydrants      |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Recreational Facilities                  | <input type="checkbox"/> <input checked="" type="checkbox"/> Gas Valves         |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Parks                                    | <input type="checkbox"/> <input checked="" type="checkbox"/> Other              |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Playing Fields                           | <input type="checkbox"/> <input checked="" type="checkbox"/> Dams, Levees       |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Tennis Courts                            | <input type="checkbox"/> <input checked="" type="checkbox"/> Mine Detail        |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Golf Courses                             | <input type="checkbox"/> <input checked="" type="checkbox"/> Shafts             |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Other                                    | <input type="checkbox"/> <input checked="" type="checkbox"/> Prospects          |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Retaining Walls                          | <input type="checkbox"/> <input checked="" type="checkbox"/> Toes/Crests        |
| <input type="checkbox"/> <input checked="" type="checkbox"/> Road Names                               | <input type="checkbox"/> <input checked="" type="checkbox"/> Dumps/Tailings     |

Other: \_\_\_\_\_

## VI. MAP FORMAT

### A. Sheet Size

External Sheet Size: 42 x 42

Neat Line: 40 x 40

### B. Data To Be Shown

The following data shall be shown on the final Mapping Documents:

☐ ☒ Grid Lines

☒ ☒ Grid Ticks

☐ ☒ Project Name

☐ ☒ Project Location

☐ ☒ Contracting Authority

☐ ☒ Contract Number

☐ ☒ Sheet Number

☒ ☒ Grid Labeling

☐ ☒ Contractor's Name

Other (Specify): \_\_\_\_\_

☐ ☒ Map Scale

☐ ☒ Grid Values

☐ ☒ Sheet Match Numbers

☐ ☒ Credit Notes

☐ ☒ North Arrow

☐ ☒ Bar Scale

☐ ☒ Accuracy Note

☐ ☒ Vicinity Diagram

☐ ☒ Border

☐ ☒ Interior

### C. Master Border Sheet

Before completion of the Mapping Documents required by this Contract, a Master Border Sheet showing sheet size, map format, sheet orientation and the data specified in Paragraph B of this Section ("Data to be Shown"):

☐ ☒ Shall be submitted by the Contractor for  
the Client's written approval

☐ ☒ Shall be supplied by the Client

## VII. FEE SCHEDULE

### A. Payment Schedule

The Client shall pay the Contractor according to the following schedule for the Contractor's services:

#### Payment Schedule

Initial payment due upon execution of Contract ..... US \$1,902.00

Amount due on completion of:

Aerial Photography ..... US \$1,902.00

Ground Control Surveys..... \_\_\_\_\_

Orthophoto Negatives ..... US \$418.25

Preliminary Maps..... \_\_\_\_\_

Final Maps ..... \_\_\_\_\_

Digital Data ..... \_\_\_\_\_

Other ..... US \$2,347.53

**TOTAL** ..... US \$6,569.78

4667.78

**C. Rework**

Any rework by the Contractor that is necessitated by the Client's failure to discharge its responsibilities as required by this Contract, or which is in addition to the services required by Part One, shall be compensated by the Client at the following rate: Negotiated Fee

**D. Additional Services, Conditions or Modifications**

The Contractor shall be compensated as follows for any additional services, conditions or modifications specified in Section VIII: Negotiated Fee

**E. Payment Invoices**

The Contractor shall issue an invoice for payment at each phase of the above Payment Schedule or, in the Contractor's discretion, on a monthly basis for payment in approximate proportion to services performed. All payments are due and payable 30 days from the date of the Contractor's invoice. Amounts unpaid 45 days after the invoice date shall bear interest at the rate of 1.5% per month.

**VIII. ADDITIONAL SERVICES, CONDITIONS OR MODIFICATIONS**

(Insert other services or conditions required by or modifications to this Contract.)

**X. SIGNATURES**

The parties hereby enter into this contract and agree to be bound by its terms.

**CONTRACTOR**

The Orthoshop-Tucson

Firm Name

By: 

Authorized Signature

Lyle E. Slater

Print Name

Vice President

Title

**CLIENT**

Excellon Resources USA, Inc.

Firm Name

By: \_\_\_\_\_

Authorized Signature

A. Douglas MacKenzie

Print Name

\_\_\_\_\_  
Title





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

July 13, 1994

Ms. Donna Miller  
Minerals Section  
Arizona State Land Department  
1616 West Adams  
Phoenix, AZ 85007

RE: Plan of Operations, Prospecting Permit #'s 08-52526, 08-52728-52730, 08-52736, 08-52738 & 08-52739; JABA project #159-357

Dear Ms. Miller:

Pursuant to your correspondence of June 6, 1994, regarding the above referenced Plan on said Permits, please be advised that the Permittee currently has no work plans to be undertaken in the near term, other than aerial photography, ground surveying and surface geologic mapping. Impact to the environment will be minimal to none during this phase of work.

Prior to any follow-up exploration activities, after formulating a schedule and exploration plan, a Plan of Operations will be submitted to the Department for approval.

As you are aware, per our telephone conversation of this date, I have just been handed the tag ends of the assignments of the above referenced Prospecting Permits to Excellon Resources USA from Primo Gold USA. I am currently in receipt of all necessary information requested per your June 30, 1994 correspondence to Excellon, excluding the necessary restoration bonds. As soon as you can determine the applicability of a state-wide bond for Excellon, I will get with their bonding agent and get these matters taken care of also. Upon completion, hopefully in less than two weeks, you should be in receipt of all necessary items requested to complete the assignment.

Your time, understanding and attention to these matters is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Thomas E. Waldrip, Jr.".

Thomas E. Waldrip, Jr.

TEW/msb

cc: A. D. MacKenzie  
J. A. Briscoe



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

159-357

FEDERAL EXPRESS

July 14, 1994

Mr. Kenneth A. Cabianca  
Primo Cold USA  
c/o Primo Gold Ltd.  
609 Granville St., Suite #1730  
Vancouver, BC, Canada V7Y 1G5

RE: Renewal applications, State of Arizona Prospecting Permits, Zebra Project Area; JABA Project #159-357

Dear Mr. Cabianca:

Pursuant to my conversation with the Arizona State Land Department officials, all renewal applications must be signed by the Permittee of record for Arizona Prospecting Permits. Mr. MacKenzie (Excellon) just turned the information for the Permits involved in your Agreement with them over to me yesterday, and I am trying to get up to speed as rapidly as possible. My understanding is that the process of assignment has been initiated by Excellon but not completed, and as such, the State still recognizes Primo as being Permittee of record for the Permits. Therefore, I am requesting your signature on 3 of the Permit renewal applications (#08-52728-52730) up July 27, 1994.

Hopefully, I will be able to complete the assignment process to Excellon before the Permits come up for renewal in August, but to cover all eventualities, I have also included these three applications for renewal for your signature also (#08-52736, 52738 & 52739). This should save all of us time in the future. Depending on how rapidly everything goes in the assignment process with the State, I can use or dispose of these documents.

I have enclosed a prepaid and addressed Federal Express transmittal for your convenience in return of the signed documents to me.

Your immediate attention to these matters is appreciated.

Sincerely,

Thomas E. Waldrip, Jr.

cc: A. D. MacKenzie  
J. A. Briscoe

P.S. Ken, after our telephone conversation, I found out from the State that you will also have to sign the Affidavit of Annual Exploration Expenditure (please see back of Renewal page), which has not been the case in the past. I keep having a moving target here, but hope this completes our transactions.

Eklund ECR Drilling Costs - Proj. 159-365, Phase I - 5b (As of 6/30/94)

ECR DH#	Total Depth Ft.	Regular R. C. \$8.50 to \$9.50	Center Return Hammer 225.00	Tricone 225.00	HIH Casing+ 225.00	Cost of Assays	Cost per Hole	Cost per Foot
1-94	400	2210	1012.50	4612.50	2268.75	936	11039.75	27.60
2-94	700	6250			112.50	1680	8042.50	11.49
3-94	550		2700.00		450.00	1260	4410.00	8.02
4-94	500	2990	1743.75		450.00	1200	6383.75	12.77
5-94	535	4160		1350.00	393.75	1176	7079.75	13.23
6-94	700	4540	1631.25		562.50	1680	8413.75	12.02
7-94	435	3732.5			506.25	1008	5246.75	12.06
8-94	300	2550			337.50	720	3607.50	12.03
9-94	505	1530	2306.25		225.00	1176	5237.25	10.37
10-94	300	2550			393.75	720	3663.75	12.21
11-94	300	850		3825.00	225.00	708	5608.00	18.69
12-94	300	170	1350.00		56.25	720	2296.25	7.65
13-94	300		2475.00		281.25	708	3464.25	11.55
16-94	300		1462.50		281.25	720	2463.75	8.21
Totals	6125	31533	14681.25	9787.50	6543.75	14412	76957.00	12.56

Dozer	22762.50	
Assays	14412.00	
Drilling	62545.00	
Mob/Dem	5000.00	
16 Days Per Diems	2400.00	
Bits	4689.00	
Hammer	3329.97	
Supplies	1097.95	
Water	68.64	
TAX	4348.41	19.70
TOTAL	120653.47	

**FAX TRANSMITTAL** # of Pages 4  
**TO:** ADM/RWB **FROM:** J.A. BRISCOE  
**CO:** Excellent **JABA, INC.**  
**DATE:** 7/15/94 **PHONE:** (602) 721-1375  
**FAX #:**  **FAX #:** (602) 298-6688 \*2  
**COMMENTS** This sheet reconciled w/  
Eklund's bill, following pages

**received**  
7/15/94





**EKLUND  
DRILLING COMPANY INC.**  
*LANCE J. EKLUND - Owner*



June 30, 1994

**EXCELLON RESOURCES**  
20 Adelaide Street East, Suite 200  
Toronto, Ontario, Canada M5C 2T6

**INVOICE - #29-063094**

For drilling services provided by Rig #29 from June 3, 1994 through June 30, 1994 at the location near Tombstone, Arizona.

