CONTACT INFORMATION
Mining Records Curator
Arizona Geological Survey
416 W. Congress St., Suite 100
Tucson, Arizona 85701
520-770-3500
http://www.azgs.az.gov
inquiries@azgs.az.gov

The following file is part of the

James Doyle Sell Mining Collection

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Yarnell

83 & 84 E (Maricopa Co.)

13 203 13 002 E 1 | 09 07 88 | 01 20 85 | PROPERTY STATUS INQUIRY FOR: LCN | FOR THE COUNTY OF: YAVAPAI | 13 203 13 002 E 1
CO BK MP PAR S C | RUN DATE | FILE DATE | | | CO BK MP PAR S C

**NAME AND ADDRESS**

1 MARICOPA COUNTY, STATE OF AZ
5 3325 W DURANGO
6 PHOENIX AZ AZ 85009

ADDR CODE
MARKET AREA 2 AVG LAND FCV
PSC A1 SUB AREA 1

**SALES AND TRANSFER**

DOCKET 1265 PAGE 697
INSTR TYPE
DATE OF SALE 12 13 79
SALE PRICE 4000

**SPECIAL DISTRICT**

CODE UNITS CODE UNITS

**LAND**

USAGE CLASS 9600
ASSMT RATIOS 16
% OF FCV 100
CUR FCV 575 AV 92
SOURCE ASSESSOR
SITUS
SECTION TOWNSHIP RANGE
PARCEL SIZE .12 ACRES
VALUATION
BASE PER

**TAX DATA**

AREA CODE 5270
EXEMPT STATUS FULL
FCV EXEMPT 92
LPV EXEMPT 92
ASSMT RATIOS: LPV 16.0 LAND 16.0 IMPR COMB 16.0
TOTAL FCV: 575 NET AV:
CUR LPV: 575 NET AV:

**IMPROVEMENTS**

USAGE CLASS 0000 VALUE SOURCE
ASSMT RATIOS
% OF FCV
FCV'S:
COST
MARKET
COST/MKT
ASSESSOR
CO BOARD
ST BOARD
CUR FCV: AV:

**PERSONAL PROPERTY**

| CLASS | ITEMS | FCV | RATIO | ASSESSED |
|---|---|---|---|---|
| 2000 | | | 80 | |
| TOTAL: | | | | |

**MARKET DATA**

APP DATE | CONSTR YR | CLASS | STORIES | ROOMS | GRADE
EXT WALLS | ROOF | HEAT | AIR COND | BATH | PATIO | NUMBER
PHY COND | LIVING | GAR/CPT | CAPACITY | POOL

**LEGAL**

01 WEAVER DIST: 75 X 75 X 75 X 70 FT PCL BY M&B LYING 387.56 FT N
02 & 500 FT ERLY FROM NO 1 COR OF & IN JUNIPER CLAIM CONT .12 AC

***END OF PIC RECORD***

Santa Fe owns "D" Surface only

A Triangle

13 203 13 002 A 5 CO BK MP PAR S C | 09 07 88 RUN DATE | 05 11 87 FILE DATE

PROPERTY STATUS INQUIRY
FOR: YAV

FOR THE COUNTY OF: YAVAPAI

13 203 13 002 A 5 CO BK MP PAR S C

## NAME AND ADDRESS

1 WESTERN BUILDING AND MINING INC
5 BOX 4006
6 READING PA 19606

ADDR CODE
MARKET AREA 2
PSC A2

AVG LAND FCV
SUB AREA 1

## SALES AND TRANSFER

DOCKET 1216 PAGE 388
INSTR TYPE
DATE OF SALE 05 16 79
SALE PRICE 85000

## SPECIAL DISTRICT

| CODE | UNITS | CODE | UNITS |
|---|---|---|---|

## LAND

USAGE CLASS 8770
ASSMT RATIOS 10 16
% OF FCV 31 69
CUR FCV 27,168 AV 3,831
SOURCE COUNTY BD
SITUS
SECTION TOWNSHIP RANGE
PARCEL SIZE 17.32 ACRES
VALUATION
BASE PER MIXED

## TAX DATA

AREA CODE 5270
EXEMPT STATUS
FCV EXEMPT
LPV EXEMPT

| ASSMT RATIOS: | LPV | LAND | IMPR | COMB |
|---|---|---|---|---|
| | 12.3 | 14.1 | 10.0 | 12.3 |

TOTAL FCV: 48,441 NET AV: 5,958
CUR LPV: 48,441 NET AV: 5,958

## IMPROVEMENTS

USAGE CLASS 8770 VALUE SOURCE 1
ASSMT RATIOS 10
% OF FCV 100
FCV'S:
COST 21273
MARKET
COST/MKT 32677
ASSESSOR
CO BOARD
ST BOARD
CUR FCV: 21,273 AV: 2,127

## PERSONAL PROPERTY

| CLASS | ITEMS | FCV | RATIO | ASSESSED |
|---|---|---|---|---|

TOTAL:

## MARKET DATA

| | | | | | | |
|---|---|---|---|---|---|---|
| APP DATE | CONSTR YR | CLASS | STORIES | ROOMS | GRADE | |
| EXT WALLS | ROOF | HEAT | AIR COND | BATH | PATIO | NUMBER |
| PHY COND | LIVING | GAR/CPT | CAPACITY | POOL | | |

## LEGAL

01 WEAVER DIST TRIANGLE LODE MINING CLAIM 17.32 AC 775/862 718/492

## COST DATA

| REV | IMP | APP DATE | CLASS | GRADE | EXT WALLS |
|---|---|---|---|---|---|
| | 001 | 09 19 79 | 012 | MIN | FRAME OR CNCT BLOCK |

| HEAT | COOL | BSMT | FIRE | PHY-COND | OBS | MD/LC WALL | % COMP |
|---|---|---|---|---|---|---|---|
| WALL | NONE | NONE | NONE | AVG | | | |

| IPR | CONST-YR | TOTAL SQFT | TOTAL ADDS | IMP VALUE |
|---|---|---|---|---|
| | 1975 | 1314 | 413 | 21273 |

***END OF PIC RECORD***

28 Edmond

13 203 13 002 B 4 CO BK MP PAR S C | 09 07 88 RUN DATE | 05 11 87 FILE DATE | PROPERTY STATUS INQUIRY FOR: YAV | FOR THE COUNTY OF: YAVAPAI | 13 203 13 002 B 4 CO BK MP PAR S C

**NAME AND ADDRESS**

1 WESTERN BUILDING AND MINING INC
5 BOX 4006
6 READING PA 19606

ADDR CODE
MARKET AREA 2 AVG LAND FCV
SUB AREA 1
FSC A1

**LAND**

USAGE CLASS 0000
ASSMT RATIOS 16
% OF FCV 100
CUR FCV 22.356 AV 3.577
SOURCE COUNTY BD
SITUS
SECTION TOWNSHIP RANGE
PARCEL SIZE 19.44 ACRES
VALUATION
BASE 1150.00 PER ACRE

**IMPROVEMENTS**

USAGE CLASS 0000 VALUE SOURCE
ASSMT RATIOS
% OF FCV
FCV'S:
COST
MARKET
COST/MKT
ASSESSOR
CO BOARD
ST BOARD
CUR FCV: AV:

**SALES AND TRANSFER**

DOCKET 1216 PAGE 388
INSTR TYPE
DATE OF SALE 05 16 79
SALE PRICE 85000

**TAX DATA**

AREA CODE 5270
EXEMPT STATUS
FCV EXEMPT
LPV EXEMPT

| ASSMT RATIOS: | LPV | LAND | IMPR | COMB |
|---|---|---|---|---|
| | 16.0 | 16.0 | | 16.0 |

TOTAL FCV: 22.356 NET AV: 3.577
CUR LPV: 22.356 NET AV: 3.577

**PERSONAL PROPERTY**

| CLASS | ITEMS | FCV | RATIO | ASSESSED |
|---|---|---|---|---|
| TOTAL: | | | | |

**SPECIAL DISTRICT**

| CODE | UNITS | CODE | UNITS |
|---|---|---|---|

**MARKET DATA**

| | | | | | | |
|---|---|---|---|---|---|---|
| APP DATE | CONSTR YR | CLASS | STORIES | ROOMS | GRADE | |
| EXT WALLS | ROOF | HEAT | AIR COND | BATH | PATIO | NUMBER |
| PHY COND | LIVING | GAR/CPT | CAPACITY | POOL | | |

**LEGAL**

01 WEAVER DIST EDMOND MINING CLAIM CONT 19.44AC

***END OF PIC RECORD***

Edgar & Juniper

13 203 13 002 6 | 09 07 88 | 05 11 87 | PROPERTY STATUS INQUIRY FOR: YAV | FOR THE COUNTY OF: YAVAPAI | 13 203 13 002 6
CO BK MP PAR S C | RUN DATE | FILE DATE | | | CO BK MP PAR S C

------- N A M E A N D A D D R E S S -----
1 WESTERN BUILDING & MINING CORP
5 P O BOX 4006
6 READING PA 19606

ADDR CODE AVG LAND FCV
MARKET AREA 2 SUB AREA 1
PSC A1

---S A L E S A N D T R A N S F E R----
DOCKET 1485 PAGE 769
INSTR TYPE WARRANTY DEED
DATE OF SALE 09 16 82
SALE PRICE

------ S P E C I A L D I S T R I C T ----
CODE UNITS CODE UNITS

---------- L A N D ----------
USAGE CLASS 0014
ASSMT RATIOS 16
% OF FCV 100
CUR FCV 43,424 AV 6,948
SOURCE COUNTY BD
SITUS
SECTION TOWNSHIP RANGE
PARCEL SIZE 37.76 ACRES
VALUATION
BASE 1150.00 PER ACRE

---------- T A X D A T A ----------
AREA CODE 5270
EXEMPT STATUS
FCV EXEMPT
LPV EXEMPT

| ASSMT RATIOS: | LPV | LAND | IMPR | COMB |
|---|---|---|---|---|
| | 16.0 | 16.0 | | 16.0 |

TOTAL FCV: 43,424 NET AV: 6,948
CUR LPV: 43,424 NET AV: 6,948

---------- I M P R O V E M E N T S ----------
USAGE CLASS 0000 VALUE SOURCE
ASSMT RATIOS
% OF FCV
FCV'S:
COST
MARKET
COST/MKT
ASSESSOR
CO BOARD
ST BOARD
CUR FCV: AV:

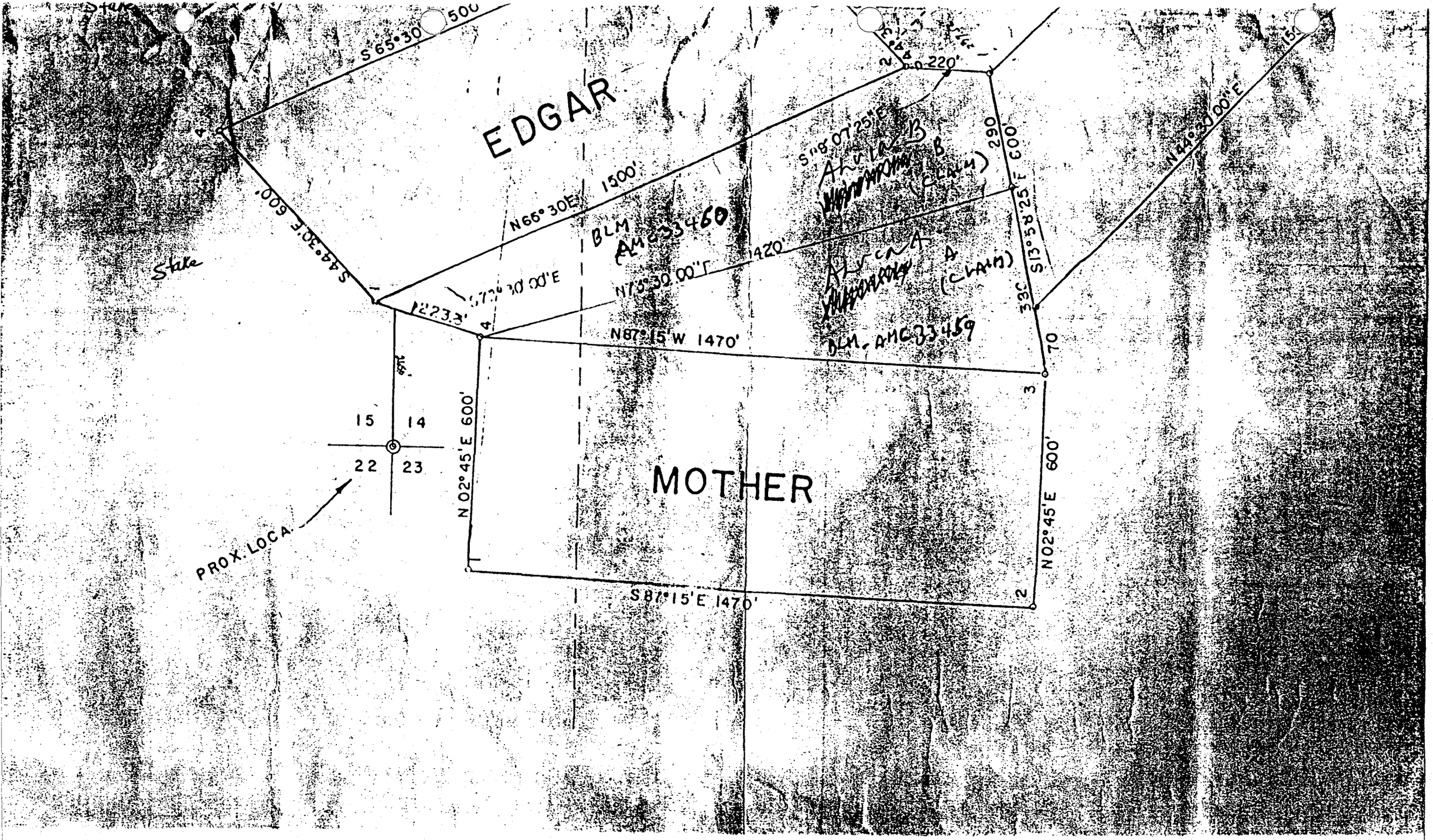
---- P E R S O N A L P R O P E R T Y ----
CLASS ITEMS FCV RATIO ASSESSED
TOTAL:

---------- M A R K E T D A T A ----------

| | | | | | |
|---|---|---|---|---|---|
| APP DATE | CONSTR YR | CLASS | STORIES | ROOMS | GRADE |
| EXT WALLS | ROOF | HEAT | AIR COND | BATH | PATIO |
| PHY COND | LIVING | GAR/CPT | CAPACITY | POOL | NUMBER |

---------- L E G A L ----------
01 WEAVER DIST: JUNIPER 20.35 AC LESS 1.72 AC TO AT&SF 235 8: EDGAR
02 19.25 AC TOTAL 37.88 AC LESS .12 AC 1265 694 BAL 37.76 AC

***END OF PIC RECORD***


EDGAR
MOTHER
S 65° 30
500
N66° 30E
1500'
BLM
AMC33460
S44°30'E 600'
State
N73° 30' 00"E
1223.3'
N75° 30' 00"E
1420'
N87° 15' W 1470'
S18°07'25"E
220'
Alvin B
(CLAIM)
Alvin A
(CLAIM)
BLM, AMC33459
290
600'
S13°58'25"E
N44°30'00"E
70
N 02° 45' E 600'
N 02° 45' E 600'
S 87° 15' E 1470'
15
14
22
23
PROX. LOCA.

EDMOND
TRIANGLE
JUNIPER
EDGAR
Stake
Stake
Stake
Delay #1
S 65° 30' W 1500'
S 25° 30' W
2220'
S 05° 18' W 3124.8'
S 36° 56' E 600'
S 12° 30' W 760'
N 37° 52' E 1500'
S 09° 17' E 1278.8'
N 44° 30' E 1404'
N 44° 30' E 1500'
N 44° 30' 00" E
1500'
S 88° 07' 25" E
Alvin B
(CLAIM)
290'
300'
220'
N 26° 30' E 1510'
N 70° 56' W 1501'
N 44° 30' W
475'
N 62° 20' W
313' S
N 70° 25' W
326'
BLM
Alvin X (CLAIM)

Range 5 West
Township 16 North Sec 14

RANGE 5 WEST
TOWNSHIP 16 NORTH SEC. 14

N

SCALE 1" = 200.0'

S 12° 30' W

760

U.S.L.M. 1112

N 37° 52' E 1500'

N 59° 30' E 875

S 66° 30' E 1170'

S 16° 30' E 1510'

3

N 36° 56' W 600'

4

N 4° 30' W 475'

3

2

150

N 70° 56' W

Stake

Stake

DMOND

CHED PHOTOCOPY AS IT IS YOUR OFFICIAL ACKNOWLEDGEMENT OF RECEIPT

rt to expedite the acknowledgement procedure, we have time-stamped ocopied what was submitted to this office. This DOES NOT mean it en reviewed or processed, only that it was received.

s a reminder, if you have elected to file a notice of intention to hold, do not forget to record such notices of intention to hold for lode and placer claims (not mill or tunnel sites) and all affidavits of labor, amendments and transfers of ownership with the proper county recorder.

In the future, always include the A MC serial numbers assigned to each of your claims when filing affidavits and other documents. For large groups of mining claims, it would help us a great deal to process them into the computer terminal if you would list them in serial number order consecutively. Also, please keep us advised as to your current mailing address.

Bureau of Land Management
Arizona State Office
Mining Claims Section
Siete Square
3707 North 7th St.
Phoenix, Arizona 85014
Phone: (602) 241-5550

Mailing Address:
Mining Claims Section
P.O. Box 16563
Phoenix, Arizona 85011

ersonally acquainted with the above described mining claim

Date 6-2-86 Watershed LOWER GILA

File No. 39-26159

Dear Claimant:

Fee Sent 6-28-86 am

The Department of Water Resources has received your Statement of Claimant form for a water right in the indicated watershed. No filing fee was included. Arizona Revised Statutes §45-254(F) provides that "the fee for filing a statement of claimant by an individual is twenty dollars", and "a claim shall not be considered by the court or the master unless all fees with respect to such claim have been fully paid."

Check # 1107

Please remit the required filing fee payable to the Arizona Department of Water Resources and write the above file number(s) on your payment.

OCTOBER I"/87



claim number MC 33458- MC33459 and I34462 are all adjacent to MC 33460 as shown on the enclosed affadavit.

The owners name is Alvin J. Roman P.O.Box 4006 Reading Pa Zip I9606, They are recorded at Docket I392 Page 66I-662-663 for claim known as Penna. #I, The Alvin J is recorded at Docket I3I4 page 473 and is numbered as MC 33458 (BLM) The Kathryn (B) MC 33460 at Docket I3I4 Page 47I and Kathryn (A) MC33459 at Docket I3I4 Page 472.

These claims are all in the Yavapai District and have had at least $900.00 worth of work done in the last twelve months in the manner of General Maintenence work and drilling. The names of the people who worked there were Frank Bonk, John Yanuzzi and Tom Hobart.

The claims are in Yavapai County Arizona and this work covers a period from Sept, 85 to Sept, 86.

This notice is also filed under the serial numbers shown above with the Phoenix Arizona BLM office.

Mr. Alvin J. Roman

Alvin J Roman
P.O. Box 4006
Reading Pa
19606



BOOK 1984 PAGE 249

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 6 7117 THORO AVE | SCOTTSDALE | AZ 85251 | 0621 | MILL RK | | | | | |
| | 7117 THORO AVE, 5206 | SCOTTSDALE | AZ 85251 | 0624 | MILL RK | | | | | |
| ROLLINS JOHN | 25261 SUNYMEAD BLVD | SUNYMEAD | CA 92588 | 194341 | SUNOMCE #1 | 10 N | 9 E | 24 | | |
| | | | | 194341 | SUNOMCE #2 | | | 24 | | |
| | | | | 194341 | SUNOMCE #3 | | | | | |
| | | | | 194341 | SUNOMCE #4 | | | | | |
| | | | | 194341 | SUNOMCE #5 | | | | | |
| | | | | 194341 | SUNOMCE #6 | | | 24 | | |
| | | | | 194341 | SUNOMCE #7 | | | 24 | | |
| | | | | 194341 | SUNOMCE #8 | | | | | |
| | | | | 194341 | SUNOMCE #9 | | | | | |
| ROLLINS RONT | 2617 CASTLEWOOD DR | LAS VEGAS | NV 89102 | 101691 | A | 26 N | 21 W | 36 | | |
| | | | | 102234 | A #2 | | | | | |
| | | | | 102234 | A #3 | | | | | |
| | | | | 102234 | A #4 | | | | | |
| ROLLMAN RON | PO BOX 528 | APACHE JUNCTION AZ 85220 | | 194142 | ORCA I | 1 N | 9 E | 1 | | |
| | | | | 194142 | ORCA I | 1 N | 10 E | 24 | | |
| | | | | 194142 | PERALTA II | | | | | |
| | | | | 194142 | PERALTA III | | | | | |
| | | | | | | | | 24CV | | |
| | | | | 194143 | PERALTA IV | | | | | |
| | | | | 194143 | PERALTA V | | | | | |
| | | | | 194143 | PERALTA VI | 4 N | 15 E | 19 | | |
| | | | | 194143 | PERALTA VII | | | | | |
| | | | | 194143 | PERALTA VIII | | | | | |
| | | | | 194143 | PERALTA IX | | | | | |
| | | | | 194143 | PERALTA X | | | | | |
| | | | | 191136 | PERALTA XI | | | | | |
| | | | | 191136 | PERALTA XII | | | | | |
| | | | | 191136 | PERALTA XIII | | | | | |
| | | | | 191136 | PERALTA XIV | 4 N | 14 E | 24 | | |
| | | | | 191134 | PERALTA XVI | 4 N | 14 E | 24 | | |
| | | | | 191135 | PERALTA XVII | | | 24 | | |

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* AFTER S/N INDICATES LAND STATUS CHECKED.

AMERICAN RECORD-DATA

| | | |
|---|---|---|
| | 9221 N MACAW PL | TUCSON |
| ROSA CHARLES | 4150 N 49TH AVE | PHOENIX |
| ROSA MILLIE | | |
| ROSALES ROY | PO BOX 265 | ARIVACA |
| ROSBACH RICK L | P O BOX 756 | QUARTZS |
| ROSBACH THELMA M | | |
| ROSE A M | 254 E MEYLOCK DR | PHOENIX |

* * DISCLOSURE * * ALL INFORMATION RECEIVED IN THIS OFFICE MAY NOT YET BE LISTED ON THIS REPORT. NAMES AND ADDRESSES ARE ENTERED AS THEY APPEAR ON THE LOCATION NOTICE OR ARE ABBREVIATED TO FIT LIMITED SPACE. THEREFORE THEY MAY NOT APPEAR IN THE EXPECTED SEQUENCE.
* AFTER S/N INDICATES LAND STATUS CHECKED.

ROLLMAN RON — D-12

REPORT DATE: 11 26, 1988 — UNITED STATES DEPARTMENT OF THE INTERIOR — PAGE NO: 10620
ADMIN STATE: ARIZONA — BUREAU OF LAND MANAGEMENT — PGM: LT89APPL

CLAIMANT INDEX
ALL CLAIMS

| CLAIMANT NAME | CLAIMANT ADDRESS | CITY | ST ZIP | SERIAL NO. | CLAIM NAME/NUMBER | LEGAL DESCRIPTION PER | TWNSHP | RANGE | SEC | SUBDIV |
|---|---|---|---|---|---|---|---|---|---|---|
| ROLLMAN RON | PO BOX 528 | APACHE JUNCTION | AZ 85220 | 191136 | PERALTA XXXIII | 19 | 4 N | 14 E | 24 | |
| | | | | 191136 | PERALTA XXX | | 4 N | 15 E | 19 | |
| | | | | 191136 | PERALTA XXXI | | | | | |
| | | | | 191140 | PERALTA XXXV | | | | | |
| | | | | 191141 | PERALTA XXXVI | | | | | |
| | | | | 191142 | PERALTA XXXVII | | | | | |
| | | | | 191143 | PERALTA XXXVIII | | | | | |
| | | | | 191144 | PERALTA XXXIX | | | | | |
| | | | | 191145 | PERALTA XXXV | | | | | |
| | | | | 191715 | PERALTA XXX | | 4 N | 14 E | 25 | |
| | | | | 191716 | PERALTA XXXI | | | | | |
| | | | | 191717 | PERALTA XXXII | | | | | |
| | | | | 191718 | PERALTA XXXIII | | | | | |
| | | | | 191719 | PERALTA XXXIV | | | | | |
| | | | | 191720 | PERALTA XXXV | | 4 N | 15 E | 19 | |
| | | | | 191721 | PERALTA XXXVI | | | | | |
| | | | | 191722 | PERALTA XXXVII | | | | | |
| | | | | 191723 | PERALTA XXXVIII | | | | | |
| | | | | 191724 | PERALTA XXXIX | | | | 19 | |
| | | | | 212764 | PERALTA XXV | | 4 N | 14 E | 24 | |
| | | | | 212765 | PERALTA XXXII | | 4 N | 15 E | 19 | |
| | | | | 212766 | PERALTA XXXIII | | | | | |
| | | | | 212767 | PERALTA XXXIV | | | | | |
| | | | | 212768 | PERALTA XXXVIII | | | | | |
| | | | | 212769 | PERALTA XXXIX | | | | | |
| ROMAN ALVIN | BOX 9006 | READING | PA 19606 | 194139 | ALVIN J | 10 N | 5 W | 14 | | |
| | | | | 194140 | KATHRYN A | | | | | |
| | | | | 194140 | KATHRYN A | | | | | |
| | | | | 194142 | PENNSYLVANIA NO 1 | | | | | |
| ROMANUS ANTHONY | 528 FON DU LAC DR | EAST PEORIA | IL 61611 | 218934 | HOPE 14-101 | 3 N | 15 W | 30 | | |
| | | | | 218940 | HOPE 14-103 | | | | | |
| | | | | 218941 | HOPE 14-104 | | | | | |
| | | | | 218942 | HOPE 14-105 | | | | | |
| | | | | 218943 | HOPE 14-106 | | | | | |
| | | | | 218944 | HOPE 14-107 | 3 N | 14 W | 13 | | |
| | | | | 218945 | HOPE 14-108 | | | | | |
| | | | | 218946 | HOPE 14-109 | | | 18 | | |
| | | | | 218947 | HOPE 14-110 | | | | | |
| | | | | 218948 | HOPE 14-111 | | | | | |

* * DISCLOSURE * * ALL INFORMATION RECEIVED IN THIS OFFICE MAY NOT YET BE LISTED ON THIS REPORT. NAMES AND ADDRESSES ARE ENTERED AS THEY APPEAR ON THE LOCATION NOTICE OR ARE ABBREVIATED TO FIT LIMITED SPACE. THEREFORE THEY MAY NOT APPEAR IN THE EXPECTED SEQUENCE.
* AFTER S/N INDICATES LAND STATUS CHECKED.

AMERICAN RECORD-DATA

ROSE A M

REPORT DATE: 11 26, 1988 — LAC
ADMIN STATE: ARIZONA

| CLAIMANT NAME | CLAIMANT ADDRESS | CITY |
|---|---|---|
| ROSE A M | 254 E MEYLOCK DR | PHOE |
| ROSE BOBBY | 1302 W KRISTAL WAY | PHOE |
| ROSE CAROLYN | PO BOX 325 | SUPE |
| ROSE CLIFF | BOX 1953 | QUAR |
| ROSE EDWIN | | |
| ROSE EDWIN L | | |

* * DISCLOSURE * * ALL INFORMATION RECEIVED IN THIS OFFICE MAY NOT YET BE LISTED ON THIS REPORT. NAMES AND ADDRESSES ARE ENTERED AS THEY APPEAR ON THE LOCATION NOTICE OR ARE ABBREVIATED TO FIT LIMITED SPACE. THEREFORE THEY MAY NOT APPEAR IN THE EXPECTED SEQUENCE.
* AFTER S/N INDICATES LAND STATUS CHECKED.

ROMANUS ANTHONY — E-12

REPORT DATE: 11 26, 1988 — UNITED STATES DEPARTMENT OF THE INTERIOR — PAGE NO: 10621
ADMIN STATE: ARIZONA — BUREAU OF LAND MANAGEMENT — PGM: LT89APPL

CLAIMANT INDEX
ALL CLAIMS

| CLAIMANT NAME | CLAIMANT ADDRESS | CITY | ST ZIP | SERIAL NO. | CLAIM NAME/NUMBER | LEGAL DESCRIPTION PER | TWNSHP | RANGE | SEC | SUBDIV |
|---|---|---|---|---|---|---|---|---|---|---|
| ROMANUS ANTHONY | 528 FON DU LAC DR | EAST PEORIA | IL 61611 | 218934 | HOPE 14-101 | 14 | 3 N | 14 W | 19 | |
| | | | | 218935 | HOPE 14-102 | | | | | |
| | | | | 218951 | HOPE 14-201 | | | | 20 | |
| | | | | 218952 | HOPE 14-202 | | | | | |
| | | | | 218953 | HOPE 14-203 | | | | 21 | |
| | | | | 218954 | HOPE 14-204 | | | | | |
| | | | | 218955 | HOPE 14-205 | | | | | |
| | | | | 218956 | HOPE 14-206 | | | | | |
| | | | | 218957 | HOPE 14-207 | | | | 22 | |
| | | | | 218958 | HOPE 14-208 | | | | | |
| | | | | 218959 | HOPE 14-209 | | | | 23 | |
| | | | | 218960 | HOPE 14-210 | | | | 23 | |
| | | | | 218961 | HOPE 14-211 | | | | 23 | |
| | | | | 218962 | HOPE 14-212 | | | | | |
| | | | | 218963 | HOPE 14-213 | | | | | |
| | | | | 218964 | HOPE 14-214 | | | | 26 | |
| | | | | 218965 | HOPE 14-215 | | | | 27 | |
| | | | | 218966 | HOPE 14-216 | | | | | |
| | | | | 218967 | HOPE 14-217 | | | | | |
| | | | | 218968 | HOPE 14-218 | | | | 28 | |
| | | | | 218969 | HOPE 14-219 | | 3 N | 15 W | 10 | |
| | | | | 218970 | HOPE 14-220 | | | | | |
| | | | | 218971 | HOPE 14-221 | | | | 11 | |
| | | | | 218972 | HOPE 14-222 | | | | | |
| | | | | 218973 | HOPE 14-223 | | | | | |
| | | | | 218974 | HOPE 14-224 | | | | | |

ROSE EDWIN L

REPORT DATE: 11 26, 1988
ADMIN STATE: ARIZONA

| CLAIMANT NAME | CLAIMANT ADDRESS |
|---|---|
| ROSE EDWIN L | |
| ROSE HELEN | BOX 1953 |
| ROSE LEWIS | |
| ROSE MARSHALL | RMHO DELONY PRE AVE |

10 N 5 W 7 NE

0- 1

REPORT DATE: JUL 26, 1988
ADMINISTRATIVE STATE: ARIZONA

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

PAGE NO: 4302
PON: L1892PP1

GEOGRAPHIC INDEX
ALL CLAIMS

MERIDIAN: GILA-SALT R

| - LEGAL DESCRIPTION: - TWSHIP | RANGE | SEC | SUBDV | GEO BLM DIST | SERIAL NO. | CASE TYPE | CLAIM NAME/NUMBER | CLAIMANT(S) | LEAD FILE | COUNTY BOOK,PAGE | LOCATION DATE | LATEST ASSMT-YR | CASE CLOSED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 N | 5 W | 7 NE | | 25 | 2 130679 | PL | SOURDOUGH #4 | GLASSCOCK PAT | 130668 | 1380,266 | 4/02/1981 | 0000 | 8/29/1985 |
| | | | | | | | | GLASSCOCK PATRICIA | | | | | |
| | | | | | | | | DUKES TERRY | | | | | |
| | | | | | | | | DUKES ROBERT | | | | | |
| | | | | | | | | DUKES NINA | | | | | |
| | | | | | | | | DUKES MELVIN | | | | | |
| | | | | | | | | MARTINEZ MARIE | | | | | |
| | | | | | | | | MARTINEZ HENRY | | | | | |
| | 8 NE | | | 25 | 83511 | LD | MOUNTAIN VIEW #1 | SWEIDENBACH HENRY | | 146;35 | 7/10/1937 | 1987 | |
| | 10 SW | | | 25 | 77161 | LD | ELSIE'S JACK POT #2 | PALLIC LOUIS | | 8-242 | 11/05/1952 | 1978 | 3/08/1982 |
| | | | | 25 | 77165 | LD | RITA | | 77164 | 10;570 | 2/15/1947 | 1978 | 3/08/1982 |
| | ALL | | | 25 | 149947 | LD | DIVIDE #1 | | | 1412;221 | 12/22/1981 | 0000 | 11/04/1985 |
| | SW | | | 25 | 149948 | LD | ELSIE'S JACKPOT #1 | | 149947 | 1412;223 | 12/22/1981 | 0000 | 11/04/1985 |
| | | | | 25 | 216540 | LD | GOLDEN STAR #1 | | | ; \\ | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | S2 | | | 25 | 216541 | LD | GOLDEN STAR #2 | PALLIC LOUIS | 216540 | ; 00 | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | 11 SW | | | 25 | 216540 | LD | GOLDEN STAR #1 | PALLIC LOUIS | | ; \\ | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | 14 S2 | | | 25 | 33458 | LD | ALVIN J | ROHAN ALVIN | | 996;261- | 11/21/1975 | 1987 | |
| | SW | | | 25 | 33459 | LD | KATHRYN A | GOODING KATHRYN | 33458 | 996;263- | 11/21/1975 | 1987 | |
| | SW | | | 25 | 33460 | LD | KATHRYN A | ROHAN ALVIN | 33458 | 996;265- | 11/21/1975 | 1987 | |
| | | | | | | | | GOODING KATHRYN | | | | | |
| | SE | | | 25 | 74729 | LD | BLACK DIKE NO 4 | METZLER DAVA G | 74727 | 133;394 | 1/25/1946 | 1983 | 10/22/1985 |
| | | | | | | | | METZLER MARLYNN | | | | | |
| | N2 | | | 25 | 78219 | LD | VICTORIA #1 | BAR BH LIVESTOCK | 78211 | 924;918 | 8/05/1974 | 1987 | |
| | | | | | | | | LAYTON D C | | 1287;962 | | | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | SW | | | 25 | 82949 | PL | RDH ROCK NO 1 | BAR BH LIVESTOCK | | 191;550 | 7/07/1948 | 1987 | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | | | | | | | | LAYTON D C | | | | | |
| | NW | | | 25 | 90902 | LD | VICTORIA #2 | BAR BH LIVESTOCK | | 1287;765 | 3/02/1980 | 1987 | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | | | | | | | | LAYTON D C | | | | | |
| | N2 | | | 25 | 90903 | LD | VICTORIA #3 | BAR BH LIVESTOCK | 90902 | 1287;767 | 3/02/1980 | 1987 | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | | | | | | | | LAYTON D C | | | | | |
| | N2 SE | | | 25 | 90904 | LD | VICTORIA #4 | BAR BH LIVESTOCK | 90902 | 1287;769 | 3/02/1980 | 1987 | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | | | | | | | | LAYTON D C | | | | | |

* * DISCLOSURE* * ALL INFORMATION RECEIVED IN THIS OFFICE MAY NOT YET BE LISTED ON THIS REPORT. NAMES AND ADDRESSES ARE ENTERED AS THEY APPEAR ON THE LOCATION NOTICE OR ARE ABBREVIATED TO FIT LIMITED SPACE. THEREFORE THEY MAY NOT APPEAR IN THE EXPECTED SEQUENCE. A BLANK LATEST ASSESSMENT YEAR IN THIS REPORT DOES NOT CONSTITUTE AN ABANDONED CLAIM. * AFTER S/N INDICATES LAND STATUS CHECKED.



10 N 5 W 14 SE

P- 1

REPORT DATE: JUL 26, 1988
ADMINISTRATIVE STATE: ARIZONA

UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

PAGE NO: 4303
PON: L1892PP1

GEOGRAPHIC INDEX
ALL CLAIMS

MERIDIAN: GILA-SALT R

| - LEGAL DESCRIPTION: - TWSHIP | RANGE | SEC | SUBDV | GEO BLM DIST | SERIAL NO. | CASE TYPE | CLAIM NAME/NUMBER | CLAIMANT(S) | LEAD FILE | COUNTY BOOK,PAGE | LOCATION DATE | LATEST ASSMT-YR | CASE CLOSED |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 N | 5 W | 14 SE | | 25 | 2 132395 | LD | BLACK DIKE #4 | GOLD DEPOSITORY | 132371 | | 4/15/1981 | 0000 | 6/22/1983 |
| | | SW | | 25 | 134010 | LD | RDH ROCK #1 | | 133239 | | 4/12/1981 | 0000 | 12/06/1985 |
| | | SW | | 25 | 134011 | LD | RDH ROCK #2 | | 133239 | | 4/12/1981 | 1982 | 12/06/1985 |
| | | SW | | 25 | 134142 | LD | CONNSTOVANTA NO 1 | ROHAN ALVIN | | 1392;661 | 6/29/1981 | 1987 | |
| | | SW | | 25 | 137270 | LD | RDH ROCK #3 | GOLD DEPOSITORY | 137185 | | 5/20/1981 | 0000 | 8/16/1985 |
| | | SW | | 25 | 137271 | LD | RDH ROCK #4 | | 137185 | | 5/20/1981 | 0000 | 8/16/1985 |
| | | NW | | 25 | 216540 | LD | GOLDEN STAR #1 | PALLIC LOUIS | | ; \\ | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | | NW | | 25 | 246644 | LD | VICTORIA #5 | LAYTON D C | 246644 | 1751;984 | 8/20/1985 | 1987 | |
| | | | | | | | | LAYTON PRISCILLA | | | | | |
| | 15 SW | | | 25 | 102159 | LD | NORTH STAR #1 ONE | SCANTN ROBERT W | | 1274;106 | 1/22/1980 | 1981 | 6/11/1982 |
| | | SW | | 25 | 102155 | LD | NORTH STAR #2 TWO | | 102159 | 1274;104 | 1/22/1980 | 0000 | 11/17/1981 |
| | | SW | | 25 | 142225 | LD | NORTH STAR #1 | SCANTN ROBERT | 142225 | 1442;983 | 2/12/1982 | 0000 | 11/15/1985 |
| | | NE | | 25 | 186111 | PL | BIG JOHN | MCGREGOR JOHN | | 1485;962 | 9/02/1982 | 1983 | 4/18/1986 |
| | | | | | | | | MCGREGOR KATY | | | | | |
| | | SW | | 25 | 190528 | LD | BUTLER #1 | BUTLER CHARLES | | 1507;586 | 12/11/1982 | 1985 | 3/09/1987 |
| | | SW | | 25 | 190529 | LD | BUTLER #2 | | 190528 | 1507;587 | 12/11/1982 | 1985 | 3/09/1987 |
| | | | | 25 | 216540 | LD | GOLDEN STAR #1 | PALLIC LOUIS | | ; \\ | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | | N2 | | 25 | 216541 | LD | GOLDEN STAR #2 | PALLIC LOUIS | 216540 | ; 00 | 2/20/1984 | 0000 | 12/13/1985 |
| | | | | | | | | PALLIC RITA | | | | | |
| | | | | | | | | LAPPE FRANK | | | | | |
| | 16 SW | | | 25 | 80965 | PL | ANNA-MARIE | CAVA-CAND MINING CO | | 1238;85 | 8/04/1979 | 1981 | 9/16/1985 |
| | 17 SW | | | 25 | 140468 | LD | CROWN PRINCE #1 | WESTBROOK BOBBY | | 1408;955 | 9/02/1981 | 1987 | |
| | | SW | | 25 | 140469 | LD | CROWN PRINCE #2 | | 140468 | 1408;957 | 9/02/1981 | 1987 | |
| | | SW | | 25 | 213524 | LD | CROWN PRINCE #3 | MCKENNA MICHAEL | | | 1/02/1984 | 1987 | |
| | | NW | | 25 | 271374 | LD | SILOO #15 | JACOBS DAN | 271345 | 1951;0231 | 4/26/1987 | 0000 | |
| | 18 NE | | | 25 | 130680 | PL | SOURDOUGH #5 | GLASSCOCK PAT | 130668 | 1380;268 | 4/02/1981 | 0000 | 8/29/1985 |
| | | | | | | | | GLASSCOCK PATRICIA | | | | | |
| | | | | | | | | DUKES TERRY | | | | | |
| | | | | | | | | DUKES ROBERT | | | | | |
| | | | | | | | | DUKES NINA | | | | | |
| | | | | | | | | DUKES MELVIN | | | | | |
| | | | | | | | | MARTINEZ MARIE | | | | | |
| | | | | | | | | MARTINEZ HENRY | | | | | |
| | | SW | | 25 | 130681 | PL | SOURDOUGH #6 | GLASSCOCK PAT | 130668 | 1380;270 | 4/02/1981 | 0000 | 8/29/1985 |
| | | | | | | | | GLASSCOCK PATRICIA | | | | | |
| | | | | | | | | DUKES TERRY | | | | | |
| | | | | | | | | DUKES ROBERT | | | | | |
| | | | | | | | | DUKES NINA | | | | | |
| | | | | | | | | DUKES MELVIN | | | | | |
| | | | | | | | | MARTINEZ MARIE | | | | | |
| | | | | | | | | MARTINEZ HENRY | | | | | |

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STATE OF ARIZONA, County of Yavapai } ss.

I do hereby certify that the within instrument was filed and recorded at the request of Alvin J. Kinman

on ..... at ..... o'clock ..... M., in Book 996 Official Records Page 103 - 264

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder

By ..... Deputy

Amended

# LODE CLAIM

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the KATHRYN A. 2-

Mining Claim, situate on land belonging to the United States of America, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by

ALVIN J. KINMAN AND KATHRYN A. GOODING

BOTH CITIZENS

(Locator must insert either "A Citizen of the United States," or "Who has declared his intention to become a Citizen of the United States.")

the undersigned, on the 21 day of NOV 19 25

The length of this claim is 1420 feet and ..... claim ..... feet in a ..... direction and ..... feet in a ..... direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim together with ..... feet in width of the surface grounds, on each side of the center of said claim. The general course of the lode deposit and premises is from the SW to the NE

The claim is situated and located in the YAVAPAI Mining District, in YAVAPAI county, in the State of Arizona, about 1 MILE in a SOUTH direction from YARNELL

SW ¼ OF SEC 14 T 10 N RANGE 5 WEST

The surface boundaries of the claim are marked upon the ground as follows:

Beginning at .....

at a point in a ..... direction ..... feet from the discovery shaft (at which this notice is posted), being in the center of the ..... end line of said claim; thence ..... feet to a ..... being the ..... corner of said claim; thence ..... feet to a ..... being at the ..... corner of said claim; thence ..... feet to a ..... at the center of the ..... end of this claim; thence ..... feet to a ..... being at the ..... corner of said claim; thence ..... feet to a ..... at the ..... corner of said claim; thence ..... feet to the place of beginning.

Dated and posted on the ground this 21 day of NOV 19 25

Alvin J. Kinman

Witness

Locator(s)

STATE OF ARIZONA }
COUNTY OF ..... } ss.

I hereby certify that the within instrument was filed and recorded at ..... o'clock ..... M., in Book ..... Official Records Page ..... Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year aforesaid.

..... County Recorder.

Request of .....

# AFFIDAVIT OF PERFORMANCE OF ANNUAL ASSESSMENT WORK

MN-2 © LawForms 3-80

| | |
|---|---|
| ctive Date<br>OCTOBER/I )/87 | County and State<br>YAVAPAI AZ |
| FFIANT (Name, Address, and Zip Code) | OWNERS OF MINING CLAIM (Names, Addresses, and Zip Codes)<br>ALVIN J. ROMAN<br>BOX 4006<br>READING PA.I9606 |
| lining Claim (Name, Number, and Mining District)<br>YAVAPAI DISTRICT<br>KATHRYN (B) | Period of Time Covered by this Affidavit (give dates)<br>SEPT, 86 to SEPT, 87 |

$ 5 | 1 P | 4 C | 5 St | Bk | Map | Pcl

ecording and Filing Information

he Location Notice of this Mining Claim is recorded at Docket 1314, Page 471 YAVAPAI lining District, in the Office of the County Recorder of _____ County, Arizona.

he Location Notice is also filed under filing serial number MC 33460 with the proper BLM office Located i PHOENIX in the State of ARIZONA

URSUANT TO ARS §27-208 and 43-CFR 3833.2 Affiant States:

1. Affiant is a citizen of the United States, is over 18 years of age, resides at the above address and i ersonally acquainted with the above described mining claim.

2. During the period of time stated above, at least $ $400.00 worth of work and improvements wer one and performed upon Mining Claim not including the location work of the claim.

3. The work and improvements were made by and at the expense of the above named Owner of Minin laim for the purposes of complying with the laws of the United States pertaining to assessment or annual work

4. The following persons were employed by Owner of Mining Claim and labored upon Mining Clain nd did the work and improvements:

JACK YANUZZI
TOM BLACKBURN
A.J.ROMAN
FRANK BUNK
HOBART

5. The following work was performed on Mining Claim:

CORE DRILLING AND GENERAL MAINTENANCE WORK

RECEIVED
B.L.M. AZ STATE OFFICE
NOV 09 1987
7:45 A.M.
PHOENIX, ARIZONA

Signatures of Affiant

10-13-87

STATE OF: PENNA.
COUNTY OF: LUZERNE
ss.

Verification. On this date before me, a Notary Public, personally appeared:

Alvin J. Roman

who, being duly sworn upon oath, stated that he had read this document and knows of his own knowledge that the facts stated within are true and correct, except for those

Signature of Notary Public: Edward Verlouth

Notary Expiration Date: JAN. 4, 1988

SEA

Date of Verification

NSTRUCTIONS: Record in Office of roper BLM office before December 3 d before December 31 and file with District Justice 11-3-04

This instrument was recorded or filed

My Commission expires First Monday in January 1988

ALVIN J. ROMAN
P.O.BOX 4006
READING PA. I9606

INDEXED & MICROFILMED

INSTRUMENT # 8742046
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
WESTERN MINING CO.
DATE: 10/22/87 TIME: 10:00
FEE: 5.00
BOOK 1984 PAGE 248 PAGES: 002

RECORDATION OR FILING

was filed or recorded on the date, a ning with the page number, and wit ber stamped in the top space of thi is of multiple pages, the docket an first page of that instrument and tha Docket _____ Page _____

The recording official is directed to return this instrument or a copy thereof to the above person.

Official Certifying Recordation

1984 248

Deputy

STATE OF ARIZONA, County of Yavapai 14002

I do hereby certify that the within instrument was filed and recorded at the request of James Deabler

on MAY 16 79 - 9 10 AM o'clock Book 1216 Official Records Page 388-389

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATTY J. JENNEY, County Recorder

By [signature]

XXXXXXXXXXXXXXXX County Recorder

By _____ Deputy

Or. 571

~~Sept 2~~

Yorrell 85362

# Warranty Deed

5ca

For the consideration of Ten Dollars, and other valuable considerations, I or we,

JAMES R. DEABLER and JOYCE N. DEABLER, his wife

do hereby convey to

WESTERN BUILDING AND MINING, INC., an Arizona corporation

the following real property situated in Yavapai County, Arizona:

SEE SCHEDULE "A" ATTACHED

AND all of my right, title and interest in and to that certain Well and wellsite located on the EDMOND LODE MINING CLAIM, designated by the Surveyor General as Lot No. 1114, United States patent whereof is recorded in Book 36 of Deeds, pages 236-240, in the office of the County Recorder of Yavapai County, Arizona.

Subject to current taxes and assessments, patent reservations and exceptions, and all easements, rights of way, covenants, conditions, restrictions, liens and encumbrances of record.

And I or we do warrant the title against all persons whomsoever subject to the matters above set forth.

Dated this 18th day of April, 1979.

James R. Deabler
James R. Deabler

Joyce N. Deabler
Joyce N. Deabler

STATE OF ARIZONA
COUNTY OF Yavapai } ss.

On this the 22nd day of April, 1979 before me, _____, the undersigned officer, personally appeared JAMES R. DEABLER

known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purpose therein contained.

My Commission will expire
My Commission Expires Apr 15, 1981

[signature]
Notary Public

OREGON
STATE OF ~~ARIZONA~~
COUNTY OF Coos Bay } ss.

On this the 23 day of April, 1979 before me, Rae Lee Stubblefield, the undersigned officer, personally appeared JOYCE N. DEABLER

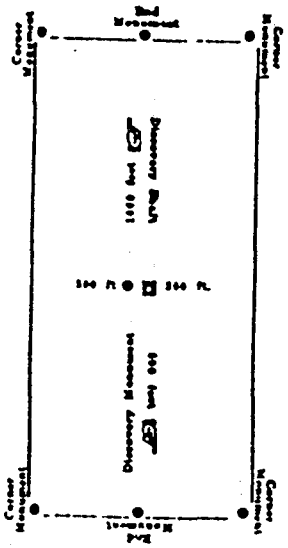
known to me (or satisfactorily proven) to be the person whose name subscribed to the within instrument and acknowledged that she executed the same for the purpose therein contained.

My Commission will expire
11-13-82

Rae Lee Stubblefield
Notary Public

YAVAPAI TITLE

1216 388




This diagram is to give locator a general idea of plan of location under the new law. The Discovery Shaft can be in the center of claim or any distance from either end desired. In the diagram it is placed 500 feet from one end, and 1000 feet from the other. Commence description of claim at a center end monument, giving its distance and direction from center of Discovery Shaft; thence bound the claim in either direction. In description be careful to state locality of claim with reference to some natural object, or permanent monument, as will identify the claim.

# Notice of Location

## LODE CLAIM

.....

.....

.....

.....

Dated ....., 19.....

STATE OF ARIZONA }
County of ..... } ss.

I hereby certify that the within instrument was filed and recorded at request of .....

.....

Book.....

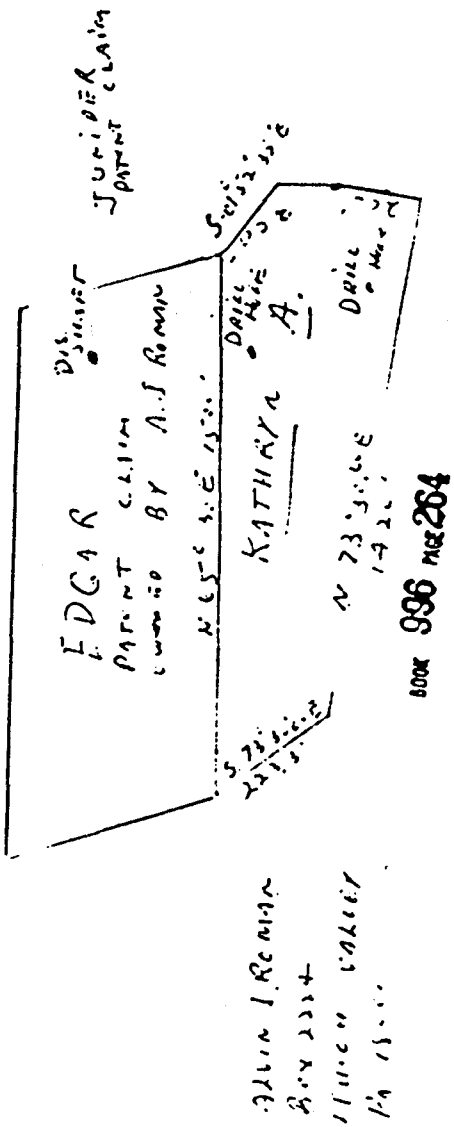
In Docket.....

on page.....

Witness my hand and official seal the day and year aforesaid.

.....
County Recorder.

By.....
Deputy Recorder.



ALVIN C. BROWN
BOX 228
LEWISTOWN VALLEY
PA 15551

Family

STATE OF ARIZONA, County of Yavapai ss.

I do hereby certify that the within instrument was filed and recorded at the request of Alvin J. Roman

on o'clock Book 996 Official Records Page 261-262

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder

By Deputy

Amended

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the ALVIN J. Mining Claim, situate on land belonging to the United States of America, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by ALVIN J. ROMAN AND KATHRYN A. GOERING (BOTH U.S. CITIZENS)

(Locator must insert either "A Citizen of the United States," or "Who has declared his intention to become a Citizen of the United States.")

the undersigned, on the 21 day of NOV, 1975

The length of this claim is 1500 feet and ..... claim ..... feet in a ..... direction and ..... feet in a ..... direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim together with ..... feet in width of the surface grounds, on each side of the center of said claim. The general course of the lode deposit and premises is from the SW to the NE.

The claim is situated and located in the YAVAPAI Mining District, in YAVAPAI county, in the State of Arizona, about 1 MILE in a SOUTH direction from YARNELL SW ¼ OF SEC. 14 T 10 N RANGE 5 WEST

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Beginning at .....

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Dated and posted on the ground this 21 day of NOV, 1975

Witness

Alvin J. Roman

Locator(s)

STATE OF ARIZONA
COUNTY OF ..... } ss.

I hereby certify that the within instrument was filed and recorded at ..... request of .....

on ..... at

Witness my hand and official seal the day and year aforesaid.

BOOK 996 PAGE 261

County Recorder.

By .....

Deputy Recorder.

Fee $1.00

| Indexed | Photostat Compared | Blotted |
|---|---|---|
| | | |

Dated ....., 19.....

STATE OF ARIZONA }
County of ..... } ss.

I hereby certify that the within instrument was filed and recorded at request of .....

.....

Book.....

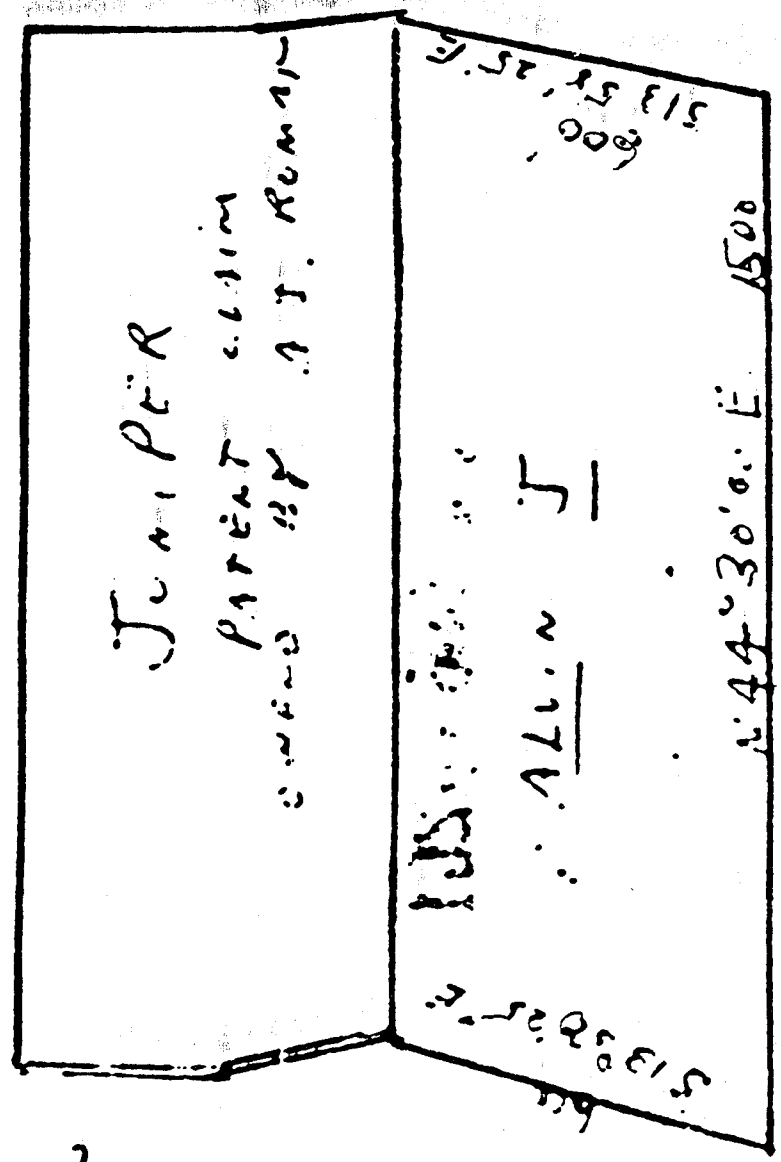
In Docket.....

on page.....

Witness my hand and official seal the day and year aforesaid.

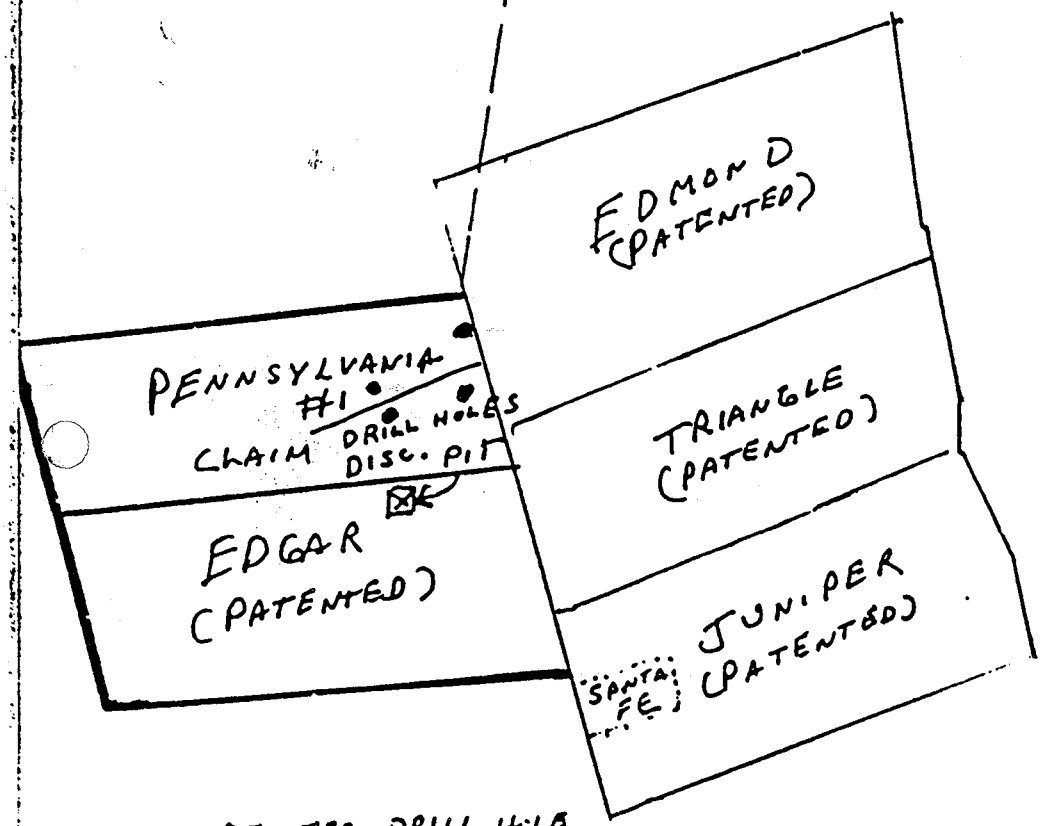
.....
County Recorder.

By .....




J RUMAN
24
VALLEY

T:10N SEC 14 R.5W S.W ¼
WEAVER DIST. YAVAPAI COUNTY
USLM. 1112




•• DENOTES DRILL HOLE

Alvin J Coman P.E.
P.O. Box
4006
Reading Pa 19606
U.S. Citizen

on ..... o'clock ..... Book ..... Official Records Page .....
Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder
By ..... Deputy

amended

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the KATHRYN B 2-
Mining Claim, situate on land belonging to the United States of America, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and purchase by ALVIN T. ROMAN AND KATHRYN A. GEORGE. BOTH (U.S. CITIZENS)
(Locator must insert either "A Citizen of the United States," or "Who has declared his intention to become a Citizen of the United States.")
the undersigned, on the 21 day of MAY, 1975.

The length of this claim is 1470 feet and ..... claim ..... feet in a ..... direction and ..... feet in a ..... direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim together with ..... feet in width of the surface grounds, on each side of the center of said claim. The general course of the lode deposit and premises is from the S.W. to the N.E.

The claim is situated and located in the YAVAPAI Mining District, in YAVAPAI county, in the State of Arizona, about 1 MILE in a SOUTH direction from YARNELL
S.W. 1/4 OF SEC. 4 - T16N. RANGE 5 WEST

The surface boundaries of the claim are marked upon the ground as follows:

Beginning at .....
at a point in a ..... direction ..... feet from the discovery shaft (at which this notice is posted), being in the center of the ..... end line of said claim; thence ..... feet to a ..... corner of said claim; ..... being the ..... being at the thence ..... feet to a ..... feet ..... corner of said claim; thence ..... end of this claim: to a ..... at the center of the ..... being at the thence ..... feet to a ..... feet ..... corner of said claim; thence ..... corner of said claim: to a ..... at the ..... corner of said claim: thence ..... feet to the place of beginning.

Dated and posted on the ground this 21 day of MAY, 1975.

Alvin T. Roman
Witness ..... Locator(s)

STATE OF ARIZONA
COUNTY OF ..... } ss.

I hereby certify that the within instrument was filed and recorded at request of .....

BOOK 996 PAGE 265

on ..... at ..... M. Docket ..... Page .....

Witness my hand and official seal the day and year aforesaid.

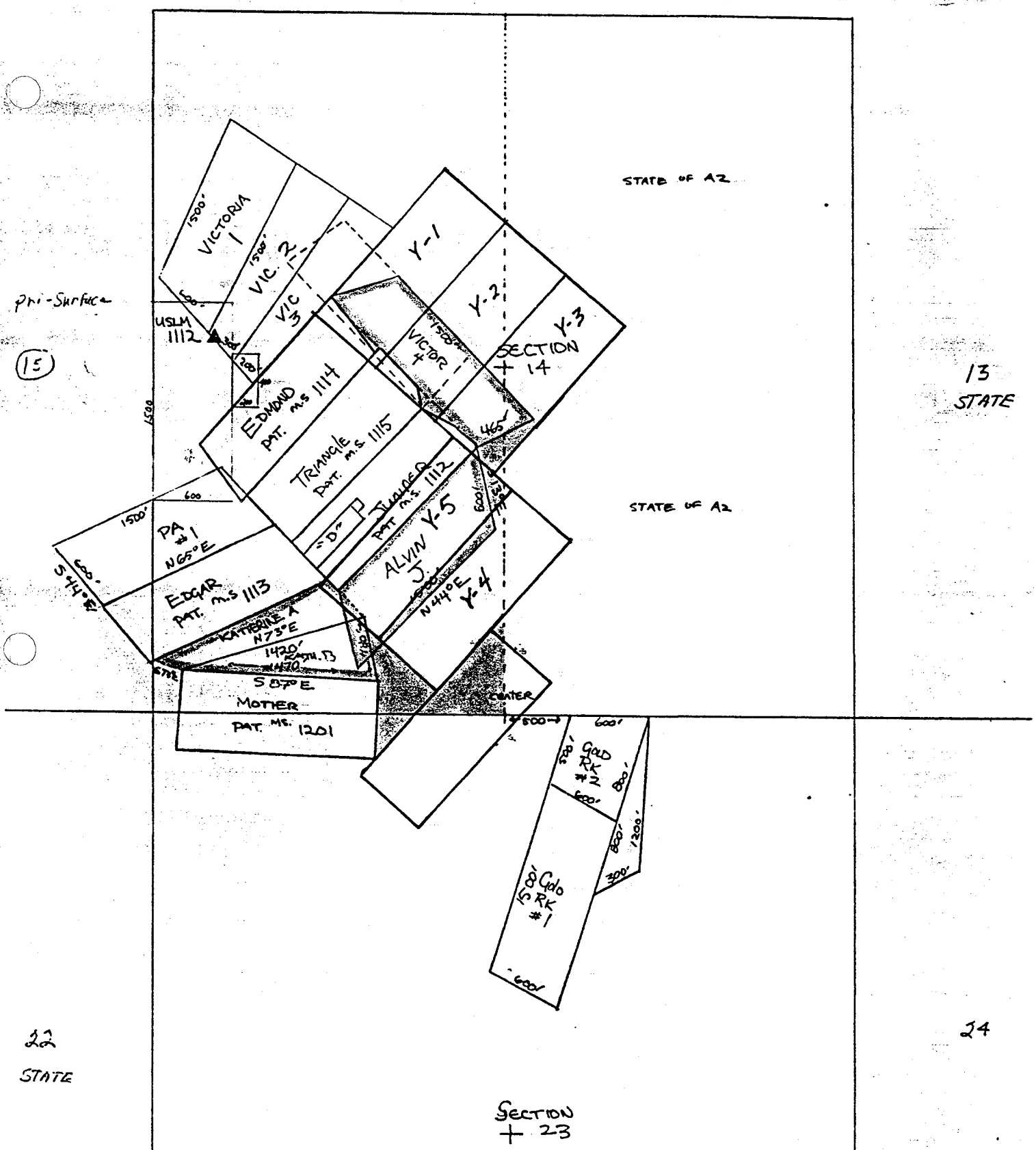
..... County Recorder.

..... Deputy Recorder.

Fee $1.00

| Indexed | Photostat Compared | Blotted |
|---|---|---|
| | | |

Arizona 85001 / 783-4812 / Form 24


STATE OF AZ
VICTORIA 1
VIC. 2
VIC 3
Y-1
Y-2
Y-3
SECTION + 14
VICTOR 4
Pri-Surface
USLM 1112
15
EDMOND PAT. M.S 1114
TRIANGLE PAT. M.S. 1115
TRIANGLE PAT M.S. 1112
ALVIN J. Y-5
Y-4
PA #1 N65°E
EDGAR PAT. M.S 1113
KATHERINE A N73°E
S 87°E
MOTHER PAT. MS. 1201
CENTER
GOLD RK #2
GOLD RK #1
13 STATE
22 STATE
24
SECTION + 23

STATE OF ARIZONA, I hereby certify that the within
County of ss. recorded
In Docket No. , Page

When recorded mail to:

W/C **RUSH**

Witness my hand

County Recorder

By

Deputy Recorder

RECORDER YAVAPAI COUNTY ARIZONA

INSTRUMENT # 8833270
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 422 PAGES: 002

$ 5 | Fee $ ✓ 5 | Bk | Map | Pcl

AMC 288934

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-1
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 750 feet in a NE direction and 750 feet in a SW direction.
9. The general course is from the NE to the SW
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 14 | 10 N | 5 W |
| NE | | | |
| SW | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE S.E. CORNER OF Y-1 IS ~ 1080' IN A S.E. DIRECTION TO THE # 4 CORNER OF the JUNIPER PATENTED CLAIM M.S. # 1112
12. If amending, the previous claim name was recorded in Docket , Book , Mining District, County, Arizona.

Date 8-8-88

Don L. Jenkins
Signature

BOOK 2078 PAGE 422

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 AM 3:59
PHOENIX, ARIZONA

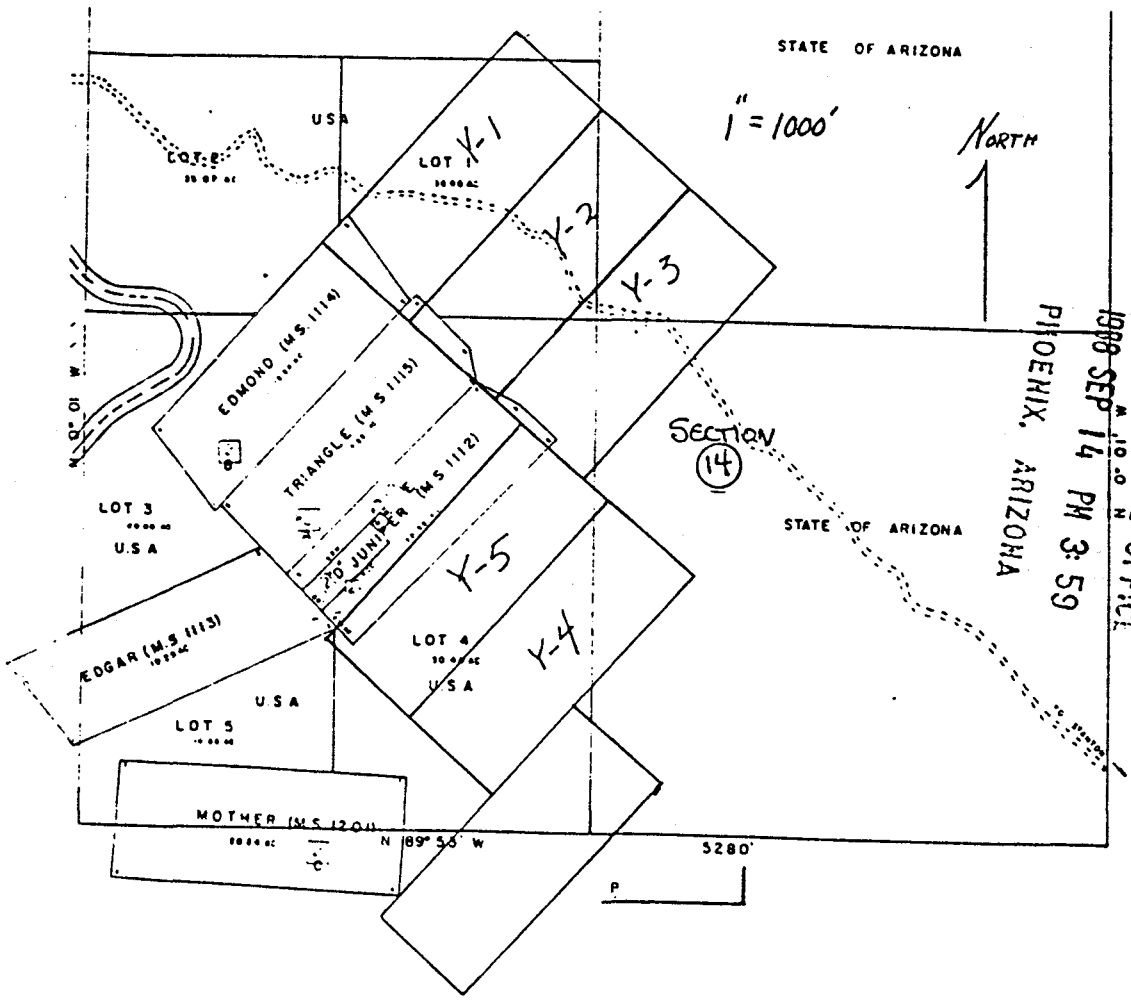
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-1

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The SE corner of the claim is ~1080 feet in a SE direction to a survey monument or permanent natural object described as #4 CORN. PAT CLAIM M.S. 1112

4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a SE direction to the NE corner, then 1500 feet in a SW direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Section 14 Township 10N Range 5W G & SRB & M

Date 8/8/88

Don L. Jenkins

STATE OF ARIZONA, I hereby certify that the within
County of _____ ss. recorded _____
In Docket No. _____, Page _____

When recorded mail to:

RUSH

Witness my hand

County Recorder

By _____
Deputy Recorder

INSTRUMENT # 8833271
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 424 PAGES: 002

Fee $ 4.00

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-2
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 750 feet in a NE direction and 750 feet in a SW direction.
9. The general course is from the NE to the SW.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 14 | 10N | 5W |
| NE | | | |
| SW | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE S.E. CORNER OF Y-2 IS ~ 120' IN A N.W. DIRECTION TO the # 4 CORNER OF the Juniper PATENTED CLAIM M.S. # 1112
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 8-8-88

Don L. Jenkins
Claimant

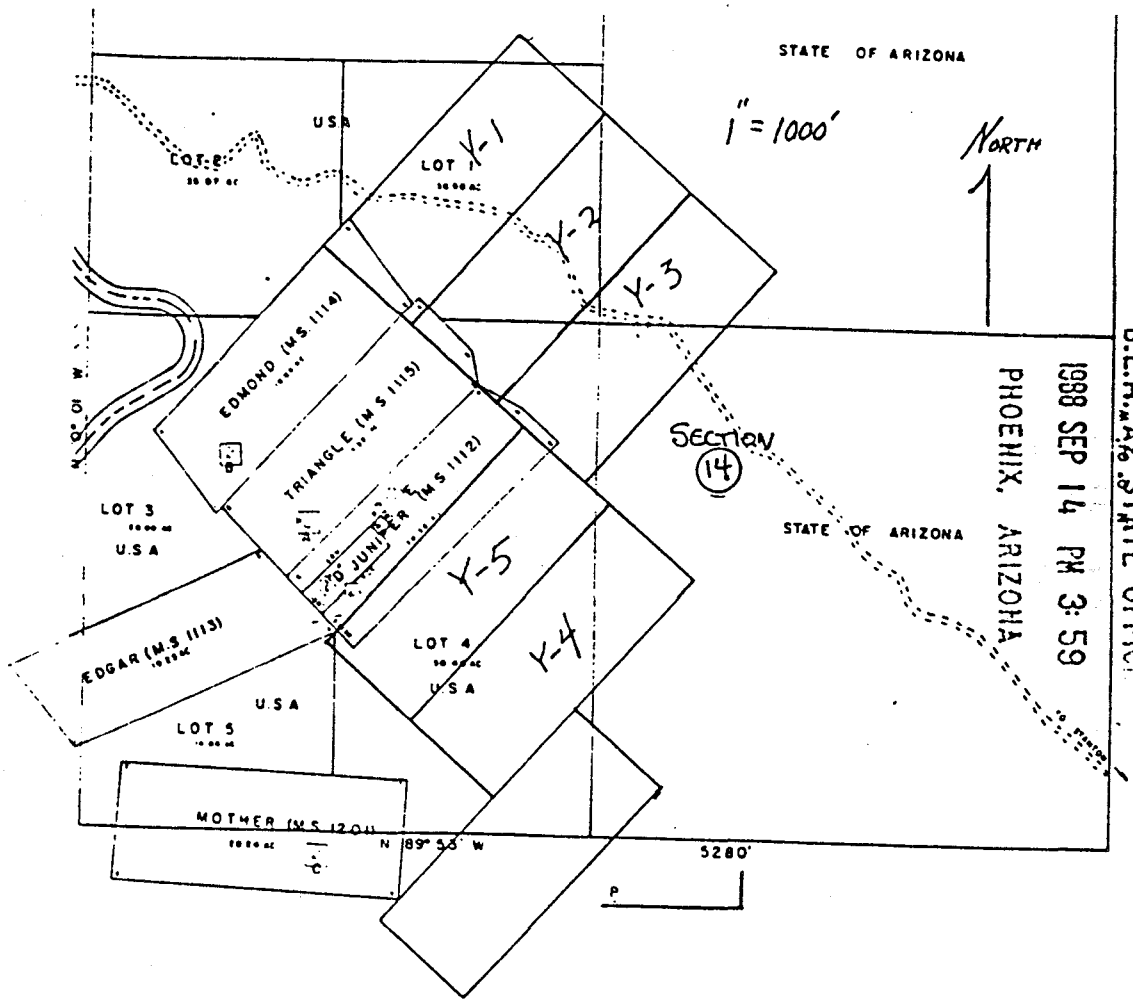
RECEIVED
B.L.H. AZ STATE OFFICE
1988 SEP 14 PM 3:09
PHOENIX ARIZONA

A MC 288035

BOOK 2078 PAGE 424

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-2
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The SE corner of the claim is ~120 feet in a NW direction to a survey monument or permanent natural object described as #4 PAT Claim m.s. 1112
4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a _____ direction to the NE corner, then 1500 feet in a _____ direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Section 14 Township 10 N Range 5 W G & SRB & M

Date 8-8-88

Don L. Jenkins
Signature

BOO. 2078 PAGE 425

A MC 288935

RECEIVED
B.L.M., AZ. STATE OFFICE
1988 SEP 14 PM 3:59
PHOENIX, ARIZONA

STATE OF ARIZONA, I hereby certify that the withi
County of ss. recorded
In Docket No. , Page

When recorded mail to:

Witness my hand

County Recorder

By
Deputy Recorder

Fee: $

Bk Map Pg

INSTRUMENT # 8833272
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 426 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-3
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 750 feet in a NE direction and 750 feet in a SW direction.
9. The general course is from the NE to the SW.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NE | 14 | 10N | 5W |
| NW | | | |
| SW | | | |
| SE | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE S.W. CORNER OF Y-3 IS ~ 120' IN A N.W. DIRECTION TO #4 CORNER OF JUNIPER PATENTED CLAIM M.S. # 1112
12. If amending, the previous claim name was recorded in Docket , Book , Mining District, County, Arizona.

Date 8-8-88

Don L. Jenkins
Signature

BOOK 2078 PAGE 426

RECEIVED
G.L.H.
AZ STATE OFFICE
1988 SEP 14 PM 3:59
PHOENIX, ARIZONA

B MC 200930

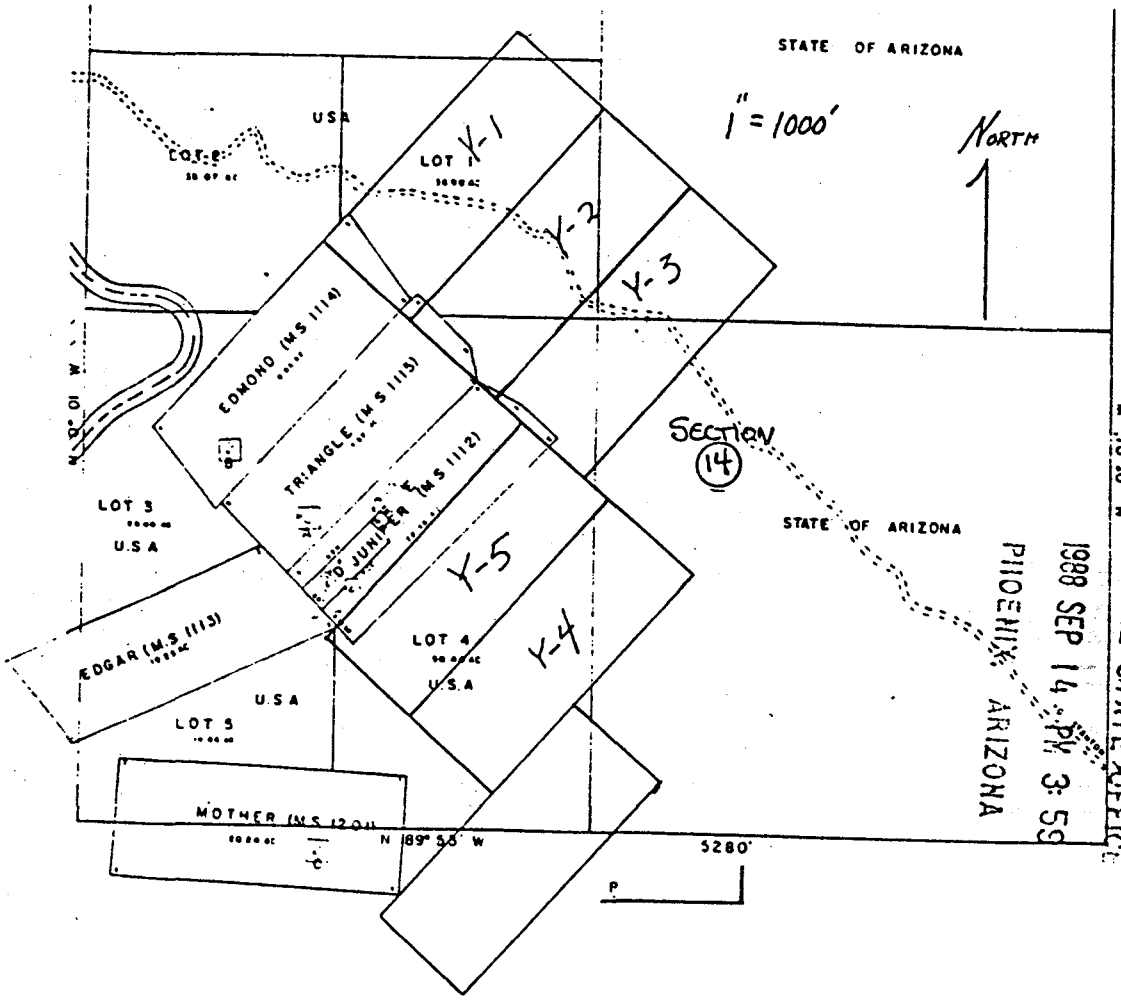
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y- 3

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The S.W. corner of the claim is ~ 120 feet in a NW direction to a survey monument or permanent natural object described as #4 CORN. PAT CLAIM M.S. 1112

4. The bearing and distance between the corners of the claim are beginning at the corner of the claim, 600 feet in a direction to the corner, then 1500 feet in a direction to the corner, then 600 feet in direction to the corner, then 1500 feet in a to the point of beginning.




Section 14 Township 10N Range 5W G & SRB & M

Date 8/8/88

Don L. Jenkins

STATE OF ARIZONA, I hereby certify that the
County of _____ ss. recorded _____
In Docket No. _____ _____, Page _____

When recorded mail to: Witness my

County Recorder

By _____
Deputy Recorder

INSTRUMENT: # 8833273
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 428 PAGES: 002

Fee $ 5 | Fee $ | Map | Pci

A MC 288037

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-4
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 50 feet in a NE direction and 1450 feet in a SW direction.
9. The general course is from the NE to the SW
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SE | 14 | 10 N | 5 W |
| SW | | | |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE N.W. CORN OF Y-4 CLAIM IS ~ 920' IN A NW DIRECTION TO THE #4 CORNER OF JUNIPER PATENTED CLAIM M.S. 1112.
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 8-8-88

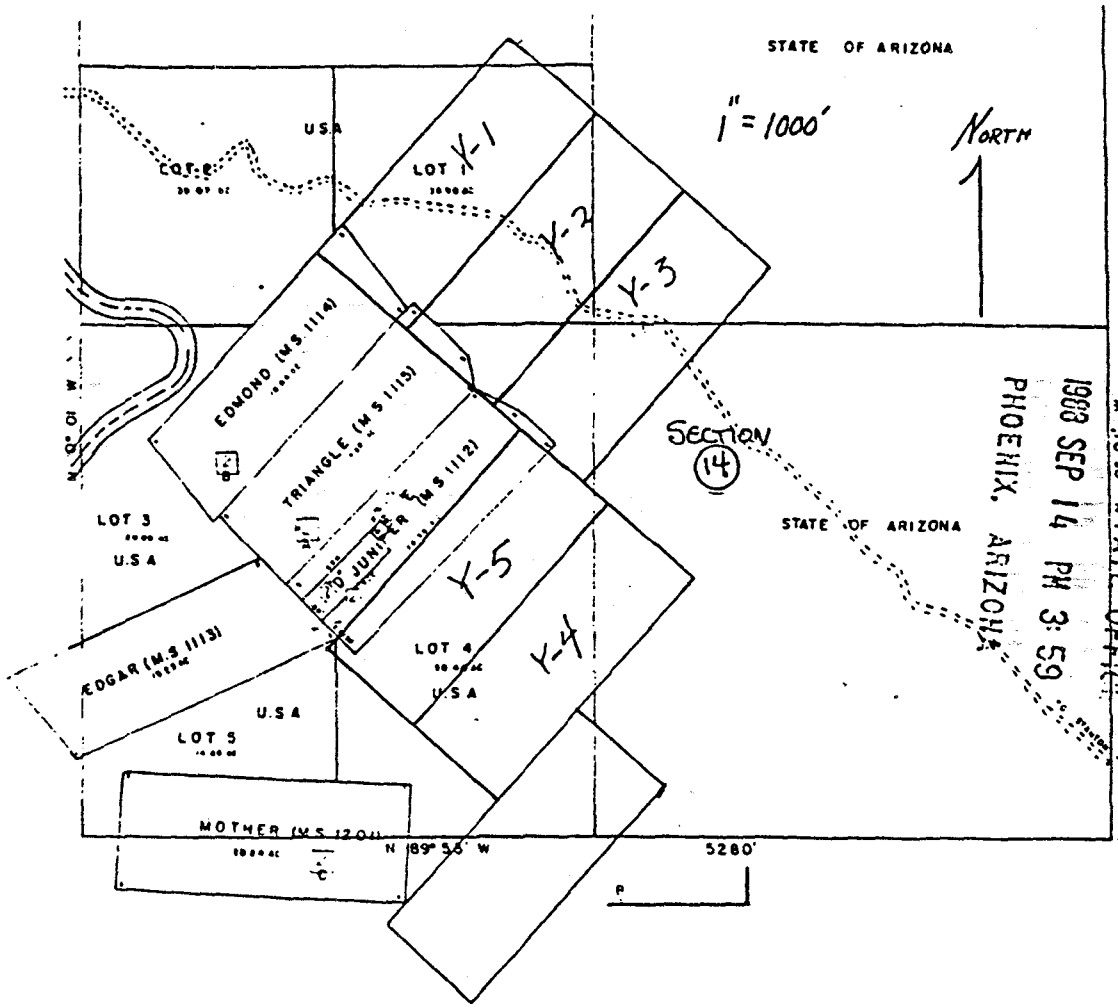
Don L. Jenkins
Signature

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 3:59
PHOENIX, ARIZONA

BOOK 2078 PAGE 428

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-4
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is ~920 feet in a NW direction to a survey monument or permanent natural object described as #4 CORN. PAT CLAIM M.S. 1112.
4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a SE direction to the NE corner, then 1500 feet in a SW direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Section 14 Township 10 N Range 5 W G & SRB & M

Date 8-8-88

Signature

STATE OF ARIZONA, I hereby certify that the within i

County of _____ ss. recorded _____

In Docket No. _____, Page _____

When recorded mail to: Witness my hand ar

By _____ Deputy Recorder

INSTRUMENT # 8833274
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 430 PAGES: 002

County Recorder

Fee. $ 5 | P 4 6 | S St | Map | Pcl | Bk

A MC 288938

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-5
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 50 feet in a NE direction and 1450 feet in a SW direction.
9. The general course is from the NE to the SW.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SE | 14 | 10 N | 5 W |
| SW | | | |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE NW CORN. OF Y-5 IS ~ 320' IN NW DIRECTION TO CORNER #4 OF JUNIPER PATENTED CLAIM M.S. 1112.
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 8-8-88

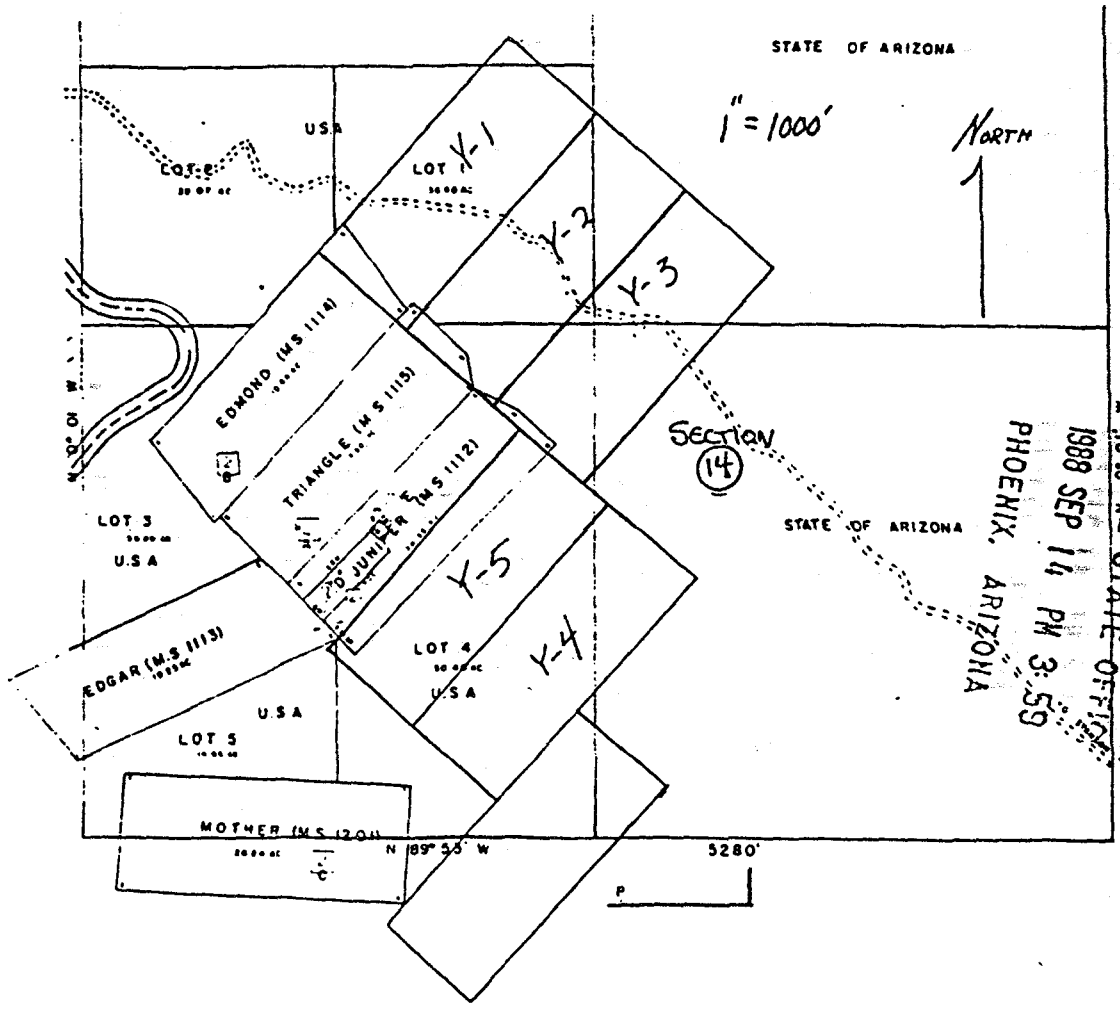
Don L. Jenkins

BOOK 2078 PAGE 430

B.L.M. RECEIVED
1988 SEP 14 PM 3:59
PHOENIX, AZ STATE OFFICE

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-5
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The N.W. corner of the claim is ~ 320 feet in a NW direction to a survey monument or permanent natural object described as #4 CORN. PAT CLAIM M.S. 1112
4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a SE direction to the NE corner, then 1500 feet in a SW direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Section 14 Township 10N Range 5W G & SRB & M

Date 8/8/88

Von L. Jenkins

STATE OF ARIZONA, I hereby certify that the withi
County of _____ ss. recorded _____
In Docket No. _____, Page _____

When recorded mail to: Witness my han

County Recorder

By _____ Deputy Recorder

RECORDER YAVAPAI COUNTY ARIZONA

INSTRUMENT # 8833275
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 432 PAGES: 002

Fee: $ 5 St
Map Pcl

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-6
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction
9. The general course is from the NE to the SW
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SW | ~~14~~ 15 | 10 N | 5 W |
| | 15 | | |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE NE. corner OF Y-6 CLAIM SHARES the #4 corner OF THE EDGAR PATENTED CLAIM (m.s. # 1113)
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 8-8-88

Don L. Jenkins
Signature

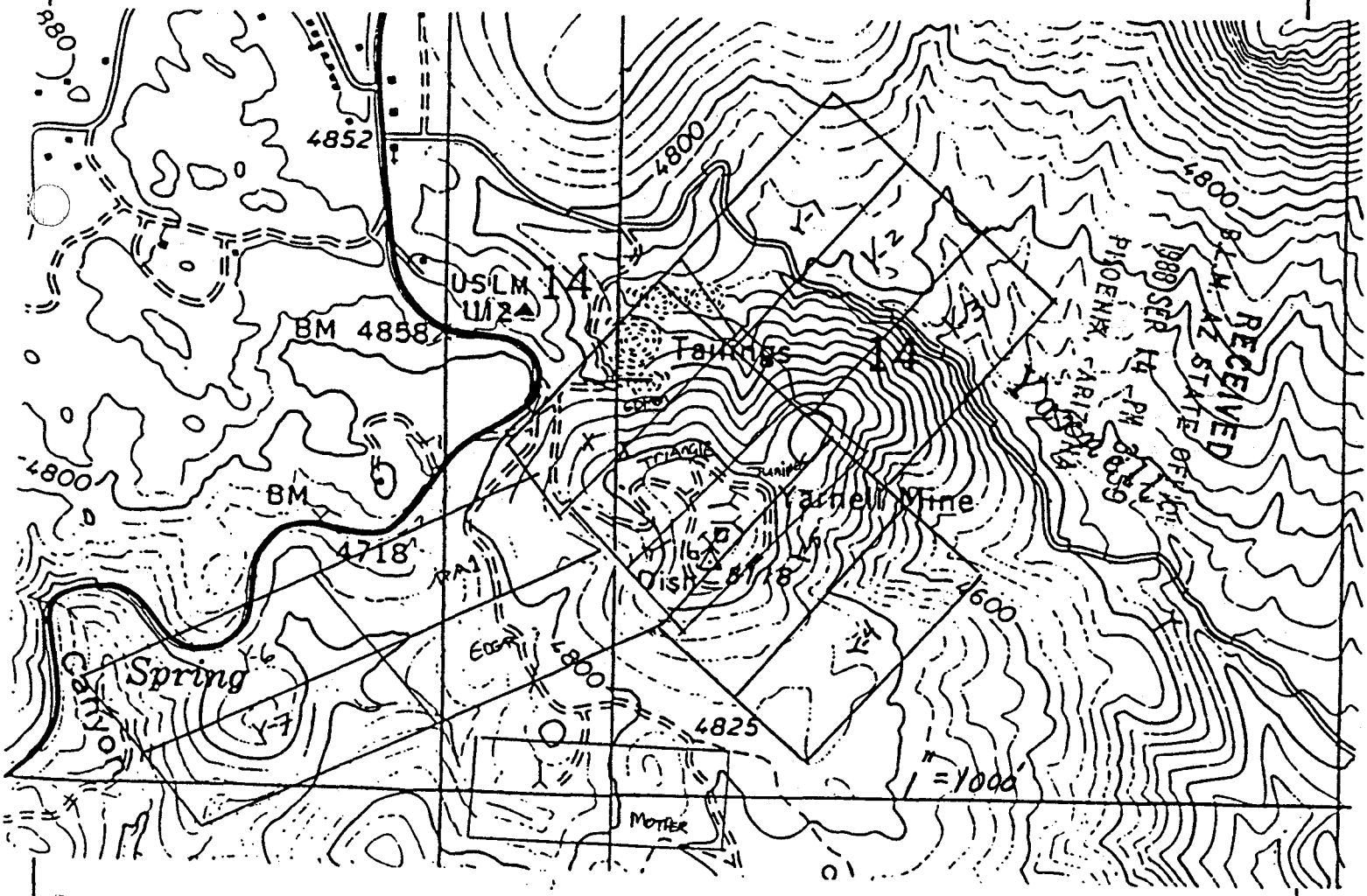
BOOK 2078 PAGE 432

A MC 288939

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 3:59
PHOENIX, ARIZONA

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-6
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NE corner of the claim is SHARES ~~feet in a~~ direction to a survey monument or permanent natural object described as TIE #4 CORN. PAT CLAIM M.S. #1113
4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a SE direction to the NE corner, then 1500 feet in a SW direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Section 15 Township 10 N Range 5 W G & SRB & M

Date 8-8-88

Don L. Jenkins
Signature

BOO. 2078 PAGE 433

A MC 288039

STATE OF ARIZONA, ss.
County of _____
In Docket No. _____
When recorded mail to:

I hereby certify that the within instrument was filed and _____ at _____ M. e request of _____ eal.