Mobilization 2,500.00

<u>HOLE #</u>	<u>FOOTAGE</u>	<u>HOURLY</u>	<u>STANDBY</u>
ELR-1	260	34.00	.75
		.50-Abandon	
ELR-2	700	.50-Abandon	
ELR-6	400 (0-400)	.75-Casing	
	120 (580-700)	8.50	
		.50-Abandon	
ELR-9	180	1.00-Casing	
		9.75	
		.50-Abandon	
ELR-3		1.25-Casing	
		12.00	
		.75-Abandon	
ELT-4	340 (160-500)	1.50-Casing	
		7.75	
		.50-Abandon	
ELR-5	480	1.25-Casing	
		6.00-Tricone	
		.50-Abandon	
ELR-7	435	1.25-Casing	
		1.00-Abandon	
ELR-8	300	1.00-Casing	
		.50-Abandon	
ELR-10	300	1.25-Casing	
		.50-Abandon	

**received**  
7/14/94



<u>HOLE #</u>	<u>FOOTAGE</u>	<u>HOURLY</u>	<u>STANDBY</u>
ELR-11	100	.50-Casing 17.00	
ELR-12	20	.50-Abandon .25-Casing 6.00	
ELR-16		.75-Casing 6.50	
ELR-13		.50-Abandon .75-Casing 11.00 .50-Abandon	
3000	Feet (0-400) Vertical @ \$8.50		25,500.00
635	Feet (401-650) Vertical @ \$9.50		6,032.50
137.25	Hours @ \$225.00		30,881.25
.75	Hour Standby @ \$175.00		131.25
39	Sks. Bentonite @ \$6.73	262.47	
22	Sks. Cement @ \$11.33	249.26	
3	Buckets Clear Mud @ \$86.01	258.03	
1	Bucket Soap @ \$57.44	57.44	
3	Deflector Rubbers @ \$31.05	93.15	
30	Ft. 6" Thinwall Casing @ \$5.92	177.60	
1	5 3/4" CR Hammer Bit @ \$1,091.06	1,091.06	
1	5 3/4" CR Hammer Bit @ no charge		
1	Matrix Rock Bit Sub @ \$1,017.75	1,017.75	
1	5 5/8" BH Rock Bit @ \$1,064.61	1,064.61	
1	5 5/8" BH Rock Bit @ \$1,064.61	1,064.61	
1	5 3/4" SD5 Hammer Bit @ \$450.97	450.97	
1	Center Return Hammer @ no charge		
1	Barrel @ \$1,210.95	1,210.95	
1	Bottom Driver Sub @ \$838.67	838.67	
1	5 1/2" Rock Bit Wearsleeve @ \$132.25	132.25	
1	5 1/8" Bladder @ \$48.30	48.30	
1	Bottom Reamer Sub @ \$672.75	672.75	
1	Change Over Sub @ no charge		
1	Sample Tube @ \$288.08	288.08	
1	Wearsleeve @ \$138.97	<u>138.97</u>	
	Sub Total	9,116.92	9,116.92
16	Days per diem, 3 men @ \$150.00		2,400.00

Demobilization

2,500.00

Sub Total 79,061.92

Cochise County Privilege Tax

4,348.41

Total **\$83,410.33**

Thank you

EKLUND DRILLING CO., INC.



# FILE *Procs*

07/27/1994 09:26 FROM JABA, Inc.

TO 2986688\*2

P.02

**DRAFT**

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

MVP CAPITAL CORP.  
SUITE #200  
20 Adelaide Street East  
Toronto, Ontario  
M5C 2T6

## JOINT PRESS ANNOUNCEMENT

JULY 27, 1994

FOR IMMEDIATE RELEASE

Excellon Resources Inc. (EXN-VSE) and MVP Capital Corp. (MVP-TSE) are pleased to announce that BHP Minerals International Exploration Inc. (BHP) has commenced its previously announced 4000 foot diamond and reverse circulation drilling program on EXN and MVP's jointly owned Robbers Roost ground near Tombstone, Arizona.

In addition, EXN and MVP have acquired an additional 55 claims in the Robbers Roost area from Alanco Environmental Resources Corporation (Alanco). The agreement provides for a U.S. \$10,000 payment on signing and annual payments of \$15,000 in 1995, \$30,000 in 1996, \$50,000 in 1997, \$75,000 in 1998, and \$1,000,000 in 1999 at which point the property would be 100% owned by MVP-EXN with no residual or royalty interest retained by Alanco. BHP has indicated that it plans to exercise its right to include this land into the Robbers Roost Project area of interest. BHP has the right to earn up to a 70% interest in certain copper targets in the Robbers Roost area by spending U.S. \$3,600,000 over 6 years and providing EXN and MVP with a feasibility study. Excellon and MVP would then each own a 15% interest in the project. During the months of June and July, BHP completed geophysical surveys which identified several anomalies which it now plans to drill.

On behalf of

EXCELLON RESOURCES INC.

On behalf of

MVP CAPITAL CORP.

A. Douglas MacKenzie  
President  
Excellon Resources Inc.  
(416) - 867-1100

Ian M. T. McAvity  
President  
MVP Capital Corp.  
(416) - 867-1100

The Vancouver Stock Exchange has neither approved nor disapproved the contents of this Joint Press Release.

**received**  
7/27/94

REVIEWED  
J.A.B.

ROUTING FROM <u>JAB</u>		
DATE <u>7/27/94</u>	PRO. <u>159</u>	
INT.	INT.	INT.
<input type="checkbox"/> JAB	<input checked="" type="checkbox"/> KJM	<input type="checkbox"/>
<input checked="" type="checkbox"/> TEW	<input type="checkbox"/> PJB	<input type="checkbox"/>
<input checked="" type="checkbox"/> MSB	<input type="checkbox"/>	<input type="checkbox"/>

MVIP

DELIBERATIONS

FAX LEAD SHEET

TO: Jim Brunce TIME: July 28/94  
FAX NO: 602-721-2762 DATE: \_\_\_\_\_  
FROM: A.D. MacKenzie RETURN  
FAX NO: 416-867-1109

REFERENCE: \_\_\_\_\_

Jim:  
Attached please find Draft Press  
Release which we plan to release after  
the close of business today. This has  
been reviewed and approved by

BHP

Best regard  
JMP

NUMBER OF PAGES INCLUDING LEAD SHEET: \_\_\_\_\_

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CONTACT THE SENDER AS  
SOON AS POSSIBLE AT:

416-867-1100

FAX TRANSMITTAL # of Pages 2  
TO: ADM FROM: J.A. BRISCOE  
CO: Excellon JABA, INC.  
DATE: 7/27/94 PHONE: (602) 721-1375  
FAX # \_\_\_\_\_ FAX # (602) 298-6688 \*2  
COMMENTS \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

July 27, 1994

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

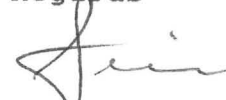
Dear Douglas:

Re:News release 7/27/94 Robbers Roost.

Looks Good to me.

I'd suggest being sure this gets to the Mining Record, Denver.  
So far none of our news releases have I seen in the Mining  
Record, tho the USMX releases were in it. I'm transmitting with  
this fax a copy of their address data.

Regards



Jim Briscoe

FAXED  
7/27/94  
10:56 AM

7/27/94 JAMES 6:15:00

THE PRO TRADER

FILE Proj.