INSTRUMENT # 8833276
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
DON JENKINS
DATE: 09/09/88 TIME: 15:55
FEE: 5.00
BOOK 2078 PAGE 434 PAGES: 002

ty Recorder

Deputy Recorder

Fee No.:

Fee: $

A MC 288940

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Name)
   Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is Y-7
5. The date of the location is 8-8-88
6. The type of location monument is PVC pipe and/or 2x2 posts
7. The type of corner and end monument is " " " " "
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the NE to the SW
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SW | 15 | 10 N | 5 W |
| NE | 22 | " | " |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    THE N.W. CORNER OF Y-7 CLAIM SHARES THE #4 CORNER OF PATENTED EDGAR CLAIM M.S. # 1113.
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 8-8-88

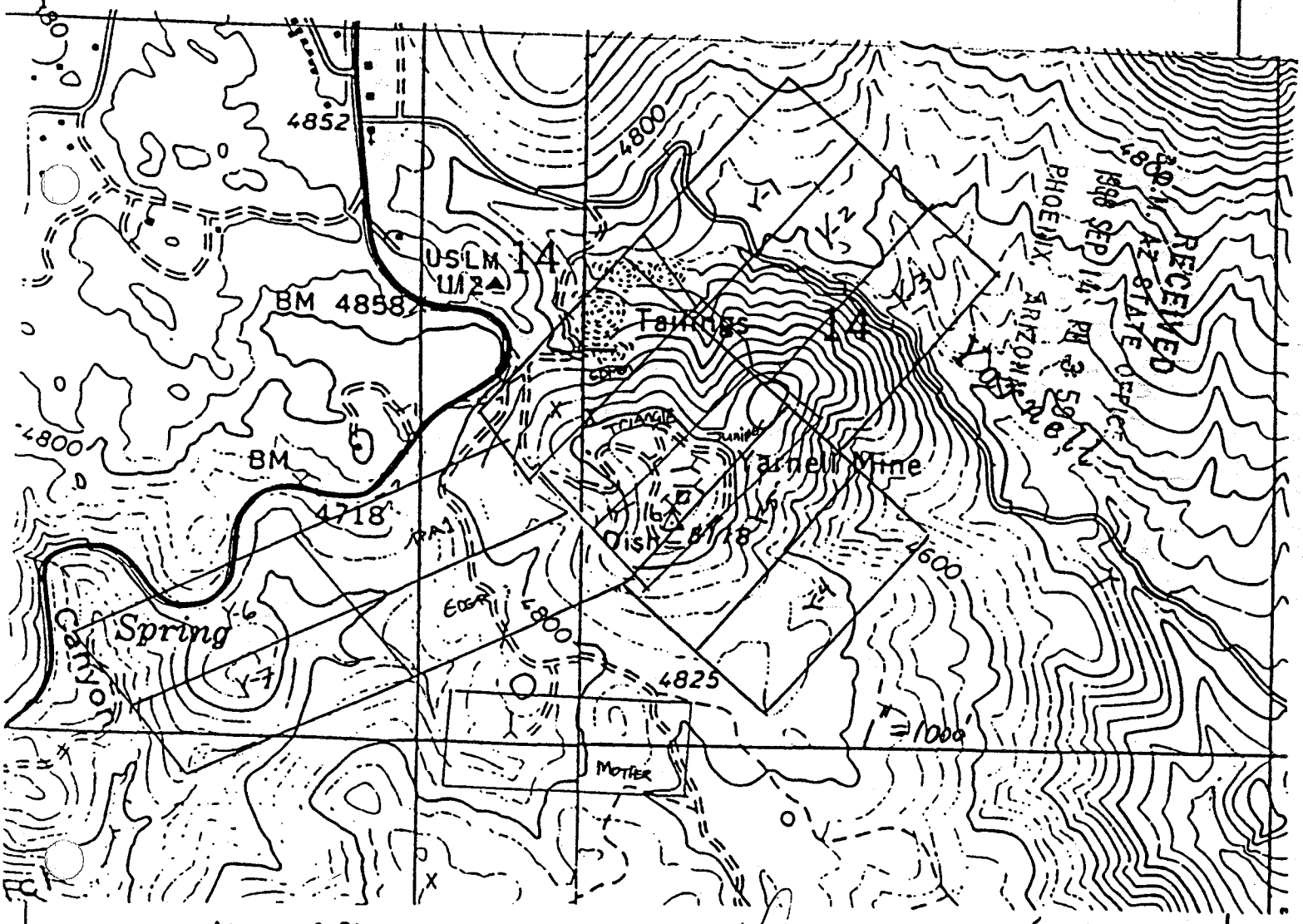
Don L. Jenkins
Signature

RECEIVED
B.L.M.
AZ STATE OFFICE
1988 SEP 14 PM 3:59
PHOENIX, ARIZONA

BOOK 2078 PAGE 434

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is Y-7
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is SHARES feet in a direction to a survey monument or permanent natural object described as THE #4 CORN. of PAT. CLAIM M.S. # 1113
4. The bearing and distance between the corners of the claim are beginning at the NW corner of the claim, 600 feet in a SE direction to the NE corner, then 1500 feet in a SW direction to the SE corner, then 600 feet in NW direction to the SW corner, then 1500 feet in a NE to the point of beginning.




Date 8-8-88

Don L. Jenkins
Signature

T10N R5W S.15

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____

In Docket No. _____, Page _____

When recorded mail to:

RUSH

W/C

Witness my hand

By _____

Fee No.:

RECORDER YAVAPAI COUNTY ARIZONA

INSTRUMENT # 8833764
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 476 PAGES: 002

Deputy Recorder

CM 288941

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN # 1
5. The date of the location is September 9, 1988
6. The type of location monument is ~~Pvc Pipe and/or~~ wood Posts
7. The type of corner and end monument is Pvc Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a SW direction and 1400 feet in a NE direction.
9. The general course is from the Southwest to the Northeast
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| N 1/2 | 23 | 10 N | 5W |
| S 1/2 | 14 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    SW Corner lies ~ 2220' and ~~S66°E~~ (N66°W) to SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

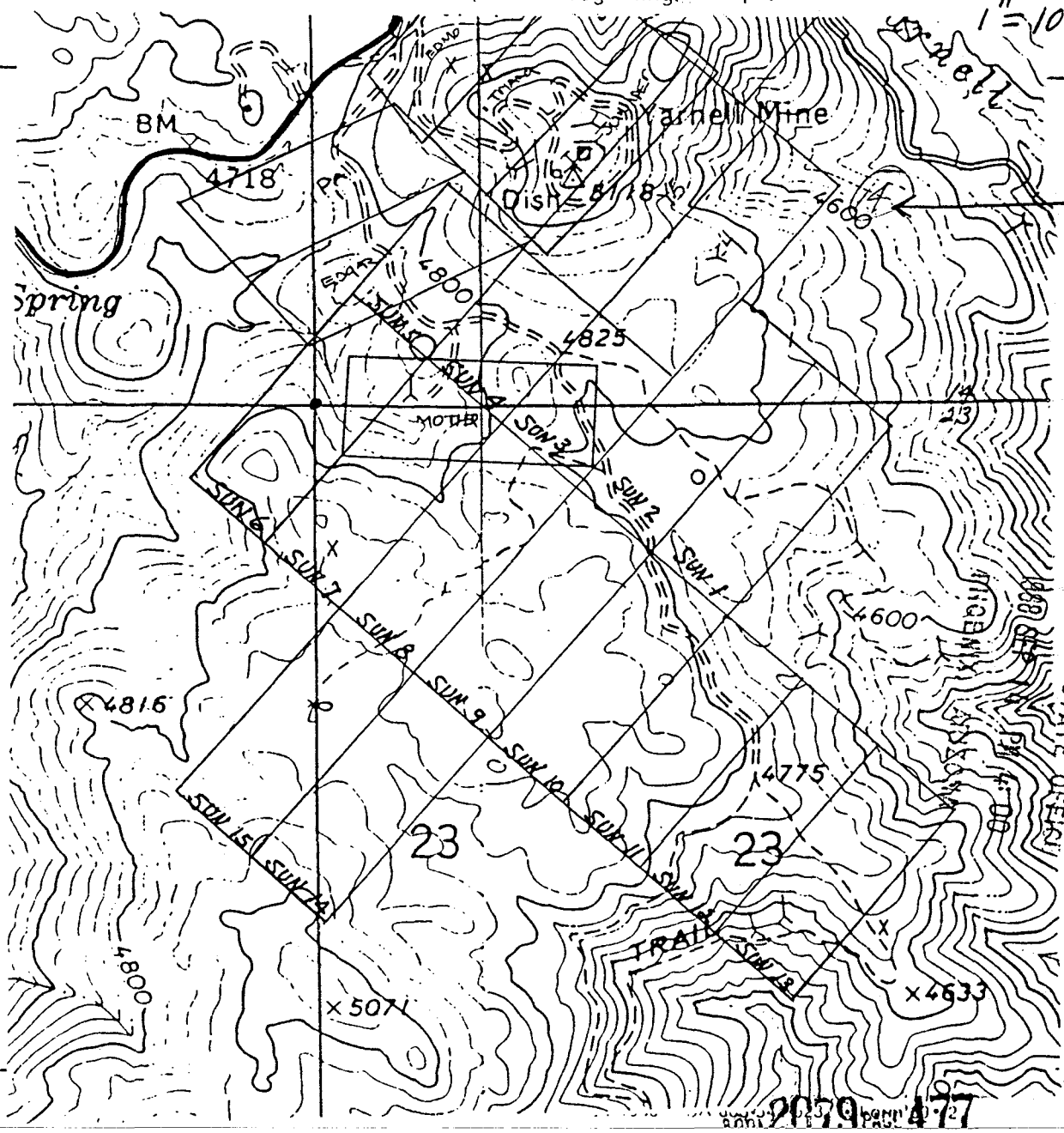
RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 4:00
PHOENIX, ARIZONA

BOOK 2079 PAGE 476

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #1
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The SW corner of the claim is ~ 2220 feet in a N66°W direction to a survey monument or permanent natural object described as SW Corner of Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W

1" = 1000'




AA MC 288941

2079477

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.

In Docket No. _____, Page ____

Fee No.:

RUSH

When recorded mail to:

Witness my hand

By _____

INSTRUMENT # 883376
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 478 PAGES: 00

A MC 288947

# NOTICE OF MINING CLAIM LOCATION

| $ | 1 | P | 4 | 5 | St |
|---|---|---|---|---|---|
| 5 | | | 6 | | |
| Bk | | Map | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*

2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
Name
P.O. Box 4106 Prescott AZ 86302
Address City State Zip

4. The name of the claim is SUN #2

5. The date of the location is September 9, 1988

6. The type of location monument is ~~PVC pipe~~ ~~pipe~~ ~~and/or~~ wood Posts

7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts

8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.

9. The general course is from the Southwest to the Northeast

10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| N 1/2 | 23 | 10 N | 5 W |
| S 1/2 | 14 | 10 N | 5 W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
SE Corner is ~ 2220' and N66°W to the SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

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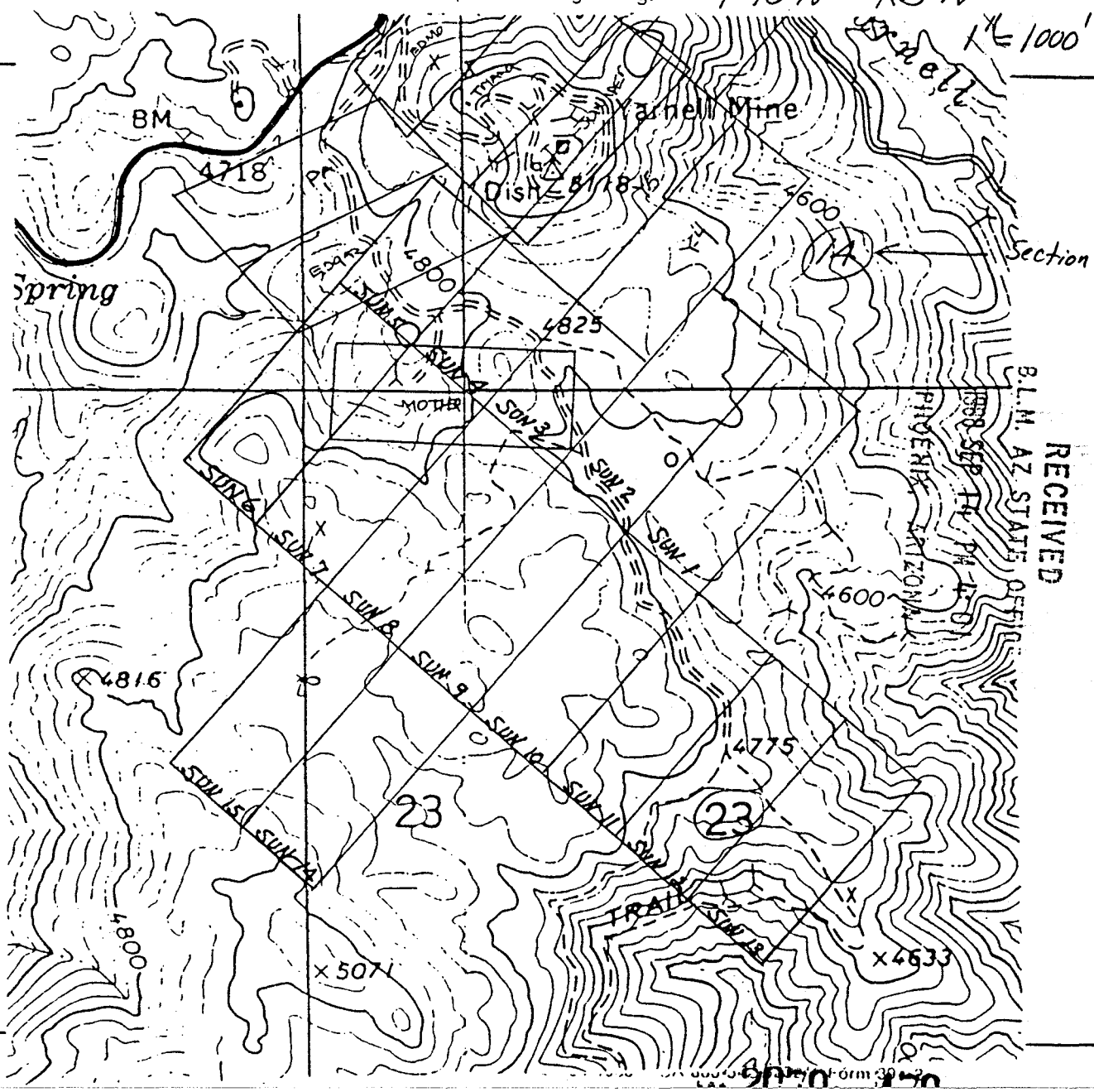
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 4:01
PHOENIX, ARIZONA

BOOK 2079 PAGE 478

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #2
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The SE corner of the claim is ~2220 feet in a N66°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W



STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at _____M. _____, Page _____, at the request of _____

Witness my hand and official seal.

_____ County Recorder

By _____ Deputy Recorder

Fee No.:

Fee: $

INSTRUMENT # 8833766
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 480 PAGES: 002

A MC 288943

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☐ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don L. Jenkins (Agent For Nergold Post)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN # 3
5. The date of the location is Sept. 9, 1988
6. The type of location monument is Wood Post
7. The type of corner and end monument is PVC Pipe and/or wood Posts
8. The claim is 875 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 775 feet in a SW direction.
9. The general course is from the NE to the SW
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5 W |
| SW | 14 | 10 N | 5 W |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    SW Corner lies ~ 1150' and N83°W to the SW Corner of Section 14
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

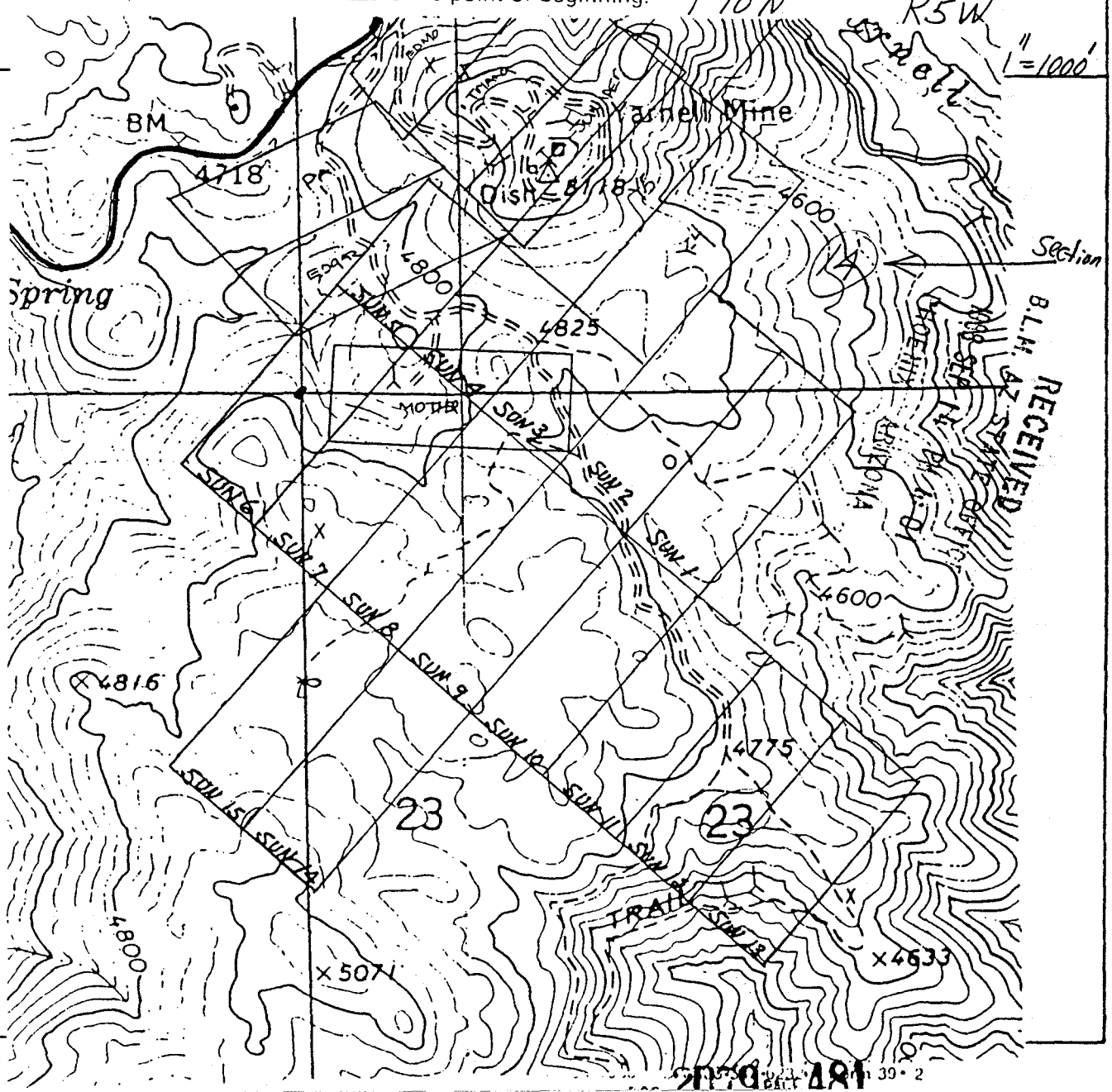
Don L. Jenkins
Signature

BOOK 2079 PAGE 480

B.L.M. AZ STATE OFFICE
PHOENIX
RECEIVED
88 SEP 14 PM 4 01

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN # 3
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The SW corner of the claim is ~ 1150 feet in a N 83° W direction to a survey monument or permanent natural object described as SW Corner OF Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 875 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 875 feet in a Northeast to the point of beginning.




A MC 288913

STATE OF ARIZONA, } ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19__, at __ M.
In Docket No. _____, Page _____

Fee No.:

RUSH

When recorded mail to:

Witness my hand

By _____

INSTRUMENT # 8833767
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 482 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ | 1 | P | 4 | Co | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Agent for Norgold Res)
   Name: Don Jenkins
   Address: Box 4106 City: Prescott State: AZ Zip: 86302
4. The name of the claim is SUN # 4
5. The date of the location is 9/9/88
6. The type of location monument is 2x2 post
7. The type of corner and end monument is PVC Pipe and 2x2 posts
8. The claim is 875 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 400 feet in a SW direction and 475 feet in a NE direction.
9. The general course is from the SW to the NE.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SW 1/4 | 14 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    SW Corner lies m 750' and S67°W to the SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

BOOK 2079 PAGE 482

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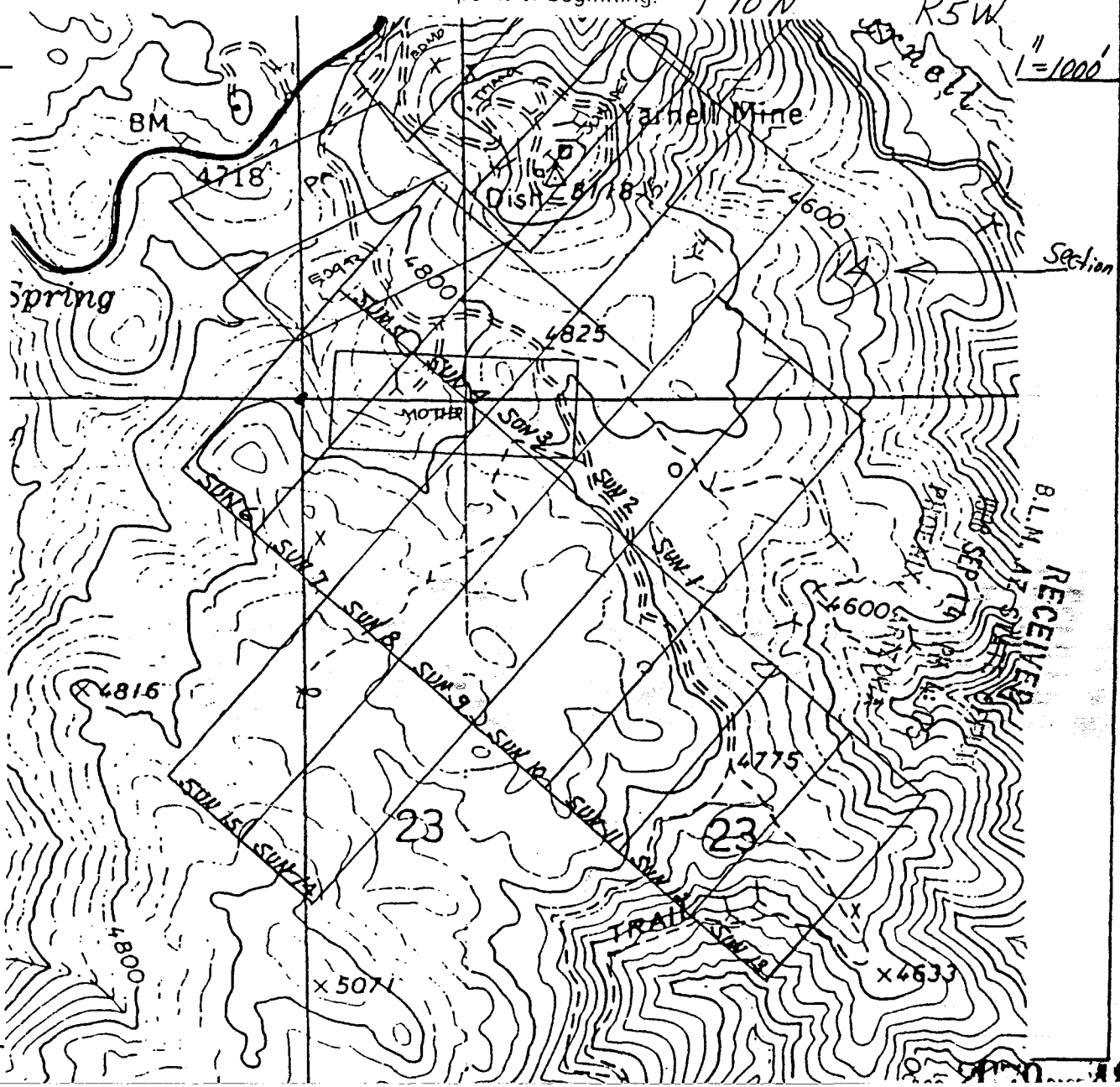
B.L.M.
AZ STATE OFFICE
1988 SEP 14 PM 4:05
PHOENIX, ARIZONA

AA MC 288944

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #4
2. Type of claim is [ ] Placer [X] Lode [ ] Millsite [ ] Tunnelsite *Check one only*
3. The SW corner of the claim is ~750 feet in a S67°W direction to a survey monument or permanent natural object described as SW Corner of Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 875 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 875 feet in a Northeast to the point of beginning.




A MC 208914

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Witness my hand ar

By _____

When recorded mail to:

RUSH

Fee No.:

INSTRUMENT # 8833768
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 484 PAGES: 002

A MC 288045

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 |
|---|---|---|---|---|---|
| Bk | | Map | | Pct | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is Don Jenkins (Agent for Norgold Res)
   Name
   Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN # 5
5. The date of the location is 9/9/88
6. The type of location monument is ~~PVC pipe and/or~~ 2x2 posts
7. The type of corner and end monument is PVC pipe and/or 2x2 posts
8. The claim is 875 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a SW direction and 775 feet in a NE direction.
9. The general course is from the SW to the NE.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SW 1/4 | 14 | 10N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    SW Corner lies ~ 720' and ~ S20° W of SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

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B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 12 05
PHOENIX, ARIZONA

BOOK 2079 PAGE 484

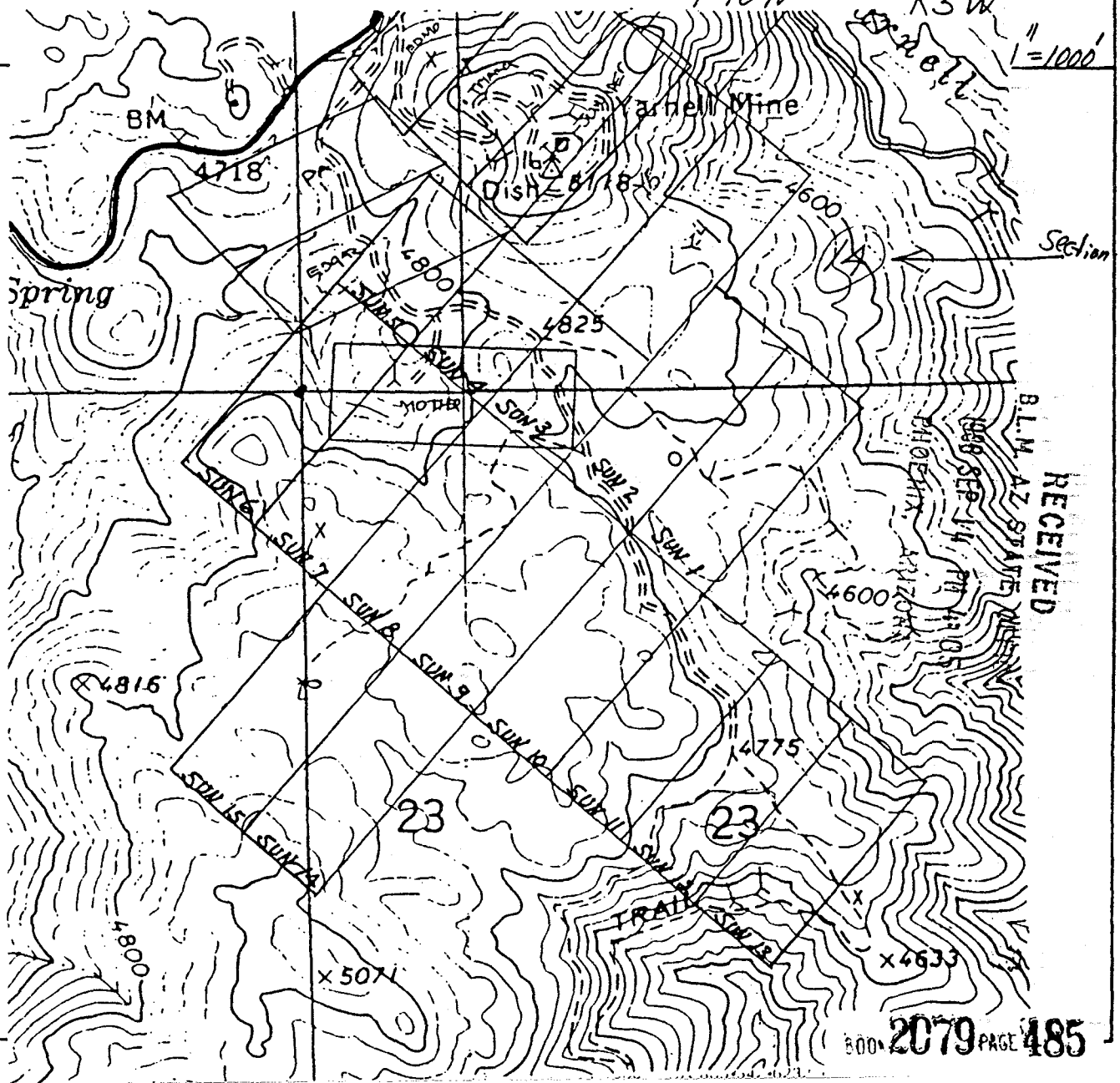
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #5

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The SW corner of the claim is ~720 feet in a S20°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 875 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 875 feet in a Northeast to the point of beginning.




A MC 288945

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Fee No.:

RUSH

When recorded mail to:

Witness my hand and

By _____

INSTRUMENT # 8833769
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 486 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 | |
|---|---|---|---|---|---|---|
| | Bk | | Map | | Pct | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN #6
5. The date of the location is September 9, 1988
6. The type of location monument is ~~pipe pipe and/or~~ wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5W |
| SW | 14 | 10 N | 5W |
| NE | 22 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    The SW Corner lies ~ 880' and N61°E to the SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don J. Jenkins
Signature

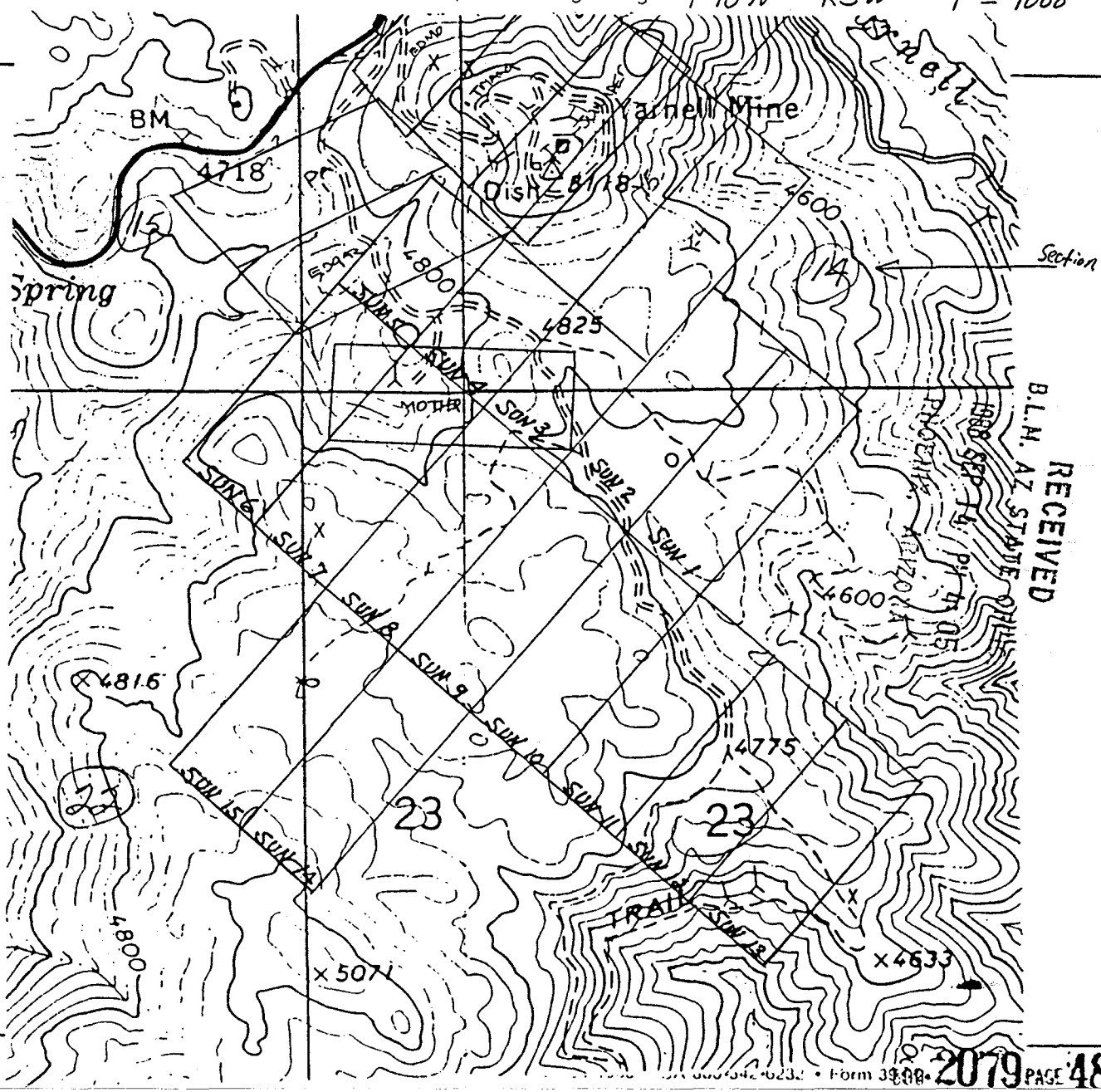
RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 1:01
PHOENIX, ARIZONA

BOOK 2079 PAGE 486

2889946

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #6
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The SW corner of the claim is ~ 880 feet in a N61°E direction to a survey monument or permanent natural object described as SW Corner of Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'




A MC 288946

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 1:05

STATE OF ARIZONA, ss.
County of _____
In Docket No. _____, Page _____

When recorded mail to:

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.

Witness my hand and _____

By _____

Fee No.:

INSTRUMENT # 8833770
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 488 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | S | St |
|---|---|---|---|---|---|---|
| Bk | | Man | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN # 7
5. The date of the location is September 9, 1988
6. The type of location monument is ~~PVC pipe and/or~~ (wood Posts)
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 700 feet in a NE direction and 800 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 750' and S23°W to the SW Corner of Section 14

12. ☒ If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

A MC 288947

RECEIVED
B.L.M.
AZ STATE OFFICE
1988 SEP 14 PM 4:00
PHOENIX, ARIZONA

BOOK 2079 PAGE 488

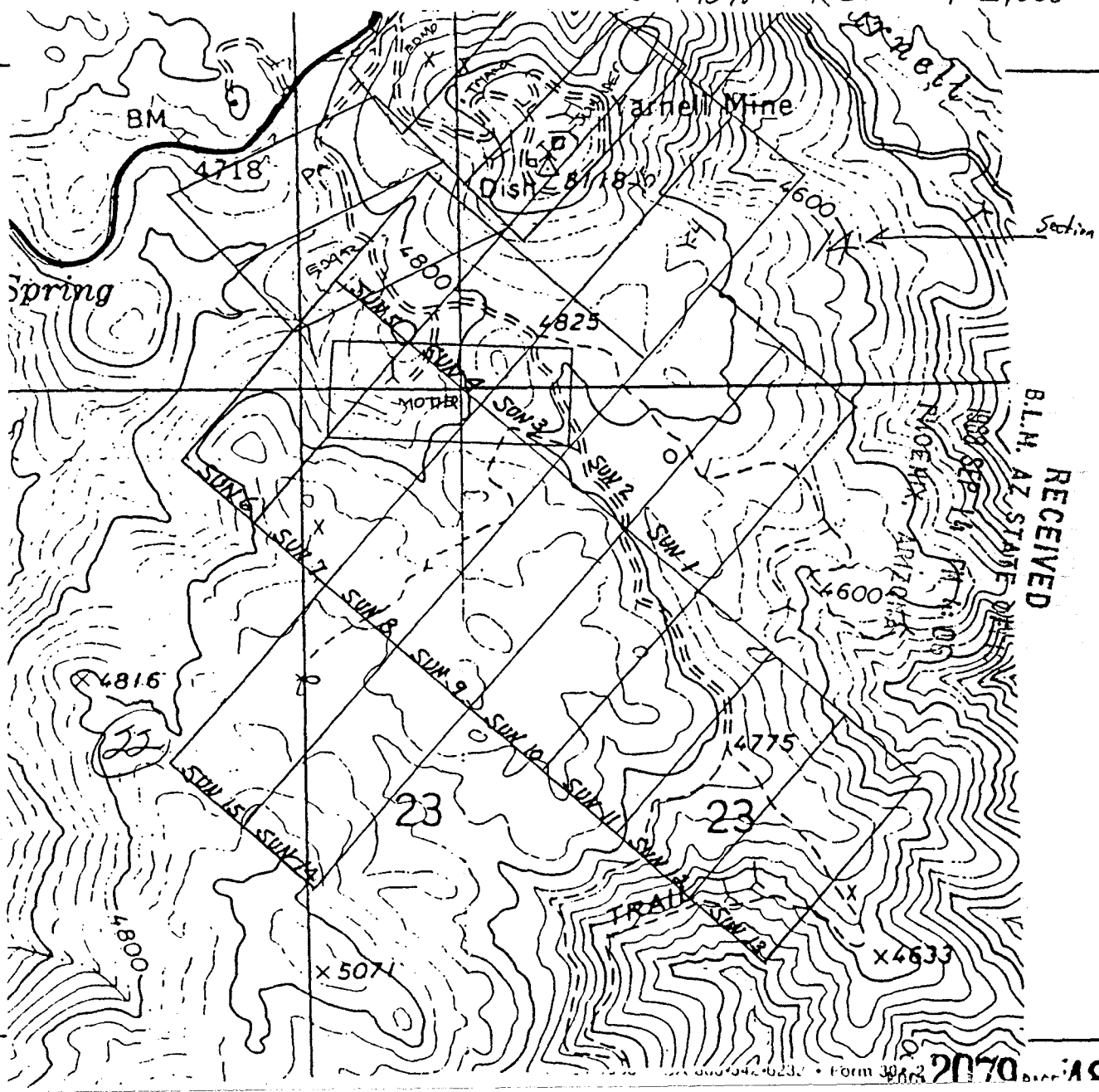
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN # 7

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The NW corner of the claim is ~ 750 feet in a S23°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'




A HC 288947

RECEIVED
B.L.M. AZ STATE OFFICE
1982 SEP 19 A 11:05
PHOENIX, ARIZONA

2070

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____ at the request of

Fee No.:

When recorded mail to:

Witness my hand an

By _____

INSTRUMENT # 8833771
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 490 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ | 1 | P | 4 | Co | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN #8
5. The date of the location is September 9, 1988
6. The type of location monument is ~~[illegible]~~ ~~[illegible]~~ ~~[illegible]~~/or wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 1150' and N84°W to the SW Corner of Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

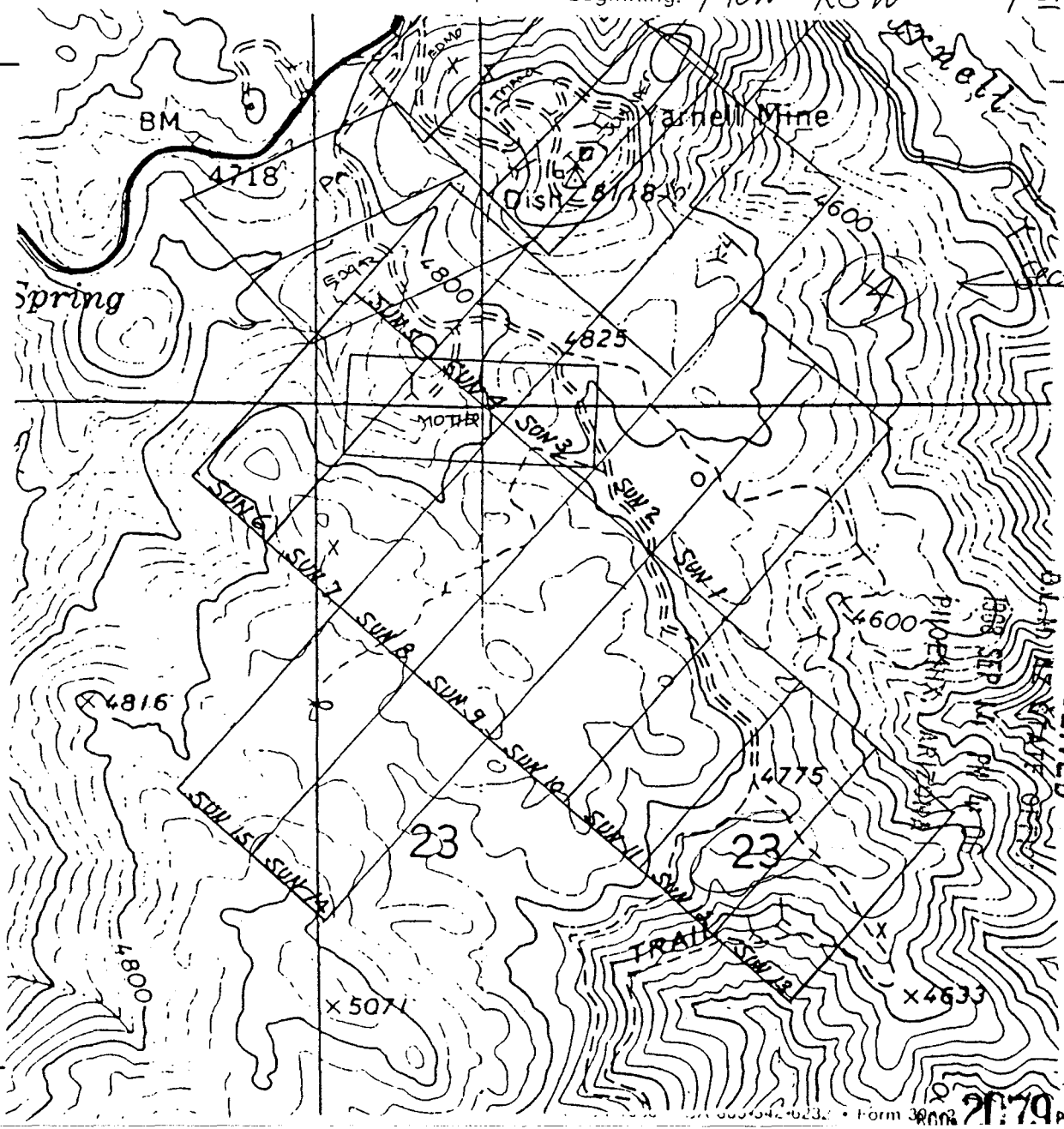
BOOK 2079 PAGE 490

RECEIVED B.L.M. AZ STATE OFFICE PHOENIX, ARIZONA 1988 SEP 14 PM 4 00

8468882

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #8
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is ~ 1150 feet in a ~ N84°W direction to a survey monument or permanent natural object described as SW Corner of Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1"=1000'



STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Fee No.:

When recorded mail to:

Witness my hand an

By _____

INSTRUMENT # 8833772
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 492 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN #9
5. The date of the location is September 9, 1988
6. The type of location monument is ~~PVC pipe and/or~~ wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies n 1660' and ~N72°W to the SW Corner OF Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Signature

$ 1 P 4 Cc 5 St
Bk Map Pct

MC 28894

RECEIVED
AZ STATE OFFICE
1988 SEP 9 PM 4:00
PHOENIX, ARIZONA

BOOK 2079 PAGE 492

# MAP OF MINING CLAIM LOCATION

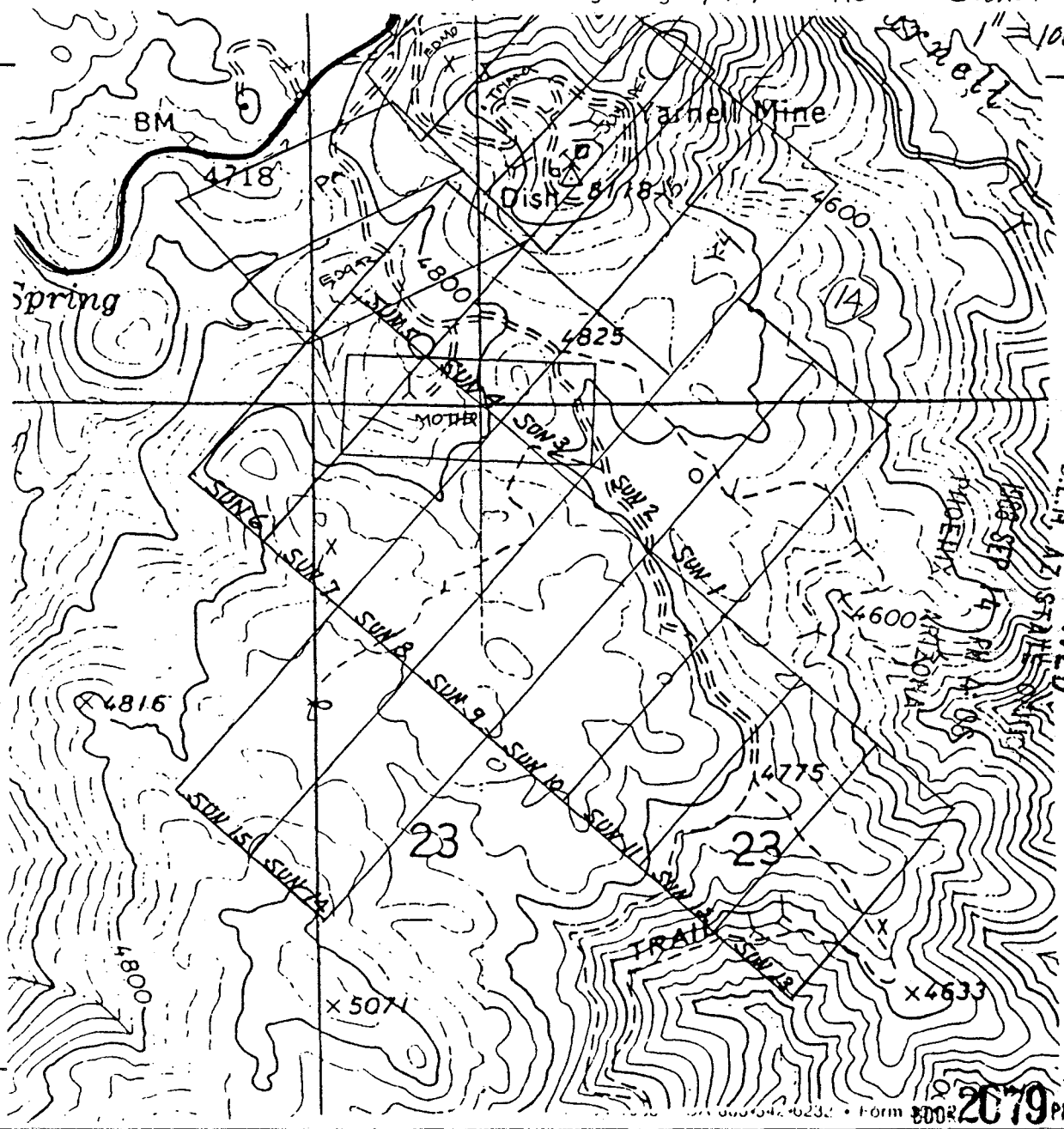
1. The name of the claim is SUN #9

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The NW corner of the claim is ~ 1660 feet in a ~ N 72° W direction to a survey monument or permanent natural object described as SW Corner of Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W Section 23

1" = 1000'




A MC 288949

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Fee No.:

When recorded mail to:

Witness my hand a

By _____

INSTRUMENT # 8833773
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 494 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 | |
|---|---|---|---|---|---|---|
| Bk | | Map | | | | Pc. |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 — Address; Prescott — City; AZ — State; 86302 — Zip
4. The name of the claim is SUN # 10
5. The date of the location is September 9, 1988
6. The type of location monument is ~~PVC pipe and/or~~ wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 2240' and N66°W to the SW Corner of Section 14
12. ☒ If amending, the previous claim name was _____ recorded in Docket _____, Book _____, Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

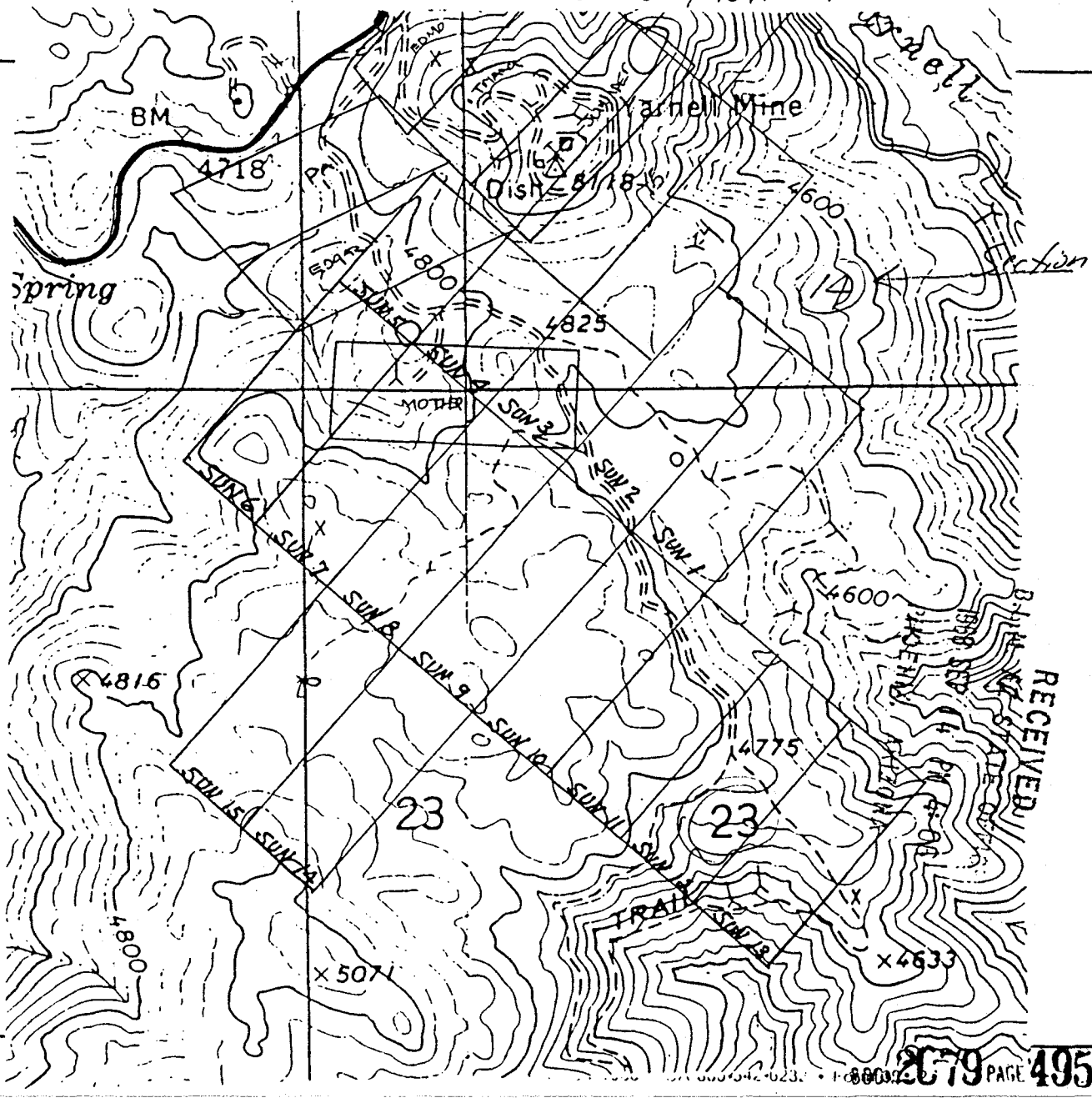
BOOK 2079 PAGE 494

MC 288950

RECEIVED
B.L.M.
1988 SEP 14 PM 4:06
PHOENIX, ARIZONA
AZ STATE OFFICE

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN # 10
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is ~ 2240 feet in a N66°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1"=1000'




A MC 208950

RECEIVED

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.

Fee No.:

In Docket No. _____, Page ____

When recorded mail to:

Witness my hand

By _____

INSTRUMENT # 8833774
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 496 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

$ 5 | 1 | P | 4 | C | 5 | S
Bk | Map | Pc

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN # 11
5. The date of the location is September 9, 1988
6. The type of location monument is wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 2800' and ~ N63°W to the SW Corner OF Section 14

☒. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

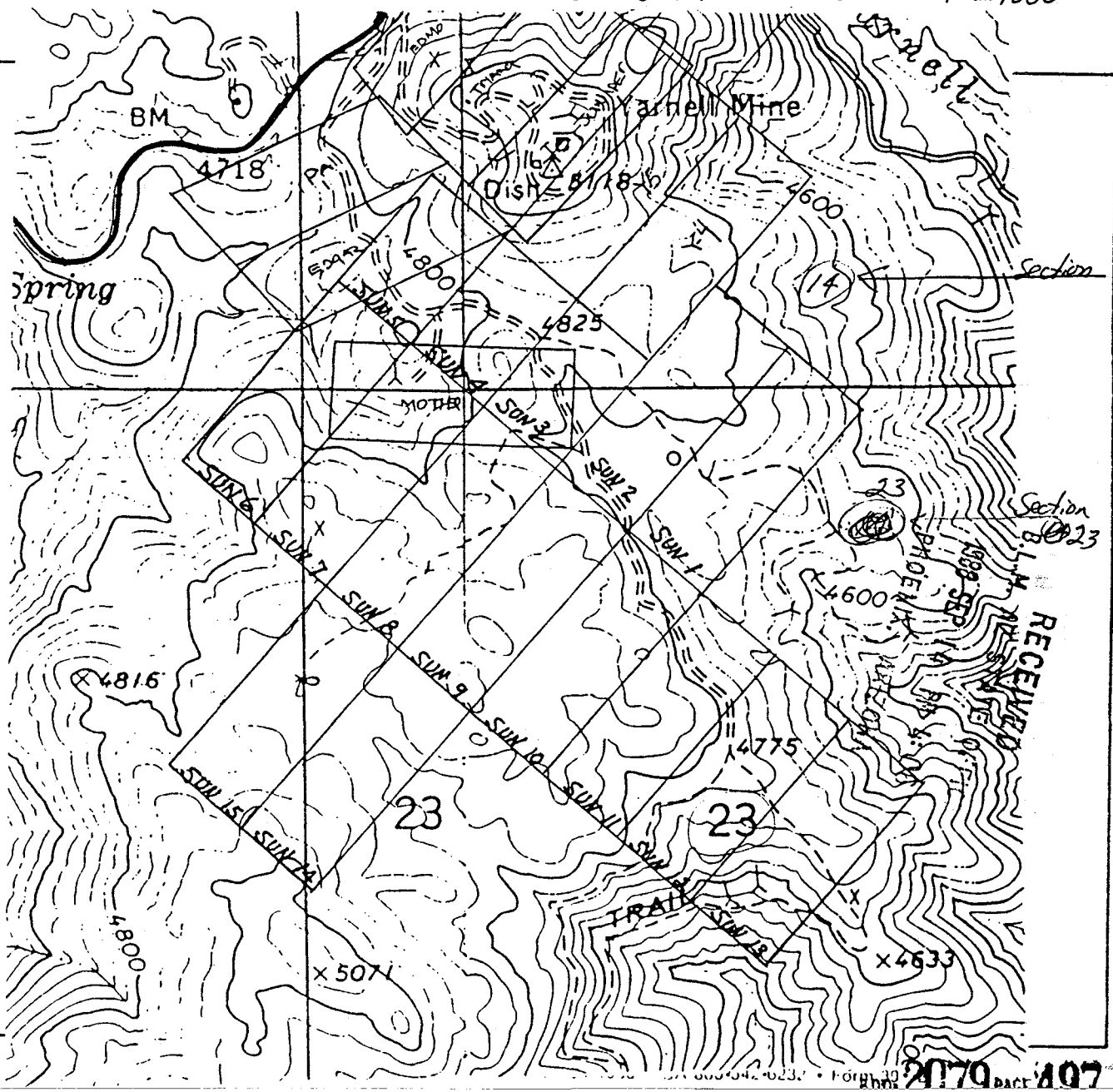
MC 28895

RECEIVED
B.L.M. AZ STATE OFFICE
PHOENIX, ARIZONA
1988 SEP 12 PM 4:08

BOOK 2079 PAGE 496

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #11
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is ~ 2800 feet in a ~ N63° W direction to a survey monument or permanent natural object described as SW Corner of Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'




A MC 288951

STATE OF ARIZONA, } ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.

In Docket No. _____, Page _____

Fee No.:

When recorded mail to:

Witness my hand a

By _____

INSTRUMENT # 8833775
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 498 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Cc | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City # State Zip
4. The name of the claim is SUN #12
5. The date of the location is September 9, 1988
6. The type of location monument is ~~Pipe~~ ~~Pipe~~ ~~and/or~~ wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5W |
| SW, NE | 23 | 10 N | 5 W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 3400' and ~ N60°W to the SW Corner OF Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____
    Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

A MC 288952

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 9 PM 4:56
PHOENIX, ARIZONA

BOOK 2079 PAGE 498

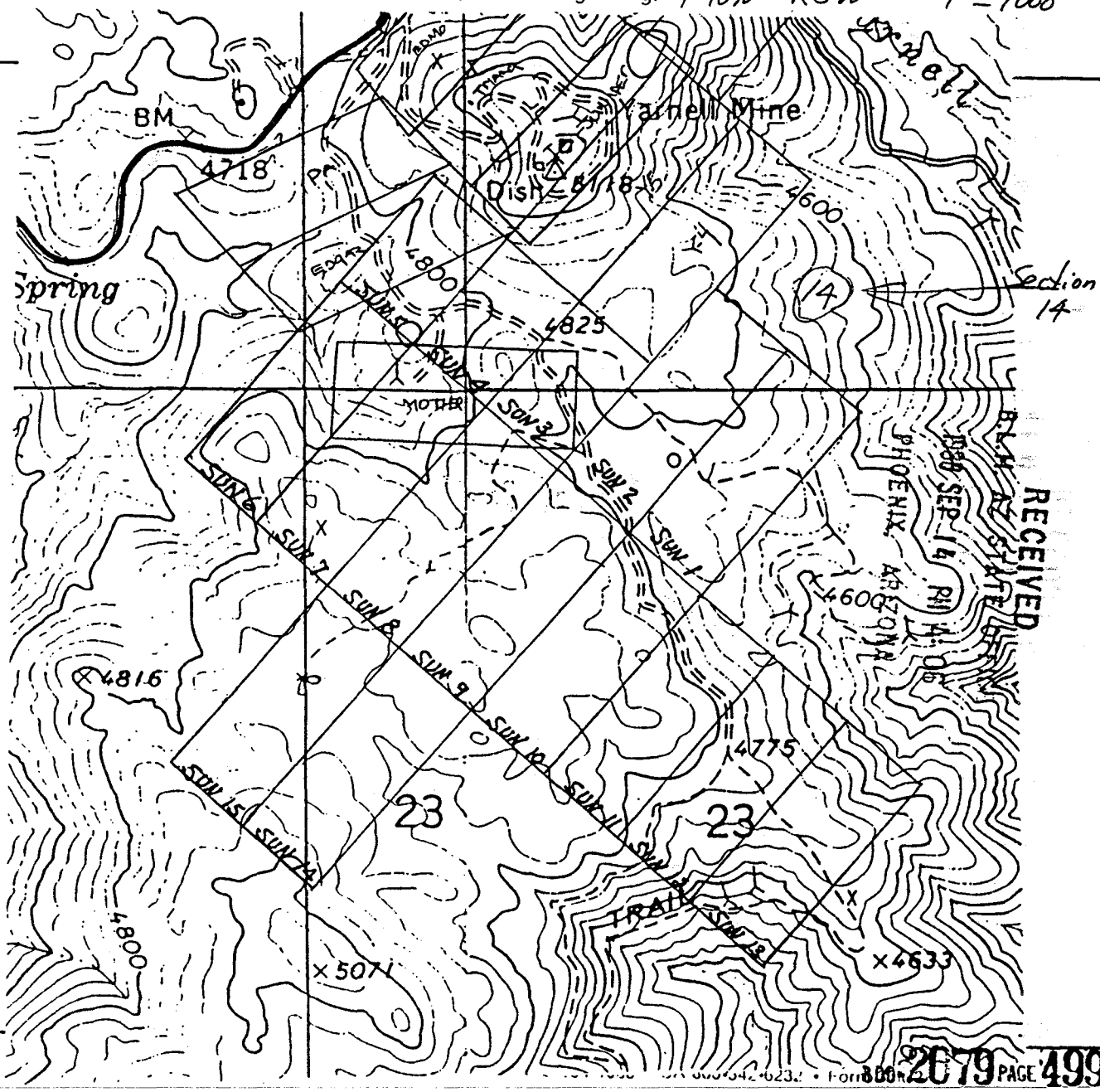
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #12

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The NW corner of the claim is ~ 3400 feet in a ~ N60°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'




A MC 288952

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.

In Docket No. _____, Page _____

Fee No.:

PUSH

When recorded mail to:

Witness my hand a

By _____

INSTRUMENT # 8833776
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 500 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $5 | 1 | P | 4 | C | 5 | St |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 — Prescott — AZ — 86302
   Address — City — State — Zip
4. The name of the claim is SUN #13
5. The date of the location is September 9, 1988
6. The type of location monument is PVC pipe and/or wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW of SE | 23 | 10N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 3950' and ~ N58°W to the SW Corner of Section 14
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

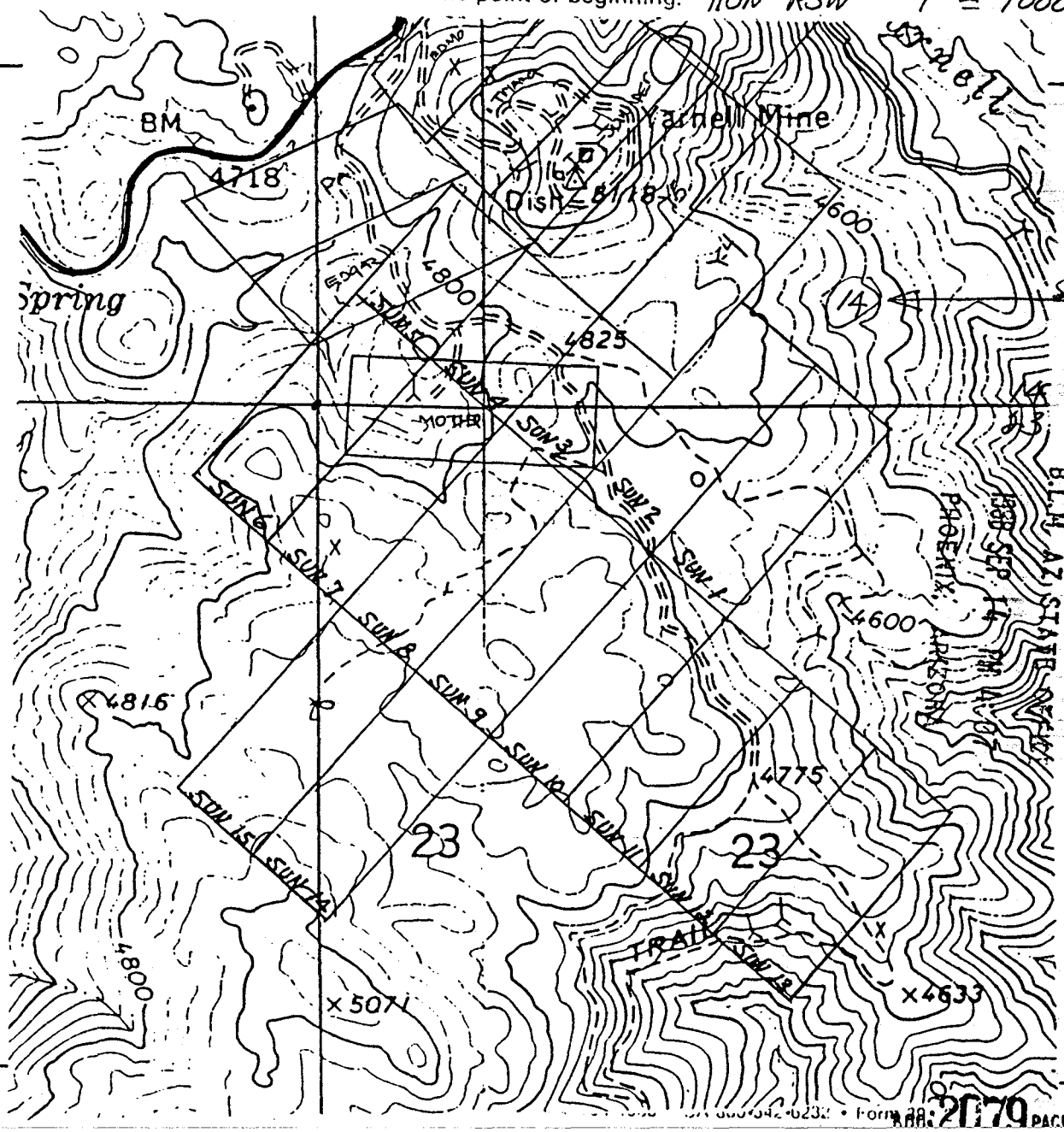
BOOK 2079 PAGE 500

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 4:07
PHOENIX, ARIZONA

NC 288953

# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN # 13
2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The NW corner of the claim is ~3950 feet in a ~N.58° W direction to a survey monument or permanent natural object described as SW Corner OF Section 14
4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'




A MC 288953

RECEIVED
B.L.M. AZ STATE OFFICE
PHOENIX
1980 SEP 11 PM 4 02

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Fee No.:

RUSH

When recorded mail to:

Witness my hand a

By _____

INSTRUMENT # 8833777
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 502 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| $ 5 | 1 | P | 4 | Co | 5 | S |
|---|---|---|---|---|---|---|
| Bk | | Map | | | Pc | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.)
   Name
   P.O. Box 4106 Prescott AZ 86302
   Address City State Zip
4. The name of the claim is SUN #14
5. The date of the location is September 9, 1988
6. The type of location monument is wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| SW | 23 | 10 N | 5W |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 1750 and ~ N19°W to the SW Corner OF Section 14

12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 4:07
PHOENIX, ARIZONA

MC 288954

BOOK 2079 PAGE 502

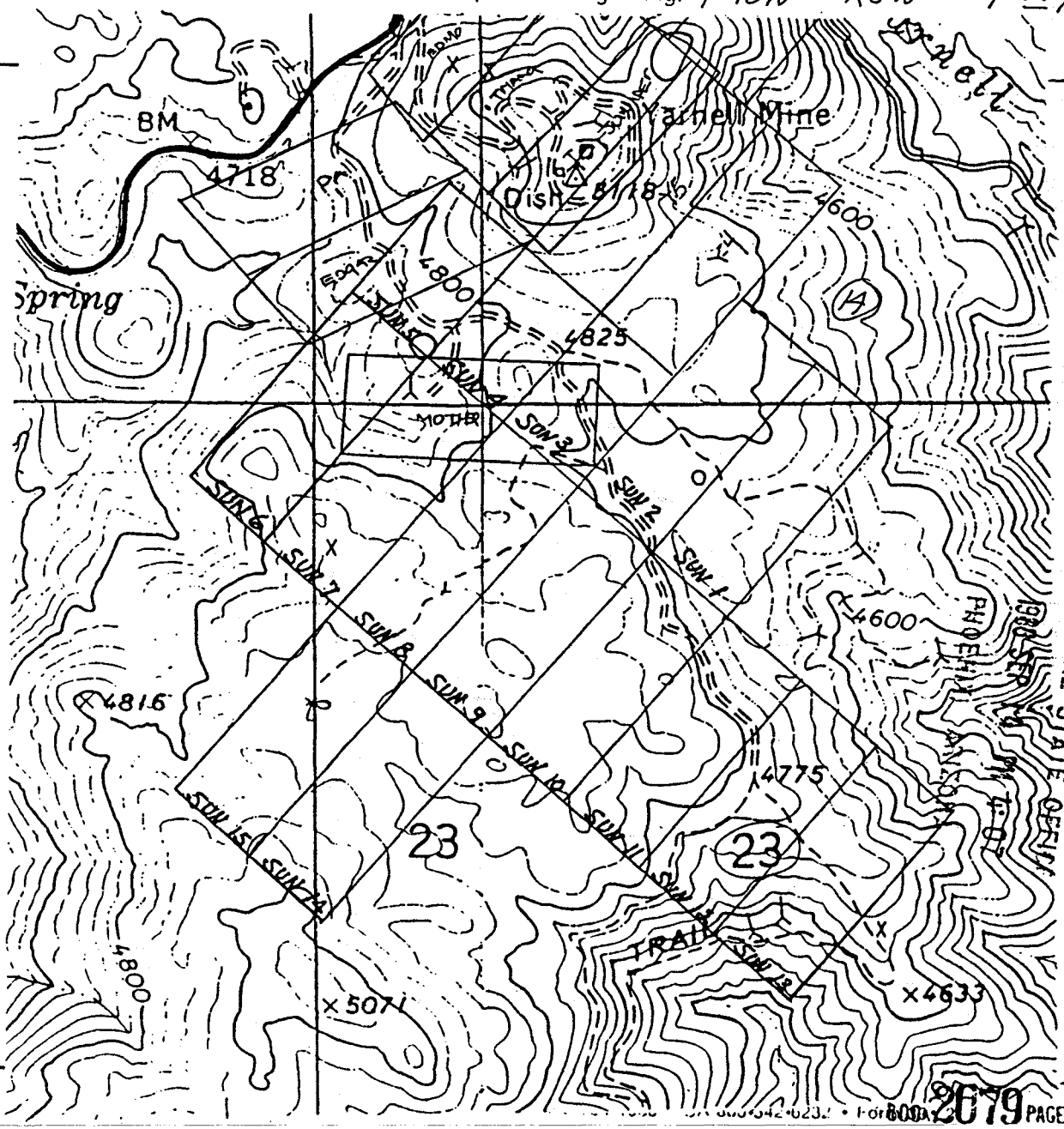
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN #14

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The NW corner of the claim is ~ 1750 feet in a ~ N19°W direction to a survey monument or permanent natural object described as SW Corner OF Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T 10N R5W 1" = 1000'




A MC 28895

RECEIVED
B.L.M. AZ STATE OFFICE

STATE OF ARIZONA, ss.
County of _____

I hereby certify that the within instrument was filed and recorded _____, 19____, at ____M.
In Docket No. _____, Page _____

Fee No.:

RUSH

When recorded mail to:

Witness my hand a

By _____

INSTRUMENT # 8833778
OFFICIAL RECORDS OF
YAVAPAI COUNTY
PATSY C. JENNEY
REQUEST OF:
GOLD RIVER EXPLORATION
DATE: 09/13/88 TIME: 16:20
FEE: 5.00
BOOK 2079 PAGE 504 PAGES: 002

# NOTICE OF MINING CLAIM LOCATION

| | | | | | |
|---|---|---|---|---|---|
| | 1 | P | 4 | Co | 5 | St |
| Bk | | Map | | Pcl | |

1. ☒ Location ☐ Amendment *Check one only*
2. ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*
3. The name and address of the Locator is DON JENKINS (Agent For Norgold Resources Inc.) (Name)
   P.O. Box 4106 (Address) Prescott (City) AZ (State) 86302 (Zip)
4. The name of the claim is SUN #15
5. The date of the location is September 9, 1988
6. The type of location monument is ~~PVC pipe and/or~~ wood Posts
7. The type of corner and end monument is PVC Pipe, rock Mounds and/or Wood Posts
8. The claim is 1500 feet long and 600 feet wide. The Distance from the location monument to each end of the claim is 100 feet in a NE direction and 1400 feet in a SW direction.
9. The general course is from the Southwest to the Northeast.
10. The location of the claim occupies all or part of the following quarter sections:

| Quarter Section(s) | Section(s) | Township(s) | Range(s) |
|---|---|---|---|
| NW | 23 | 10 N | 5 W |
| NE | 22 | 10 N | 5 W |
| | | | |

11. The locality of this claim with reference to some natural object or permanent monument and additional information (if any) concerning its locality are as follows:
    NW Corner lies ~ 1250' and ~N 07°W to the SW Corner OF Section 14
12. If amending, the previous claim name was _____ recorded in Docket _____, Book _____, _____ Mining District, _____ County, Arizona.

Date 9/9/88

Don L. Jenkins
Signature

RECEIVED
B.L.M. AZ STATE OFFICE
1988 SEP 14 PM 4:07
PHOENIX, ARIZONA

A 288955

BOOK 2079 PAGE 504

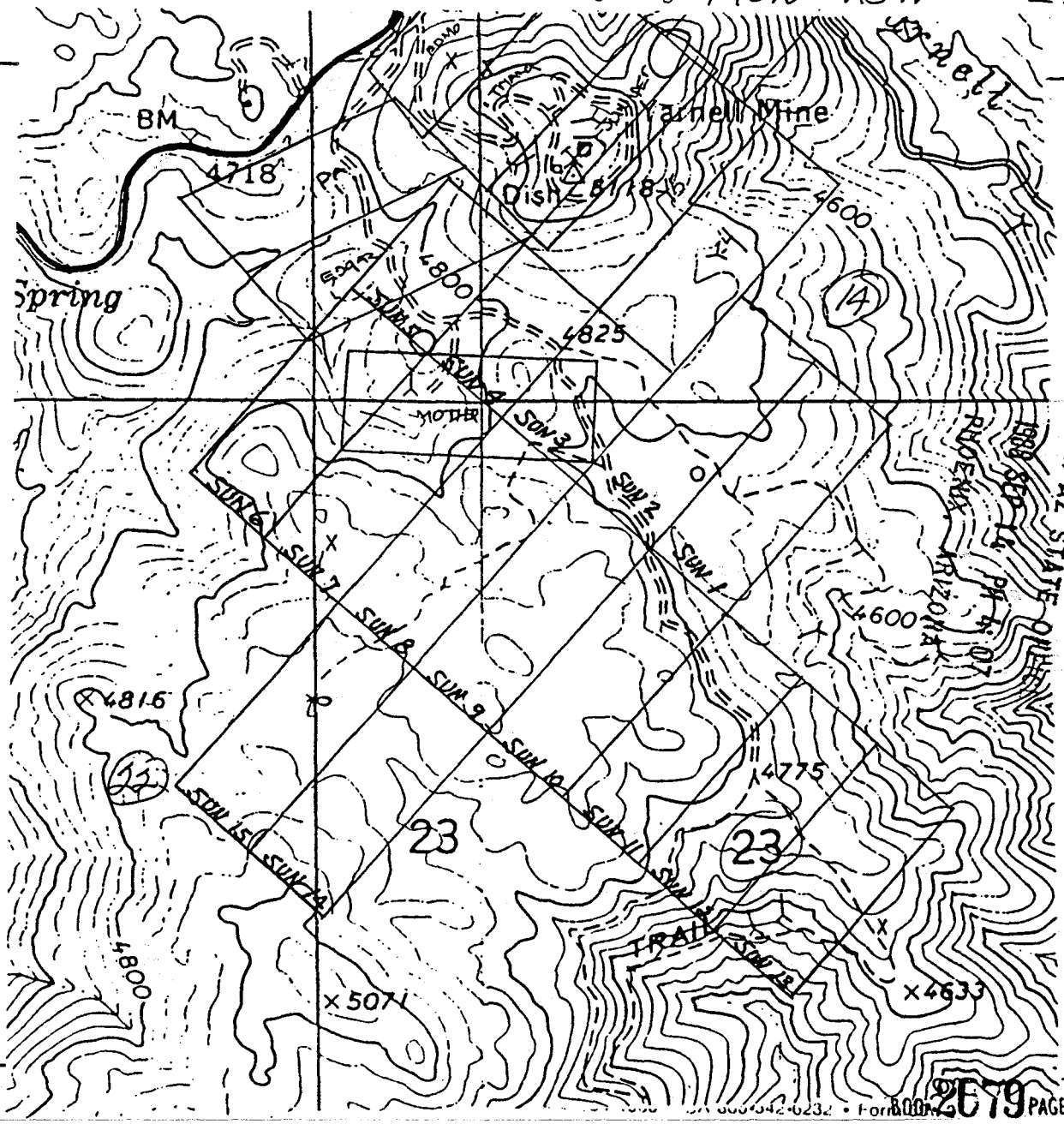
# MAP OF MINING CLAIM LOCATION

1. The name of the claim is SUN # 15

2. Type of claim is ☐ Placer ☒ Lode ☐ Millsite ☐ Tunnelsite *Check one only*

3. The NW corner of the claim is ~ 1250 feet in a ~ N07°W direction to a survey monument or permanent natural object described as SW Corner of Section 14

4. The bearing and distance between the corners of the claim are beginning at the Northwest corner of the claim, 600 feet in a Southeast direction to the Northeast corner, then 1500 feet in a Southwest direction to the Southeast corner, then 600 feet in Northwest direction to the Southwest corner, then 1500 feet in a Northeast to the point of beginning. T10N R5W 1" = 1000'



Form 1370-41
(March 1984)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

# RECEIPT AND ACCOUNTING ADVICE

NO. 1479614 0

Subject: MINING CLAIMS (22) MG/AZ SEP 14 88 0 20 1 110

Applicant: TONI JENKINS
BOX 4106 R
PRESCOTT AZ 86302

Remitter: GOLD RIVER EXPLOR
SAME ADD

Assignors:

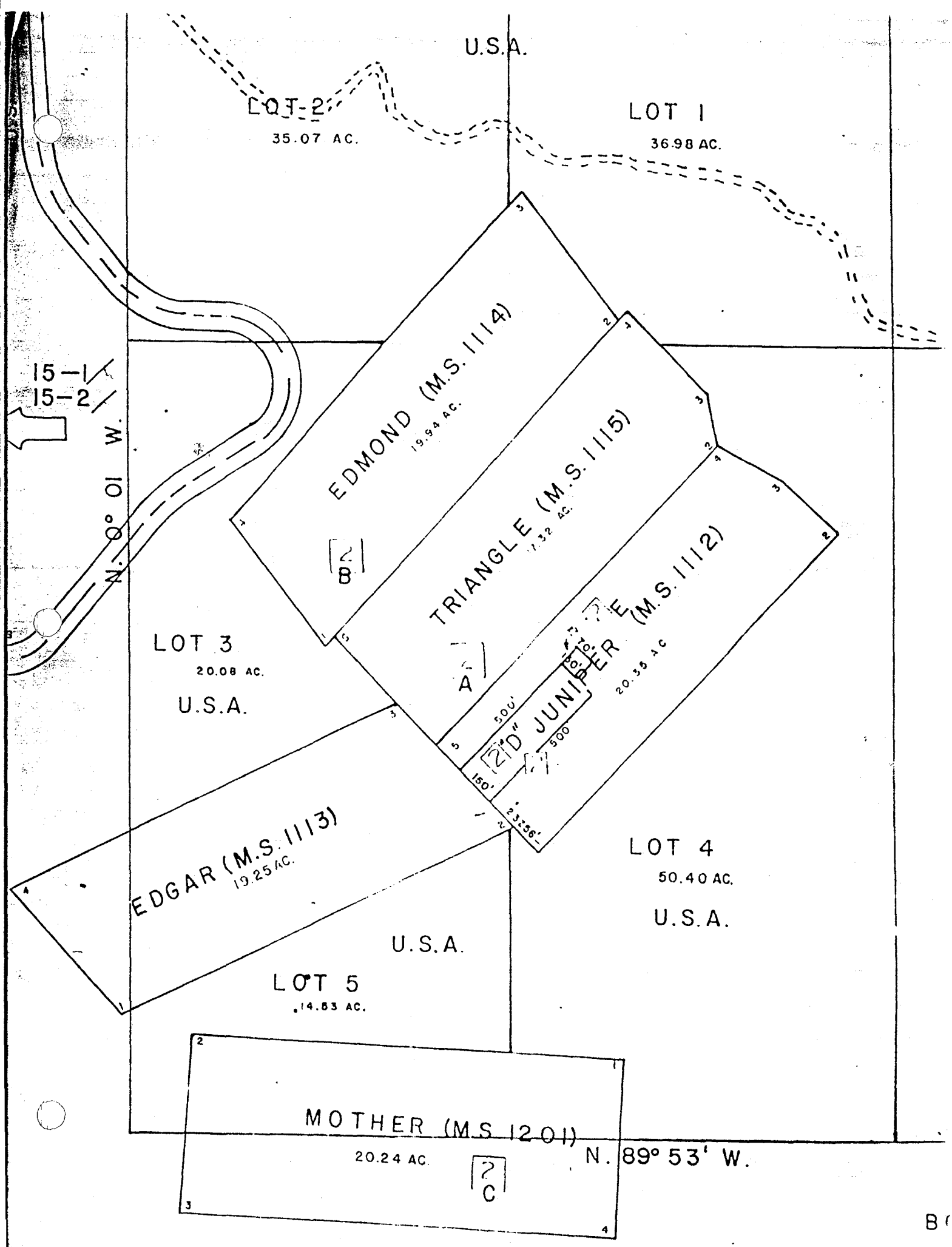
| SERIAL NO. |
|---|
| AMC 288934 THRU 288940, Y #1 THRU #7; |
| AMC 288941 THRU 288955, SUN #1 THRU #15; |

*REFER TO THE ABOVE CASE SERIAL NUMBER IN ALL CORRESPONDENCE. PLEASE INFORM THIS OFFICE OF A CHANGE IN ADDRESS.*

NOTE: This notice is a receipt for monies paid the United States. If these monies are for required fees in connection with y application to lease, purchase, enter, or otherwise acquire an interest in public lands or resources, this receipt is not an autho ation to utilize the land applied for and it does not convey any right, title, or interest in the land for which application is mad

copy of this & all
below submitted to
Joe Shearer
2/14

JES


U.S.A.
LOT 2
35.07 AC.
LOT 1
36.98 AC.
15-1
15-2
N. 0° 01 W.
EDMOND (M.S. 1114)
19.94 AC.
2
B
TRIANGLE (M.S. 1115)
1.32 AC.
A
JUNIPER (M.S. 1112)
20.38 AC
2
D
500'
500'
150'
23.56'
LOT 3
20.08 AC.
U.S.A.
EDGAR (M.S. 1113)
19.25 AC.
LOT 4
50.40 AC.
U.S.A.
U.S.A.
LOT 5
14.83 AC.
MOTHER (M.S 1201)
20.24 AC.
2
C
N. 89° 53' W.

B

# OPTION AGREEMENT

This agreement is made and dated for reference the 16 day of September, 1988.

BETWEEN:

NORGOLD RESOURCES (US) INC., of 2380 Harbour Centre,
555 West Hastings Street, Vancouver, B.C., V6B 4N6

(hereinafter called "Norgold")

OF THE FIRST PART

AND:

DON JENKINS, 1632 Kile Street, Prescott,
Arizona, U.S.A., 86301

(hereinafter called "Jenkins")

OF THE SECOND PART

WHEREAS:

A. Jenkins is the registered and beneficial owner of the Y lode mining claims 1 through 7 inclusive located in Yavapai County, Arizona, BLM numbers 288934 through 288940, Book number 2078, Pages 420 through 435 (hereinafter called the "Property"); and

B. Jenkins has attended the Vancouver office of Norgold with a proposal to grant to Norgold, the exclusive right and option to purchase the Property under the terms contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants and agreements hereinafter contained the parties hereto agree as follows:

1. Jenkins hereby grants to Norgold the exclusive right and option to purchase the Property in consideration for the issue and delivery to Jenkins of the following fully paid nonassessable shares in the capital stock of Norgold's parent, Norgold Resources Inc. (the "Shares") as follows:

   1. 25,000 shares within ten days of the execution of a formal agreement between Norgold and Western Building and Mining Co. Inc. concerning the Yarnell Mine property located south of the town of Yarnell, Yavapai County, Arizona; and

b) 25,000 shares subsequent to the expenditure of $100,000 (US) on exploration on the Yarnell Project (i.e. any mining properties in which Norgold has an interest in the immediate vacinity of the Yarnell Mine); and

c) 25,000 shares after further $250,000 (US) has been spent on the Yarnell Project; and

d) 50,000 shares upon receipt by Norgold of an independent feasibility study recommending that property contained within the Yarnell Project be placed into commercial production.

2. The issue of 25,000 shares to Jenkins as set out in subparagraph 1(a) above, is subject to the approval of this agreement by the Vancouver Stock Exchange. The three subsequent share issuances as set out in subparagraphs 1(b), 1(c) and 1(d) above are subject to the filing by Norgold of engineering reports acceptable to the Vancouver Stock Exchange. Subsequent to the expenditure of $100,000, $250,000, and the receipt of the aforesaid independent feasibility study, Norgold shall make appropriate filings with the Vancouver Stock Exchange to obtain its consent to the issue of shares to Jenkins as provided above.

3. The Shares shall be fully paid and nonassessable shares in the capital stock of Norgold and their issue shall be subject to the provisions of the B.C. Securities Act and Regulations thereto and the rules and policies of the Vancouver Stock Exchange.

4. Upon the issue and delivery of 125,000 shares to Jenkins as provided herein, Norgold shall be deemed to have exercised the option and Norgold shall be the legal and beneficial owner of the Property and thereafter Jenkins shall have no further interest in the Property whatsoever.

5. Upon the issue and delivery of the initial 25,000 shares to Jenkins, Jenkins shall cause the title to the Property to be registered in the name of Norgold subject to the terms of this agreement.

6. In the event of the termination of this agreement prior to the exercise of the option, title to the Property shall be retransferred by Norgold to Jenkins and Norgold shall deliver up possession of the Property to Jenkins free and clear of any liens, charges or encumbrances caused by the activities of Norgold on the Property.

7. Jenkins warrants and represents to Norgold that:

a) he is the registered and beneficial owner of the Property free and clear of all liens, charges or encumbrances; and

b) the Property has been properly staked and recorded in accordance with all applicable laws and regulations; and

c) no other firm, person or corporation has any interest in the Property whatsoever; and

d) he has the full right, title, power, capacity and authority to enter into this agreement.

8. While this agreement remains in effect and prior to the exercise of the option, Norgold shall:

a) not permit any lien, charge or encumbrance to be registered against the Property unless the same is disputed in good faith by Norgold; and

b) perform all exploration work on the Property in a prudent and miner-like manner; and

c) maintain the Property in good standing by performing all required assessment work and paying any required governmental levies or fees in accordance with applicable laws and regulations.

9. This agreement may be terminated as follows:

a) by Jenkins, in the event of the breach of a term or condition of this agreement by Norgold provided that in the event of such breach, Jenkins shall serve written notice on Norgold setting out the full particulars of such breach and allowing Norgold 30 days to remedy the breach complained of, if such breach can reasonably be remedied within a 30 day period, or allowing Norgold 30 days within which to commence and diligently pursue remedial action with respect to a breach that cannot reasonably be remedied within 30 days. In the event that Norgold fails to remedy the breach or commence and diligently pursue remedial action, as the case may be, this agreement shall terminate; and

b) by Norgold, upon 30 days' notice in writing to Jenkins.