PRINTED IN CANADA

THE PRO TRADER

**AUG**



**American  
Assay  
Laboratories**

# STATEMENT

Remit To: P.O. Box 71060  
Reno, NV 89570  
Phone No.: 702-356-0606  
Fax No.: 702-356-1413

AMERICAN ASSAY LABORATORIES  
1500 GLENDALE AVE.  
SPARKS, NV 89431

JABA INC.  
2100 N. WILMOT  
SUITE 218  
TUCSON

STATEMENT DATE: 07/31/94

AZ 85712

**FAX TRANSMITTAL** # of Pages 1  
**TO:** ADM / ROR **FROM:** JA BRISCOE  
**CO:** Excelsior **JABA, INC.**  
**DATE:** 8/3/94 **PHONE:** (802) 721-1375  
**FAX#** **FAX#** (802) 299-6000 \*2  
**COMMENTS**  
CUSTOMER NO.: 02-JABBA  
This for 1st Tomb assays

DATE	INVOICE	DESCRIPTION	CHARGE	CREDIT	BALANCE
06/03/94	0029138-IN		690.75		690.75
06/09/94	0029292-IN		320.10		320.10
TOTAL:					1,010.85
CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	BALANCE DUE
.00	1,010.85	.00	.00	.00	1,010.85

ALL INVOICES DUE NET 30

**FAXED**  
8/3/94  
5:00 PM JAB



# FILE

*Exc. Proj*

SM&amp;R CO.

1

P.03

SIERRITA MINING RANCHING CO.  
HC 70 BOX 4260  
SAHUARITA, AZ 85629  
(602)625-1204

INVOICE 94  
DATE 6/23/94

Bill To:  
EXCELLON RESOURCES, INC.  
BOX 28, 20 ADELAIDE ST. E.  
SUITE 200  
TORONTO, ONTARIO CAN M5C-2T6

Ship To:

*(416) 257-1100 Douglas Mackenzie*

P.O. #

Terms

99

Description	Amount
WORK PERFORMED AT TOMBSTONE SITE AS DIRECTED BY TOM WALDROP	
DOZER 145 HRS @ \$135.00 /PER HOUR	19,575.00
MOBILIZATION 16 HRS @ \$75.00 /PER HOUR	1,200.00
TRAVEL (PICKUP) 12 DAYS @ \$45.00 /PER DAY	540.00
HAULING PERMIT	75.00
PREPAYMENT	-4,000.00

Subtotal 17,390.00

Total \$17,390.00

Amount Paid \$0  
Amount Due \$17,390.00

received  
8/9/94

*See over leaf*

# FILE

SM&amp;R CO.

1

P.02

SIERRITA MINING RANCHING CO.  
MC 70 BOX 4260  
SAHUARITA, AZ 85629  
(602)625-1204

INVOICE 93  
DATE 6/23/94

Bill To:  
TOMBSTONE DEVELOPMENT COMPANY  
ATTN: JEROME NEIDFELT  
P.O. BOX 1445  
GRAND ISLAND NE 68802  
308-382-7480

Ship To:

P.O. #                      Terms

99

Description

Amount

WORK PERFORMED AT TOMBSTONE SITE AS DIRECTED BY TOM WALDROP

DOZER 36.5 HRS @ \$135.00 /PER HOUR	4,927.50
TRAVEL (PICKUP) 6 DAYS @ \$45.00 /PER DAY	270.00

Subtotal	5,197.50
=====	
Total	\$5,197.50

Amount Paid \$0  
Amount Due \$5,197.50

received



PROFESSIONAL ASSOCIATES, INC.

FILE Proj.

GPS SURVEYING

LAND SURVEYING

CORPORATE OFFICE  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029  
(602) 906-0020  
FAX (602) 906-0019

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

August 1, 1994

Attn: A. Douglas MacKinzie, Vice President  
MVP Capital Corp.  
20 Adelaide Street East  
Box 28, Suite 200  
Toronto, Ontario, Canada M5C 2T6

RE: GPS Mapping Control for Mining Site,  
Southeast of Tombstone, Arizona

The following are coordinates of Photo Control Panels as indexed on the Tombstone and Hay Mountain Quadrangle maps. These positions are NAD83 State Plane Coordinates for the Arizona Eastern Zone. The coordinates are located directly from the previous mapping project to insure compatibility.

Panel	North	East	Panel Elevation	Monument Elevation
51	71376.70	220111.28	1293.43	1293.43
52	69294.06	220368.11	1274.97	1275.26
53	69545.02	224032.30	1320.99	1320.99
54	73129.96	224126.11	1388.50	1388.50
55	69359.03	227722.37	1324.42	1324.42
56	71619.74	227618.14	1389.08	1389.08
57	74564.33	227839.74	1407.26	1407.26
58	75531.17	227604.23	1394.41	1394.47
59	78191.23	227654.39	1388.35	1388.45
60	81183.11	227573.87	1384.51	1384.51
61	81006.93	231433.48	1445.36	1445.36
62	77457.58	231379.11	1459.27	1459.53
63	72958.77	231263.56	1388.53	1388.83
64	69356.81	231006.32	1348.30	1348.30
65	69475.68	234666.48	1358.22	1358.22
66	72055.74	234683.03	1384.59	1384.59
67	75277.41	234829.66	1421.46	1421.54
68	79670.48	234312.58	1452.81	1452.81
69	81073.13	234691.92	1469.51	1469.51

I am including a copy of the previous mapping control produced in October of 1992.

As always, if you should have any questions, please contact me at either the Tucson or Phoenix office.

Respectfully,

David A. Rhine R.L.S.

received  
8/7/94



xc: James A. Brisco, JABA, Inc.



GPS SURVEYING  
LAND SURVEYING

CORPORATE OFFICE  
5035 W. Harmont Drive  
Glendale, Arizona 85302  
(602) 934-3304  
FAX (602) 930-0004

TUCSON, ARIZONA OFFICE  
3021 W. Saint Tropic Avenue  
Tucson, Arizona 85713  
(602) 624-4429

The Orthoshop Tucson  
1121 West Grant Road  
Suite 401  
Tucson, AZ. 85705  
Attn: Lyle Slater

October 19, 1992

RE: GPS Mapping Control for Mining Sites near Tombstone, Arizona

The following are the coordinates of control panels as indexed on the Tombstone Quadrangle map. These positions are NAD83 State Plane coordinates for the Arizona Eastern Zone. Northings and Eastings are International Feet and Panel elevations are Survey Feet.

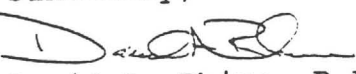
Pt#	Northing	Easting	Panel Elevation
0021	266467.52	721238.89	4258.88
0022	264539.27	727850.44	4362.32
0023	265893.40	734733.58	4462.62
0024	266218.82	740398.10	4530.68
0025	258472.53	739794.50	4578.89
0026	260572.30	734347.25	4508.86
0027	259318.07	728221.55	4478.40
0028	257461.60	721618.19	4623.93
0029	252995.03	721833.21	4532.09
0030	249885.04	728643.03	4850.47
0031	254924.56	734345.38	4641.65
0032	252609.04	740217.84	4666.62
0033	246132.43	740319.43	4808.10
0034	246164.79	733956.12	5009.14
0035	246318.20	721831.58	4544.18
0036	238187.88	722269.06	4411.60
0037	241225.54	727481.09	4617.64
0038	241081.90	740442.67	4846.37

Additional Points to be plotted

0001	254304.286	731374.881
0002	253654.346	728703.905
0003	254849.438	732939.099
0004	254992.318	730006.723

If you should have any questions, please contact me at the Tucson office.

Sincerely,

  
David A. Rhine, R.L.S.

xc: Excellon Resources, Inc.  
JABA, Inc.



GPS SURVEYING

LAND SURVEYING

CORPORATE OFFICE  
2432 W. Peoria Ave., Ste. 1075  
Phoenix, Arizona 85029  
(602) 906-0020  
FAX (602) 906-0019

TUCSON, ARIZONA OFFICE  
6821 N. Machiavelli Way  
Tucson, Arizona 85741  
(602) 742-7492

August 1, 1994

Attn: A. Douglas MacKinzie, Vice President  
MVP Capital Corp.  
20 Adelaide Street East  
Box 28, Suite 200  
Toronto, Ontario, Canada M5C 2T6

RE: GPS Mapping Control for Mining Site,  
Southeast of Tombstone, Arizona

The following are coordinates of Photo Control Panels as indexed on the Tombstone and Hay Mountain Quadrangle maps. These positions are NAD83 State Plane Coordinates for the Arizona Eastern Zone. All coordinates are in Survey feet.

		Panel	Monument	
Panel	North	East	Elevation	Elevation
51	71376.70	220111.28	1293.43	1293.43
52	69294.06	220368.11	1274.97	1275.26
53	69545.02	224032.30	1320.99	1320.99
54	73129.96	224126.11	1388.50	1388.50
55	69359.03	227722.37	1324.42	1324.42
56	71619.74	227618.14	1389.08	1389.08
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66	72055.74	234683.03	1384.59	1384.59
67	75277.41	234829.66	1421.46	1421.54
68	79670.48	234312.58	1452.81	1452.81
69	81073.13	234691.92	1469.51	1469.51

I, David A. Rhine certify that this survey was performed under my direct supervision in the month of July, 1994. The coordinates are located directly from the previous mapping project to insure compatibility and meet or exceed a minimum horizontal precision of 1:50,000 of internal accuracy.