10. As a condition of Norgold's agreement to deliver shares to Jenkins pursuant to this agreement:

a) all share certificates representing the Shares shall be delivered to Pacific International Securities Inc. of 660 - 700 West Georgia Street, Toronto-Dominion Tower, Pacific Centre, Vancouver, B.C., care of Mr. Ron Loewen, or other registered securities dealer in Canada as they be designated, from time to time, by Jenkins by notice in writing; and

b) the Shares may only be sold by Jenkins through the facilities of the Vancouver Stock Exchange or other non-United States based stock exchange on which shares of Norgold Resources Inc. are listed for trading.

11. Time shall be of the essence of this agreement.

12. The parties agree to do such things and execute such documents as are necessary to carry out the full intent of this agreement.

13. Unless otherwise provided herein, any notice, payment, or other communication to a party under this Agreement may be made, given or served by telegram, facsimile or hand delivery addressed as follows:

(a) If to Norgold:

Norgold Resources (US) Inc.
2380 Harbour Centre
555 West Hastings Street
Vancouver, B.C. V6B 4N6

with copy to:

Rand & Edgar
Barristers & Solicitors
2200 Hongkong Bank of Canada Building
885 West Hastings Street
Vancouver, B.C. V6C 3E8

(b) If to Don Jenkins:

Don Jenkins
1632 Kile Street
Prescott, Arizona
U.S.A. 86301

Any such notice, payment or other communication shall be deemed to have been given or served on the day after it was delivered for transmission. Each party may change its address for service at any time by notice in writing to the other.

14. This agreement shall enure to the benefit and be binding upon the parties hereto and their respective heirs, administrators, descendants and assigns.

IN WITNESS WHEREOF the parties have negotiated and executed this agreement in Vancouver, British Columbia as of the date and year first above written.

THE COMMON SEAL OF NORGOLD )
RESOURCES (US) INC. )
was hereunto affixed )
in the presence of: )
) C/S
)
_____ )
)
)
_____ )

SIGNED, SEALED AND DELIVERED )
by Don Jenkins in the )
presence of: )
)
Ann Marie Muss )
_____ ) _____
) Don Jenkins

0027V

10/12/88

JDS

# ASARCO

October 1988

**Technical Services Center**
M.O. Varner
Director
D.E. Holt
Engineering Manager
D.A. Robbins
Environmental Sciences Manager
M.G. King
Research Manager

FILE MEMO

## CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW PRECIOUS METALS PROSPECTS

### INTRODUCTION

A checklist of metallurgical tests to be used in evaluating new precious metals prospects follows. As with any checklist, this list should serve as a guide which must be tailored in terms of emphasis and timing to meet the needs of individual prospects and be sensitive to sample availability. It is of extreme importance that the samples selected for testing be representative of major ore types and expected grades, particularly for composites used in design level tests.

It should also be noted that process route selection is not determined solely on the basis of metallurgical response, which includes crushing and grinding parameters, leach extractions and reagent consumptions, gravity and/or flotation response, solid/liquid separation behavior, etc., and associated economics; but is closely tied to ore reserves (operating capacity) and average ore grade. Since ore reserve and grade estimates evolve as the drilling program progresses and testing proceeds in parallel with the drilling program, alternative processing routes, if they cannot be clearly eliminated based on initial bottle roll leach response and mineralogy, must often be pursued (with regard to test work) in parallel.

### TEST PROGRAM

Table 1 (attached) lists the suggested tests (Column 1) along with the type of sample needed (Column 2), the information sought from the test (Column 3), and the relative timing of the test (Column 4). This table presupposes that reliable precious metal assays (e.g., fire assays) have been performed on each standard length (e.g., 5 ft.) of initial drill material. Such assays usually are a

standard support tool for the exploration work, and are not classified as a "metallurgical" test. The exploration personnel further use these assays to identify the intervals of drill hole that are to be considered as ore, and they also identify by eye the various ore types as a function of depth. On this basis, they can also determine the drill hole intervals to be composited for testing.

The tests in Table 1 guide the selection of a metallurgical process to one of three major categories, i.e., heap leaching, milling without prior treatment (i.e., agitation leach or carbon-in-pulp), or special treatment of refractory ores that resist direct cyanide leaching (e.g., pressure leaching or roast/leach). The test results also help define processing details and equipment selection.

Some detail is given in Table 1 to characterize or differentiate some of the tests, but these details are not meant to alleviate the need for systematic procedures. Such procedures are disseminated in the open literature, and in brochures of commercial laboratories that perform specialized tests.

CONCLUSIONS

The test procedures tabulated in Table 1 should serve as a useful checklist when evaluating a gold prospect. Economic evaluations will be more accurate if this checklist is used in conjunction with the flow sheet development and design criteria definition.

Jonathan Jackson

Jonathan Jackson

JJ:pr
Attachment

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to define general processing direction) -10 mesh<br>1. Bottle roll tests<br>- 0.3-1.0 Kg samples; freshly ground nominal 99% minus 100 mesh & 80% minus 200 mesh; 30 to 50% solids; ambient temperature; 2 gpl NaCN; maintain pH at 10.5 to 11.5 with CaO; 48 to 72 hours; take solution samples at intermediate times for initial look at kinetics<br>- detailed chemical analysis of final pregnant solution<br>- bottles must be open to the atmosphere | Initial drill material (composites of single ore types within each drill hole) | - Determine cyanide leachability of ore & variability of response<br>- Determine preliminary consumption of lime & cyanide<br>- Determine preliminary leach retention time<br>- Identify cyanicides & solubilized elements of environmental concern | As soon as material becomes available from the drilling program. To be completed prior to ±30% feasibility study & prior to beginning tests to define specific processing route |
| 2. Mineralogical examination & chemical analysis of ore | Initial drill material (composites of single ore types within each drill hole) | - Determine particle size, mineralogy & mineralogical associations of gold & silver values<br>- Determine presence of carbonaceous material, cyanicides, clays, & other minerals that might influence leaching & processing | As soon as prospect appears potentially profitable & material becomes available. Degree & detail dictated by the results of Test 1. |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to determine heap leach amenability & heap leach parameters) | | | |
| 3. Coarse ore bottle roll tests<br>- 4 Kg sample; 72 hrs with intermediate solution samples at 24 & 48 hours; ambient temperature; pH 10.5 to 11.5 with lime; 40-50% solids; 2 gpl maintained NaCN (free cyanide) or 5 gpl initial NaCN not maintained<br>- Vary size from minus 2 in. to minus 1/4 in.<br>- Assay screen size analysis of leach residue | Core material (individual ore type composites) | - Determine crush size range for subsequent column leach tests<br>- Determine heap leach amenability | As soon as (but only if) Test 1 shows promising cyanide leachability |
| 4. Crush to minus 3/4 in., study visually, & screen to determine the quantity of fines | Core material (individual ore type composites) | - Determine need for agglomeration in column leach tests | Along with Test 3 |
| 5. Percollation rate tests in small 2 in. diameter columns on minus 1/4 inch crush material; 1 Kg portions; agglomerate with various levels of cement, cure 24 hrs. & run 4, 24 hr. leach cycles; ore height in column should not drop more than 10% with optimum cement level. Real acidic ores will consume more cement. These tests are required for ores containing a lot of clay &/or fines | Core material (individual ore type composites) | - Determine optimum cement addition for agglomeration at 1/4 in. or coarser crush size. For 1/4 in. size in larger column leach test use indicated amount of cement per ton of ore. For coarser than 1/4 inch material in larger column leach test use about 1/3 the amount of cement per ton of ore used for the 1/4 inch material | Along with Test 3 & as Test 4 & & Test 2 indicate |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 6. Small column percolation leach tests.<br>- Up to 12 in. diameter & 6 ft. high<br>- Particle size(s) determined by results of Test 3<br>- Kinetic sampling<br>- Agglomerate as indicated by Tests 4 & 5<br>- Preferred method of running these tests is continuous application of leach solution maintained at minimum 0.5 gpl free cyanide, passage of effluent through activated carbon with daily AA assays of column effluent & carbon bottle effluent & periodic fire assay of loaded carbon | Core material (composites of individual ore types) | Determine amenability of ore to heap leaching.<br>Determine:<br>- Extraction extent & kinetics<br>- Reagent consumption<br>- Optimum particle size<br>- Hg loading on carbon<br>Determine crusher requirements for ±30% feasibility study.<br>Determine type of subsequent and/or scale-up leach tests | As soon as Test 3 gives positive definitive results & agglomeration requirements are known<br>Before ±30% feasibility study |
| 7. Cyanide cure column leach tests. These types of tests are run on ores at relatively fine crush size & which require agglomeration. The total amount of cyanide consumed in tests under 6 above is added to the agglomeration moisture & the agglomerated ore cured for a minimum of 24 hrs. The columns are then rinsed with alkaline solution containing no cyanide | Core material (composites of individual ore types) | Determine if kinetic response can be improved by agglomerating with high strength cyanide solutions | Depends on results of Test 6 |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 8. Flood leach tests | Large rocks (6 in. to 14 in.) from single ore type | - Determine need for primary crushing & particle size for Test 10 | As soon as Test 3 indicates that very coarse material may readily leach |
| 9. Percolation leach tests in 55 gal. drum on material crushed to minus 4 in. | Bulk sample of single ore type | - Determine particle size for large scale verification test (No. 10)<br>- Determine number of crusher stages | As soon as Test 3 indicates that coarse material may readily leach |
| 10. Large column (4 to 5' diameter) or field heap test.<br>- Choose mode & crush size on the basis of test results from Tests 6 to 9 | Run of mine bulk ore sample | - Verification of heap leach extraction and reagent requirements at projected operating particle syze | At the conclusion of Tests 6,7,8 and 9 as run |
| 11. Impact test, twin pendulum test. Note: sag mill testing may be justified for certain ores, but is not treated in this test program checklist. | Run of mine ore bulk sample. Cross section of ore types. | - Determine if ore can be crushed effectively in conventional crushers<br>- Size rod mills & crushers<br>- Used in conjunction with Bond work index tests (No. 13) | As soon as crushing is considered. Before ±30% feasibility study |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to determine agitation leach amenability & agitation leach parameters) | | | |
| 12. Bond Work Index. The work index for a particular ore may or may not be fairly constant over a reasonable range of grinds. Generally the work index at 100 mesh can be used in energy calculations with respective size reduction ratios over a range of grinds (65 to 200 mesh). If fine grinding is required for adequate leach extractions & solid/liquid separations & classification as required are feasibile at that grind, then a confirmatory bond work index test(s) at the finer grind should be done | Ore sample composites of each major ore type | - Determine ore variability<br>- Determine energy requirements for grinding<br>- Size ball mill | As soon as milling is considered. Before ±30% feasibility study. |
| 13. Agitation leach tests.<br>- 0.3 to 1.0 Kg freshly ground samples; 30 to 50% solids, maintain pH at 10.5 to 11.5 with lime. Maintain 2 gpl NaCN free cyanide equivalent 24 to 48 hours unless extended leach times are indicated by Test #1; air sparge; pre-aerate as indicated by Tests 1 & 2.<br>- Vary grind<br>- Do carbon-in-leach if preg-robbing a possibility | Core material (composite of all material of given ore type) | - Determine reagent consumption as a function of grind & overall<br>- Determine retention time & optimum grind<br>- Determine if preg-robbing is a problem | As soon as Test 1 is completed & milling is considered.<br>All results to be completed prior to ±30% feasibility study. Results used in ±10% feasibility study. |

Note on agitation leach tests and kinetics sampling: There are various ways to obtain kinetic data from agitation leach tests. Discrete tests to specific times (e.g., 6,12,24,48 hrs.) on representative splits of each sample can be run, or samples can be taken at each specified time on one possibly larger scale test. In the interest of cost and time savings, and to permit replication, it is recommended that kinetics be determined by sampling single tests at specified times. Taking of slurry samples is not recommended, especially if there is any coarse gold. Any solids which happen to be taken with sampling should be returned to the leach reactor. At each sampling point careful inventory must be kept of the total solution volume from which the sample was taken. It is generally recommended that agitation leach tests be run at 2 gpl NaCN maintained free cyanide equivalent with cyanide addition and pH adjustment as required at each sampling point. All tests should be air sparged or solutions should be analyzed for dissolved oxygen to insure oxygen starvation is not a problem (4 to 6 ppm dissolved oxygen should be maintained). Agitation must be sufficient to suspend solids. Gold and silver extractions should be based on the total solubilized gold and silver amounts at each sampling point, and the calculated head for each test determined as the sum of all solubilized precious metal values and the previous metal content of the leach residues as determined by replicate fire assays.

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 14. Design level agitation leach tests at optimum grind & other optimum conditions as determined by Test 14. Run tests as in 14 and in accordance with the note above. These are essentially confirmatory tests | Representative composites of each ore type | Confirm and/or determine design criteria for leaching | Immediately after Test #14. To be completed prior to ±10% feasibility study. |
| 15. Gravity beneficiation tests using various devices such as lab tables, dam bowls, larger tables, spirals, etc., depending on the amount of sample available. If it appears that gravity will be in the flowsheet, continuous large scale tests are recommended. Agitation leach tests are conducted on gravity tails in accordance with procedures discussed above | Representative composites of each ore type. Individual core hole composites may also be run to determine variability of response | - Define economic incentive for gravity beneficiation<br>- Determine optimum grind for gravity separation<br>- Determine gravity recoveries & nature of gravity concentrate<br>- Select type & size of gravity equipment<br>- Determine leach parameters on gravity tails<br>- Produce gravity concentrate for Test 18 | As soon as milling considered & coarse gold detected.<br>All tests to be completed before ±30% feasibility study |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 16. Flotation tests<br>- Vary grind, pH & reagents to optimize flotation response<br>- Conduct agitation leach tests on flotation tailings if flotation feed is ore | Representative composites of each ore type. Individual core hole composites may also be run to determine variability of response.<br>May also be considered for gravity tailings. | - Determine potential for conant rating gold by flotation<br>- Determine flotation parameters & optimize<br>- Upgrade gravity tailings | In conjunction with gravity tests. If gold is liberated & not too coarse or fine to float, or is associated with sulfides. |
| 17. Intensive cyanidation of gravity &/or flotation concentrates<br>- Multi-stage high cyanide concentration (> 5 gpl) agitation leaches<br>- May investigate regrind prior to leach<br>- May increase leach temperature | Gravity &/or flotation concentrates | - Determine amenability of concentrates to intensive cyanidation<br>- Determine reagent requirements | Depends on results of Tests 16 & 17 |
| 18. Solid-liquid separation tests thickening & filtration.<br>- The effect of pH on thickening should be investigated.<br>- Contamination of samples with drilling aids or other reagents which would affect the electrical double layer must be avoided | Tailings from agitation leach tests or ore ground to probable process size | - Determine need for thickening & flocculation.<br>- Select flocculant type & determine required dosage.<br>- Size thickeners.<br>- Determine percent solids in underflow.<br>- Determine need for filter aid & dosage.<br>- Size filtration equipment. | As soon as material is available.<br>As soon as filtration is considered. |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 19. Carbon adsorption-desorption<br>- Equilibrium carbon loading/ stripping isotherms<br>- Continuous CIP mini-plant tests<br><br>(Tests to determine processing route & parameters for difficult & refractory ores) | Pregnant leach solution from Tests 14 & 15 | - Establish carbon loading & kinetics<br>- Size carbon adsorption & stripping equipment<br>- Determine presence of interfering substances in leach solution | If & when carbon columns or CIP considered |
| 20. Flotation for refractory sulfide ores<br><br>Vary grind, pH & reagent dosage & mix | Representative composites of sulfide ore types | - Determine potential of concentrating gold in sulfide concentrate<br>- Determine flotation parameters<br>- Optimize grind for flotation<br>- Produce concentrate for Tests 22 & 23 | As soon as Test 1 indicates ore is not amenable to direct cyanidation |
| 21. Roast/bottle roll or agitation leach tests on calcines<br><br>May regrind calcines | Representative drill core composites or concentrates from Test 21 | - Determine optimum roast temperature & time.<br>- Determine $SO_2$ handling needs.<br>- Determine leach parameters & reagent consumptions | As soon as Tests 1 & 2 identify promise in such a test, & when concentrates are available from Test 21 |
| 22. Pressure leaching tests | Representative drill core composites or concentrates from Test 21 | - Determine leach temp., pressure & time<br><br>Determine pressure leach costs | As soon as Tests 1 & 2 identify promise in such a test, & when concentrates are available from Test 21 |

NOTE: For refractor ores, improved and innovative technology may suggest additional test programs to investigate processing routes such as alternative lixiriants to cyanide (e.g., agueous thioureu, chlorine, etc.), bio-leaching, oxidative & hydrothermal pre-treatments, very fine grinding, etc. In these cases appropriate tests should be considered anc carried out.

# ASARCO

**Exploration Department**
Southwestern United States Division

October 18, 1988

Mr. Christopher Moat, President
Norgold Resources Inc.
P.O. Box 12122
Vancouver, B.C.
V6B 4N6

Dear Mr. Moat:

Please send additional information relating to your Yarnell Mine Project in Yavapai County, Arizona. Asarco is very interested in western Arizona gold deposits, and would like to consider participation in any potential gold mining venture. Also, is Norgold still involved with the Red Cloud Mine area in Riverside County, California?

Thank you for your time and consideration.

Respectfully,

Mark A. Miller
Geologist

MAM:mek

cc: J.D. Sell

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

FILE

# ECONOMIC ANALYSIS AND REPORT

# ON THE

# CENTRAL ARIZONA MINE PROJECT

PRESCOTT - WICKENBURG REGION

For

**GOLD RIVER EXPLORATION CO.**

1385 Iron Springs Rd.
Prescott, Arizona

by

**DON L. JENKINS**
CPG # 3341, M.E.

December, 1988

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(continued)



## LIST OF FIGURES

## LIST OF FIGURES
(continued)



## APPENDICES

# YARNELL-YARNELL WEST PROPERTY

## 2.0 LOCATION AND DESCRIPTION

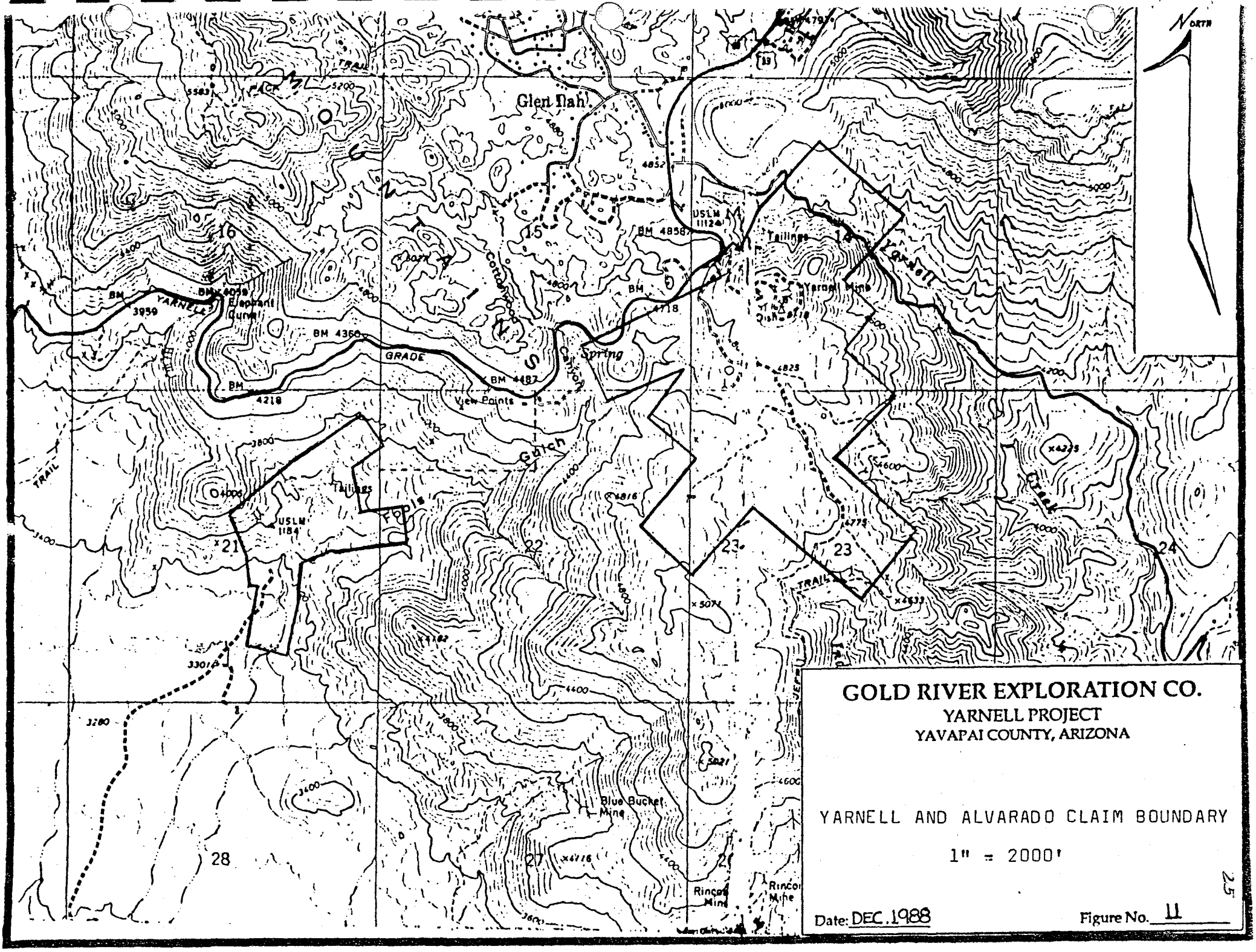
This property is comprised of four patented and 26 unpatented mining claims, and lies a short distance south from the townsite of Yarnell and within sight of Arizona Highway 89. More specifically, the Mine proper lies within Township 10 North, Range 5 West, Sections 14, 15, and 23.

The core of the property is atop of what is commonly referred to as Yarnell Hill and nearly 3/4 mile east of the Highway. Topography is fairly gentle; however, the north slope of Yarnell Hill, below the surface workings, is rather steep and covered with dense shrubbery.

Needless to say access is excellent, and the year-round climatic condition is very mild, thus facilitating annual exploration and development activities.

## 2.1 PROPERTY HISTORY

The initial discovery of the Yarnell vein was made approximately in the early 1860's. No significant recorded history of the Mine is found until 1914. As noted in the M.D. Philpot report dated September 1988, p.5, 250,000 tons of ore grading 0.33 opt gold were reported in 1914. The property has seen varying degrees of activity since 1914, including production as well as relatively recent evaluations ---- refer to the attached Philpot report, Appendix IX, for additional details.


NORTH
Glen Nah
Yarnell
Yarnell Mine
Tailings
Elephant Curve
GRADE
Spring
Gulch
Fools
Blue Bucket Mine
Rincon Mine
USLM 1124
USLM 1184
TRAIL
16
15
14
21
22
23
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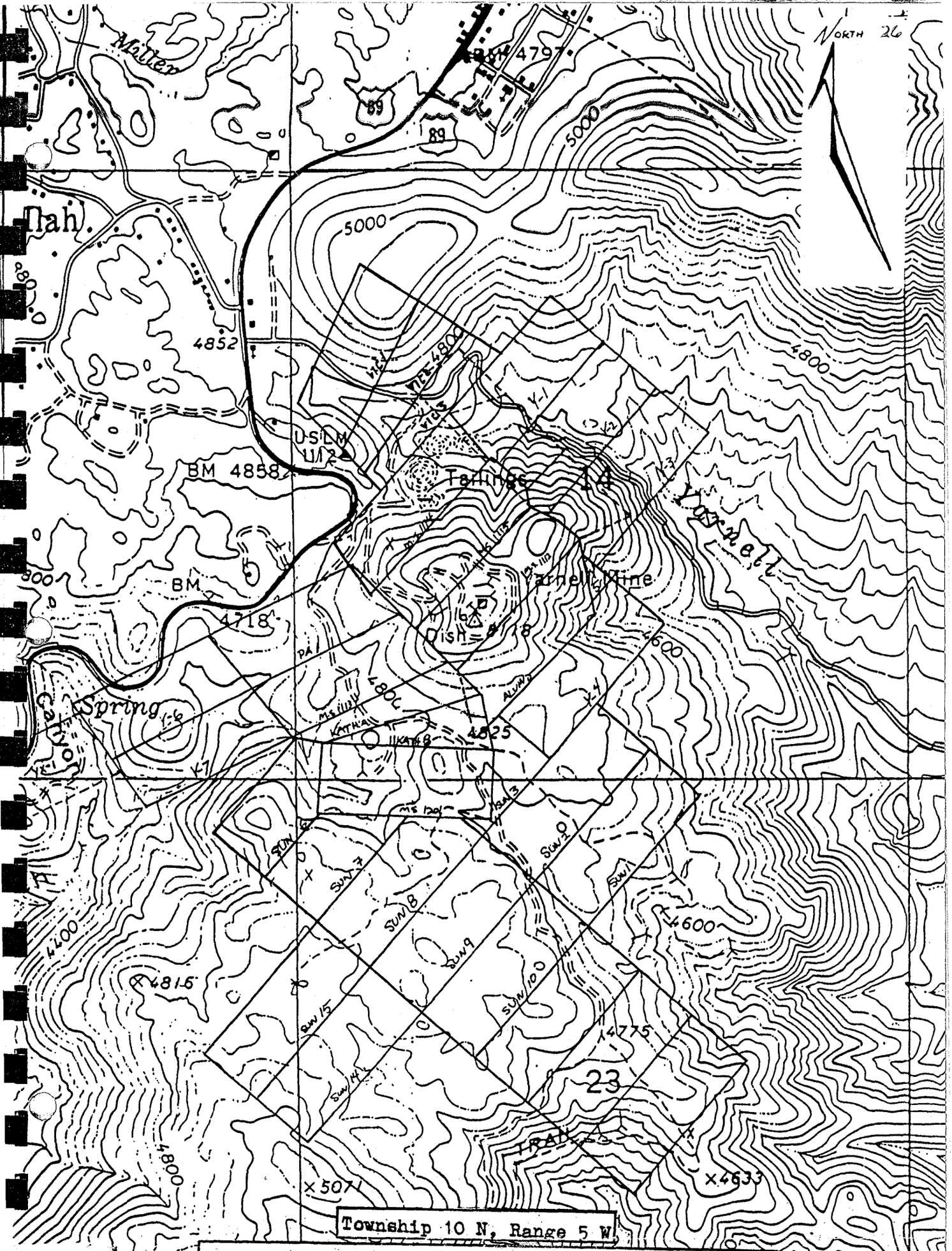
GOLD RIVER EXPLORATION CO.
YARNELL PROJECT
YAVAPAI COUNTY, ARIZONA
YARNELL AND ALVARADO CLAIM BOUNDARY
1" = 2000'
Date: DEC. 1988
Figure No. 11




# NORGOLD RESOURCES INC.

YARNELL MINE PROJECT
PATENTED & UNPATENTED CLAIMS
YAVAPAI COUNTY, ARIZONA

Scale: 1" = 1000'

By Gold River Exploration Co.
Oct. 1988 FIGURE NO. 12

## 2.2 PROPERTY WORKINGS

Most old workings consist of three main levels accessing the deposit from the north slope and crosscutting the hangingwall to the Yarnell vein. Most underground workings are connected by drifts, stopes, and raises; surface workings are scattered along strike and consist of several old shafts, exploration cuts, and a 300' long by 40' wide pit atop Yarnell Hill ------ limited surface production in 1981 resulted in the pit and hence partial exposure of the Yarnell vein/shear zone.

## 2.3 GEOLOGIC SETTING

Captured within granite porphyry to a granite porphyry gneiss of PreCambrian age, lies a fine grained to phaneritic sill, perhaps a felsic or quartz phanerite, that has undergone extensive shearing and subsequent silicififation. The shear zone dips 22 degrees to 40 degrees to the northwest, and strikes generally northeast. The exact genetic relationship of the sill (?) to it's host is yet to be determined; nevertheless, it is known that the shear zone hosts significant gold mineralization.

This zone varies from approximately 40' at the extreme southwest end of the Yarnell property to seemingly more than 200' near the northeast patented claim boundary. A traceable strike length of approximately 9,000' from the northeast to the Alvarado Mine claim boundary is known; however, some 4,000'from the extreme northeast outcrop to the southwest, the shear zone narrows to approximately 40'. The vein, nevertheless, continues strong and is traceable on the surface to the main Alvarado shaft some 11,000' from the Northeast Yarnell outcrop; here the shear zone virtually dissipates into a single vein with some, but minor shearing in the hangingwall. Obviously the tectonic system weakens gradually from the Yarnell to the Alvarado Mine.

The Yarnell-Alvarado vein itself, (as we shall term it for this discussion), consists primarily of massive white to gray quartz,limonite, goethite, and "surviving" pyrite in places within the oxide zone and footwall gouge zone.

The oxide zone varies with the water table, ranging in depth from approximately 350' at the main Yarnell workings, to near surface in places, as reflected by a shallow trench some 1,000' southwest of the main Yarnell pit. The gold in the oxide zone is reported to be free and contained within the open space fracture system of the shear zone, together with limonite and silicification. Alteration within the shear zone consists predominantly of kaolinitization and silicification; careful megascopic and microscopic examination is needed to clearly identify and ascertain mineralogy and alteration.

## 2.4 ECONOMIC GEOLOGY-ORE RESERVE POTENTIAL

Past underground mining has occurred over an approximate vertical dimension of 300' and horizontally 1,500' through several levels and two shafts. Minor production from surface took place in 1980/81 from a pit atop Yarnell Hill. The shear zone averages approximately 100' wide; the main Yarnell vein appears to average about 5' wide, with a potential "economic" strike length of perhaps 4,000'. The entire Yarnell-Alvarado vein system is 11,000' long with 4,000' within the Yarnell claim block; only the Yarnell portion will be considered at this point.

Various reports and descriptions over the years indicate varying opinions regarding the potential at Yarnell. The Central Arizona Mine Project involves primarily underground potential at Yarnell, with perhaps some surface potential in the southwestern portion. The entire Yarnell-Alvarado shear system is considered as having potential reserves.

In U.S. Bureau of Mines Information Circular IC 6991, 1938, the Yarnell Mine is briefly discussed. Mineralization is described as a 120' wide shear zone with the principal ore bodies in the footwall.

Additional reports prepared in 1939 and 1941 describe various activities at the Yarnell mine;additionally, the reports briefly discuss mineralization,tons produced, grade, vein width, the shear zone, recovery, etc. The reports also suggest that commercial gold mineralization may exist within the strike length extensions of the vein; these reports can be reviewed in Appendices VII and VIII.

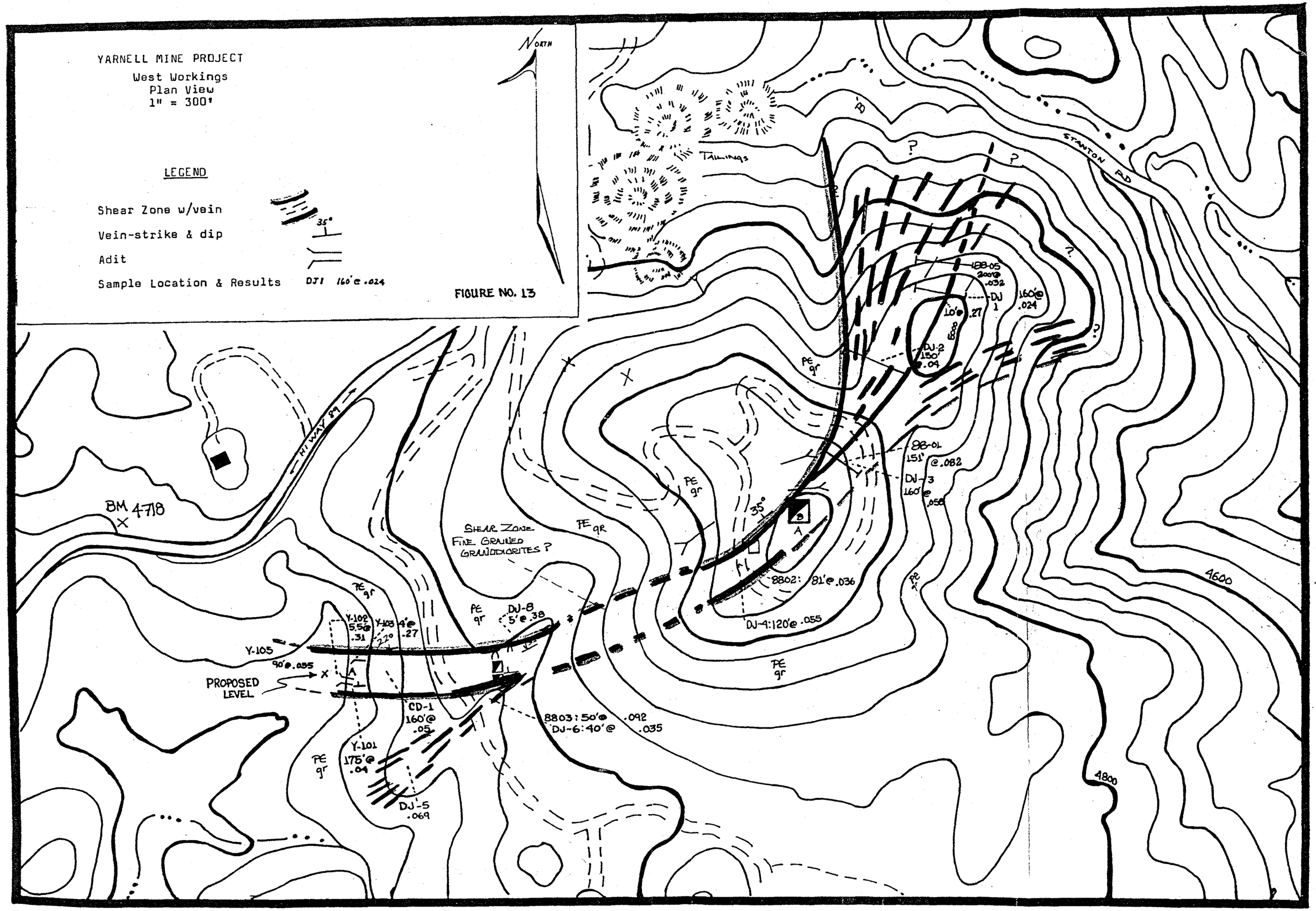
Norgold Resources Inc. acquired the Yarnell Mine in late 1988 following a field examination of the "core" property. The purpose of Norgold's examination was to confirm reported data and to evaluate the Yarnell Mine itself for possible acquisition. A private report was prepared by M.D. Philpot, registered geologist, upon completion of the Norgold examination (refer to Appendix IX). Mr. Philpot concludes that potential reserves for the Yarnell Mine could be 4.0 million tons exploitable by surface bulk tonnage mine methods, and amenable to cyanide leaching. A program of underground and surface mapping, together with sampling, trenching and drilling, is recommended. Additionally, follow up metallurgical studies, and bulk heap leach testing is suggested.

Concurrent with the above activities, Gold River Exploration Co. has taken samples across both vein and shear zone throughout much of the Yarnell property and southwestward into Gold Rivers State Lease and YX-1 unpatented claim, and into the Alvarado Mine. A strike length of approximately 11,000' has been mapped and partially sampled.

It is readily apparent that the Yarnell Mine holds considerable promise for developing into both an underground and surface mining program. The fact lies in the extensive undeveloped strike length, down-dip extensions of known ore shoots, and the premature closure of the Mine by Government closure order L-208.

As shown in the accompanying maps the extensions can be exploited from new levels driven from the southwestern portion of the Property, and still lower levels from claim YX-1 and the State Lease. For now, only one new level, and possibly a sublevel, is considered for developing highly indicated reserves. As depicted by Figure 13 down-dip extensions of the Yarnell vein can be exploited from an adit nearly 500' southwest of the Human Shaft; however, from this point to the Human Shaft the entire shear zone and both footwall and hangingwall veins can be mined by surface methods. The Yarnell vein can be developed from either or both an adit level southwest of the Human Shaft and from a point at equivalent elevation northeast of Yarnell Hill and between the Yarnell-Stanton road and the old mill tailings (Figure 13). Naturally, considerable exploration and development must be completed, before driving a level from the Yarnell-Stanton road, to confirm underground reserves within the Yarnell vein between the south boundary of the YX-1 claim and the core of the Yarnell property itself, and below potentially surface mineable ore. A drilling program within this area must be initiated prior to and in conjunction with production.

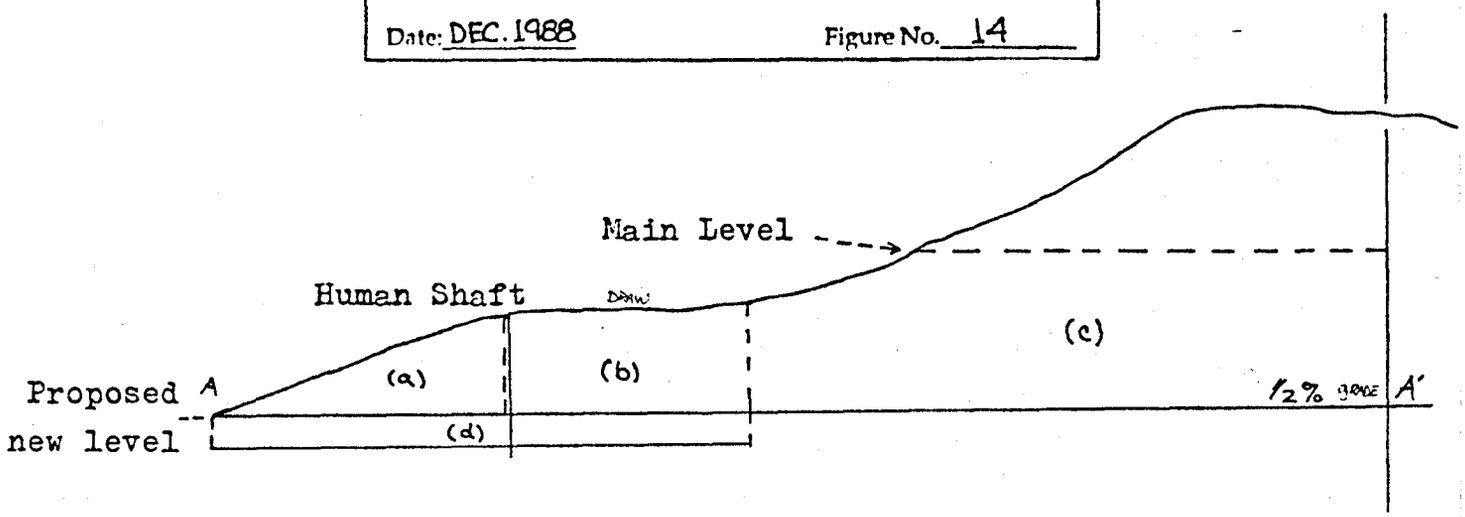
The reserve potential at Yarnell and Yarnell West is seemingly very significant, (particularly within the extensions), and can be determined systematically and in conjunction with a "pilot" testing program and hence a small scale operation. As shown in Figure 13, a zone lying southwest of the Human Shaft has been mapped and sampled; Figure 14 shows calculated potential


YARNELL MINE PROJECT
West Workings
Plan View
1" = 300'
LEGEND
Shear Zone w/vein
Vein-strike & dip
Adit
Sample Location & Results
DJ1 160' @ .024
NORTH
FIGURE NO. 13
Tailings
STANTON RD
HIGHWAY 89
BM 4718
SHEAR ZONE
FINE GRAINED
GRANODIORITES ?
PROPOSED
LEVEL
Y-105
90' @ .055
Y-102
5.5' @
.31
Y-103 4' @
.27
DJ-8
5' @ .38
CD-1
160' @
.05
Y-101
175' @
.04
DJ-5
.069
8803: 50' @ .092
DJ-6: 40' @ .035
8802: 81' @ .036
DJ-4: 120' @ .055
88-01
151'
@ .082
DJ-3
160' @
.056
88-05
200' @
.032
DJ
1
160' @
.024
DJ-2
150'
@ .04
4600
4800

# GOLD RIVER EXPLORATION CO.

YARNELL PROJECT
YAVAPAI COUNTY, ARIZONA
YARNELL WEST WORKINGS
Longitudinal Section A-A'
Looking Northwest
1" = 300'

Date: DEC. 1988 Figure No. 14




Estimated Ore Reserves:

(1) Underground (vein only) (13 $ft^3$ ton factor)

| | | | | |
|---|---|---|---|---|
| (a) 5.0' (.5)(450)(155) | = | 174,375 $ft^3$ | = | 13,413 tons |
| (b) 5.0' (380)(160) | = | 304,000 $ft^3$ | = | 23,385 tons |
| (c) 5.0' (860)(220) | = | 946,000 $ft^3$ | = | 72,769 tons |
| (d) 5.0' (830)(50) | = | 207,500 $ft^3$ | = | 15,961 tons |

(2) Surface (shear zone) (16 $ft^3$ ton factor)

| | | | | |
|---|---|---|---|---|
| (a) 100' (.5)(450)(155) | = | 3,487,500 $ft^3$ | = | 217,968 tons |
| (b) 100' (380)(150) | = | 5,700,000 $ft^3$ | = | 356,250 tons |
| (d) 100' (830)(50) | = | 4,150,000 $ft^3$ | = | 259,375 tons |

Total Reserves: (Vein) ---- 125,528 tons (before dilution)
(Shear Zone) 833,593 tons

* Because the shear zone dips between 22° and 40° the dip length must be accounted for in the reserve calculations. Using an average of 35° results in an increase in reserves as calculated in the vertical lenth above of approximately 40%: however, a conservative 25% shall be used, resulting in total estimated
* reserves as follows:

Total
(vein) --------- 156,910 tons
(shear zone) --- 1,041,991 tons

# GOLD RIVER EXPLORATION CO.

YARNELL PROJECT
YAVAPAI COUNTY, ARIZONA
YARNELL MINE

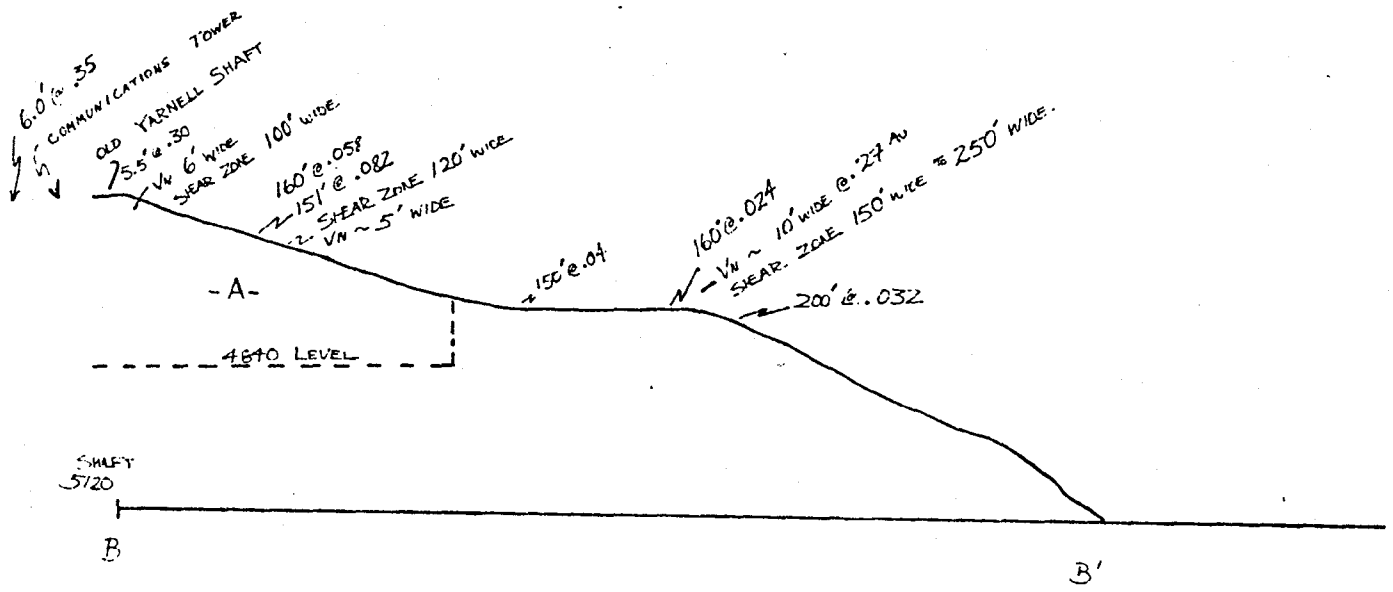
Longitudinal Section

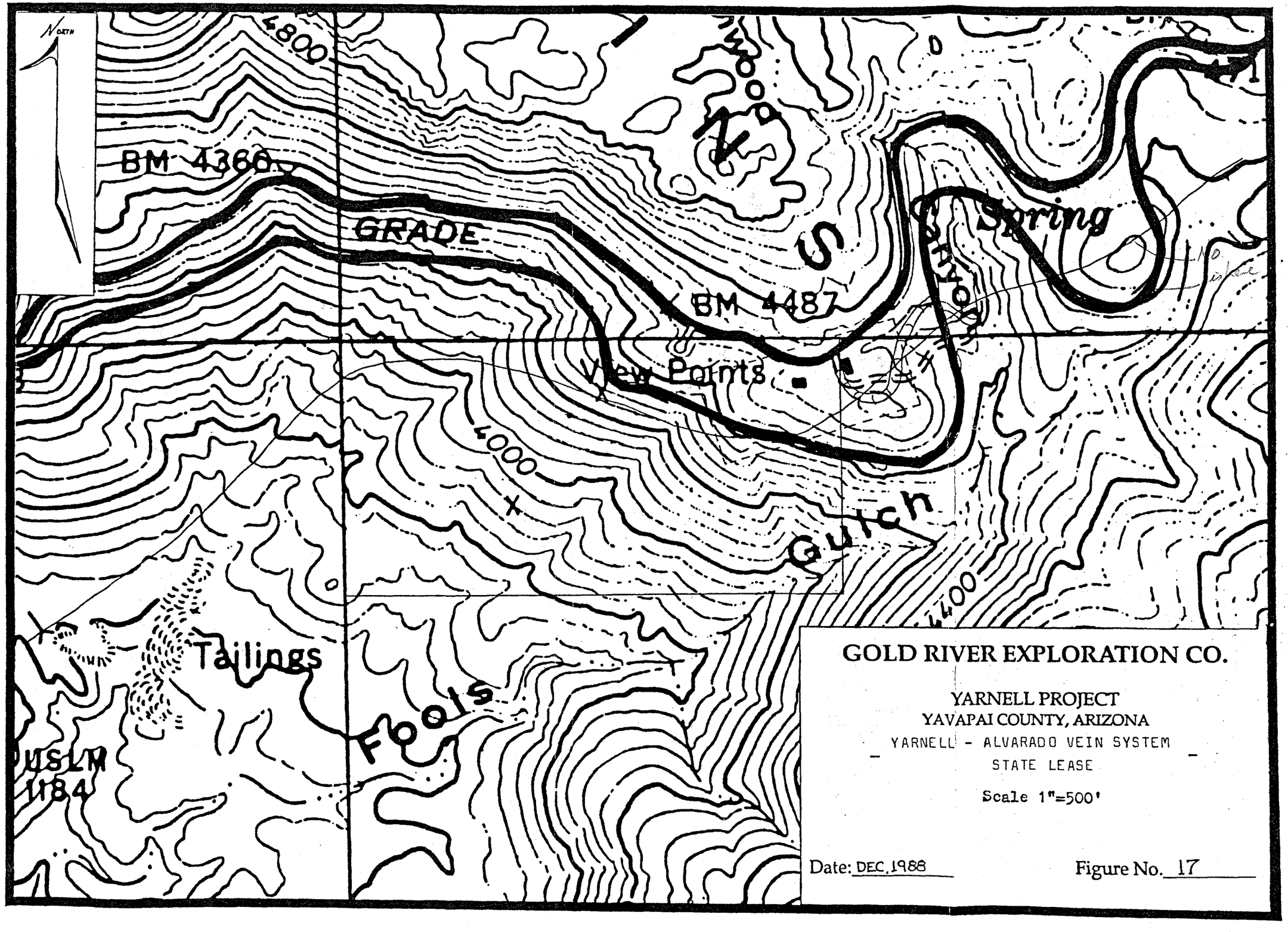
Looking Northwest

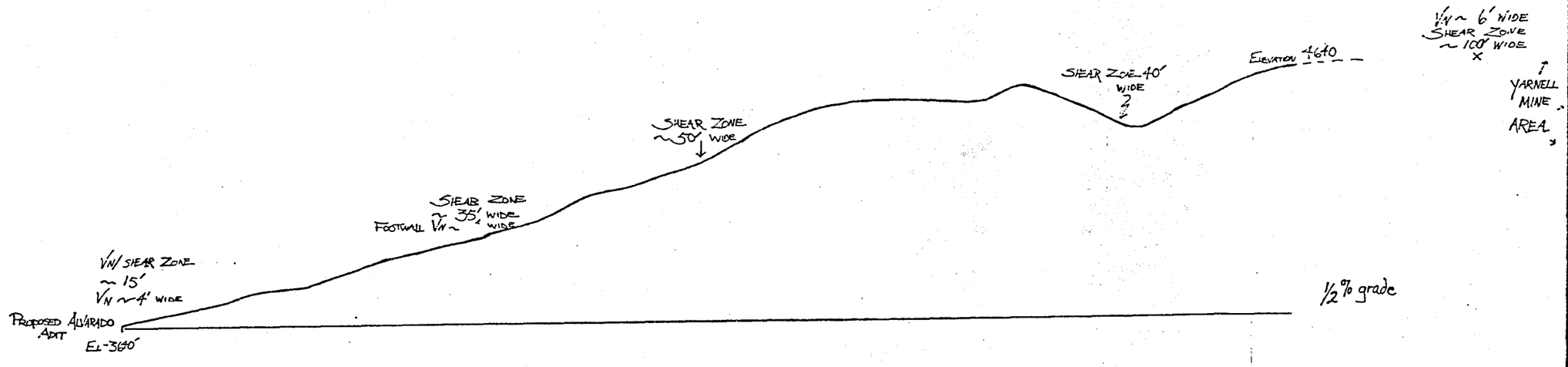
East End Underground Potential

1"= 300'

Date: DEC. 1988 Figure No. 16




NORTH
4800
BM 4366
GRADE
BM 4487
Spring
View Points
4000
Gulch
4400
Tailings
Fools
USLM
1184
GOLD RIVER EXPLORATION CO.
YARNELL PROJECT
YAVAPAI COUNTY, ARIZONA
YARNELL - ALVARADO VEIN SYSTEM
STATE LEASE
Scale 1"=500'
Date: DEC. 1988
Figure No. 17




# GOLD RIVER EXPLORATION CO.

YARNELL PROJECT

YAVAPAI COUNTY, ARIZONA

ALVARADO-YARNELL PROPOSED LEVEL

Longitudinal Section

Looking Northwest

1" = 500'

FIGURE NO. 18

reserves in this area (block a) to approximate 218,000 tons. If adding the potential underground vein reserve alone of approximately 13,000 tons, the total tonnage available by surface extraction (open pit) will approximate 231,000 tons (This figure does not include the increased tonnage after calculating for dip length). Also shown are possible geologic reserves for both underground and surface mining in zones extending outward from the Human Shaft. As should be noted, an unmarked block above block C has been eliminated from the Yarnell-West evaluation as this represents a fairly large open pit block being evaluated by Norgold Resources Inc. This block may or may not be available, but does represent a target of approximately 620,000 tons having an expected grade of .05 opt gold (excluding increase due to dip length).