David A. Rhine, R.L.S.





A TEAM Professional Assoc.,Inc.		
Tombstone Southeast Photo Control		
Scale: 1in=8000ft	Aug. 01, 1994	

FILE Tomb. Proj.



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

FAX TRANSMITTAL # of Pages 5  
TO: ADM FROM: J.A. BRISCOE  
CO: Excellon JABA, INC.  
DATE: 8/4/94, 12:45 PHONE: (602) 721-1375  
FAX # \_\_\_\_\_ FAX # (602) 298-6688 \*2  
COMMENTS \_\_\_\_\_

August 4, 1994

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

Dear Douglas:

Re: Assessment work State Lease SW1/4 Sect. 27, T 20 S, R 22 E,  
Robbers Roost area - 2 miles east of Robbers Roost, - \$1,600  
assessment work due October 5, 1994.

Transmitted with this note is Tom Waldrip's note on the AZ  
State land department billing for this lease, my scratchy  
location map on our property map base for the Tombstone Mining  
District, and Toms' topography map showing the property location  
(with my annotation for clarity in the fax).

It is unlikely that this parcel has any potential for minable  
copper mineralization. However, as we have previously discussed,  
it may lie within the precious metal halo of the Robbers Roost  
porphyry system. Any such precious metal mineralization could be  
invisible to the eye (ie sub micron) or at best very hard to  
recognize.

I would recommend assessment work to consist on 1 day in the  
field by myself doing reconnaissance geology and alteration  
mapping and the taking of 25 rock chip samples to be assayed for  
gold and silver. Mapping would be on our color air photo(s) of  
the area. A brief report on the results of the sampling along  
with the sample location map and what ever geology could be  
completed in that time would be submitted. This would provide  
sufficient work for assessment purposes. It should also tell us  
whether it would be worth while keeping the parcel for another  
year. If no anomalous assays or geology were obtained the ground  
could be safely dropped.

Conversely, if the BHP effort at Robbers Roost isn't encouraging  
the lease could be dropped on October 5. Of course that would  
not answer the question of whether subtle gold or silver might be  
present.

Page 1 of 2

FAXED  
8/4/94  
12:45 PM



We will follow your direction on whether or not to proceed. However, we would like to schedule the work if you wish to proceed so that we don't have another project that would preempt it.

I would recommend doing this in the first part of September when the temperature has dropped somewhat, but no later so there is no rush to get the data and paperwork into the state.

Very truly yours;

A handwritten signature in dark ink, appearing to read "James A. Briscoe", with a stylized flourish at the end.

James A. Briscoe

ADM08/04/94

cc; TEW

## ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007



To avoid payment of penalty and interest this payment must be IN the OFFICE of the State Land Department ON or BEFORE the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment. Payment must be received by close of business on 05-oct-1994.

KE-LEASE NO: 008-053246-00  
ACCOUNT RECEIVABLE NO: 12345  
NAME REFERENCE NO: 7947  
AMOUNT DUE: \$ 100.00  
DUE DATE: 05-oct-1994

JABA INC  
JAMES A BRISCOE  
2100 N WILMOT RD STE 218  
TUCSON AZ 85712

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT - THANK YOU

ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007

KE-LEASE NO: 008-053246-00  
LESSEE: JABA INC

ACCOUNT RECEIVABLE NO: 12345

-----Billing-----

Code	Description	Amount
35	APP FEE RENEWAL	\$ 100.00
		\$ 100.00

Billing Dates		Date Billed	Due Date	Effective	Expiration
From	Through				
		31-jul-1994	05-oct-1994	06-oct-1993	05-oct-1998

YOUR PERMIT TERMINATES ON THE DUE DATE NOTED ABOVE. TO RENEW THIS PERMIT, THE ENCLOSED APPLICATION IS TO BE COMPLETED AND FILED WITH DEPARTMENT PRIOR TO 5:00 P.M. ON THE DUE DATE, TOGETHER WITH REQUIRED MONIES. INSTRUCTIONS ON THE APPLICATION MUST BE STRICTLY ADHERED TO SO THAT ANY RIGHTS GRANTED BY THE PERMIT ARE PROTECTED.

SW 1/4 SECT. 27 Twp. 20S. R 22E 160<sup>0</sup>-ACRES

JIM, THE FOLLOWING STATE PP is up for RENEWAL BY 10/5/94. WE WILL HAVE TO DO \$1600<sup>00</sup> work by then. PLEASE ADVISE AS TO WHAT EXCELLON WANTS TO DO.

THANKS TOM

P.S. SEE ATTACHED MAP OF LOCATION OF PROS. PER. AREA.

STATE OF MAINE  
Escapule Property

WALNUT CREEK  
Property

TDC LEASE #1  
(RED)

P-159-371

APPROX. LOC.  
BHP #4

TDC LEASE #2

PROMPTER RIDGE  
Property

*Sect. requires  
1,200 work  
by 5 Oct. 94*

ROBBERS ROOST  
J.V. with BHP Minerals

ZEBRA PROJECT

JAMES STEWART CO.

ALANCO

ALANCO

AREA OF MUTUAL INTEREST  
(A.M.I.)

JOHNSON RANCH

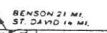
SAN

EST

(1500)

(SAINT DAVID)

(PEARCE)



- Sect requires \$1,600 work by 5 Oct. 1994



TOMBSTONE QUADRANGLE  
ARIZONA-COCHISE CO.  
15 MINUTE SERIES (TOPOGRAPHIC)



MEMO

TO: James A. Briscoe  
FROM: Thomas E. Waldrip, Jr.  
DATE: August 5, 1994

RE: Coreboard preparation time, Excellon Drilling, Tombstone Contention Project; P159-365(b)

Jim,

Pursuant to your request, Bob and I have made a best-guess estimate for coreboard construction costs for the ECR drill holes at Tombstone. The "knowns" are as follows:

292.5 hours direct personal time (including substantial overtime) at average cost of \$8.31 includes 59.5 hours overtime at \$12.47 per hour - no management time included. Labor cost \$2,678.20

6,125 feet of drilling samples onto coreboards

20 coreboards used at a per board cost of \$8.00

\$.10 per interval bonus (850 for Curtis and 375 for Joe) total intervals being 1,225

Therefore, based on five (5) foot intervals:

Labor - \$2,678.20/1,225 intervals =	\$2.19
Coreboards - \$160/1,225 intervals =	.13
Bonus - \$.10 per interval =	.10
TOTAL	\$2.45

The approximate average cost per foot was \$.49. Remember, this does not include any instruction, oversight or management costs on our part. Were these costs included, the total would probably approach the \$.55 to \$.60 range per foot. Take out the overtime, the figure becomes somewhat less (minimal).

Based on the above results, approximately 20.9 feet per hour was put on the boards (a little over 4 samples per hour). On an eight hour per day basis, approximately 167.5 feet were put onto the boards (a little over 33.5 samples per day).

Tom 

TEW/msb

MEMO TEW to JAB  
RE: Coreboards for ECR drill holes  
August 5, 1994  
Page 1 of 1

received  
8/5/94



JIM - DO NOT  
FORGET ~  
1/4 of samples  
have not been  
split out,

JABA, Inc.



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

# FAX TRANSMITTAL

# of Pages 2

TO: ADM FROM: J.A. BRISCOE  
CO: Excellon JABA, INC.  
DATE: 8/8/94 PHONE: (602) 721-1375  
FAX # \_\_\_\_\_ FAX # (602) 298-6688 \*2  
COMMENTS \_\_\_\_\_

August 5, 1994

A. Douglas MacKenzie, President  
Excellon Resources USA, Inc.  
20 Adelaide St. E., Suite #200  
Toronto, ON, Canada M5C 2T6

RE: Tombstone Project - Federal Mining Claims - Rental Fees, 1994 assessment year; Project #159-01

Dear Doug:

Pursuant to Public Law 102-381, which established an annual rental fee of \$100 for each unpatented federal mining claim located and held under the General Mining Law of 1872, the rental fee being in lieu of performance of annual assessment work, the 1993-94 assessment year rental fees for federal mining claims held or under lease by Excellon in the Tombstone project area are due and payable in the Arizona office of the Bureau of Land Management by the close of business on Wednesday, August 31, 1994. To date my records indicate that Excellon Resources has under location the following claim groups:

Claim Name	Block #	General Location	# of Claims	Rental Fees
T.S.	1	NE Tombstone	33	\$3,300
T.S.A.	2	Prompter Ridge	29	(2,900)
T.S.B.	3	Johnson Ranch	33	(3,300)
Fox	4	Escapule Claims	8	800
Solstice	4	Escapule Claims	15	(1,500)
West Fox	4	Escapule Claims	9	900
TOTAL				\$12,700

Through the two leases with Tombstone Development Company, an additional 59 unpatented claims are held, and Excellon is probably responsible for the assessment work this year. Technically, though, should Excellon drop its first lease with TDC by September 1, five claims should be subtracted from the above total. My reasoning is that the rental fees due by August 31, 1994 this year are for the 1994-95 fiscal year (1995 assessment year prepayment), and as such, the lease would be cancelled well in advance of the six (6) month period prior to the expiration of a mining assessment year as provided by terms of the first lease agreement for which Excellon is contractually committed to perform work. This reasoning would also hold for the additional ~~59~~ claims covered in the second lease, however the grace period is now down to three (3) months (instead of 6) via the second agreement. Therefore, if the second lease were dropped by June 1, 1995, my conclusion is that Excellon would have no

A. Douglas MacKenzie  
Excellon Resources  
August 5, 1994  
Page 1 of 2



FAXED  
8/8/94  
12:20 PM



assessment work commitments to TDC.