Figure 16 depicts the East Yarnell underground potential; however, much of the potential reserve will be developed as an open pit reserve, probably, to a level 250' below the surface. Assuming this scenario an underground block, to a level near the base of Yarnell Hill, will provide approximately 85,000 tons, depending on mining width --------- a stoping width of 5' is assumed. The surface block, estimated at 2 million tons may be available for a surface mining program upon completion of a drilling program initiated by Norgold Resources Inc. or an associate.

## 2.5 METALLURGICAL ANALYSIS

Most information regarding benefication and recovery methods at Yarnell are a matter of historical record. Some relatively recent testing by cyanidization has been completed-------- limited heap leach production in 1980/81 has reportedly indicated excellent recovery, and more recent bench testing by Gold River

Exploration Co. suggests a potentially high recovery by cyanide heap leach.

U.S. Bureau of Mines Information Circular 6991 reports recovery in 1936 by floatation, gravity, and cyanide. After several modifications a flow sheet was developed in April, 1937 that included only flotation and two Diester tables.

Ore mined underground from the Yarnell vein will best be recovered by combination flotation-gravity methods; whereas, lowgrade bulk tonnage ore will be recovered by cyanide heap leach.

## SUNRISE MINE

### 3.0 LOCATION -ACCESS

The Sunrise property lies approximately 12 miles west of Wickenburg, in Section 33, of Township 7 North, Range 7 West.

Access to the property is excellent, comprising paved highway and 2 miles of good dirt road.

### 3.1 PROPERTY

The property is contained within a block of 9 unpatented mining claims, approximating 180 acres and covering the area of known mineralization and possible strike length extensions.

Existing workings include three incline shafts connected by drifts, together with several small surface cuts. Very little stoping has been done as most past production came from the shaft and drift excavations.

North Union Vein:(milled ore)

(4,800)(.228) = 1,094.4 ozs

(1,094.4)(85% recovery)

= 930.2 ozs

= $ 372,096.00

Total Recoverable Value - $6,563,856.00 (In Place)

(B) YARNELL - YARNELL WEST PROPERTY

Many conclusions present themselves after thorough evaluation of the total Property. A discussion of these follow; a fact that cannot escape at this point is one that must be considered now ----- the Yarnell vein/shear zone exhibits a uniformity of known mineralization over a strike length of about 5,000' within the area under consideration, and ranges from 40'

to 200' wide, as exposed, over this distance. An open pit target to 250' below surface exists and could yield as much as 7.8 million tons. However, for now only the underground potential and the extreme west end of the Yarnell group is given value and consideration for near-term production.

After reviewing the data presented in item 2.3 and 2.4 herein, together with Figures 11 through 16, a general picture of the potential can be drawn. Starting at the southwest (west) end of the Property the reserves are calculated and summarized as follows:

1. YX-1 Claim:

Recent sampling indicates a block 400' long by 40' wide, and an assumed 100' of minable depth (open pit); consequently, 100,000 tons of geologically inferred ore of potential exists. The average grade is indicated at .09 opt gold.

2. Yarnell West:

As depicted in Figures 13 through 15 a zone of strong mineralization between the Human Shaft and two existing adits will yield approximately 272,460 tons averaging at least .05 opt. gold, with geologically inferred reserves of approximately 769,531 tons. The calculated average, based on all known samples from the shear zone (Blk A) is somewhat greater than .05 opt gold; nevertheless, this approximate average shall be used in the final valuation.

The underground reserves and average grade are based on known exposures and previous vein sampling.

In calculating the estimated reserve the dip-length of the vein/shear zone increases the computed tonnage--------- a conservative 25% increase in volume is used in the formulae.

The reserves as calculated are summarized as follows:

(Total In Place Open Pit Reserves)

| LOCATION | TONNAGE | GRADE (opt gold) | CLASSIFICATION |
|---|---|---|---|
| (A) Shear Zone | 272,460 | .05 | Indicated (prob.) |
| (B) Shear Zone | 445,312 | .05 | 50% Probable |
| (D) Shear Zone | 324,218 | .05 | Inferred |

(Total In Place Underground (vein) Reserves)

| LOCATION | TONNAGE | GRADEopt (gold) | CLASSIFICATION |
|---|---|---|---|
| (A) Vein | 16,766 | 0.34 | Indicated |
| (B) Vein | 29,231 | 0.34 | Indicated |
| (C) Vein | 90,961 | 0.34 | Inferred |
| (D) Vein | 19,950 | 0.34 | Inferred |

Average grade for the (vein) underground potential is calculated on the basis of samples taken by Homestake Mining Co.

near the Human Shaft, and by those samples cut by Gold River Exploration Co. The assays are weighted by an area of influence and sample width, resulting in an average grade of 0.34 opt gold.

Yarnell "Core":

As shown on Figure 16 the central to east portion of the Yarnell Mine contains a significantly large area of potential underground reserves below a potential open pit from down-dip and strike length extensions beyond the old workings; however, extensive underground and surface sampling, together with drilling and underground development will be prerequisite to establishing proven reserves. Additionally, existing underground exposures suggest some remaining ore within old workings---- these exposures will be gradually evaluated as the Project progresses.

The Yarnell-Yarnell West ore reserve valuation is effected buy some assumptions. These include a 75% recovery for a projected heap leach of the shear zone, and an 85% recovery from milling the vein ore. As such, the gross pre-tax value of Yarnell West ore is:

YX-1 Claim:

(100,000)(.09)(75%) = 6,750 ounces
= $ 2,700,00.00

Due to anticipated difficulties in mining near Highway 89 the tonnage is arbitrarily cut by 50%, resulting in 50,00 tons, or $1,350,000.00.

Yarnell West Shear Zone Open Pit:

The indicated reserve in Blk. (A), shall be the only volume considered for valuation; although, Blk. (B) is likely to be

proved with some additional development, including trenching and drilling. Thus, 272,460 tons are expected, grading .05 opt gold..... the yield pre-tax value is:

(272,460)(.05)(75%) = 10,217 ounces
= $4,086,900

Vein Underground:

After recalculating the reserves in blocks A and B to include down-dip length, a total of 45,997 tons are indicated, grading 0.34 opt gold. The value of the indicated reserves is:

(45,997)(.34)(85% recovery) = 13,293 ounces
= $5,317 253.00

Geologically inferred reserves of 110,911 tons, plus remaining potential in old workings, and down-dip and strike length extensions, are left out of the valuation but remain as targets for development.

Yarnell "Core:"

A potential target of 7 to 8 million tons of "open pit" ore exists, but is given no valuation other than being a strong target for further development; furthermore, Norgold Resources Inc., or it's associates, will be exploring this target in the near future.

State Lease:

Over 2,000'of surface outcrop indicates significant potential, but until extensive surface sampling, drilling, or perhaps drifting is completed, no real value can be assigned.

Alvarado Extension:

# CAPITAL COST ESTIMATE

## MINE

### Union-Condor

| | |
|---|---|
| Underground Mine Contractor | |
| drift & stope development --------- | $100,000.-- |
| advance on tonnage ---------- | $ 90,000.-- |
| Combination shop-dry house ---------- | $ 15,000.-- |
| Surface mine & hauling equipment ------- | $150,000.-- |
| Surface Loading ---------- | $ 35,000.-- |
| Engineering, Supervision, Assaying ------ | $ 40,000.-- |
| Environmental, Road Improvement -------- | $ 15,000.-- |
| Union Portal Rehab.---------- | $ 5,000.-- |
| Exploration ---------- | $ 50,000.-- |
| Contingency ---------- | $ 50,000.-- |
| Total | $550,000.-- |

### Yarnell-Yarnell West

| | |
|---|---|
| Underground Mine Contractor | |
| drift & stope development --------- | $150,000.-- |
| advance on tonnage---------- | $120,000.-- |
| Combination Shop-Dry House- Office ---- | $ 20,000.-- |
| Surface Mine Contract | |
| (10,000 ton pilot heap leach)-- | $100,000.-- |
| Ancillary | |
| (leach unit, pond lining etc.) ----- | $ 50,000.-- |
| Engineering, Geology, Supervision ------ | $ 40,000.-- |
| Environmental,Permitting, Site Prep. --- | $ 40,000.-- |
| Land Acquisition ---------- | $ 50,000.-- |
| Exploration ---------- | $ 75,000.-- |
| Contingency ---------- | $ 50,000.-- |
| Total | $695,000.-- |

# APPENDIX VII

* HISTORICAL INFORMATION ON THE YARNELL MINE *

Prescott. The incorporators are Charles L. Ewing, W. E. Patterson and M. E. Darrow. The company has capital stock of $100,000.

**********

PHOENIX

January 15, 1936

The Yarnell Mining Company, Yarnell, Arizona, operated by William E. Fenwick, reports that an extensive shoot of ore has been opened in drifting to the east from the main adit, the ore assaying over $7.50 with a thickness of 11 feet. This shoot is said to have been exposed at intervals over a distance of 300 feet by crosscuts from the hanging wall drift. E. D. Foster, 2687 Moss Avenue, Los Angeles, is consulting engineer for the mining company. A 50-ton milling plant was recently placed in operation.

**********

PHOENIX

March 15, 1936

The 50-ton mill at the Yarnell Mining Company, Yarnell, Arizona, is running three shifts daily, treating $8 ore from the 300-foot level, and the cyanide plant for treatment of concentrates is practically completed. A considerable tonnage of $8 to $12 ore is indicated from recent crosscuts run to the footwall of the Yarnell vein. E. D. Foster, 2687 Moss Avenue, Los Angeles, consulting geologist for the company, has just returned from a visit to the mine. J. Ross Castendyck is mine superintendent, assisted by J. Bryant Kasey, mill foreman, Walter Larssen and William Vowell, mine foremen. William F. Fenwick, 1801 West 41st Place, Los Angeles, is directing mining operations.

**********

May 10, 1936

It is reported that the Yarnell Mining and Milling Company, Yarnell, Arizona, J. Ross Castendyck, mine superintendent, has uncovered an ore body which is averaging about $18 a ton. As a result the value of the concentrates being shipped has materially increased. The Yarnell mine has been working three shifts employing 24 men, in the mine, and milling about 1,500 tons of gold ore monthly.

**********

June 12, 1937

The Yarnell Mining Company has resumed milling operations after a seven-week shutdown for repairs. The Human shaft has been repaired, new track laid, and a new 40-horsepower hoist, a skip, headframe, and ore bin have been installed. At the Mother Lode shaft, a 10-horsepower hoist was installed as well as a new headframe and ore bin. The company purchased a new Dorr four-foot six inch by 18-foot classi-

PHOENIX May 12, 1939

The Yarnell mine, Yarnell, Arizona, has been closed down temporarily in order to complete plans for enlarging the mill capacity to 100 tons daily. Flotation and cyanide equipment is being considered to replace the present 60-ton flotation plant. The present mill, in treating the oxidized ore, has been making a recovery of 85 per cent and a 4-ounce concentrate has been shipped to the El Paso Smelter. John McNeil has been mill superintendent at the property since last September. Prior to that he held a similar position with the Comstock-Dexter mine at Hillside. The Yarnell mine is operated under the direction of Mark Gemmill, general manager.

**********

December 15, 1939

The new cyanide plant under construction at the Yarnell mine of the Winslow Gold Mining Company, Yarnell,Arizona, is nearing completion and will be ready for operation within the next few weeks. Underground work to prepare the ore bodies for production is being carried on rapidly and it is expected that the property will be on a regular production basis by the first of the year. A crew of approximately 15 men is employed. Operations are directed by Mark Gemmill, general manager of the company. H. A. Funk, 501 Warren Avenue, Winslow, Arizona, is president.

**********

February 15, 1940

The Yarnell mine, Yarnell, Arizona, operated by the Winslow Gold Mining Company, Ltd., has produced the first bar of gold from its new 100-ton cyanide plant. The mill has been in operation only a short time and production has not reached its full capacity on account of water shortage, but the company is drilling a well to furnish the balance of its requirements. Work in the mine is on a two-shift basis and a total crew of 25 men is employed. Bullion from the mill is shipped direct to the mint at San Francisco. Operations at the mine are under the direction of Mark Gemmill, general manager. The Yarnell cyanide plant is the fourth to operate in the immediate vicinity. Within only a few miles are the Octave, Alvarado, and Congress mines with a total milling capacity of approximately 500 tons.

**********

## YARNELL MINE'S ORE OUTPUT IS HIKED TO 125 TONS DAILY

YARNELL July 6, 1940

The Yarnell mine, owned by the Security Trust Company of Prescott, operated by the Winslow Gold Mining Company of Yarnell, Mark Gemmill, general manager, started the year with a newly installed cyanide plant and has reached a capacity of 125 tons daily.

The mine is developed mostly by drift tunnels to a depth of 250 feet, with 1,500 feet of lateral work. The vein dips at approximately 40 degrees. A mineralized shear zone extends more than 100 feet in width, and the major work is confined at present to the hanging-wall side of the zone. Mineralization occurs in and into both the foot-wall and hanging-wall of a major fault and consists of scattered mineralized lenses of quartz and pyrite impregnated granite. Mining must be checked by daily assays as the eye cannot always make the determination.

Ore is mined by a modified shrinkage method and machines readily can supply the mill when working on two shifts as at present. Ore is trammed to the storage bin, thence through a 10 by 20 crusher, to conveyor, to mill bin, thence to a six by six modified ball mill in closed circuit with classifier to agitation and decantation thickeners to tailings pond. Precipitation is by means of Merrill-Crowe process, with the use of bag filters. Precipitate is melted in an oil-fired furnace and sent to the mint.

The surface plant consists of a 350-cubic-foot compressor, with accessory shops. Power is purchased from the Arizona Power Corporation. Water is obtained from drilled wells.

**********

January 1941

An ore body, carrying higher values than those previously encountered, has been opened up at the Yarnell mine, Yarnell, Arizona. The property is operated by the Winslow Gold Mining Company, Roy Mitchell, president, Winslow, Arizona. The cyanide plant has been handling 100 tons of ore daily, but it is planned to step up production to 175 tons daily. Present work is confined to stoping in the drifts, but future plans include the running of a main haulage tunnel to cut the ores at a greater depth than the present workings. Construction of new ore bins also is planned and additional houses will be built. The mill product is melted into bullion at the property and shipped to the San Francisco mint. A crew of 31 men is employed under the direction of H. H. Saum, mine superintendent, Yarnell.

**********

ARIZONA REPUBLIC March 16, 1941

The Winslow Gold Company, which is operating the old Yarnell mine, is working at full capacity, with plenty of water available for its cyanide plant. Recent development work reportedly has exposed a new portion of the ore body and additional development work has been scheduled.

**********

March 30, 1941

Satisfactory results are reported from the development program at the Yarnell mine, Yarnell, Arizona, and work is progressing at a rapid rate. The cyanide mill continues to handle gold ore at the rate of 115 tons a day, and it is understood that changes are being made in the flow sheet. The [illegible]

Jackhammers are used in all parts of the mine. In the stopes they are used with or without the mountings, as conditions require, but they are always mounted in the development headings. Steel is sharpened by hand. Chisel bits on 7/8-inch hexagon steel are used in all machines.

In November 1936 one machine was operating one shift a day in the west drift heading of the 145-foot level and two machines were operating one shift a day each in a stope above the west end of the 85-foot level. This stope was about 50 feet long and was broken through to the surface in several places. Each machine was operated by a miner and a helper. Two muckers did the mucking and tramming on both levels.

The mine makes about 5 gallons of water a minute. This is pumped from the sump of the shaft with a boiler feed pump operated by air from the compressor and stored in a 2,500-gallon tank at the surface.

Operations were begun in May 1936 and the first ore was shipped in June. Four carloads of ore were shipped to the Clarkdale smelter and two to the Octave mill. The ore is hauled by contract from the mine to the Octave mill for 50 cents a ton.

Equipment consists of a small blacksmith forge for sharpening steel, a 1-ton skip operated by a single-drum gasoline hoist, an electric compressor of 360 cubic foot capacity operated by a 50-horsepower electric motor, a No. 3 Buffalo blower (not in use), and an ore bin of about 30 tons capacity.

Power is purchased from the Arizona Power Corporation and is brought to the mine at 11,000 volts and stepped down to 440 volts for use in the motor.

The payroll is as follows:

| | | | |
|---|---|---|---|
| 3 miners | @ | $3.50 | $10.50 |
| 3 helpers | @ | 3.00 | 9.00 |
| 2 muckers | @ | 3.00 | 6.00 |
| 1 blacksmith | @ | 3.50 | 3.50 |
| 1 hoistman | @ | 4.00 | 4.00 |
| Total | | | 33.00 |

Board and quarters are furnished by the company for $1.25 a day.

## Yarnell Mine

### Situation

The Yarnell mine is about a mile and a half south of the village of Yarnell in Yavapai County at the summit of the Weaver Mountains. It is about a quarter of a mile east of the main highway from Wickenburg to Prescott and about 4 miles northeast of Congress Junction, the nearest railroad loading station.

The property consists of 5 patented and 7 unpatented claims owned by the Security Trust Co. of Prescott. It is operated under lease and option by the Yarnell Mining Co., Lloyd W. Moultrie, president, 3012 West 7th Street, Los Angeles.

## Topography and Geology

The country around the mine is rough and precipitous and drains partly north into Kirkland Creek and partly south into the Hassayampa River. The elevation at the mill is about 4,800 feet.

The country rock is essentially granite and beds of schist that run in a general northeasterly and southwesterly direction. The vein is in granite and bears N. 45° E. and dips to the northwest at about 35° or 40°. The mineralization is in a shear zone 120 feet wide. Ore bodies occur near both hanging and footwalls. The principal ore bodies are in the footwall. The principal minerals are free gold and gold-bearing sulphides of copper, lead, and iron, chiefly iron. In some places mineralization is fairly regular, but in others tongues run out into the footwall for considerable distances.

## Water Supply

The water supply is from two drilled wells, 67 and 82 feet deep. Two pumps, each operated by a 5-horsepower motor, raise the water from the water level to a storage tank of 20,000 gallons capacity. The two wells furnish a minimum supply of 5 to 6 gallons a minute during the dry season and a maximum of 35 to 40 gallons during the rainy season.

## Development

The old workings consist of three adit levels connected by raises. The upper two levels are on the vein and about 100 feet apart on the slope. The lower level is about 250 feet below the middle adit on the slope. A limited amount of mining was done from the upper two levels, especially from the lower of the two, by former operators. The lower level consists of a crosscut about 470 feet long from the north side of the mountains to the vein and about 1,000 feet of drifting on the vein. The drift extends from the point where the crosscut intersects the vein to the surface on the south side of the mountain. About 500 feet of this drifting was done by the present operators.

New development consists of the Human shaft, about 400 feet to the southwest of the south portal of the lower level of the old workings. The shaft is 210 feet deep, including 20 feet of sump, with three levels at distances of 75, 125, and 190 feet from the surface. In October and November the mill was operated mostly on development ore from this part of the mine.

## Mining Methods

A definite system for mining the ore has not been developed by the present operators. All ore that has been milled to date has come from development and from short prospect raises. The ground is heavy and it is evident that the stopes will have to be supported as the ore is taken out.

Stoping by the former operators was not extensive. Apparently the stopes were carried up for 25 to 35 feet above the level and left open, with the hanging wall supported by stulls. Many of these old stopes are caved and, therefore, their exact extent is not known. There are some old chutes of the conventional type in some of the old workings, which would indicate that the ore ran by gravity or at least with a minimum amount of shoveling. In other places, it appears that the ore was shot from the back of the drift and shoveled.

Air for present operations is supplied by a compressor of 285 cubic feet capacity driven by 50-horsepower induction motor. This compressor is at the north portal of the bottom level. The air is piped through the tunnel to the south portal and down the hill to the workings of the Human shaft.

There is a gasoline hoist and a gasoline blower at the Human shaft. The ore is hoisted in a 1-ton skip and dumped into a bin of about 25 tons capacity at the portal of the shaft. From this bin, it is hauled by a company truck to the mill, a distance of about 1/2 mile.

The mine payroll is as follows:

| | | | |
|---|---|---|---|
| 3 machine men | @ | $4.40 | $13.20 |
| 5 muckers | @ | 3.30 | 16.50 |
| 3 top men | @ | 3.30 | 9.90 |
| 3 hoistmen | @ | 3.30 | 9.90 |
| 2 truck drivers | @ | 3.30 | 6.60 |
| 1 foreman | @ | 5.50 | 5.50 |
| Total | | | 61.60 |

## Milling

General.- The mill, of 75 tons capacity, was built late in 1935 and began operating in January 1936. It is essentially a flotation plant, but a product running about $13 a ton in gold is taken from pilot tables.

The flow sheet was changed a number of times after the mill began operating. Pulsating jigs were tried and an attempt was made to cyanide the overflow from a concentrate thickening cone. Figure 13 shows the flow sheet as it was in April 1937.

Crushing and grinding.- The ore is dumped into a coarse-ore bin of 80 tons capacity. From this bin it is discharged into a 9- by 15-inch jaw crusher that crushes to about 3/4 inch. A 12-inch belt conveyor takes the

discharge from the crusher to a fine-ore bin of 100 tons capacity, from whence the ore is taken by another 12-inch belt conveyor to a 5- by 5-foot ball mill, in which 3-inch cast-iron balls are used.

An 8-mesh screen on the discharge end of the ball mill removes the coarse particles, which are returned to the feed end. The oversize from a Dorr duplex classifier operated in open circuit with a unit flotation cell also is returned to the ball mill.

The ball consumption is about 2 pounds per ton of ore treated. Cast-steel liners that cost $300 per set last about 5 months when the mill is operated at a capacity of 80 tons a day.

A screen analysis of the classifier overflow is about as follows:

| | Percent |
|---|---|
| Minus 48 mesh | 100 |
| Minus 48 mesh plus 65 mesh | 12 |
| Minus 65 mesh plus 100 mesh | 18 |
| Minus 100 mesh plus 200 mesh | 24 |
| Minus 200 mesh | 46 |
| | 100 |

Concentration.- The tails from the unit cell go to a Dorr duplex classifier and the concentrates to a Dorr thickener. The overflow from the classifier goes to a 4- by 5-foot conditioning tank and then to three 38- by 44-inch mechanically agitated flotation cells. The concentrates from the first cell go to the Dorr thickener. The overflow from the second and third cells is returned to the first. The pulp from the Dorr thickener is filtered in a 3- by 4-foot drum-type filter. The filter cake is dried in a rotary drier. The overflow from the Dorr thickener and the filtrate from the filter are returned to the mill storage tank. The heads run from $8 to $10 a ton and the concentrate from $150 to $200 a ton.

Reagents are added to the circuit as follows:

| | | |
|---|---|---|
| Z-6, | - 0.075 pound per ton | at the flotation cells. |
| No. 15 Aerofloat | - .05 pound per ton | at the ball mill intake. |
| No. 2 Tarol | - .02 | do. |
| No. 208 | - .008 | do. |

The tailings from the flotation cells are run over two Deister pilot tables. From these tables a cut is taken, which runs about $18 per ton in gold and contains most of the fine metallic iron from the grinding balls. About 300 pounds of this product is made a day. It is shipped to the Magma Smelter at Superior. The tailings from the tables are run to the tailings pond.

Labor.- During October and November the mill was operated two shifts a day and treated about 35 tons of development ore. The mill heads have averaged

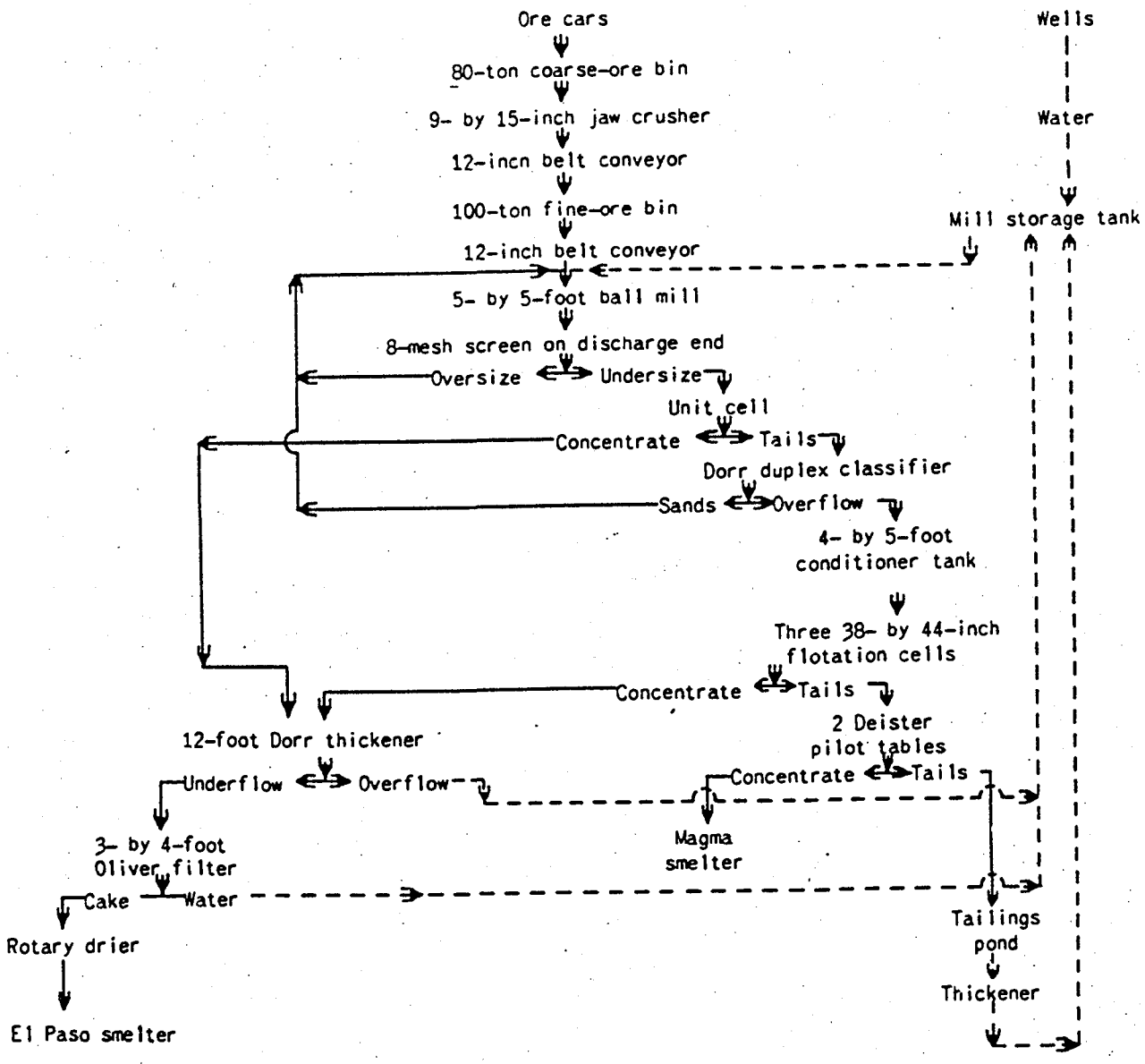



Figure 13.- Flow sheet, Yarnell mill (daily capacity, 75 tons).

NOTES RE YARNELL MINE

6/19/39

Visited with Mark Gemmell and went into main adit and looked over surface.

Country is all granite with some intrusions of rhyolite or granite porphyry which may be only an acid phase of the rock.

On south side of hill near base the Human shaft was sunk to depth of 200' and there are some old workings near-by. The vein on hanging wall of mineralized zone has width of 6 to 8' and produced 2000 tons of $7.00 ore. At bottom quartz and sulphides are coming in and value is said to be $9.00 per ton. The entire width of the zone some 60' is said to run $5 - $6 but this is doubtful.

The ore in this mine makes in a wide fault or shear zone of crushed and altered granite which appears to have been impregnated with values from the hanging wall along which there is a soft taley gouge with quartz and breochia some 6' wide that carries the best values and below this the altered and crushed granite becomes gradually poorer until the foot wall, not well defined - is reached. The hanging wall seam produced the high grade ore in the upper levels and open cut at and near the top of the hill which is some 450' vertically above the main adit and the Human Shaft and more than 600' above on the dip of the vein. The width of ore which would

average better than $5.00 per ton from hanging wall toward foot wall is not definitely known but is indicated to be around 20'. The width of the entire shear zone may be as much as 200'. The strike of this zone is northeast-southwest and the dip averages about 35° to the northwest.

The length to which ore has been developed in the workings is about 500' but it may extend well beyond this limit, (and there seems to be good reason for extending the development to deeper levels especially near the Human Shaft).

If the ore body should be proven to have a length of 500', depth on incline 600' and width 20', it would contain some 500,000 tons of ore but the required development to reach this point would probably cost $50,000 or more and it hardly seems justified.

Although the gold appears to be free the best recovery by amalgamation and flotation has only been around 70% and cyanide is required to make a good extraction. Apparently, the values are associated with limonite and perhaps with manganese as the best ore is red or pinkish and the gold may be rusty or coated by talc or some of the decomposition products of the granite.

See Congress file re geology and also Mines File - not described in Bradshaw folio. Located ½ mile from White Sparr Road at top of Yarnell Hill. See claim map-also sketch.

1/10/39

YARNELL MINE

Owned by Herndon and Norris Estates now represented by Dave Russell of Prescott. At present operated under lease by Mark Gemmill who called and showed me map of which he may later give me a copy.

Located near White Spar Road at top of Yarnell Hill. Several patented claims. Old propery which produced a lot of 0.5 oz. gold ore in early days from a hanging-wall vein which is now largely worked out.

Recent work by Casendyke, Gemmill and others has been on a foot wall vein about 15' wide and Gemmill has mined and milled 2200 tons of average grade ore running $6.00 per ton and he claims to have developed or indicated about 100,000 tons of similar grade ore above the adit level. There is probably an additional tonnage of similar grade ore below the adit but mining and development costs would be higher.

The present mill is a poor piece of equipment designed to treat 50 tons per day by flotation and since the recovery by flotation is poor it only amounts to $4.50 per ton and the smelter return on the concentrate is only $3.50 per ton which leaves no margin of profit. Concentrates carry about 3.50 oz. gold. Royalty to Russell is 10% with certain minimum payments and a cash payment is due on Feb. 1st which Gemmill probably will be unable to meet.

October 19th, 1943

Winslow Gold Mining Company
Winslow, Arizona

Attention Mr. Mitchell, President

Re: Yarnell Mine

Gentlemen:

I have recently been conducting quite an extensive investigation of the Congress Mine and in that connection the other properties located in that vicinity may have a considerable bearing upon our plans for future operation.

Mr. W. A. Snow has given me some information concerning the Yarnell Mine which I examined casually several years ago, and he has suggested that I should write to you for further data in the event that you would be disposed to furnish me with same.

I understand that your property is now in such shape that there seems to be a good chance of developing a large body of comparatively low grade gold ore below your adit level, but this work would probably have to be conducted by diamond drilling and would involve a considerable expenditure.

If the present showing and future prospects should appear sufficiently attractive the parties whom I represent might be disposed to carry on this exploration at their expense and in the event that the results were satisfactory, to negotiate with you for a purchase or long-time lease on the Yarnell Mine. If such a proposal would be in line with your desires I would much appreciate your sending me copies of any reports which you may have on the property, also assay maps and records of diamond drill holes if any such are available.

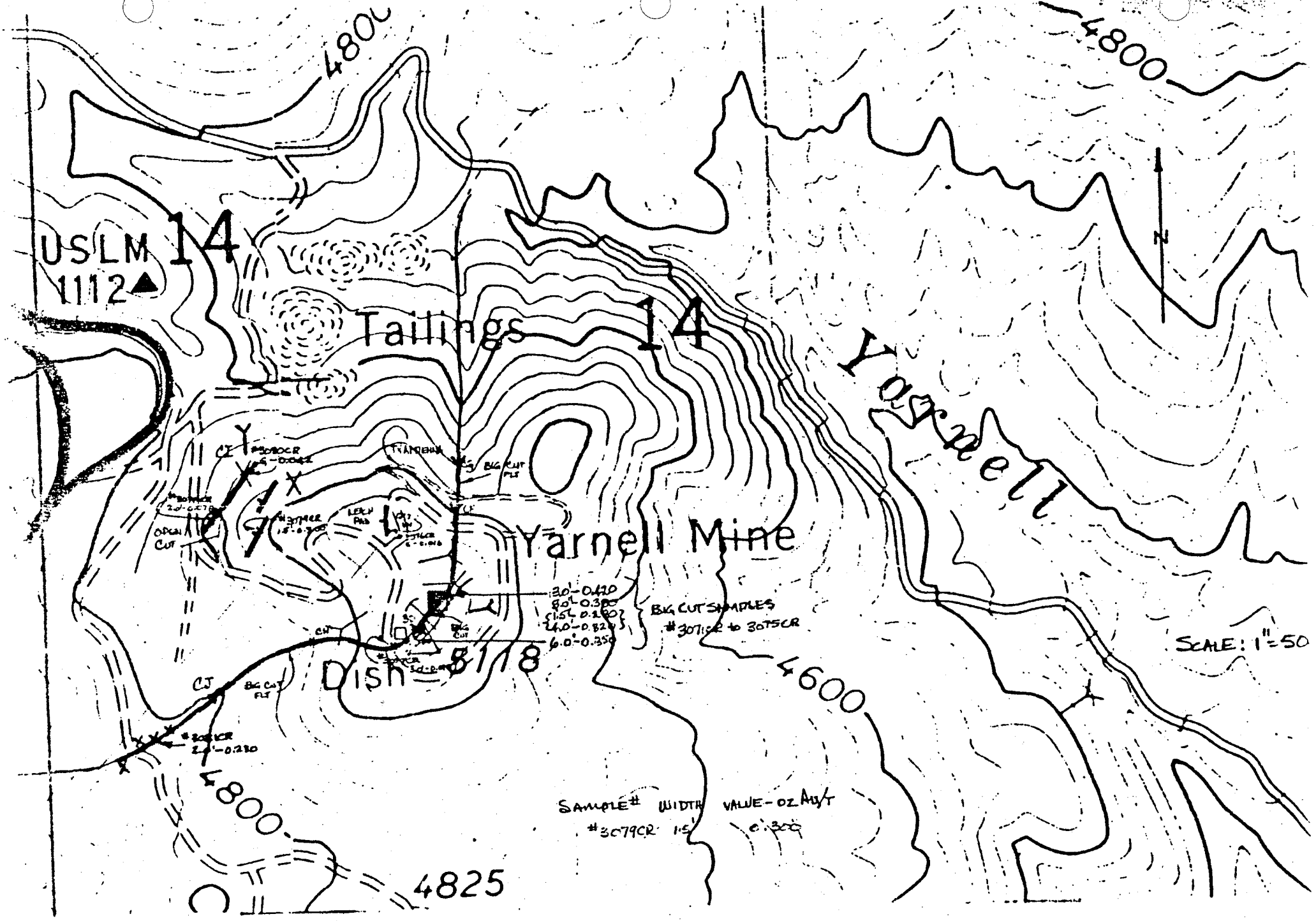
I understand that no work has recently been done in the vicinity of the old Human Shaft where good ore was reported to have been found and any information concerning that section of your mine would appear to be particularly important.

Please advise me also if the workings are at present open, and whether you would be agreeable to my making a personal examination of same and in the event that you have a care-taker or representative at the mine, I would like to have you send me a little note which I could deliver to him authorizing me to make such an inspection.

Thanking you very much for any data which you may be willing and able to furnish, I remain

Very truly yours,

G.MC:b


4800
4800
USLM 14
1112
Tailings
14
Yarnell
Yarnell Mine
Dish
8118
4600
4800
4825
N
SCALE: 1" = 50
BIG CUT SAMPLES
#3071CR to 3075CR
3.0'-0.420
8.0'-0.300
1.5'-0.200
4.0'-0.820
6.0'-0.350
SAMPLE# WIDTH VALUE-OZ Au/T
#3079CR 1.5' 0.300

HUNTER MINING LABORATORY, INC.
994 GLENDALE AVENUE • SPARKS, NEVADA 89431 • TELEPHONE (702) 358-6227

# REPORT OF ANALYSIS

Submitted by:

HOMESTAKE MINING COMPANY
330 Coney Island Dr.
Sparks, Nevada 89431

Date: January 20, 1984

Laboratory Number: 19587

Analytical Method: Fire A.T.
Flameless AA
AA

Your Order Number: 3718 #1

Report on: 12 samples

Roeber / Yavapai, AZ. ~~Yarnell Mtn~~ #989

| Sample Mark | Gold oz/ton | Silver oz/ton | Arsenic ppm | Atnimony ppm | Mercury ppb |
|---|---|---|---|---|---|
| 3071 CR 3071CR | 0.350 | 0.15 | 10 | -1 | 130 |
| 72 | 0.280 | 0.02 | -5 | 3 | 30 |
| 73 Bag Cut | 0.320 | -0.01 | 8 | -1 | 20 |
| 74 | 0.380 | 0.21 | -5 | 1 | 20 |
| 75 | 0.420 | 0.17 | 12 | -1 | 60 |
| 76 | 0.016 | 0.18 | -5 | -1 | -10 |
| 77 | 0.078 | 0.08 | -5 | -1 | -10 |
| 78 | 0.079 | 0.28 | -5 | -1 | 200 |
| 79 | 0.300 | 0.37 | -5 | -1 | 80 |
| 80 | 0.420 | 0.49 | -5 | -1 | 80 |
| 3081 CR | 0.230 | 0.44 | 25 | -1 | 560 |
| 3410 C | 0.017 | 0.11 | -5 | -1 | 30 |

HUNTER MINING LABORATORY, INC.

Gary M. Fechko

Gary M. Fechko

ppm = parts per million oz/ton = troy ounces per ton of 2000 pounds avoirdupois percent parts per hundred fineness
ppb = 0.001 ppm Read as follows: 1 oz/ton = 31 [illegible] 1 ppm = 0.0[illegible] 0.05[illegible] oz/ton = 10% 20[illegible]

# Arizona Testing Laboratories

817 West Madison Street □ Phoenix, Arizona 85007 □ 602/254-6181

For Gold River Exploration
Post Office Box 4106
Prescott, Arizona 86302

Date December 23, 1988

## ASSAY CERTIFICATE

| LAB NO. | IDENTIFICATION | OZ. PER TON | | PERCENTAGES | | | |
|---|---|---|---|---|---|---|---|
| | | GOLD | SILVER | COPPER | Lead | | |
| 3227 | CD1 | 0.05 | 1.1 | | 0.88 | | |

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean, Jr.

Claude E. McLean, Jr.

Registered Assayer
CERTIFICATE NO.
6258
CLAUDE EUGENE
McLEAN, JR.
Date Signed 12/23/88
ARIZONA, U.S.A.

# HUNTER MINING LABORATORY, INC.

994 GLENDALE AVENUE • SPARKS, NEVADA 89431 • TELEPHONE: (702) 358-6227

REPORT OF ANALYSIS

Submitted by:

GOLD RIVER EXPL. CO.
Don L. Jenkins
P. O. BOX 4106
PRESCOTT, AZ 86302

Date: March 22, 1988

Laboratory number: 33457

Analytical Method: AA Fire AT

Your Order Number:

Report on: 5 Samples, rock

| Sample Mark | Gold oz/ton | Silver oz/ton | Copper ppm |
|---|---|---|---|
| 36537 | 0.067 | 0.08 | |
| 36538 | 0.058 | -0.01 | |
| 36539 | -0.001 | -0.01 | |
| 36540 | -0.001 | -0.01 | 0.35% |
| 36541 | 0.003 | -0.01 | |

HUNTER MINING LABORATORY, INC.

H. H. Scales

H. H. Scales

ppm = parts per million. oz/ton = troy ounces per ton of 2000 pounds avoirdupois. percent = parts per hundred. fineness = parts per ppb = 0.001 ppm. Read — as "less than". 1 oz/ton = 34.286 ppm. 1 ppm = 0.0001% = 0.029167 oz/ton. 1.0% = 20 pounds/ton.