To resolve this issue, and unless Excellon plans on keeping one or both leases in effect for at least another year, I believe it to be reasonable for Excellon to request TDC to pay necessary rental fees this year by August 31, 1994 on their claims. Subsequently, if necessary, Excellon can reimburse TDC proportionately should the length of the various Agreements held by Excellon extend over the designated periods as provided by contract.

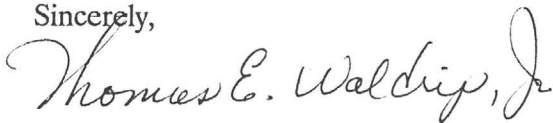
In essence, before close of business on August 31, 1994, rental fees amounting to between \$12,700 to \$18,600 will be due and payable with the Arizona office of the BLM, the spread being dependent on resolution of issues with TDC and assuming a status quo as to the amount of claims retained by Excellon.

I estimate approximately one man day at a cost of approximately \$350 (including postage, etc.) to get the necessary paperwork together for the BLM filings. Also, an Affidavit and Notice of Intent to Hold should be filed with the County Recorder's Office. I estimate approximately one man day of work plus recording fees, postage, etc., to run nearly \$400.

Doug, your direction and decisions into these matters would be appreciated at your earliest convenience. If you would like us to undertake this work for Excellon, I will need adequate lead time to get the necessary paperwork ready, allowing sufficient time for postal delivery to the State BLM office in Phoenix. Should the appropriate rental fees not be received by the Arizona State Office of the BLM by close of business on Wednesday, August 31, 1994, the claims will be declared abandoned and void.

Thank you for your timely response to this correspondence.

Sincerely,



Thomas E. Waldrip, Jr.

TEW/msb

# MVP

## DELIBERATIONS

### FAX LEAD SHEET

TO: Jim Nelson/David Spatz

TIME: 4:20 PM

FAX NO: 602-323-1811

DATE: August 08, 1994

FROM: A. D. MacKenzie

RETURN

FAX NO: 416-867-1109

President

Excellon Resources Inc.

REFERENCE: \_\_\_\_\_

tomorrow Aug 9

At our request, J. Briscoe, a director (and shareholder of Excellon Resources is authorized to visit with you to discuss the Robbers Roost Project. He will be accompanied by his associate Mr. Tom Waldrip of Jaba.

Both are subject to our confidentiality agreement. It would be appreciated if you could give them an update of progress etc. on the Robbers Roost Project.

Best regards.

*Doug MacKenzie*

Doug MacKenzie

*& Hope This is OK.*

*cc. Bob Schafar*

*801-261-7437*

ROUTING FROM <u>JAB</u>		
DATE <u>8/8/94</u>	PROJ. <u>159</u>	
INT.	INT.	INT.
<input type="checkbox"/> JAB	<input type="checkbox"/> RJM	<input type="checkbox"/>
<input checked="" type="checkbox"/> TEW	<input type="checkbox"/> PJB	<input type="checkbox"/>
<input type="checkbox"/> MSB	<input type="checkbox"/>	<input type="checkbox"/>

*F9I*

NUMBER OF PAGES INCLUDING LEAD SHEET: \_\_\_\_\_

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CONTACT THE SENDER AS SOON AS POSSIBLE AT:

416-867-1100

aration for the production start up. Ore and waste are being mined from the open pit at a

## CONTRACT MINING SERVICES

MVP

## DELIBERATIONS

### FAX LEAD SHEET

TO: Jim Nelson/David Spatz

TIME: 4:20 PM

FAX NO: 602-323-1811

DATE: August 08, 1994

FROM: A. D. MacKenzie

RETURN

President

FAX NO: 416-867-1109

Excellon Resources Inc.

REFERENCE: \_\_\_\_\_

tomorrow Aug 9

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Both are subject to our confidentiality agreement. It would be appreciated if you could give them an update of progress etc. on the Robbers Roost Project.

Best regards.

*Doug*

Doug MacKenzie

*& How this is OK.*

*MacKenzie*

*cc. Bob Schefar*

*801-261-7437*

ROUTING FROM <u>JAB</u>		
DATE <u>8/8/94</u>	PROJ: <u>159</u>	
INT.	INT.	INT.
<input type="checkbox"/> JAB	<input type="checkbox"/> RJM	<input type="checkbox"/>
<input checked="" type="checkbox"/> TEW	<input type="checkbox"/> PJB	<input type="checkbox"/>
<input type="checkbox"/> MSB	<input type="checkbox"/>	<input type="checkbox"/>

*F4I*

NUMBER OF PAGES INCLUDING LEAD SHEET: \_\_\_\_\_

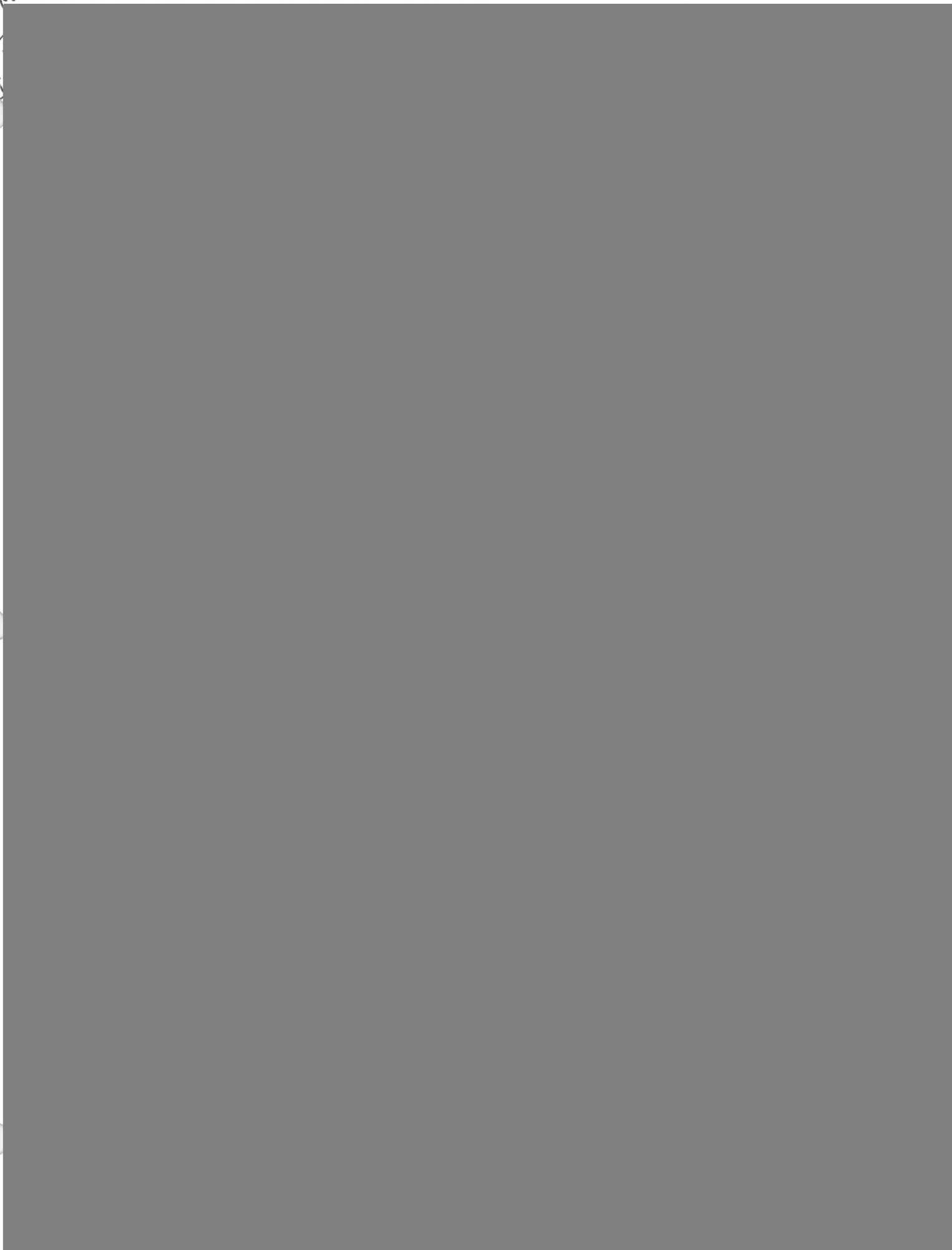
IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CONTACT THE SENDER AS SOON AS POSSIBLE AT:

416-867-1100

August 10, 1994

~~SECRET~~

To: ADM  
From: [illegible]



of Formation will be attending  
the award's luncheon to be held

2:20 PM Tact. [illegible]

FILE Proj.

FAX TRANSMITTAL

# of Pages 2

TO: JMG FROM: J.A. BRISCOE  
CO: EXCO (Name) JABA, INC.  
DATE: 8/14/94 PHONE: (602) 721-1375  
FAX #: (403) 827-3569 FAX #: (602) 298-6688 \*2  
COMMENTS  
cc to ADM

August 14, 1994

Dr. John M. Guilbert  
Consulting Economic Geologist  
Guilbert Consulting  
740 W. Las Lomitas Rd.  
Tucson, AZ USA 85704

Marlborough, NH

Dear John:

CONFIDENTIAL

Re: Robbers Roost

Tom Waldrip & I met with Jim Nelson on Tuesday to review plans, maps and drill results so far on Robbers Roost. In a word, we were very disappointed and with further quick (4-5 man days) compilation of data in JABA files done by Tom (with Bob's help) over this last week, we are now extremely disappointed. On a scale of 1 - 10 we think the effort is a 2-3.

In brief summary; failure to compile excellent existing data including GP, GChem, Alt Mapping. No mapping of leached capping that would pinpoint chalcocite vs py. Inadequate or additive GP & GChem. Misinterpretation of existing Gchem. & regional structure. Failure to get all data together before spotting drill holes.

Tom & I believe that they are drilling the pyritic halo with no chance of testing for presence of cc blanket nor of replacement cpy at depth. In fact our interpretation of regional structure is tilting of the por. Cu cylinder - top to the E or NE, suggests that the 1st two holes progress toward the outer halo as they go deeper, not to the Cu center. Unless by sheer luck in intercepting something completely unexpected, I believe the project is doomed to failure, without a fair test of the system.

Tom's compilation as well as my interpretation of that data as well as what information Jim Nelson did transmit on to us leads me to believe: The breccia pipes are for the most part co-incident with the pyritic halo, which forms an elliptical zone around what appears to be a typical porphyry center over which the better leached capping appears. Outwards from the pyritic halo is a concentric chlorite zone mapped by Bear Creek circa 1974. The inner porphyry center has only been skimmed by ASARCO hole #1. Some 100 samples taken by ASARCO, Bear Creek & ALANCO (TMR) circa early to mid 1970's corroborate this.

The first BHP hole was pyritic to a depth of 1,385. The 2nd is pyritic to its current depth circa 900 feet. One more hole is planned closer to but still not where we think the porphyry

center is suggested by the data.

Failure of a fair test of the porphyry center will kill the project unfairly, and probably make it impossible to fund further properly targeted testing by Excellon. Severe damage will be done to Excellon stockholders.

We feel that there is no ulterior motive behind this but inexperience on the part of Jim Nelson. Never-the-less the dire results will be the same.

We are trying to arrange a conference call with Bob Schaefer today or Monday with follow up meeting with Nelson, Spatz and Schafer if he is interested, so we may act as a good JV partner and input our data and interpretation into the vacuum. I would like to present to you the data and bring you up to speed with more details. Call me as soon as you have a chance. I could be missing something but don't think so. But would certainly appreciate your input and counsel and an independent determination of how you interpret the zone. We are certainly at a critical juncture that is time dependant. Of course I have discussed all the above and more with Douglass MacKenzie and he requested I prepare this fax for you. I will have color copies of the data compiled by Tom to you by FedEx. Tuesday at 10am. In the best of all worlds, we would like you to be here to meet the parties.

Best regards;

Jim Briscoe

JMG08/14/94

cc: ADM Trans. by fax

**FAXED**  
8/14/94  
11:59 AM



8/14/95



Will gambling come to Tombstone? Perhaps this year? Sundt would be a good partner. JAB

# Money

Investor's Notebook 3D  
Mutual funds 5D  
Money funds 6D

D

The Arizona Daily Star

Tucson, Sunday, August 14, 1994

KIRK

\_\_\_\_\_

No. 3186

James Briscoe

Mr. James Briscoe

5610 E. Sutler Lane

Tucson, AZ 85712

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US Mail

8/12/94

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 Adams  
NC 3876

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**Shipper/Packing**

751



## JABA, Inc.

Office of James A. Briscoe  
5610 E. Sutler Lane  
Tucson, AZ 85712  
(602) 721-1375  
(FAX) 298-6688

## FAX COVER SHEET

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

DATE: 8/15/94 THIS IS PAGE 1 OF 1 SENDER James A. Briscoe

TO ADM COMPANY Excellon

FAX # \_\_\_\_\_ LOCATION (City/State) Toronto

COMMENTS Talked w/ John - he ready  
to come when ever a meeting can  
be scheduled. I'll await a  
call from you as to that schedule.

*[Signature]*

### Confidentiality Caution

*This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged and confidential. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address at our cost.*



**MINTEC, inc.**

3131 N. SWAN  
P.O. BOX 31420  
TUCSON, AZ 85751-1420  
PHONE (602) 795-3891  
FAX (602) 325-2568

**INVOICE****REMIT TO:**

Mintec, Inc.  
2590 N. Alvernon  
Tucson AZ 85712 2421

To: JABA, INC.  
2100 N. WILMOT RD. #218  
TUCSON, AZ 85712

August 10 94  
Client # US1338  
Invoice # 11279

06-13-94 \$ 210.00

4 copies of Contention Map 5  
1 copy of Contention Map 8  
1 mono copy of Contention Map 5  
1 mono copy of Contention Map 8

06-14-94 \$ 150.00

3 copies of Contention Map 8  
2 100 scale maps

06-16-94 \$ 90.00

3 maps @ 30.00

6-23-94 \$ 140.00

2 plots @ \$30.00  
2 plots @ \$40.00

6-23-94 \$ 180.00

6 plots @ \$30.00

TOTAL

US

\$ 770.00

Please enclose copy of invoice with remittance.

**received**  
8/15/94



A TEAM PROFESSIONAL ASSOCIATES, INCORPORATED  
 2432 WEST PEORIA AVENUE, SUITE 1075  
 PHOENIX, ARIZONA 85029  
 OFF: (602) 906-0020 FAX: (602) 906-0019

TO: Mr. A. Douglas MacKinzie, Vice President  
 MVP Capital Corp.  
 20 Adelaide Street East  
 Box 28, Suite 200  
 Toronto, Ontario, Canada M5C 2T6

INV. DATE: 08-02-94  
 INVOICE NO: 94-136  
 PROJECT NO: 519

*mailed  
8-4-94*

RE: GPS Mapping Control for Mining Site, Southeast of Tombstone, Arizona

DATE	DESCRIPTION	CHARGE	PAYMENT	BALANCE
	Mobilization of men and equipment to Tombstone, Arizona.			
	Locate and panel 19 photo control positions as outlined by your photogrammetrist.			
	Repanel 8 previous photo control positions.			
	Provide Control coordinates that will be compatible to previous mapping coordinates.			
06-09-94	Original Contract: Less Mobilization Fee, paid by check # 0229	\$6891.00	(\$900.00)	
TOTAL				\$5991.00

TOTAL AMOUNT DUE THIS INVOICE \$5991.00

Thank you,

"WOMAN OWNED BUSINESS"



Post-It* Fax Note	7671	Date	8/16/94	# of pages	1
To	JIM BRISCO	From	D RHINE		
Co./Dept	JABA-INC	Co.	A TEAM PROF ASSOC		
Phone #	602 721-1375	Phone #	602-906-0020		
Fax #	602 728-6688	Fax #	602-906-0019		

# The Orthoshop Tucson

A Division of Mc Murchy Warner Slater & Reilly Inc. Suite 401, 1121 West Grant Road. Tucson Arizona. 85705  
Telephone, 602 798-1323 Fax 602 798-1569.

## Invoice

2545

MVP Capital Corp.  
Suite 200-20 Adelaide Street East  
Toronto  
Ontario M5C 2T6  
Attention : A. Douglas MacKenzie  
EIN

Cl No. 13016  
Date: Aug 12, 1994

Your Purchase Order Number	Orthoshop Work Order No.	Area Name
	1651	"Zebra"

### Description of services:

To provide 1:36000, 1:24000 and 1:2500 color air photo and color reproduction. 50% final payment.

\$1,902.00

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 1
To	From	
Jim BRISCOE	THE ORTHOSHOP	
Co.	Co.	
	TUCSON	
Dept.	Phone #	
	Fax #	

Federal Sales Tax License #

Payment Terms 2%10 Days, net 30, 2.0% / Month.