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

# REPORT OF ANALYSIS

JOB NO. VJS 001
February 29, 1988
PROJECT NO.: UM
36523 TO 36528
PAGE 1 OF 1

GOLD RIVER EXPLORATION CO.
Attn: Mr. Don Jenkins
P.O. Box 4106
Prescott, AZ 86302

Analysis of 1 Sand and 5 Rock Chip Samples

| ITEM | SAMPLE NO. | FIRE ASSAY Au (oz/t) | FIRE ASSAY Ag (oz/t) | Au (ppm) |
|---|---|---|---|---|
| (NW of Millsite) Aster 1 | 36523 | .020 | <.01 | |
| Aster 2 | 36524 | .020 | <.01 | |
| 3 | 36525 | .085 | .74 | |
| (North) Yarnell 4 | 36526 | | | .50 |
| Yarnell 5 | 36527 | .055 | <.01 | |
| Union 6 | 36528 | .015 | <.01 | |

REGISTERED ASSAYER CERTIFICATE No. 9425 WILLIAM L. LEHMBECK Arizona U.S.A.

William L. Lehmbeck
Manager

2/1/88

APPENDIX IX

* PRIVATE REPORT ON THE YARNELL MINE, BY M.D. PHILPOT *

# A SUMMARY REPORT ON THE

# YARNELL MINE

# YAVAPAI COUNTY, ARIZONA

Prepared for

NORGOLD RESOURCES INC.

VANCOUVER, BRITISH COLUMBIA

Prepared by

Michael D. Philpot, B.Sc., M.B.A.

M.D.P. Management Services

September 1988

A Summary Report on the
Yarnell Mine
Yavapai County, Arizona

TABLE OF CONTENTS

## 1.0 Summary

At the request of Norgold Resources Inc.'s management ("Norgold") and being Norgold's exploration consultant and director of the Company, M.D.P. Management Services undertook two visits to the Yarnell Mine from July to August 1988 to determine if the property had the economic potential to meet Norgold's exploration parameters. - The objective of the first site visit in the accompaniment of Mr. Don Jenkins, mining engineer, was to undertake necessary due diligence random chip sampling of the gold bearing shear zone and to have all samples analyzed at Chemex Labs. in North Vancouver. The results of the program indicated that the shear zone indeed was gold bearing .032 to .092 ounce per ton ("opt") range, had good strike potential 2000' + and the shear zone was up to 200' wide (not true width).

The second visit was designed to better sample the shear zone's parameters. The results of the program conclusively demonstrated the strike length of the shear zone is up to 3000', the true width is between 75 and 90', the oxide portion of the shear zone is greater than 250' deep (vertically) and gold values of the shear zone (exclusive of enclosed vein system) range from .002 to .092 opt.

The core land package was subsequently optioned and additional lode claims staked to consolidate a land position that would facilitate periphal exploration, bulk tonnage extraction and heap leaching locations.

## 2.0 Conclusions

The Yarnell Mine was historically mined underground for gold from a 2-15' vein/shear zone over a 1000' strike length. The principle mineralizations are free gold and gold bearing sulphides of copper, lead and iron.

The high grade portion of the vein/shear is enveloped in a highly altered zone that is up to 200' wide. The shear zone is highly silicified and fractured. Fractures are highly stained with iron and manganese oxides.

Wide spread random chip samples collected over a 3000' strike length of the shear zone over an average width of 100' indicate gold values in the range of .002 to .092 opt; with the average being .05 opt gold. One random chip sample from a surface exposure 250' vertically down over a 80' width indicated a gold value of .032 opt.

The potential reserves for the Yarnell Mine based on the following parameters being L=2000', W=100' and D=250' would be 4.0 million tons. These reserves are amenable to cyanide leaching and are open pitable with a stripping ratio less than 1.5:1.

It is anticipated that the recoverable grade would approximate .05 opt gold thus potential gold reserves for the Yarnell project are 200,000 ounces.

## 3.0 Recommendations

Phase I of exploration of the Yarnell project should include the following: 1) detailed surface mapping and sampling; 2) detailed underground mapping and sampling; 3) trenching; and 4) reverse circulation drilling. Based on positive results from Phase I, a follow-up program (Phase II) of detailed fill-in drilling and bulk sampling would be required to outline probable gold reserves inclusive of metallurgical studies.

Cost estimates for the proposed work programs are outlined below:

Phase I

| | (US Funds) |
|---|---|
| - Detailed surface mapping and sampling: | |
| 10 days @ $200/day | $ 2,000 |
| 50 sample analysis @ $20/sample | 1,000 |
| - Detailed underground mapping and sampling: | |
| 5 days @ $200/day | 1,000 |
| 30 sample analysis @ $20/sample | 600 |
| - Trenching | |
| 50 hours @ $100/hour | 5,000 |
| 50 sample analysis @ $20/sample | 1,000 |
| - 3000' reverse circulation drilling | |
| all inclusive @ $18/foot | 54,000 |
| - Support, room & board, communications etc. | 10,000 |
| - Report | 5,000 |
| Total inclusive of contingency: | $79,600 |

Phase II

| | |
|---|---|
| - 5000' Reverse circulation drilling | |
| all inclusive @ $18/foot | $ 90,000 |
| - Metallurgical studies | 20,000 |
| - Bulk heap leach sample test | 70,000 |
| - Project geologist | 20,000 |
| - Support, room & board, communications etc. | 20,000 |
| - Report | 5,000 |
| - General and administrative | 5,000 |
| Total inclusive of contingency: | $ 230,000 |

## 4.0 Location and Access

Yarnell Mine is situated one and a half miles south of the town of Yarnell, Yavapai County, Arizona. Yarnell is located 72 miles northwest of Phoenix, 16 miles on Hwy. 89 northeast of Wickenberg and 29 miles on Hwy. 89 southwest of Prescott (Figure 1).

## 5.0 Property Description

The core property comprises of four patented claims and four unpatented, located in Yavapai County, Arizona within sections 14 & 15, Township 10N, Range 5W (Figure 2).

The option agreement to purchase these properties include Norgold paying $3,000.00 down upon signing and an additional $1,000.00 per month for ten months commencing March 1, 1989. In order to keep the option in good standing Norgold shall pay an additional $100,000.00 on January 1, 1990, $100,000.00 January 1, 1991, $100,000.00 January 1, 1992 and $150,000.00 on January 1, 1993, for a total sum of $463,000.00. The agreement is subject to a 2% NSR for the first two years of production, 1% NSR for years 3 and 4 and 0.5% NSR for years 5 through 14, with the maximum royalty of $100,000.00 paid in any one year.

The Company has negotiated to option seven lode claim contiguous to the core properties for 25,000 shares upon signing, 25,000 shares after US $100,000 work commitment and 50,000 shares upon receipt of a feasibility study recommending commercial production.

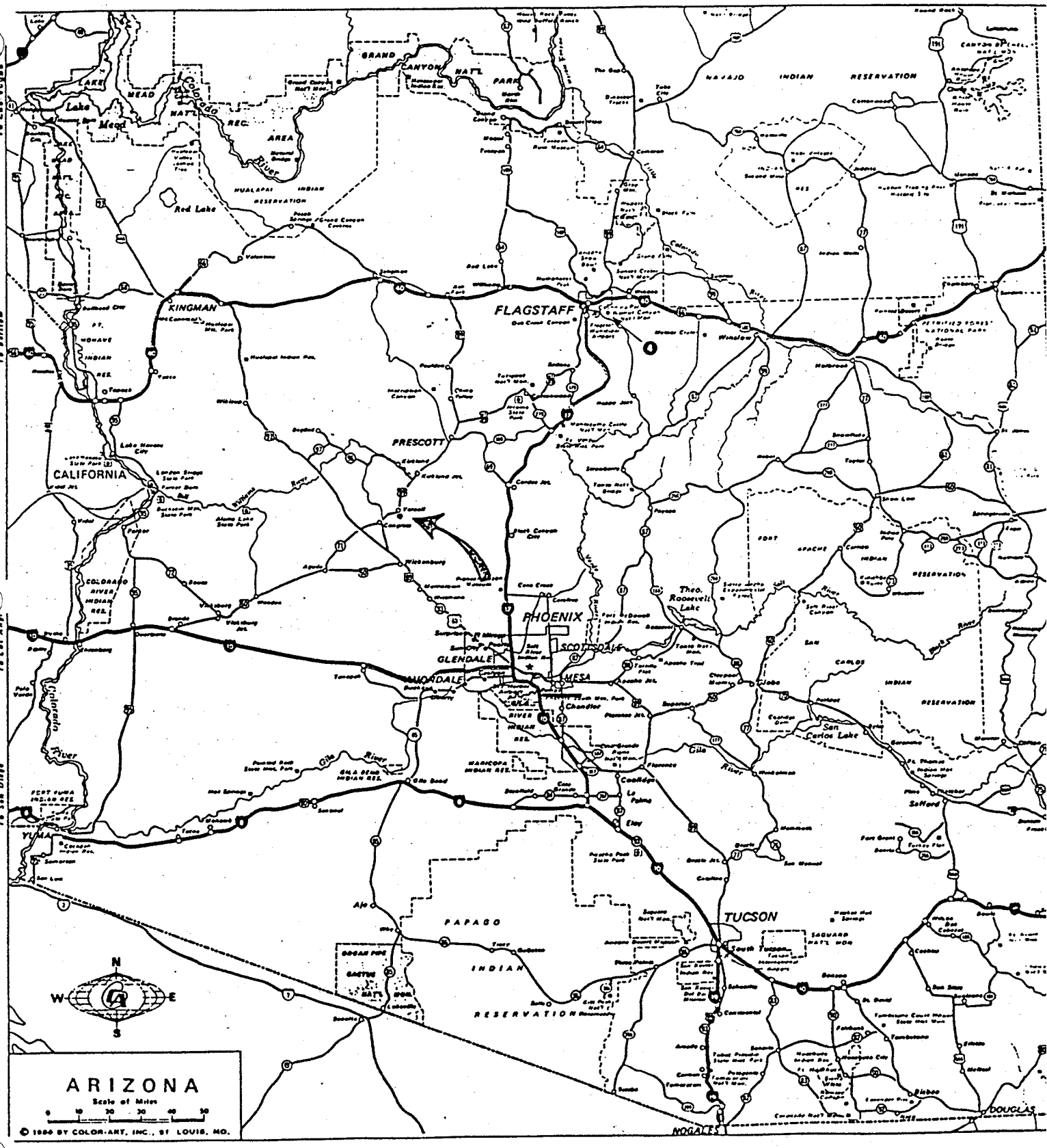
In addition, Norgold has staked an additional 15 lode claims to consolidate its land package in the area.

## 6.0 Property History

The property was discovered in the early 1860's however, the first documentation regarding the property status is in 1914 when indicated reserves of vein material were reported as 250,000 tons grading 0.33 ounces per ton gold (82,500 ounces). The mine continued in operation until 1916 and then was not reported to be open again until 1936. However, it was closed again in the late 1930's and appears that only a portion of the above reserves were mined from the first three levels.
It was recognized that the high grade mineralization is contained within a reported shear zone 120 feet wide while the footwall hosted low grade gold values.

In 1984, Homestake reviewed the property, however they only analyzed the vein or high grade mineralized areas and determined that it did not meet the Company's criteria. It was reported that Homestake could not option the nearby Congress mine, currently owned by Echo Bay Mines, to complete a potential underground mining package.

Figure 1




YARNELL MINE
YAVAPAI COUNTY, ARIZONA
LOCATION MAP

## 7.0 Local Geology

The primary rock unit in the area are Precambrian granites and schist. At the Yarnell Mine site an iron stained silicified shear zone is hosted within the granitic sequence. The shear zone can be traced on surface for 3000 + feet, over a width of up to 200 feet and downdip to 350 feet. It is likely that the shear zone is a silicified, altered fine grained equivalent of the host granites. Small irregular masic dykes are localized on the property, however they appear to have no bearing on mineralization.

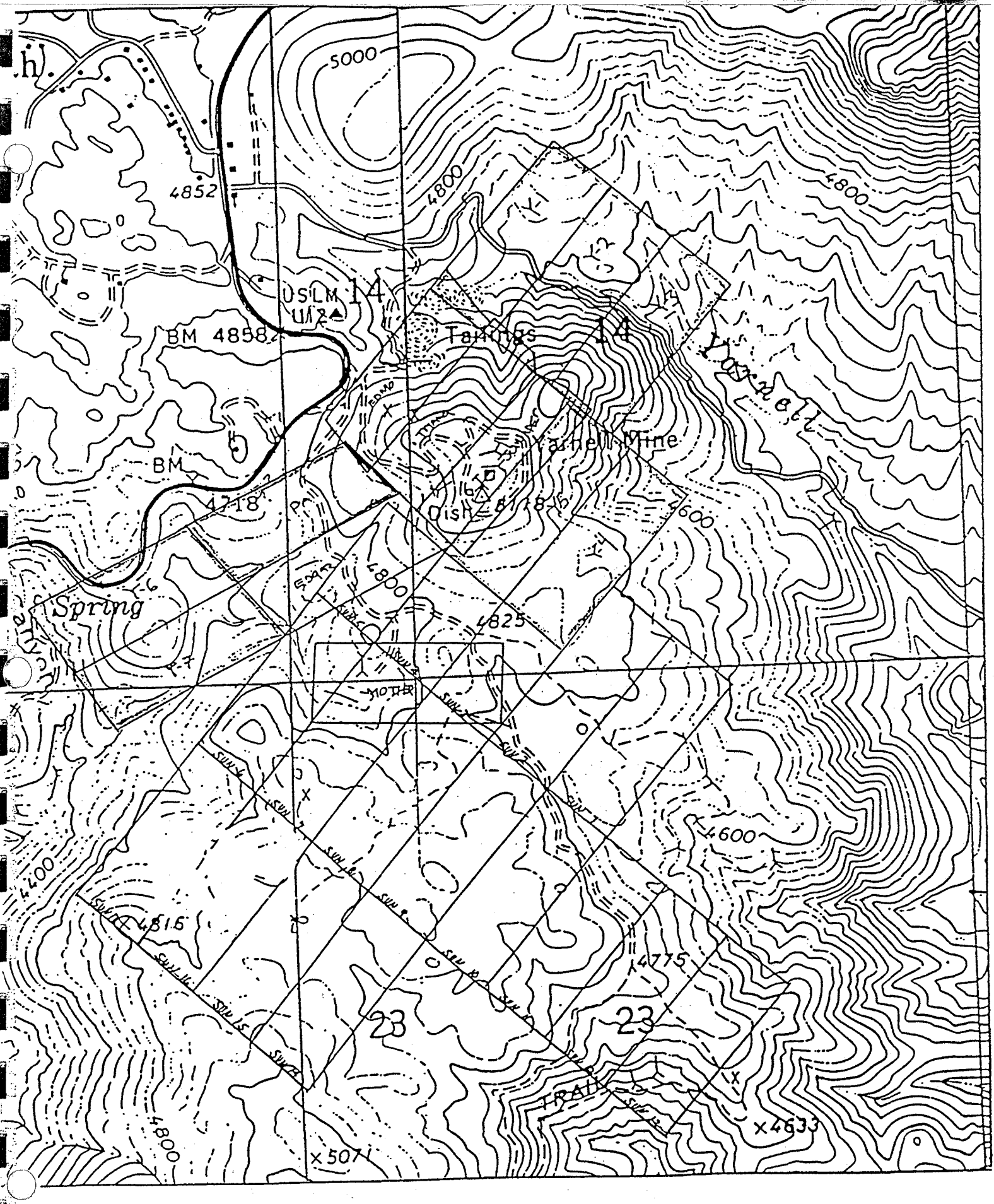
## 8.0 Economic Geology

Underground mining on the shear/vein structure has been undertaken on three levels (325 feet vertical) over a strike length of 1500 feet. The various levels are connected by raises and are each accessible by an adit. The width of the shear/vein varies from 2 to 15 feet and appears to average a grade of greater then 0.30 gold over 5 feet.

This grade appears to be supported by Homestake's recent evaluation whereby their sampling of the shear zone indicated:

| Width (feet) | Grade (opt.) Gold |
|---|---|
| 3.0 | 0.42 |
| 8.0 | 0.38 |
| 1.5 | 0.28 |
| 4.0 | 0.32 |
| 6.0 | 0.35 |

The most significant potential for the Yarnell Mine is the low grade gold mineralization associated with the shear zone. The shear zone is strongly altered by pervasive silicification with heavy iron oxide staining associated with a moderate to intense fracture system. The mineralized zone can be traced for over 3,000 feet, over a width of 200 feet and greater than 350 feet deep. Below is a summary of samples collected by D. Jenkins and Norgold:




0 1000'

YARNELL MINE

YAVAPAI COUNTY, ARIZONA

PROPERTY MAP

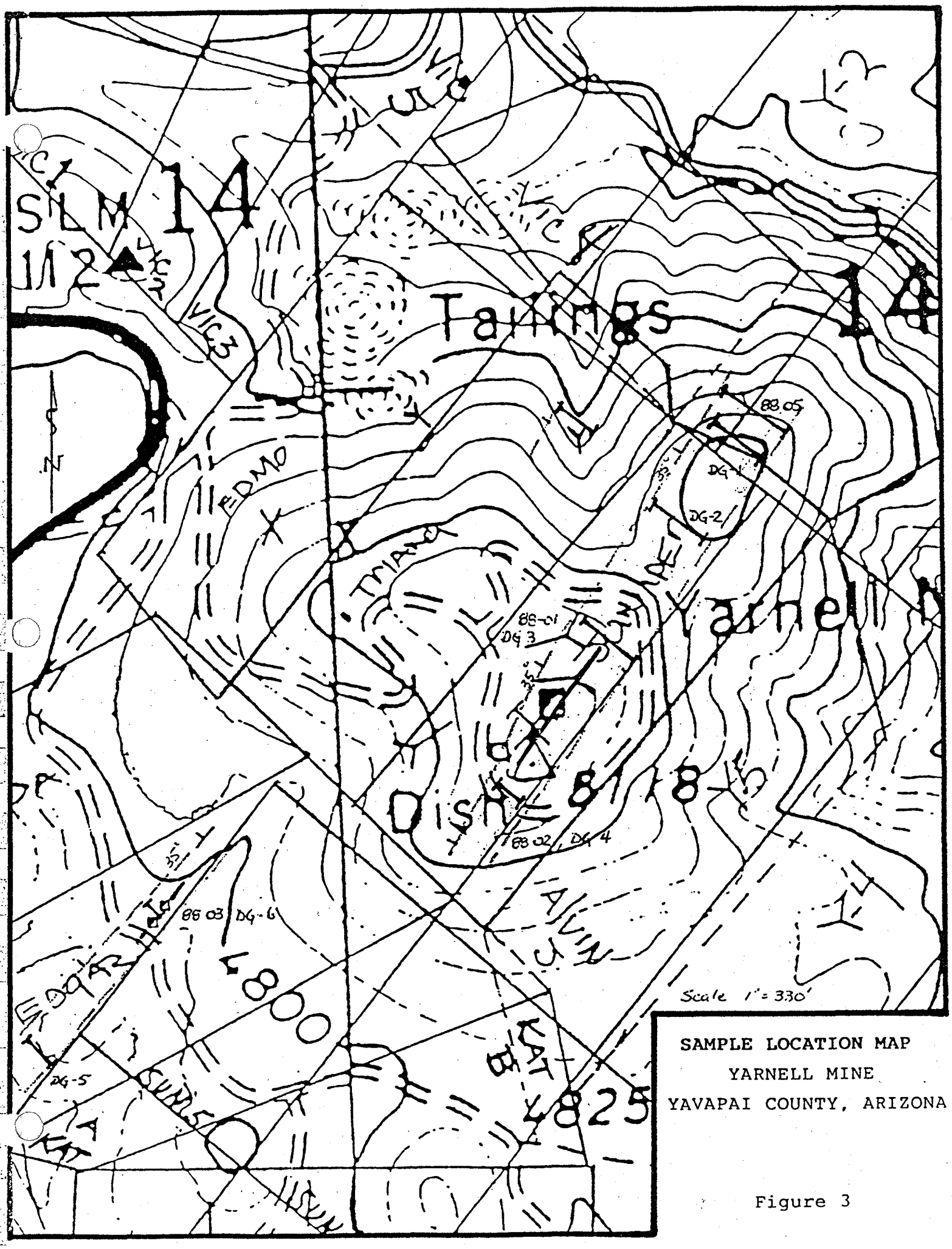
Figure 2

| Sample Number | Location | Width (feet) | Grade (opt. gold) |
|---|---|---|---|
| Y.M. 88-01 | Mid. Cut(N) | 151 | .082 |
| Y.M. 88-02 | Mid. Cut(S) | 81 | .036 |
| Y.M. 88-03 | South Shaft | 50 | .092 |
| Y.M. 88-05 | North Knob | 200 | .032 |
| Y.M. 88-06 | South Knob | 80 | .002 |
| Y.M. 88-07 | North Adit (350L) | 80 | .032 |
| DJ 1 | North Knob | 160 | .024 |
| DJ 2 | North Knob/ Mid. Cut | 150 | .040 |
| DJ 3 | Mid. Cut (N) | 160 | .058 |
| DJ 4 | Mid. Cut (S) | 120 | .055 |
| DJ 5 | South Knob | 100 | .069 |
| DJ 6 | South Shaft | 40 | .035 |
| DJ 7 | 100L. H.W. + Vein | 25 | .085 |

It is reported that the gold occurs in a free form associated with veinlets of silica, carbonate and iron oxides and is very amenable to cyanide leaching. The oxide zone is reported to be between 250 and 350 feet below surface.

Based on conservative parameters being L = 2,000', W = 100', D = 250' the potential open pit tonnage would be 4.0 million tons. The stripping ratio is expected to be less than 1.5:1. It is anticipated that the recoverable grade would be near 0.05 opt. gold thus the potential reserve base for the Yarnell is estimated at 200,000 ounces.

In summary, the project is located near all necessary amenities including access, power and water; has a twelve month working season, potential high recovery rates from cyanide leaching and above all the potential to yield in excess of 200,000 ounces of gold from an open pit mining technique.




SAMPLE LOCATION MAP
YARNELL MINE
YAVAPAI COUNTY, ARIZONA

Figure 3

# APPENDIX I

# STATEMENT OF QUALIFICATIONS

# Statement of Qualifications

I, MICHAEL D. PHILPOT, President of M.D.P. Management Services, with a business address of 2724 Bayview Street, Surrey, British Columbia, DO HEREBY CERTIFY:

1. THAT I am a graduate from the University of British Columbia (1978) with a B.Sc. degree majoring in Geology. I am also a graduate from the City University (1986) with an M.B.A. degree majoring in Business Administration:

2. THAT from 1978 to present, I have been actively engaged in various disciplines relating to the mining industry, primarily at locations in western North America:

3. THAT I personally visited the Yarnell Mine on two occasions between June and August, 1988 having been engaged to do so by Norgold Resources Inc.;

4. THAT I am a Fellow of the Geological Association of Canada;

5. THAT I am a director of Norgold Resources Inc. and own common and escrow shares of Norgold (less than 10% of the outstanding shares); and

6. THAT I approve of this report of direct quotes from it being used for a Prospectus, Statement of Material Facts or in a News Release, provided that all excerpts are taken in total context of the relevant passage.

DATED at Vancouver, British Columbia, this _____ day of October, 1988

_____

Michael D. Philpot, B.Sc., M.B.A

# YARNELL MINE

## LOCATION AND ACCESS

Yarnell Mine is situated one and a half miles south of the town of Yarnell, Yavapai County, Arizona. Yarnell is located 72 miles northwest of Phoenix, 16 miles on Hwy. 89 northeast of Wickenberg and 29 miles on Hwy. 89 southwest of Prescott.

## PROPERTY

The core property comprises of four patented claims and four unpatented, located in Yavapai County, Arizona within sections 14 & 15, Township 10N, Range 5W. The Company has negotiated to purchase seven unpatented lode claims contiguous to these claims and is currently staking an additional fifteen lode claims in the area to consolidate the package.

The option agreement to purchase the core properties include Norgold paying $3,000.00 down upon signing and an additional $1,000.00 per month for ten months commencing March 1, 1989. In order to keep the option in good standing Norgold shall pay an additional $100,000.00 on January 1, 1990, $100,000.00 January 1, 1991, $100,000.00 January 1, 1992 and $150,000.00 on January 1, 1993, for a total sum of $463,000.00. The agreement is subject to a 2% NSR for the first two years of production, 1% NSR for years 3 and 4 and 0.5% NSR for years 5 through 14, with the maximum royalty of $100,000.00 paid in any one year.

The additional properties have been acquired for Norgold treasury shares, releases of which are tied to work programs and are subject to regulatory approval.

## HISTORY

The property was discovered in the early 1960's however, the first documentation regarding the property status is in 1914 when indicated reserves of vein material were reported as 250,000 tons grading 0.33 ounces per ton gold (82,500 ounces). The mine continued in operation until 1916 and then was not reported to be open again until 1936. However, it was closed again in the late 1930's and appears that only a portion of the above reserves were mined from the first three levels.

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GEOLOGY

The primary rock unit in the area are Precambrian granites and schist. At the Yarnell Mine site a rhyolite prophyry sill has intruded the granitic sequence. The sill can be trace on surface for 3000 + feet, over a width of up to 200 feet and downdip to 350 feet. Within the rhyolite an associate shear zone strikes northeast. It is possible that the sill is a silicified, altered fine grained equivalent of the host granites.

ECONOMIC GEOLOGY

Underground mining on the shear structure within the rhyolite sill has been undertaken on three levels (325 feet vertical) over a strike length of 1500 feet. The various levels are connected by raises and are each accessible by an adit. The width of the shear varies from 2 to 15 feet and appears to average a grade of greater then 0.30 gold over 5 feet.

This grade appears to be supported by Homestake's recent evaluation whereby their sampling of the shear zone indicated:

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| 6.0 | 0.35 |

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| Y.M. 88-07 | North Adit (350L) | 80 | .032 |
| D. Jenkins | North Knob | 160 | .024 |
| D. Jenkins | North Knob/ Mid. Cut | 150 | .040 |
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| D. Jenkins | South Knob | 100 | .069 |
| D. Jenkins | South Shaft | 40 | .035 |
| D. Jenkins | 100L. H.W. + Vein | 25 | .085 |

It is reported that the gold occurs in a free form associated with veinlets of silica, carbonate and iron oxides and is very amenable to cyanide leaching. The oxide zone is reported to be between 250 and 350 feet below surface.

Based on conservative parameters being L = 2,000', W = 100', D = 250' the potential open pit tonnage would be 4.0 million tons. The stripping ratio is expected to be less than 1.5:1. It is anticipated that the recoverable grade would be near 0.05 opt. gold thus the potential reserve base for the Yarnell is estimated at 200,000 ounces.

In summary, the project is located near all necessary amenities including access, power and water; has a twelve month working season, potential high recovery rates from cyanide leaching and above all the potential to yield in excess of 200,000 ounces of gold from an open pit mining technique.

PROPOSED WORK PROGRAM

An initial $US 100,000.00 exploration program of mapping & sampling (surface, underground), 3,000' reverse circulation will be conducted to delineate possible reserves prior to December 1988. Pending positive results follow-up drilling, metallurgical studies and bulk leach test costing $225,000 will be undertaken during the spring of 1989. Fast tracking the projects exploration could see early development work by 1990.

12/5/88
GDS
MBM

mentions Norgolds rough geologic reserve of 2000' x 100' x 250' does = 4 MT @ ±0.05 opt Au. "Obviously, much additional work will need to be done to confirm this reserve" Written after visiting property on Nov. 27, 1988 with Michael Philpot + Terry Rose of Norgold.

1/16/89
GDS
MBM

Mineral potential — written after GDS visit & report.

604 681- 5566
Mike Philpot
Chris Neal

?

**ASARCO** Southwestern Exploration Division JDS

December 5, 1988

J.D. Sell

Yarnell Mine
Norgold Resources
Weaver Mining District
Yavapai County, Arizona

On November 27, 1988 I met with Michael Philpot, a director of Norgold Resources, and Tench Page, their U.S. geologist, and spent two days evaluating their Yarnell deposit. A total of 12 rock chip sample lines have been completed over a strike length of approximately 2000' by Don Jenkins, a prospector, and Norgold Resources. Widths up to 150-200' of ±0.05 opt Au have been found on the north end of the deposit (100-120' true thickness at a 35° dip). Similar widths have also been found on the south end.

Gold mineralization appears to be associated with an altered, silicified intrusive; possibly a quartz monzonite or a granodiorite with abundant (4-5%) limonite stained fractures, pyrite pseudomorphs, and "stockwork" quartz veins and veinlets. In some areas there also appears to be a pervasive silicification. Pyrite pseudomorphs have been locally found up to 4-5% in volume. Within this alteration package are zones of more intense alteration and shearing with a seemingly preferred orientation of N50E. These zones have been sampled by Asarco. Hematite, limonite and kaolinite along with quartz veining are found in these zones. The main shear zone that was mined at the Yarnell Mine is exposed in an open cut on the top of the hill and probably underground in the main adit. The zone consists of a 5-7' thick shear dipping 35° to the NW; intensely altered and silicified with silification resembling a banded chalcedony in places. There is also strong argillic alteration in the zone. Assays of the shear zone by Homestake in 1984 indicated a thickness of 4.5' at 0.36 opt Au. Homestake did not sample for the bulk potential of the property.

Norgold has done a rough geologic reserve on the property. Using their parameters of a 2000' length x a 100' width x 250' depth, a potential reserve is 4 MT at ±0.05 opt Au. Obviously, much additional work will need to be done to confirm this reserve.

Recommendations

Much additional sampling and mapping needs to be done on the property to define the limits of mineralization prior to drilling. There is excellent access to and on the property and outcrop availability for sampling and mapping is also very good. In addition there are numerous shafts and adits, some of which are open for mapping and sampling. There are other shafts and adits that could be reopened if necessary. The attitude of the deposit and the topography appears very suitable for stipping with a <2:1 w/o ratio.

Norgold has staked an additional 15 claims for deposit extensions and sites for leach pads besides the core group of four patented and four unpatented claims (see map).

Norgold Resources is a small Vancouver company and does not have the resources to develop a mine. However, they want to hold equity positions in deposits. They have negotiated an agreement with the owner of the property (attached) with fairly reasonable terms. If Norgold and Asarco were to have an agreement, they would like the following:

1. Assume agreement they have negotiated with Western Building and Mining (owner).

2. Pay Norgold something up front.

3. Fulfill a work commitment by summers end, 1989. On January 1, 1990 there is a $175,000 payment due on the property per the agreement. Norgold also indicated that they plan to spend $100,000 on the property next year if no partners are found.

4. Norgold would like a small monthly payment while Asarco holds the property (rent?).

5. By year five they would like to have a bankable feasibility report. I told them that we would have the property in production by that time.

6. At year five or at the feasibility stage, they would then decide to participate or dilute their interest.

7. They would like a 90/10 payback schedule while Asarco recoups their investment from production.

8. Asarco will be operator of the property.

9. Norgold would like to have quarterly reports and the right to issue press releases for investment purposes, subject to Asarco's approval.

All of the above requests and conditions are subject to negotiation and Norgold indicated that they would be willing to entertain other types of proposals from Asarco. Incidentally, we are the only company that is looking at the property.

MAM:mek

Mark A. Miller

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

ASARCO Incorporated

DEC 9 1988

SW Exploration

REPORT OF ANALYSIS

JOB NO. TAJ 543
December 8, 1988
PROJECT NO. VARNELE
374001 TO 374014
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 13 Rock Chip and 1 Soil Sample

| ITEM | SAMPLE NO. | Au (ppm) | Ag (ppm) | As (ppm) | Sb (ppm) |
|---|---|---|---|---|---|
| 1 | 374001 | 1.200 | .25 | 70. | <1. |
| 2 | 374002 | 2.400 | .35 | 38. | <1. |
| 3 | 374003 | .450 | .20 | 38. | <1. |
| 4 | 374004 | .120 | <.05 | 8. | <1. |
| 5 | 374005 | 1.800 | 1.40 | 55. | 2. |
| 6 | 374006 | 1.100 | .25 | 20. | <1. |
| 7 | 374007 | .850 | .40 | 20. | <1. |
| 8 | 374008 | .130 | <.05 | 22. | <1. |
| 9 | 374009 | 1.200 | .20 | 22. | <1. |
| 10 | 374010 | 1.200 | 1.10 | 4. | <1. |
| 11 | 374011 | .320 | .50 | 22. | <1. |
| 12 | 374012 | 1.400 | .10 | 24. | <1. |
| 13 | 374013 | .190 | .45 | 34. | 4. |
| 14 | 374014 | <.005 | <.05 | 6. | <1. |

NOTE: Mercury analysis to follow as TAJ543-A.

cc: Mr J. D. Sell

Charles E. Thompson 12/8/88

**Charles E. Thompson**
Arizona Registered Assayer No. 9427

**William L. Lehmbeck**
Arizona Registered Assayer No. 9425

**James A. Martin**
Arizona Registered Assayer No. 11122

JDS

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TAJ 543A
December 9, 1988
PROJECT NO. VARNELE
374001 TO 374014
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

ASARCO Incorporated
DEC 12 1988
SW Exploration

Analysis of 14 Pulp Samples

| ITEM | SAMPLE NO. | Hg (ppm) |
|---|---|---|
| 1 | 374001 | .08 |
| 2 | 374002 | .05 |
| 3 | 374003 | .02 |
| 4 | 374004 | .02 |
| 5 | 374005 | .03 |
| 6 | 374006 | .01 |
| 7 | 374007 | .02 |
| 8 | 374008 | .17 |
| 9 | 374009 | .03 |
| 10 | 374010 | .07 |
| 11 | 374011 | .09 |
| 12 | 374012 | .03 |
| 13 | 374013 | .07 |
| 14 | 374014 | .03 |

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Charles E. Thompson 12/10/88

**Charles E. Thompson**
Arizona Registered Assayer No. 9427

**William L. Lehmbeck**
Arizona Registered Assayer No. 9425

**James A. Martin**
Arizona Registered Assayer No. 11122

MINING AGREEMENT
(With Option to Purchase)

THIS MINING AGREEMENT (With Option to Purchase), dated effective as of the 30 day of December, 1988, is by and between WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation (hereinafter referred to as "OWNER") and NORGOLD RESOURCES (US) INC., a Delaware corporation (hereinafter referred to as "NORGOLD").

Recitals:

(i) OWNER owns those certain patented and unpatented mining claims situated in Yavapai County, Arizona more particularly described in Exhibit A attached hereto and made a part hereof;

(ii) NORGOLD has heretofore located the unpatented lode mining claims (the "Sun Claims") described in Exhibit B attached hereto and made a part hereof, which unpatented lode claims are contiguous to the claims described in Exhibit A, record title to which Exhibit B claims shall be transferred to OWNER as provided in Paragraph 8(A) below;

(iii) All of the mining claims described in Exhibit A and B shall be subject to this Agreement, which claims, together with all ores, minerals and other materials of every nature and sort thereon and thereunder except oil, gas, coal and other hydrocarbons and together with all rights of OWNER in and to all appurtenances, easements, rights-of-way, water rights and all rights now or hereinafter owned or held by OWNER in, on or under said claims or in any way appurtenant to or pertaining thereto are hereinafter collectively referred to as the "Property;" and

(iv) OWNER desires to grant to NORGOLD and NORGOLD desires to obtain from OWNER the right to enter upon, explore, develop and mine the Property, together with the sole and exclusive option to purchase the Property, all on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutal covenants and conditions set forth below, OWNER and NORGOLD agree as follows:

1. Warranties and Representations.

OWNER hereby represents and warrants to NORGOLD as follows: (a) that OWNER owns the entire, undivided interest in and to the claims described in Exhibit A free and clear of all liens, claims and encumbrances of any type whatsoever except as to the matters set forth in Exhibit A; (b) that each of the unpatented mining claims described in Exhibit A has been validly located in compliance with the laws of the United States and the State of Arizona pertaining to the location, recordation and filing of unpatented mining claims; (c) that no litigation has been filed or threatened against the claims described in Exhibit A nor against OWNER's title thereto; (d) that to the best of OWNER's knowledge, information and belief, the claims described in Exhibit A are free from all environmental hazards and liabilities arising out of operations previously conducted thereon and OWNER shall indemnify and hold NORGOLD harmless from all environmental costs, liabilities and expenses of whatsoever nature arising out of operations heretofore conducted upon the claim described in Exhibit A; (e) that OWNER has performed all assessment work as required by law for the unpatented claims described in Exhibit A and has timely recorded and filed proof thereof, all in accordance with the applicable state and federal statutes pertaining to assessment work; (f) that OWNER has the full right, power and capacity to enter into this Agreement on the terms and conditions contained herein; and (g) that the status of the Property shall not be adversely affected by any act of OWNER while this Agreement is in effect.

2. Grant.

(A) Mining Rights - OWNER hereby grants to NORGOLD, its successors and assigns, the exclusive right to enter upon, occupy, use and possess the Property including, but not limited

to, all of the ores, minerals, materials and mineral rights except the oil, gas, coal and other hydrocarbons thereunder and together with all water and water rights, in, on and under the Property; SUBJECT TO the right of OWNER, its successor and assigns, to use the water rights for and to drill for, explore, develop, produce and mine the oil, gas, coal and other hydrocarbons to the extent that such activities do not interfere with the operations conducted by NORGOLD hereunder. The rights granted NORGOLD hereunder shall include the rights to survey, explore for, prospect, sample, develop, drill, mine (by open pit, strip, underground, solution mining or any other method, including any method hereafter developed), stockpile, extract, mill, store, treat, process, remove, ship and market therefrom all ores, minerals and other materials of every nature or sort thereon and thereunder except hydrocarbons, and to place thereon, construct, repair, maintain and use (and at its election to remove) such structures, buildings, facilities, roads, tracks, equipment, tailings ponds, storage dumps, pipelines, mills and processing plants, haulageways and such other improvements and facilities as NORGOLD may deem necessary, useful or convenient for the full enjoyment of all rights granted herein. NORGOLD is hereby further granted the exclusive right to use the Property, or any part thereof, for the additional purposes of producing, removing, treating or transporting ores, minerals or mineral bearing materials from adjoining or nearby properties owned or controlled by NORGOLD and the right to mine and remove ores, minerals and other mineral bearing materials from the Property through or by means of shafts, openings or pits which may exist or be made in or upon adjoining or nearby properties. NORGOLD shall not have the right to mix ores, minerals and materials from the Property with ores, minerals or other materials from lands other than the Property unless and until such time (if any) as OWNER has given NORGOLD OWNER's written approval thereto, including written approval of the sampling, weighing and measuring techniques required of NORGOLD. OWNER agrees to give

due consideration to any written request by NORGOLD to allow commingling but it is agreed and understood that any right of NORGOLD to commingle shall be only such right (if any) as OWNER, in its sole discretion, grants to NORGOLD in writing. NORGOLD shall have the right, at any time during the term hereof, to stockpile any ores mined or produced from the Property at such places on the Property as NORGOLD may elect and such stockpiling shall not be deemed a removal or shipment requiring the payment of production royalties thereon. In no event shall NORGOLD stockpile any of the ore produced from the Property for the purpose of avoiding, delaying or reducing its obligation hereunder to pay production royalties to OWNER. Material deemed by NORGOLD to be waste, overburden or tailings may be deposited by NORGOLD on or off the Property, whether derived from the Property or from adjoining or nearby properties owned, leased or controlled by NORGOLD, provided that nothing herein contained shall lessen or detract from NORGOLD's obligations to perform required reclamation or restoration work as set forth in Section 7(A).

(B) Existing House - OWNER shall retain possession of, and the right to use or lease, the existing house on the Property together with the surface thereunder and within fifty (50) feet of the perimeter thereof until such time (if any) as the closing of the escrow pursuant to NORGOLD's exercise of its option to purchase the Property, whereupon NORGOLD shall become the OWNER of the said house. Until such closing:

(1) the use and maintenance of the house will be at the sole risk and expense of OWNER;

(2) the house will not be used for purposes interfering with NORGOLD's activities on the Property;

(3) if NORGOLD determines that the house has to be moved to carry out its exploration or mining activities, NORGOLD shall give written notice to OWNER describing the site to which the house shall be moved and describing the

route of an access road to such site and NORGOLD will pay all expenses necessary to move the house to such other location and the expenses (if any) of constructing an access road to such location;

(4) the house shall be maintained by OWNER in its present condition, normal wear and tear excepted, until the option to purchase the Property is exercised by NORGOLD;

(5) NORGOLD shall have no responsibility nor liability for or as to the occupants of the house and OWNER shall require that any tenants or other occupants restrict their use and occupation to the house and the area within 50 foot of the perimeter of the house plus the non-exclusive use of the existing access road to the house, or, if the house is moved as described above, the non-exclusive use of the access road referred to in (3) above; and

(6) OWNER will indemnify and save NORGOLD harmless form any liability concerning unauthorized entry of its tenants or other occupants onto the Property occupied by NORGOLD for the purpose of mineral exploration, development and mining.

(C) Equipment; Rental - OWNER shall have the right to continue to store on the Property the various items of its equipment presently located thereon so long as such storage does not interfere with NORGOLD's operations hereunder; provided that OWNER agrees to rent to NORGOLD such items thereof as NORGOLD elects to rent at 40% of the market rental rate, as determined by the current Blue Book of American Equipment Distributors. NORGOLD shall not use any of the equipment prior to entering into a rental agreement with OWNER and except as to equipment leased to NORGOLD, the continued storage on the Property shall be at OWNER's sole risk.

(D) Option to Purchase - OWNER hereby grants to NORGOLD the sole, exclusive and irrevocable option to purchase the Property, which option may be exercised by NORGOLD at any

time prior to the termination of or the expiration of the term of the option specified in Paragraph 3(A). In the event of such exercise, the purchase shall be upon the terms and conditions set forth in Paragraph 6 hereof.

3. Term.

(A) Term of Option to Purchase - Unless sooner terminated pursuant to the provisions of Paragraph 11 hereof, the option granted to NORGOLD herein to purchase the Property shall expire on January 1, 1993.

(B) Term of This Agreement - If NORGOLD fails to timely exercise its option to purchase the Property within the term of such option and unless sooner terminated pursuant to Paragraph 11, this Agreement and the escrow provided in Paragraph 6(C) shall terminate upon expiration of the option to purchase. If NORGOLD timely exercises its option to purchase the Property, this Agreement and the said escrow shall terminate on the earlier of (i) the date on which NORGOLD commences Commercial Production, or (ii) January 1, 1998; provided that the latter date shall be extended by the periods, if any, by which the obligation of NORGOLD to commence Commercial Production is extended by periods of low gold prices as provided in Paragraph 5(B).

4. Payments.

Upon execution of this Agreement by both parties, NORGOLD shall pay to OWNER the sum of Three Thousand Dollars ($3,000.00). In addition, NORGOLD shall pay to OWNER each of the following sums, the due date for the payment of which occurs prior to the termination of this Agreement:

| Amount | Due Date |
|---|---|
| $1,000.00 | March 1, 1989 and a like sum on the corresponding date of each month thereafter that this Agreement remains in effect through December 1, 1989; |

| | |
|---|---|
| $100,000.00 | January 1, 1990 |
| $100,000.00 | January 1, 1991 |
| $100,000.00 | January 1, 1992 |
| $150,000.00 | January 1, 1993 |

It is expressly agreed and understood by the parties hereto that if this Agreement is terminated pursuant to Paragraph 11 or if NORGOLD sooner exercises its option to purchase the Property, NORGOLD shall have no obligation to make any payment described in this Paragraph 4, the due date of which occurs after such termination or exercise. All funds set forth in this Agreement shall be references to U.S. funds. All of the payments made to OWNER by NORGOLD pursuant to this Paragraph 4 shall be a credit against the purchase price of the Property set forth in Paragraph 6 (B) hereof in the event NORGOLD purchases the Property. Any payments required to be made by NORGOLD to OWNER hereunder may be made in cash, by check or by draft, in the sole discretion of NORGOLD, and may be personally delivered or deposited in the United States or Canadian mail, postage prepaid and certified or registered, and addressed to OWNER at the address for notice purposes as provided in Paragraph 14. The personal delivery to OWNER or the deposit in the mail to OWNER by NORGOLD of any such payment on or before its due date shall be deemed timely payment thereof. Upon making any payment to the OWNER, NORGOLD shall be relieved of all responsibility for the further distribution thereof.

5. Commercial Production.

(A) Commencement of Commercial Production - It is agreed and understood between the parties that NORGOLD intends to explore and evalute the Property and, if warranted, develop and put the Property into Commercial Production. The term "Commercial Production" shall mean the processing of ores or minerals from the Property for sale through a mill or processing facility designed and constructed for that purpose or through a third party custom mill or processing facility to which ores or minerals from the Property are shipped for processing and sale

(excluding shipments made to a pilot plant and bulk sample processing for purposes of determining the commercial feasibility of the Property). Subject to the termination provisions of Paragraph 11 and to the extension provisions of Paragraph 5(B), NORGOLD agrees to commence Commercial Production on or before January 1, 1994 or, in lieu thereof, to pay $50,000.00 to OWNER on such date as an advance production royalty payment to extend the period for commencing Commercial Production for twelve (12) additional months. NORGOLD may further extend the date by which it is obligated to commence Commercial Production for three additional one-year periods by payment to OWNER of $50,000.00 on the first day of each such additional one year period. If NORGOLD fails to commence Commercial Production by January 1, 1998 or by such later date as permitted by the extensions provided in Paragraph 5(B), this Agreement shall terminate and upon delivery to OWNER of the Reconveyance Deed described in Paragraph 6(C) below, NORGOLD shall have no obligations to make any further payments nor to perform any further obligations, the due dates for the payment or performance of which occur thereafter. If NORGOLD commences Commercial Production prior to exercise of its option to purchase the Property, it shall pay to OWNER production royalties at the times, in the amounts and in the manner as provided in Schedule Two to Exhibit C attached hereto and made a part hereof. If, prior to commencement of Commercial Production, NORGOLD produces and sells ores or minerals mined by NORGOLD from the Property, NORGOLD shall pay to OWNER a production royalty thereon of 2% to Net Smelter Returns as defined in the attached Schedule Two to Exhibit C.