Federal Sales Tax

Invoice Total

Total

\$1,902.00

\$1,902.00

Client Original Client duplicate Work order file Invoice file Accounting

Invoice No. 2545



S W

HUACHUCA MTS.

SIERRA VISTA

ROBBERS ROOST  
BX PIPE

CHARLESTON LEAD MINE

CHARLESTON RD

TOMBSTONE

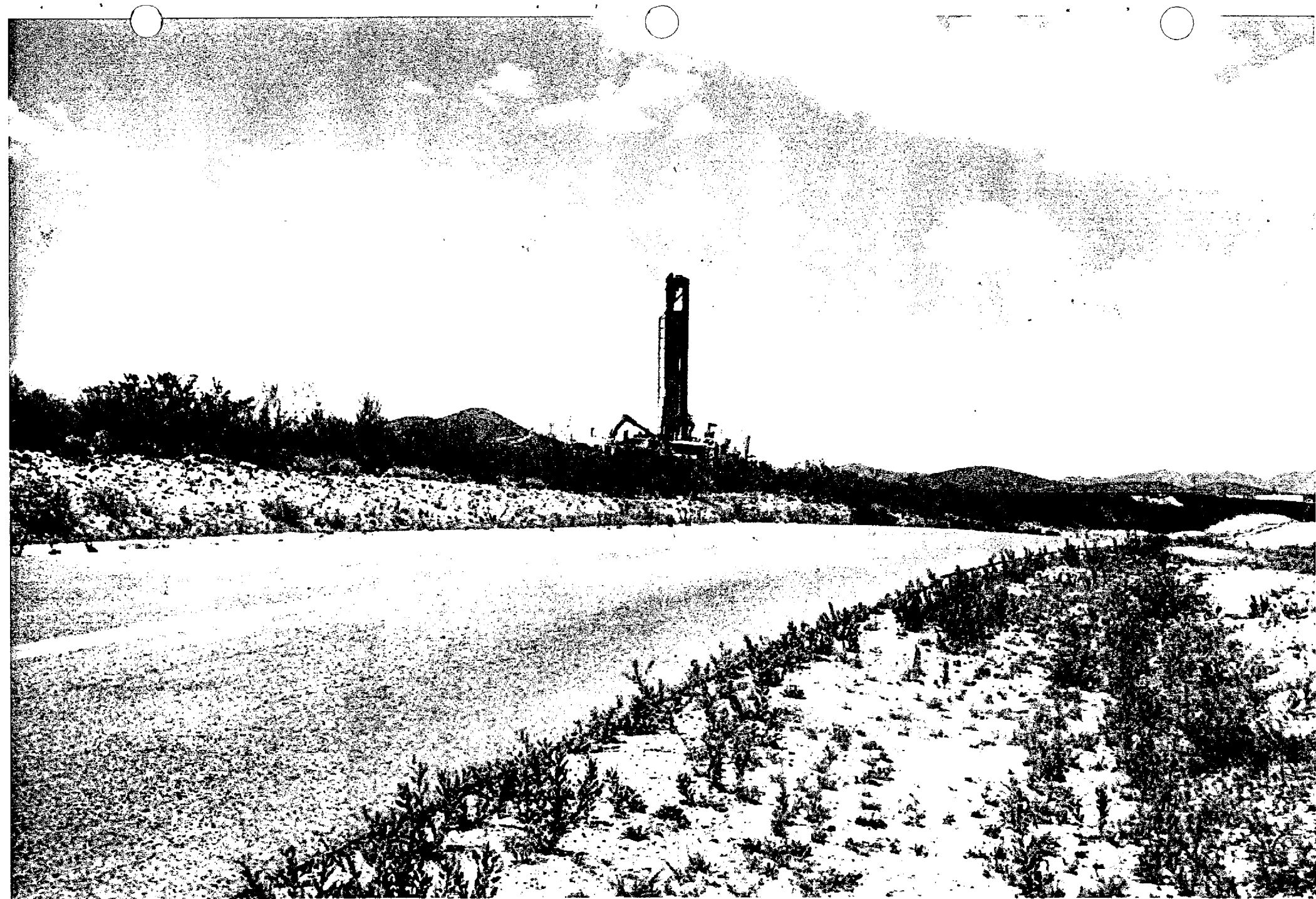
Transmitted by hand to ADM 8/18/94

AUGUST 6, 1994





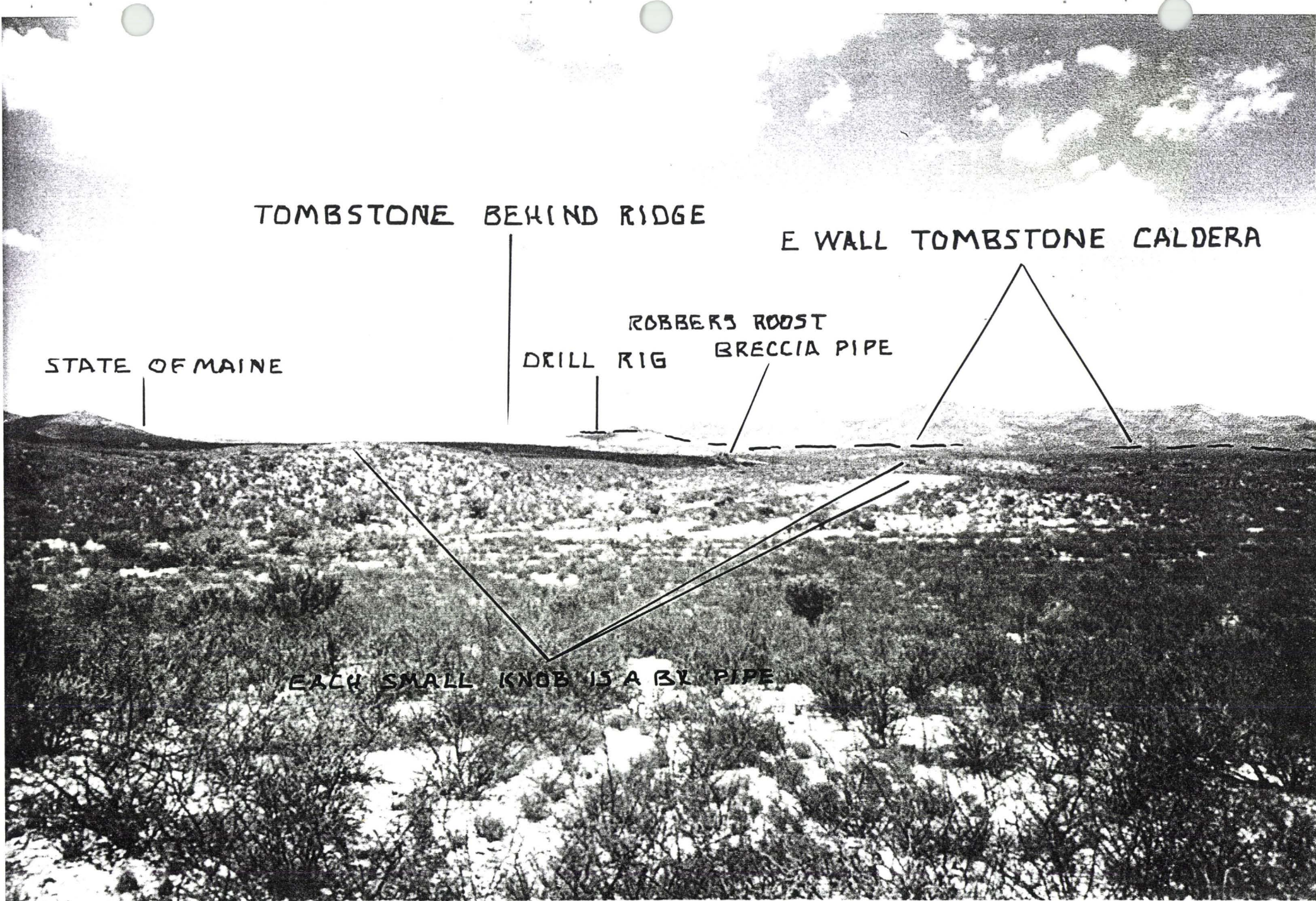




BHP-1 LOOKING NW AUGUST 6, 1994







TOMBSTONE BEHIND RIDGE

E WALL TOMBSTONE CALDERA

STATE OF MAINE

DRILL RIG

ROBBERS ROOST

BRECCIA PIPE

EACH SMALL KNOB IS A BX PIPE

AUGUST 6, 1994







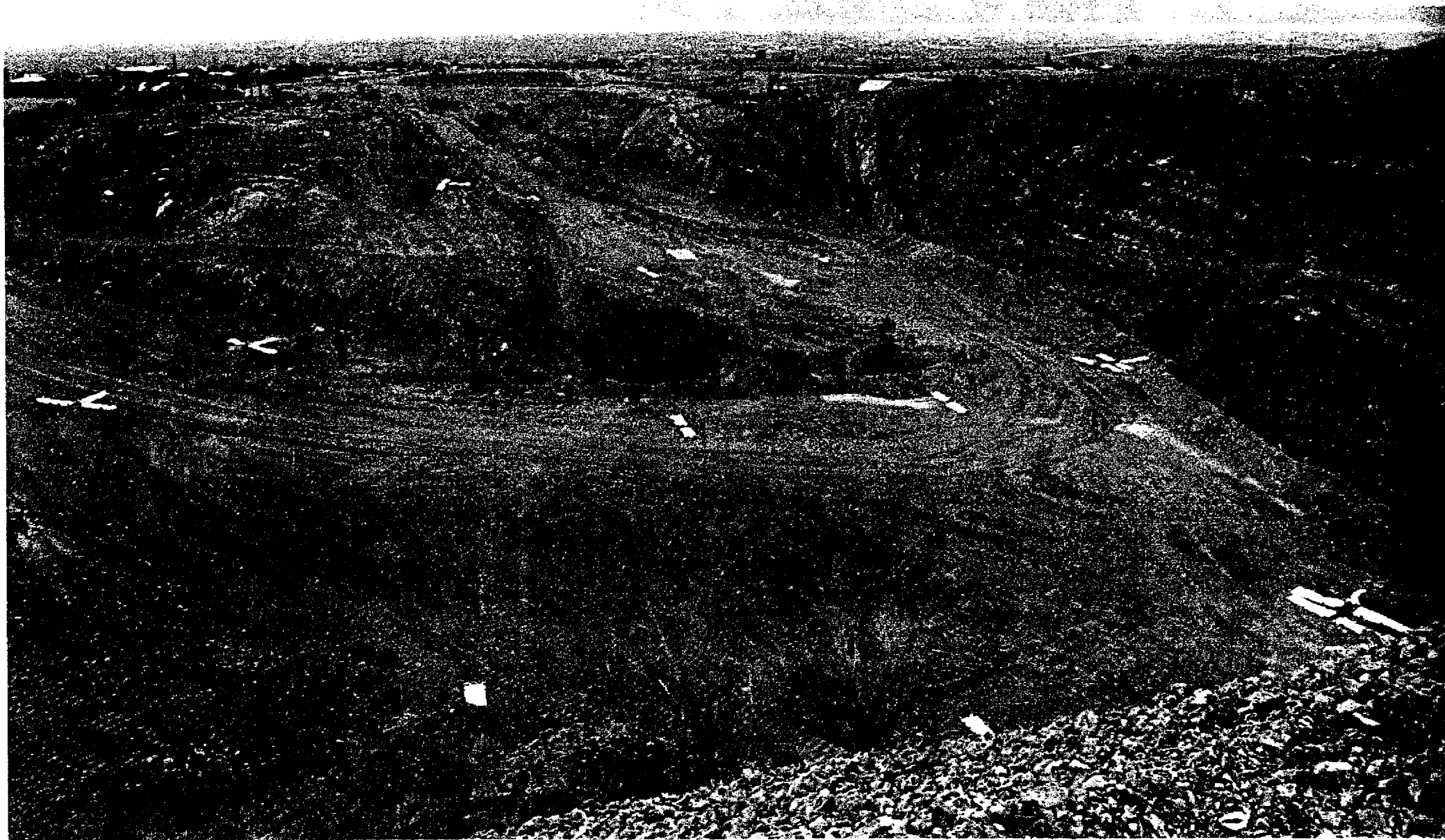


AIR PHOTO TARGET CREW CONTENTION MINE  
MARKING DRILL HOLES AT USMX #33 JULY 1994









AIR PHOTO TARGETS ON DRILL HOLES.  
CONTINENTAL PIT LOOKING NORTH JULY 1974







# 27 days in June hit 100

By GABRIELA RICO  
Citizen Staff Writer

But it's a dry heat . . . yeah right, whatever.

June 1994 will go down in history as one of the hottest months Tucson has ever experienced, with an average monthly temperature of 89.2 degrees.

The hottest day came on June 29 when the temperature hit 116 degrees. The lowest temperature was 63 degrees on June 2.

During the month, the temperature reached 100 degrees on 27 days. The normal: 15, according to the National Weather Service.

That beat the old record of 28 days at 100 degrees or more that was set back in 1946.

The average temperature of the hot days was 105.5 degrees; the normal: 99.6. Even the monthly lows were high, with an average minimum of 72.9 degrees vs. the normal of 67.9 degrees.

"That is quite a big change," Marv Shogren, chief meteorologist for the National Weather Service, said of the variation from the norm.

But wait, there's more.

This June there were six consecutive days with a maximum temperature of 110 degrees or higher, June 24th through the 29th, beating the old record of five consecutive days, June 24th through the 28th, in 1990.

## HEAT RECORDS

The five hottest months on record, based on average monthly temperatures:

- July 1989 - 90.2
- July 1942 - 89.8
- June 1994 - 89.2
- July 1951 - 88.8
- June 1990 - 88.7

Source: National Weather Service



TOMBSTONE Contention Pit @ ASMX  
 RD #33 - Ceres Locals AS & 2400  
 MARKERS - L-R Curtis Wisk Inc  
 T&W, Tesse Gressman, Inc  
 Est radar & Geoff Demers  
 7/20/94 photo by RJ Macer



#39985 #3A - 24A See Master Year Files for Negs



Contention Pit, Tombstone AZ  
 Looking N. showing Air photo markings  
 7/20/94



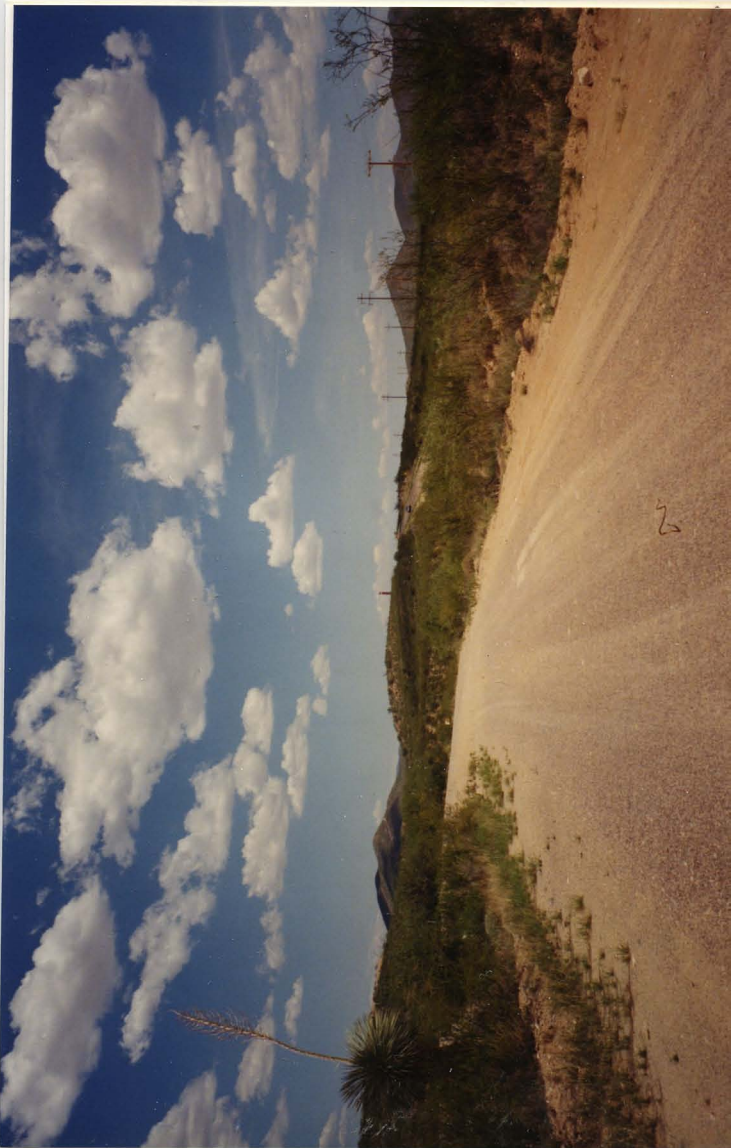


A photograph of a desert landscape. A paved road with a yellow center line runs diagonally from the bottom left towards the middle right. To the left of the road is a rocky, sandy area with sparse green and yellow desert shrubs. To the right of the road is a dense, dark green desert scrub area. In the middle ground, a tall, dark drilling rig or derrick stands on a small patch of cleared land. In the background, there are several rounded, brownish mountains under a light blue sky with scattered white clouds.

A large yellow and red drilling rig is operating in a desert environment. A person in a white shirt and blue pants stands near the rig. A large blue hose runs across the foreground. The rig has a tall mast and various mechanical components. The background shows a dry, hilly landscape under a blue sky with some clouds.













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