(B) Extensions Due to Low Gold Price - The due date for NORGOLD's obligation to commence Commercial Production shall be extended by the cumulative total of the periods of low gold prices occuring from and after the effective date hereof and prior to the particular due date to which such extension applies. For purposes of this subparagraph (B), a period of low gold prices shall commence on the date on which the published

Handy & Harmon gold price has remained below $362.50 an ounce for ten consecutive trading days and shall end on the date on which such published gold price has exceeded $362.50 an ounce for ten consecutive trading days. NORGOLD shall give written notice to OWNER of the commencement of each such extension period within thirty (30) days following the commencement thereof and shall also give written notice to OWNER of the termination of each such extension period within thirty (30) days following the termination thereof.

6. Exercise of Option; Purchase Price; Reserved Royalty; Escrow; Closing.

(A) Procedure - NORGOLD may exercise the option to purchase the Property granted it herein at any time during the term of the option as set forth in Paragraph 3(A) by providing written notice of such exercise to OWNER with a copy to the hereinafter designated Escrow Agent.

(B) Purchase Price; Reserved Royalty - The purchase price of the Property shall be Four Hundred Sixty Three Thousand Dollars ($463,000.00), which amount shall be reduced by all payments made to OWNER by NORGOLD pursuant to Paragraph 4 hereof and by all credits and deductions authorized by the terms of this Agreement. In the event NORGOLD purchases the Property pursuant to the option granted it herein, OWNER shall reserve a production royalty, as defined in Exhibit C, attached hereto and made a part hereof, which royalty shall be in the amount and upon the terms and conditions set forth in Exhibit C.

(C) Escrow Agent - NORGOLD and OWNER hereby designate _____ whose address is _____

_____

to serve as escrow agent (hereinafter referred to as "Escrow Agent"), subject to the terms and conditions of this Agreement. In order to establish such escrow, promptly following the execution of this Agreement, OWNER and NORGOLD shall deliver to Escrow Agent a copy of this Agreement which shall serve as escrow

instructions, and OWNER shall execute and deliver to the Escrow Agent a Mining Deed in the form of Exhibit B hereto, conveying to NORGOLD title to the Property and NORGOLD shall promptly execute and deliver to the Escrow Agent: (i) a Quitclaim Deed, quitclaiming its interest in the Property to OWNER, and (ii) a Reconveyance Deed reconveying the Property to OWNER. Escrow Agent is hereby directed to receive the documents delivered to it by OWNER and NORGOLD and to hold and deliver the same as follows:

(1) All three of the documents to OWNER in the event of expiration or termination of this Agreement prior to the exercise by NORGOLD of its option to purchase the Property;

(2) the Mining Deed and the Quitclaim Deed to NORGOLD upon exercise by NORGOLD of its option to purchase and payment to OWNER of the purchase price therefor pursuant to Paragraph 6 (D) hereof; and (3) the Reconveyance Deed to NORGOLD upon commencement by NORGOLD of Commercial Production [notice of which shall be given to OWNER and Escrow Agent by NORGOLD] or to OWNER if NORGOLD fails to commence Commercial Production within the time provided in Paragraph 5 and in such latter event, Escrow Agent shall insert the Docket and page of recordation of the Mining Deed in the spaces provided on the first page of the Reconveyance Deed.

Prior to the delivery of any of the documents to either NORGOLD or OWNER, Escrow Agent shall provide fifteen (15) days prior written notice to OWNER and NORGOLD of its intention to so deliver such documents. OWNER and NORGOLD each agree to execute and deliver to Escrow Agent such additional documents as may be necessary or desirable to effectuate the provisions of this Agreement. The charges of Escrow Agent shall be paid by NORGOLD. Upon delivery to the appropriate party of the Reconveyance Deed pursuant to (1) or (3) above, the escrow shall terminate.

(D) Closing of Purchase Option - Within sixty (60) days following notice by NORGOLD to OWNER of the exercise of its option to purchase the Property, NORGOLD shall pay the balance,

if any, of the purchase price to the Escrow Agent. Escrow Agent shall record the Mining Deed from OWNER to NORGOLD in Yavapai County, Arizona and pay the purchase price to OWNER. In order to facilitate closing, OWNER and NORGOLD shall execute such other documents and perform such other acts as may be reasonably required to transfer the Property to NORGOLD. The recording and any transfer fees shall be paid by NORGOLD.

7. Obligations of NORGOLD.

(A) Conduct of Operations - All work and operations performed by NORGOLD on the Property pursuant to this Agreement shall be conducted in a good and workmanlike manner, and in substantial compliance with all valid and applicable local, state and federal laws and regulations governing such work or operations. NORGOLD shall, at its cost, secure any permits and provide any bonds required to be furnished to the Bureau of Land Management pertaining to operations on the Property and shall, at its cost, perform any required reclamation or restoration activities.

(B) Protection from Liens - NORGOLD shall pay all expenses incurred by it in its operations on the Property and shall allow no liens arising from any act of NORGOLD to remain upon the Property while this Agreement is in effect; provided, however, that NORGOLD shall not be required to remove any such lien so long as NORGOLD is contesting in good faith the validity or amount thereof. In the event any lien is filed against the Property arising out of NORGOLD's operations thereon, NORGOLD shall furnish a copy thereof to OWNER within fifteen (15) days after service of the lien upon NORGOLD and NORGOLD shall, at the same time, advise OWNER in writing of NORGOLD's defense thereto.

(C) Assessment Work - NORGOLD shall perform assessment work (unless excused, suspended or deferred) for the benefit of that portion of Property consisting of unpatented claims for every assessment year while this Agreement is in effect unless this Agreement is terminated prior to May 1st of the applicable

assessment year. For any assessment year in which NORGOLD is obligated to perform assessment work pursuant to the terms of this Agreement, NORGOLD shall prepare, record and file with the Bureau of Land Management all documents required by state and federal laws pertaining to the performance of such assessment work and shall provide OWNER a copy of the document of proof of such assessment work on or before the date forty-five (45) prior to the filing deadline therefor. If NORGOLD fails to furnish OWNER such proof within the time above provided, OWNER shall have the right to enter upon the Property and complete the required assessment work and in such event, NORGOLD shall pay to OWNER the costs and expenses expended in completing such assessment work within ninety (90) days of receipt by NORGOLD of OWNER's statement of such costs and expenses. OWNER acknowledges and agrees that if permitted by applicable law, NORGOLD may perform development and exploration work on any one or more of the claims for the benefit of all claims. OWNER further agrees that NORGOLD shall have the right to perform assessment work required hereunder pursuant to a common plan of exploration or development for the Property and other properties owned or controlled by NORGOLD which are contiguous to the Property, whether performed on or off the Property. NORGOLD shall not be liable on account of the holding by any court or governmental agency that the effect of work performed by NORGOLD does not constitute the required annual assessment work for purposes of preserving title to the unpatented mining claims which comprise a part of the Property, provided that the work performed by NORGOLD is of a kind generally accepted as assessment work, and provided further that NORGOLD has expended a total dollar amount sufficient to meet the minimum statutory expenditure requirements for said claims.

(D) Indemnity; Insurance - NORGOLD agrees to indemnify and hold OWNER harmless from any and all claims, damages, causes of action, or obligations, including reasonable attorneys fees, arising from NORGOLD's operations on the Property pursuant to

this Agreement provided that OWNER is not a contributory cause to or contributorily negligent with respect thereto. NORGOLD shall maintain and keep in force during the term of this Agreement workmen's compensation insurance on NORGOLD's employees as required by the State of Arizona and shall obtain and maintain general liability insurance covering its operations hereunder in such amounts as are in accordance with general industry standards, taking into account the operations then being conducted by NORGOLD on the Property. NORGOLD shall furnish a copy of such policy to OWNER prior to conducting operations on the Property.

(E) Payment of Taxes - During the term of this Agreement, NORGOLD shall pay all ad valorem taxes levied or assessed against the Property, all taxes levied or assessed against the personal property and improvements of NORGOLD situated on the property and all taxes levied upon the operations of NORGOLD on the Property, exclusive of any taxes levied, asssessed or measured by the income of OWNER. OWNER shall promptly transmit to NORGOLD any notices which it receives pertaining to such taxes. In the event of termination of this Agreement other than by NORGOLD's purchase of the Property, taxes which are the responsibility of NORGOLD shall be prorated, on a calendar year basis, for the calendar year in which this Agreement is terminated. OWNER shall pay all taxes levied or assessed against its equipment referred to in Paragraph 2(c). OWNER shall also pay that portion of ad valorem taxes and any personal property taxes levied against the exisiting house and the contents thereof until the close of the Escrow described in Paragraph 6 pursuant to NORGOLD's exercise of its option to purchase. Either party shall have the right to contest, in the courts or otherwise, the validity or amount of any tax or assessment before it shall be required to pay the same. NORGOLD and OWNER shall each furnish to the other proof of payment of those taxes for which such party is responsible within thirty (30) days of the due date. Upon failure of one of the parties to

pay the taxes for which it is responsible, the other party shall have the right to pay the same and charge the responsible party all costs and expenses incurred in connection with such payment. In such event, the responsible party shall reimburse the other party within ninety (90) days of receipt by the responsible party of a statement of the costs paid and expenses incurred by the other party.

(F) Return of Property to OWNER - In the event of termination of this Agreement prior to exercise by NORGOLD of its option to purchase, NORGOLD shall return possession of the Property to OWNER free and clear of any charges, liens or encumberances created by or arising from NORGOLD's operations on the Property.

8. Transfer of Sun Claims; New Locations; Amendment and Relocation; Patent; Amendment of Mining Laws.

(A) At the time of execution of this Agreement by both parties, NORGOLD shall execute and deliver to OWNER a Quitclaim Mining Deed transferring to OWNER record title to the unpatented Sun Claims described in Exhibit B, which Deed shall be made expressly subject to this Agreement and to the rights of NORGOLD hereunder.

(B) Any unpatented federal mining claims or group of such claims located by NORGOLD prior to execution of this Agreement and any such claims located by NORGOLD prior to exercise by NORGOLD of its option to purchase, any portion of which are contiguous to the claims described in Exhibits A and B, shall be located by NORGOLD as agent for and in the name of OWNER and shall, upon the location thereof, become subject to the terms of this Agreement (including payment to OWNER of production royalty) and shall become a part of the Property as if fully described in Exhibit A. NORGOLD shall promptly notify OWNER of any such locations and NORGOLD agrees that it shall not locate any mining claims in a manner so as to overlap any of the presently existing mining claims described in Exhibit A.

(C) Amendment and Relocation - NORGOLD shall have the right at any time prior to exercise of its option to purchase, to amend or relocate in the name of OWNER any of the unpatented mining claims constituting the Property which NORGOLD, in its sole and exclusive discretion, deems advisable to amend or relocate. If NORGOLD undertakes any such amendment or relocation, NORGOLD shall use its best efforts to complete the same in compliance with all applicable statutes and regulations, but NORGOLD shall not be liable to OWNER for any act (or failure to act) by it or any of its agents in connection with such amendment or relocation so long as such act (or omission) does not arise from gross negligence and is not made in bad faith.

(D) Patent - Upon request by NORGOLD, made at any time or times prior to exercise by NORGOLD of its option to purchase, OWNER shall undertake to obtain a patent to any portion or to all of the unpatented mining claims which comprise the Property, and in conjunction therewith NORGOLD shall prepare all documents and compile all data and comply in all respects with the applicable laws, all at the expense of NORGOLD. OWNER shall execute any and all documents required for this purpose and shall cooperate fully with NORGOLD in the patent application and proceedings subsequent thereto. If OWNER begins patent proceedings and NORGOLD thereafter requests OWNER to discontinue such proceedings, or if this Agreement is terminated while patent proceedings are pending, NORGOLD shall have no further obligation with respect thereto except to pay any unpaid expenses accrued in such proceedings prior to its request to discontinue or prior to such termination of this Agreement, whichever occurs first.

(E) Amendment of Mining Laws - In the event of the amendment of the federal laws pertaining to the acquisition, development and mining of federally owned minerals or federal lands in which minerals may exist and such amendment is at variance with or in substitution of the present system of mining locations under the Mining Law of 1872, as amended, and if such amendment or amendments shall provide the owners of unpatented

mining claims the right to acquire rights to federally owned minerals or federal lands in which minerals may exist in exchange for or in modification of existing rights, NORGOLD shall have the right, but not the obligation, to acquire such rights on its behalf if it has theretofore purchase the Property and otherwise, in the name of OWNER. In the event such election is made by NORGOLD, NORGOLD shall pay all costs, fees and expenses in conjunction therewith.

(F) Rights to Inure to NORGOLD - The rights of NORGOLD under this Agreement shall extend to and shall include any amended, relocated or patented claims and any rights which may be acquired in exchange for or in substitution of existing rights.

9. Data; Inspection; Confidentiality.

Prior to exercise by NORGOLD of its option to purchase, NORGOLD shall furnish to OWNER at intervals no less frequently than monthly, copies of non-interpretive geological data, drilling and assay report, engineering reports and other factual data obtained by NORGOLD concerning the Property. OWNER, and its agents authorized in writing, at OWNER's sole risk and expense, may enter upon the Property to inspect the same and, if NORGOLD is granted the right to commingle pursuant to Section 2(A), to verify the manner in which sampling and weighing or measuring of ores, minerals and material from the Property is conducted prior to commingling the same with ores, minerals or materials from other lands. Such entry shall be at such times and upon such notice (of not less than 24 hours) to NORGOLD as shall not hinder or interrupt the operations of NORGOLD. OWNER shall indemnify and save NORGOLD harmless with respect to any liability arising out of such entry. OWNER shall not, without the prior written consent of NORGOLD, disclose any information, including the terms of this Agreement, it may be furnished by or obtain from NORGOLD or from its inspections provided for herein with respect to the Property or any operations of NORGOLD pertaining to the Property. In the event of any breach by OWNER of the provisions of this Paragraph

9, OWNER's right to receive further information or to enter and inspect the Property shall terminate and NORGOLD shall not be obligated to furnish further information or to permit any such further entry and inspection.

10. Title Matters.

(A) Title Documents; Data - Promptly following the execution of this Agreement by both parties, OWNER shall deliver to NORGOLD all existing abstracts of title to and all copies of any existing plats or field notes of surveys thereon which OWNER may have in its possession. In addition, OWNER shall furnish to NORGOLD copies of any exploration data, assays, logs, maps, geological, geochemical and geophysical surveys and reports that OWNER may have in its possession. OWNER shall allow NORGOLD the right to examine and analyze all drill core from the Property available to OWNER.

(B) Title Defects, Defenses and Protection - If -- (1) in the opinion of counsel for NORGOLD, OWNER's title to the claims described in Exhibit A or any part thereof is defective or less than as represented in Paragraph 1, or (ii) OWNER's title to the claims described in Exhibit A is contested or questioned by any person, entity or governmental agency -- and if OWNER is unable or unwilling to promptly commence action reasonably designed to correct the defects or alleged defects in title and to thereafter diligently pursue such action to completion, NORGOLD may, but shall not be obligated to, attempt to perfect, defend or initiate litigation to protect OWNER's title. In such event, OWNER shall execute all documents and shall take all such other actions as are reasonably necessary to assist NORGOLD in its efforts to perfect, defend or protect OWNER's title. If title to the claims described in Exhibit A is less than as represented in Paragraph 1, then the costs and expenses of perfecting, defending or correcting title (including, but without being limited to, the cost of attorney's fees, costs of litigation, costs of settlement of litigation, and the cost of

releasing or satisfying any mortgages, liens or encumbrances) shall be a credit against payments thereafter to be made to OWNER, unless the encumbrance or dispute arises from NORGOLD's failure to perform obligations hereunder, in which case such costs shall be borne by NORGOLD.

(C) Lesser Interest Provisions - If OWNER's title to the claims described in Exhibit A (or any portion thereof) is less than the entire undivided interest in and to all of the claims described in Exhibit A or is subject to a superior adverse interest other than as set forth in Exhibit A, NORGOLD shall have the right to elect to accept such title as OWNER may have by giving notice of such election to OWNER. In such event, since the payments set forth in Paragraph 4 and hereof and the purchase price set forth in Paragraph 6(B) hereof are predicated upon OWNER owning the entire undivided interest in and to the claims described in Exhibit A free and clear of all superior adverse interests other than as set forth in Exhibit A, NORGOLD shall have the right to reduce such payments and the purchase price to the same proportion as the undivided title and interest actually owned by OWNER bears to the entire undivided title and interest in and to the claims described in Exhibit A.

(D) General - Nothing herein contained and no notice or action which may be taken pursuant to this Paragraph 10 shall limit or detract from the right of NORGOLD to terminate this Agreement at any time prior to exercise by NORGOLD of its option to purchase the Property.

11. Termination.

(A) Termination by OWNER - If, at anytime prior to exercise by NORGOLD of its option to purchase the Property, OWNER deems that NORGOLD is in default in the performance of any of its obligations pursuant to this Agreement, OWNER shall give NORGOLD and Escrow Agent written notice of such alleged default, specifying with particularity the nature of the same, and NORGOLD shall not be deemed to be in default hereunder unless within

thirty (30) days after the receipt of such notice NORGOLD shall not have cured or commenced action reasonably designed to cure such default. Upon such failure of NORGOLD and in the event NORGOLD is in fact in default as specified in said notice, OWNER may terminate this Agreement by providing NORGOLD and Escrow Agent written notice of termination; provided, however, that in the event NORGOLD in good faith contests such alleged default, NORGOLD may give written notice to OWNER and Escrow Agent within said thirty (30) day period setting forth such fact and in such event, OWNER shall secure a final judicial determination by a court of competent jurisdiction that NORGOLD is, in fact, in default as set forth in said notice. In the event of such a judicial determination, this Agreement shall not be terminated by OWNER if NORGOLD shall satisfy such judgment within thirty (30) days following the date of the final judicial determination of such default, or, if such judgment cannot be satisfied solely by the payment of money, if NORGOLD shall have failed to commence within said thirty (30) day period action to satisfy such judgment. OWNER shall have no right to terminate this Agreement except for default by NORGOLD of any of its obligation hereunder, in which event such termination shall be in accordance with the provisions of in this Paragraph 11(A).

(B) Complete Termination by NORGOLD - NORGOLD shall have the right to terminate this Agreement in its entirety at any time prior to exercise by NORGOLD of the option to purchase the Property by giving thirty (30) days prior written notice thereof to OWNER, with a copy to the Escrow Agent. Upon the effective date of such termination, all right and interest of NORGOLD under this Agreement shall terminate and NORGOLD shall not be required to make any further payments or to perform any further obligations hereunder, except as to payments or obligations, if any, the due date or incurrence of which occur prior to the date of such termination.

12. Equipment Removal; Delivery of Data; Completion of Assessment Work.

(A) Removal of Equipment - If this Agreement expires or is terminated other than by commencement of Commercial Production, NORGOLD shall have the right to remove, within three (3) months following the date of such termination, all structures, installations, equipment, fixtures and the like installed by NORGOLD upon the Property during the term of this Agreement, except installed mine timbers and tracks placed in shafts and underground workings.

(B) Delivery of Data - If this Agreement expires or is terminated other than by commencement of Commercial Production, NORGOLD shall furnish to OWNER within ninety (90) days thereafter one copy of all available non-interpretive exploration, development and mining data pertaining to the Property prepared by or for NORGOLD, and NORGOLD shall authorize and permit OWNER, at OWNER's expense, to take possession of any available core derived from the Property, whether or not such core is stored on the Property. NORGOLD shall have no liability or responsibility of any type whatsoever to OWNER for the loss of or damage to any such core or for the accuracy or completeness of any data delivered to OWNER.

(C) Completion of Assessment Work - If this Agreement is terminated prior to NORGOLD's purchase of the Property, and if at the time of such termination NORGOLD is obligated to complete the performance of assessment work pursuant to the provisions of Paragraph 7(C) hereof, NORGOLD is hereby granted the right to enter upon the Property at any time during the remainder of the then current assessment work year to enable it to complete the assessment work, without any payment or other obligation to OWNER or others.

13. Force Majeure; Procedure.

(A) Force Majeure - NORGOLD shall be excused from the performance of any of its obligations hereunder during any period

in which performance is prevented, in whole or in part, by causes herein termed "force majeure". For purposes of this Agreement, the term "force majeure" shall include, but not be limited to, labor disputes, acts of God, action of the elements, inclement weather, floods, slides, cave-ins, laws, rules, regulations, requests or orders of governmental bodies or agencies thereof, inability to obtain or delay in obtaining any license, permit or other authorization that may be required including, but not limited to, environmental and operating permits, unavoidable delay in obtaining or inability to obtain necessary materials, facilities and equipment, inability to obtain water or water rights, unavoidable mill shutdown, explosion, fire, damage or destruction to mine or facilities, and any other cause beyond the reasonable control of NORGOLD.

(B) Procedure - If NORGOLD desires to invoke the provisions of this Paragraph 13, NORGOLD shall do so by giving notice within thirty (30) days to OWNER of the commencement of and the circumstances giving rise to such force majeure and NORGOLD shall take all reasonable actions to cure the same, but NORGOLD shall not be obligated to settle labor disputes or to question the validity of any act of any governmental body or agency. The period for the performance and the term of this Agreement shall be extended for the period of such force majeure.

(C) Obligations During Periods of Force Majeure- During any periods of force majeure under subparagraph (A) of this Section 13, NORGOLD shall: (i) continue to pay all property and other taxes, assessments and charges payable by NORGOLD described in Section 7(E) as and when they become payable as therein provided; (ii) comply with all requirements of this Agreement relative to maintaining the status and title of the Property in good standing; and (iii) continue to make payments to OWNER as required under Section 4 and 5.

14. Notices.

Any notice or communication required or permitted hereunder shall be in writing and shall be effective when personally delivered or when delivered by mail, telex, telecopy, messenger or overnight courier, addressed as follows:

| | |
|---|---|
| If to OWNER: | Western Building and Mining Co., Inc.<br>P.O. Box 4006<br>Reading, PA 19606 USA |
| If to NORGOLD: | Mr. Christopher S. Moat<br>President<br>Norgold Resources (US) Inc.<br>2380 Harbour Centre<br>P.O. Box 12122<br>555 West Hastings Street<br>Vancouver, BC V6B 4N6<br>CANADA |

Either party may, by notice to the other given as aforesaid, change its address for purposes of any future notices or communications hereunder.

15. Assignment; Inurement.

The rights of NORGOLD hereunder may be assigned or otherwise transferred in whole or in part, provided that prior to exercise by NORGOLD of its option to purchase the Property, NORGOLD shall obtain the consent of OWNER to such assignment or other transfer (which consent shall not be unreasonably withheld) and shall obtain such assignee's or transferee's agreement in writing to OWNER to be bound by the provisions of this Agreement. The provisions of this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of NORGOLD and upon the successors and assigns of OWNER; provided, however, that no change or division of ownership, however accomplished, shall operate to enlarge the obligations or to diminish the rights of the parties hereto. No transfer of interest by OWNER or NORGOLD shall be effective until the party receiving such transfer has assumed and accepted in writing the terms, conditions and obligations of this Agreement, and no

transfer of interest by OWNER or NORGOLD shall be binding upon the non-transferring party until written notice of the same is provided to such party, together with the instrument, or a certified copy thereof, evidencing such change, transfer or division of ownership.

16. No Implied Covenants.

It is expressly agreed that no implied covenants or conditions whatsoever shall be read into this Agreement relating to the prospecting, developing or mining of the Property, or the time thereof, or to any of the operations of NORGOLD hereunder or the measure of diligence thereof, it being expressly agreed and understood that subject to the express obligations set forth herein, any operations of whatever nature conducted by NORGOLD on the Property shall be conducted at such time and in such manner as NORGOLD, in its sole and exclusive discretion, deems advisable. If NORGOLD commences to mine or process ores, minerals or other materials from the Property, it may from time to time, and at any time, cease its operations thereof.

17. Boundary Protection.

Any unpatented mining claims, or interest therein, or any other rights or interest in land or property held or acquired by OWNER, or any party acting for, on behalf of or in conjunction with OWNER or which is owned, controlled or under common control with OWNER, any portion of which is situated in whole or in part within one (1) mile of the exterior boundaries of the Property, shall, upon the exclusive election of NORGOLD made at any time, become subject to the terms and conditions of this Agreement at no increase in the payments to OWNER pursuant to Paragraph 4 hereof nor in the purchase price set forth in Paragraph 6(B) hereof. OWNER shall promptly notify NORGOLD in writing of its location or acquisition of any such claim, right or interest.

18. Memorandum.

NORGOLD and OWNER shall execute a Memorandum or short form of this Agreement in a recordable form sufficient under the laws of the State of Arizona to give notice to third parties of the rights granted hereunder. Either party may record such Memorandum or short form of Agreement.

19. Cooperation by OWNER.

Upon request by NORGOLD, OWNER agrees to utilize its best efforts to assist NORGOLD in obtaining any water rights and any governmental authorizations, including, but not limited to, environmental and operating permits, which may be required for or in conjunction with the operations and activities of NORGOLD pursuant to this Agreement. NORGOLD shall reimburse OWNER for actual expenses incurred by OWNER in providing such assistance and shall pay OWNER its standard fee for any engineering services provided by OWNER to NORGOLD; provided, however, that all such expenses and services shall have been approved by NORGOLD in writing in advance of OWNER incurring or providing the same.

20. Set Offs.

OWNER and NORGOLD shall each have an independent right to set off as a credit against payments otherwise due and payable to the other (as "payee") the amounts (if any) for which the payee is or has become liable to the payor pursuant to the provisions of this Agreement.

21. Miscellaneous.

This Agreement shall be governed by the laws of the State of Arizona. The title headings of the various paragraphs of this Agreement are inserted for convenience only and shall not be deemed to be a part of this Agreement. This Agreement constitutes the sole understanding of the parties with respect to the subject matter hereof and all prior written or oral agreements or understandings between the parties hereto are

incorporated in and superceded by this Agreement. No modification or alteration of the terms of this Agreement shall be binding unless such modification or alteration shall be in writing and executed subsequent to the date hereof by NORGOLD and OWNER. In the event such modification or alteration alters the rights granted hereunder, the parties shall execute an amended Memorandum or short form of this Agreement in a recordable form sufficient under the laws of the State of Arizona to provide notice to third parties. In the event of any dispute or litigation pertaining to this Agreement or the subject matter hereof, the prevailing party in such dispute or litigation shall be entitled to recover its costs, expenses and attorney's fees. This Agreement and the wording contained herein has been arrived at by the mutual negotiation of the parties. Accordingly, no provision hereof shall be construed against one party or in favor of another party merely by reason of draftsmanship.

IN WITNESS WHEREOF, this MINING AGREEMENT (With Option to Purchase) has been executed effective as of the date first set forth above.

| OWNER | NORGOLD |
|---|---|
| WESTERN BUILDING AND MINING CO., INC., a Pennsyvlania corporation | NORGOLD RESOURCES (US) INC., a Delaware corporation |
| By _____ | By _____ |
| A.J. Roman, | Christopher S. Moat |
| Its: President | Its: President |

STATE OF PENNSYLVANIA )
) ss.
COUNTY OF BERKS )

The foregoing instrument was acknowledged before me this 30th day of DECEMBER, 1988 by A.J. Roman, the President of Western Building and Mining Co., Inc., a Pennsyvlania corporation, on behalf of the corporation.

Denise L. Snyder
Notary Public
Denise L. Snyder

My Commission Expires:

NOTARIAL SEAL
DENISE L. SNYDER, Notary Public
Leesport Boro. Berks County, Pa.
My Commission Expires [illegible] 1991

STATE/PROVINCE OF BRITISH COLUMBIA
) ss.
COUNTY OF VANCOUVER )

The foregoing instrument was acknowledged before me this 10 day of JAN, 1988 by Christopher S. Moat, the President of Norgold Resources (US) Inc., a Delaware corporation, on behalf of the corporation.

Notary Public

My Commission Expires: DOES NOT EXPIRE

EXHIBIT A

The following described patented and unpatented lode mining claims situated in the Sections 14 and 15, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patents are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Recorded Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn A | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

4. Existing roads, rights-of-way and easements and those of record; and

5. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

EXHIBIT B

The following described unpatented lode mining claims (the "Sun Claims") in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.&S.R.M., Yavapai County, Arizona, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Recorded Docket | Recorded Page | BLM Serial No. |
|---|---|---|---|
| Sun #1 | 2079 | 476 | 288941 |
| Sun #2 | 2079 | 478 | 288942 |
| Sun 3-B | 2079 | 481 | 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | 288948 |
| Sun #9 | 2079 | 492 | 288949 |
| Sun #10 | 2079 | 494 | 288950 |
| Sun #11 | 2079 | 496 | 288951 |
| Sun #12 | 2079 | 498 | 288952 |
| Sun #13 | 2079 | 500 | 288953 |
| Sun #14 | 2079 | 502 | 288954 |
| Sun #15 | 2079 | 504 | 288955 |

SUBJECT TO:

1. Paramount title of the United States;

2. The patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom; and

3. Existing roads, rights-of-way and easements and those of record.

EXHIBIT C

MINING DEED

For and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation (hereinafter referred to as "GRANTOR"), hereby grants, bargains, sells and conveys unto NORGOLD RESOURCES (US) INC., a Delaware corporation (hereinafter referred to as "GRANTEE"), all of the patented and unpatented mining claims situated in Yavapai County, Arizona more particularly described in Exhibit One attached hereto and made a part hereof; TOGETHER WITH all dips, spurs, angles and extralateral rights, and all ores, minerals and mineral bearing materials except hydrocarbons and together with and all water and water rights in, on, under, appurtenant to or benefiting the mining claims granted and conveyed hereby.

EXCEPTING THEREFROM AND RESERVING UNTO GRANTOR, its successors and assigns, the oil, gas, coal and other hydrocarbons thereunder, together with the right to drill for, explore, develop, produce and mine the same to the extent that such activities by GRANTOR do not interefere with the operations conducted by GRANTEE thereon, which exception and reservation shall be SUBJECT TO the payment to GRANTEE, its successors and assigns, of twelve and one-half percent (12 1/2%) of the gross proceeds or gross value of all oil, gas, coal and other hydrocarbons produced by GRANTOR, its successors and assigns, therefrom; and

FURTHER RESERVING UNTO GRANTOR, its successors and assigns, a perpetual production royalty on the ores, minerals and mineral bearing materials conveyed to GRANTEE hereunder, the amount, method of payment and the manner of computation and determination by GRANTEE of which shall be as set forth in the attached Exhibit

Two. Subject only to the matters set forth in Exhibit One (to which GRANTOR's title is subject), GRANTOR hereby warrants and covenants with GRANTEE that the mining claims herein conveyed are free and clear of all liens, claims, encumbrances or burdens of any type whatsoever, and GRANTOR warrants the title to the same against all persons whomsoever.

TO HAVE AND TO HOLD the said mining claims unto GRANTEE, its successors and assigns forever.

IN WITNESS WHEREOF, this MINING DEED has been executed this 30th day of DECEMBER, 1988.

WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation

By A J Roman
Its: President

Attest A J Roman
Its: Secretary

STATE OF PENNSYLVANIA )
) ss.
COUNTY OF BERKS )

The foregoing instrument was acknowledged before me this 30TH day of DECEMBER, 1988 by A.J. Roman, the President of Western Building and Mining Co., Inc., a Pennsylvania corporation, on behalf of the corporation.

Denise L Snyder
Notary Public
Denise L. Snyder

My commission expires:

NOTARIAL SEAL
DENISE L. SNYDER,, Notary Public
Leesport Boro, Berks County, Pa.
My Commission Expires May 20, 1991

EXHIBIT ONE

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

# EXHIBIT TWO

EXHIBIT TWO to Mining Deed, describing the amount, method of payment and the manner of determination and computation of the royalty reserved to GRANTOR therein.

1. Definitions.

As used herein, the following terms shall have the following meanings:

A. "Property" shall mean the patented and unpatented mining claims described in Exhibit One to the Mining Deed to which this Exhibit is attached.

B. "Commercial Production" shall mean the processing of ores or minerals from the Property for sale through a mill or processing facility designed and constructed for that purpose or through a third party custom mill or processing facility to which ores or minerals from the Property are shipped for processing and sale (excluding shipments made to a pilot plant and bulk sample processing, for purposes of determining the commercial feasibility of the Property).

C. "Net Smelter Returns" shall mean the total proceeds actually received and realized by GRANTEE from the sale of any ores, minerals and other mineral bearing materials mined, removed and sold from the Property, including any premiums, bonuses or subsidies, after deduction of all of the following:

(i) Costs of loading and transportation of ores, minerals and other mineral bearing materials from the Property to any mill erected on or about the Property and to the smelter or other purchaser;

(ii) Smelting, refining and other treatment charges levied by the purchaser;

(iii) Freight allowances or charges;

(iv) Production taxes, severance taxes and sales, privilege and other taxes (other than income taxes) measured by production or value of production and royalties (if any) paid to the United States to the extent the foregoing

are paid by GRANTEE or deducted from proceeds payable to GRANTEE; and

(v) Penalties and other deductions whatsoever paid or payable by, or deducted from proceeds payable to GRANTEE, in relation to the sale of ores, minerals and other mineral bearing materials from the Property.

2. Royalty Payments.

To the extent the same does not exceed $175,000.00 in the aggregate within any calendar year, GRANTEE shall pay to GRANTOR a production royalty as follows:

(i) Precious Metals (Gold, Silver, Platinum, Palladium and other precious metals)

2% of Net Smelter Returns for the first two years after commencement of Commercial Production; 1% of Net Smelter Returns for the third and fourth years after commencement of Commercial Production; and 0.5% of Net Smelter Returns thereafter;

(ii) Base Metals (Lead, Zinc, Copper, etc.)

2% of Net Smelter Returns; and

(iii) Non-Metallic Industrial Minerals

7.5% of the gross sales price received by GRANTEE from the removal and sale of any non-metallic industrial minerals and materials (including without limitation stone, rock, aggregate, sand and gravel).

3. Miscellaneous Provisions.

A. Computation and Payment of Royalty - If (and only if) GRANTEE has been granted the right in writing to commingle ores, minerals or mineral bearing material from the Property with ores, minerals and materials from other lands pursuant to Section 2(A) of the Mining Agreement pursuant to which this Mining Deed has been executed and delivered to GRANTEE, GRANTEE, for the purposes of computing the production royalty, shall sample, weigh

and/or measure all ores, minerals and mineral bearing materials from the Property in the method and manner theretofore approved in writing by GRANTOR pursuant to Section 2(A) of the said Mining Agreement and thereafter GRANTEE may mix the same with ores, minerals or mineral bearing materials from lands other than the Property. In the event of such commingling, GRANTOR, and its agents authorized in writing, at GRANTOR's sole risk and expense and at such times and in such manner as shall not hinder or interrupt the operations of GRANTEE, shall have the right to enter upon the Property to inspect and verify the manner in which sampling, weighing and/or measuring of ores, minerals and materials from the Property is conducted prior to commingling the same with ores, minerals and materials from other land. Payment to GRANTOR shall be made within sixty (60) days after the end of the calendar quarter during which GRANTEE actually receives payment therefor. Such payments shall be accompanied by a statement showing in reasonable detail the derivation and computation of such payments. GRANTEE's computation of production royalty payments, as reflected in the statements furnished to GRANTOR, shall be deemed correct and binding on GRANTOR unless GRANTOR shall dispute the correctness thereof in writing within six (6) months after receipt by GRANTOR of such statement. GRANTEE shall permit GRANTOR to inspect, during such six (6) month period, at GRANTOR's expense, the books and records of GRANTEE which are pertinent to the determination of the production royalty payable herein at any reasonable time during normal business hours, provided such inspection is conducted by GRANTOR or by an accounting firm of nationally recognized standing, at least one of whose members is a member of the American Institute of Certified Public Accountants, and provided such inspection does not interfere with the operations or procedures of GRANTEE.

B. <u>Loss or Abandonment of Property</u> - From and after the commencement of Commercial Production: (1) GRANTEE shall have

the right to relinquish or abandon all or any of the mining claims included within the Property; provided that prior to abandoning or relinquishing any of such claims, GRANTEE shall give written notice to GRANTOR and if GRANTOR, within thirty (30) days of such notice, gives GRANTEE written notice of GRANTOR's election to acquire the same, GRANTEE shall execute and deliver to GRANTOR a Mining Deed conveying the patented claims to GRANTOR free and clear of any liens or encumberances placed thereon by or against GRANTEE except easements (if any) and rights of way (if any) granted for purposes of mineral development and production and a Quitclaim Deed quitclaiming GRANTEE's interest in the unpatented claims to GRANTOR and shall deliver to GRANTOR all available non-interpretive exploration, development and mining data pertaining to the claims so quitclaimed; and (2) GRANTEE shall not be liable to GRANTOR in any manner whatsoever for any defect in or failure of GRANTEE's title to that portion of the Property consisting of unpatented claims nor for any production royalty payments otherwise payable to GRANTOR following such loss or title failure or following any such abandonment by GRANTEE. Nothing herein contained shall be construed as giving rise to any liability of GRANTEE for the inadvertant loss of any of the titles to the unpatented claims, but any relocation or reacquisition of such claims by GRANTEE shall be and thereafter remain subject to the provisions hereof.

C. Extent of GRANTEE's Obligations - GRANTEE shall have no obligations with respect to the royalty reserved to GRANTOR other than to make the payments specifically set forth in Section 2 hereof if, as and when the same become due and payable; provided that GRANTEE shall not terminate, delay or reduce its production operations solely for the purpose of avoiding, delaying or reducing production royalty payments to GRANTOR. Subject to the provisions of the foregoing sentence, the reservation of the production royalty shall impose no obligations upon GRANTEE, express or implied, to conduct any exploration, development or mining operations upon the Property, it being the

intent of GRANTOR in reserving the production royalty that GRANTEE shall have the sole discretion to determine the time, method, manner and rate of conducting any operations on the Property and if GRANTEE commences to mine and sell ores, minerals or mineral bearing materials from the Property, it may at any time and from time to time cease its operations on the Property.

D. Payment; Notice to GRANTOR - GRANTOR shall provide GRANTEE with written notice designating the name and address of one payee or bank or other similar depository to which all payments, notices or communications required or permitted to be made by GRANTEE shall be made and the payee or depository so designated by GRANTOR shall be deemed to be the agent of GRANTOR for the purposes or receiving, disbursing and distributing all such payments and any notices or other communications. Any payment, notice or communication to GRANTOR shall be effective when personally delivered to GRANTOR, or when deposited in the United States or Canadian mail, postage prepaid, certified or registered, and properly addressed to GRANTOR's designated payee or depository. Any payment required to be made by GRANTEE may be made in currency or by draft, or by check, or, at the sole option of GRANTEE, may be made in kind. Upon the making of such payment to the payee or depository designated by GRANTOR, GRANTEE shall be relieved of any responsibility for the further distribution of such payment to GRANTOR, its successors and assigns.

MINING AGREEMENT
(With Option to Purchase)

THIS MINING AGREEMENT (With Option to Purchase), dated effective as of the 30 day of December, 1988, is by and between WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation (hereinafter referred to as "OWNER") and NORGOLD RESOURCES (US) INC., a Delaware corporation (hereinafter referred to as "NORGOLD").

Recitals:

(i) OWNER owns those certain patented and unpatented mining claims situated in Yavapai County, Arizona more particularly described in Exhibit A attached hereto and made a part hereof;

(ii) NORGOLD has heretofore located the unpatented lode mining claims (the "Sun Claims") described in Exhibit B attached hereto and made a part hereof, which unpatented lode claims are contiguous to the claims described in Exhibit A, record title to which Exhibit B claims shall be transferred to OWNER as provided in Paragraph 8(A) below;

(iii) All of the mining claims described in Exhibit A and B shall be subject to this Agreement, which claims, together with all ores, minerals and other materials of every nature and sort thereon and thereunder except oil, gas, coal and other hydrocarbons and together with all rights of OWNER in and to all appurtenances, easements, rights-of-way, water rights and all rights now or hereinafter owned or held by OWNER in, on or under said claims or in any way appurtenant to or pertaining thereto are hereinafter collectively referred to as the "Property;" and

(iv) OWNER desires to grant to NORGOLD and NORGOLD desires to obtain from OWNER the right to enter upon, explore, develop and mine the Property, together with the sole and exclusive option to purchase the Property, all on the terms and conditions hereinafter set forth;

this Agreement provided that OWNER is not a contributory cause to or contributorily negligent with respect thereto. NORGOLD shall maintain and keep in force during the term of this Agreement workmen's compensation insurance on NORGOLD's employees as required by the State of Arizona and shall obtain and maintain general liability insurance covering its operations hereunder in such amounts as are in accordance with general industry standards, taking into account the operations then being conducted by NORGOLD on the Property. NORGOLD shall furnish a copy of such policy to OWNER prior to conducting operations on the Property.

(E) Payment of Taxes - During the term of this Agreement, NORGOLD shall pay all ad valorem taxes levied or assessed against the Property, all taxes levied or assessed against the personal property and improvements of NORGOLD situated on the property and all taxes levied upon the operations of NORGOLD on the Property, exclusive of any taxes levied, asssessed or measured by the income of OWNER. OWNER shall promptly transmit to NORGOLD any notices which it receives pertaining to such taxes. In the event of termination of this Agreement other than by NORGOLD's purchase of the Property, taxes which are the responsibility of NORGOLD shall be prorated, on a calendar year basis, for the calendar year in which this Agreement is terminated. OWNER shall pay all taxes levied or assessed against its equipment referred to in Paragraph 2(c). OWNER shall also pay that portion of ad valorem taxes and any personal property taxes levied against the exisiting house and the contents thereof until the close of the Escrow described in Paragraph 6 pursuant to NORGOLD's exercise of its option to purchase. Either party shall have the right to contest, in the courts or otherwise, the validity or amount of any tax or assessment before it shall be required to pay the same. NORGOLD and OWNER shall each furnish to the other proof of payment of those taxes for which such party is responsible within thirty (30) days of the due date. Upon failure of one of the parties to

by the taxes for which it is responsible, the other party shall have the right to pay the same and charge the responsible party all costs and expenses incurred in connection with such payment. In such event, the responsible party shall reimburse the other party within ninety (90) days of receipt by the responsible party of a statement of the costs paid and expenses incurred by the other party.

(F) Return of Property to OWNER - In the event of termination of this Agreement prior to exercise by NORGOLD of its option to purchase, NORGOLD shall return possession of the Property to OWNER free and clear of any charges, liens or encumberances created by or arising from NORGOLD's operations on the Property.

8. Transfer of Sun Claims; New Locations; Amendment and Relocation; Patent; Amendment of Mining Laws.

(A) At the time of execution of this Agreement by both parties, NORGOLD shall execute and deliver to OWNER a Quitclaim Mining Deed transferring to OWNER record title to the unpatented Sun Claims described in Exhibit B, which Deed shall be made expressly subject to this Agreement and to the rights of NORGOLD hereunder.

(B) Any unpatented federal mining claims or group of such claims located by NORGOLD prior to execution of this Agreement and any such claims located by NORGOLD prior to exercise by NORGOLD of its option to purchase, any portion of which are contiguous to the claims described in Exhibits A and B, shall be located by NORGOLD as agent for and in the name of OWNER and shall, upon the location thereof, become subject to the terms of this Agreement (including payment to OWNER of production royalty) and shall become a part of the Property as if fully described in Exhibit A. NORGOLD shall promptly notify OWNER of any such locations and NORGOLD agrees that it shall not locate any mining claims in a manner so as to overlap any of the presently existing mining claims described in Exhibit A.

mining claims the right to acquire rights to federally owned minerals or federal lands in which minerals may exist in exchange for or in modification of existing rights, NORGOLD shall have the right, but not the obligation, to acquire such rights on its behalf if it has theretofore purchase the Property and otherwise, in the name of OWNER. In the event such election is made by NORGOLD, NORGOLD shall pay all costs, fees and expenses in conjunction therewith.

(F) Rights to Inure to NORGOLD - The rights of NORGOLD under this Agreement shall extend to and shall include any amended, relocated or patented claims and any rights which may be acquired in exchange for or in substitution of existing rights.

9. Data; Inspection; Confidentiality.

Prior to exercise by NORGOLD of its option to purchase, NORGOLD shall furnish to OWNER at intervals no less frequently than monthly, copies of non-interpretive geological data, drilling and assay report, engineering reports and other factual data obtained by NORGOLD concerning the Property. OWNER, and its agents authorized in writing, at OWNER's sole risk and expense, may enter upon the Property to inspect the same and, if NORGOLD is granted the right to commingle pursuant to Section 2(A), to verify the manner in which sampling and weighing or measuring of ores, minerals and material from the Property is conducted prior to commingling the same with ores, minerals or materials from other lands. Such entry shall be at such times and upon such notice (of not less than 24 hours) to NORGOLD as shall not hinder or interrupt the operations of NORGOLD. OWNER shall indemnify and save NORGOLD harmless with respect to any liability arising out of such entry. OWNER shall not, without the prior written consent of NORGOLD, disclose any information, including the terms of this Agreement, it may be furnished by or obtain from NORGOLD or from its inspections provided for herein with respect to the Property or any operations of NORGOLD pertaining to the Property. In the event of any breach by OWNER of the provisions of this Paragraph

9, OWNER's right to receive further information or to enter and inspect the Property shall terminate and NORGOLD shall not be obligated to furnish further information or to permit any such further entry and inspection.

10. Title Matters.

(A) Title Documents; Data - Promptly following the execution of this Agreement by both parties, OWNER shall deliver to NORGOLD all existing abstracts of title to and all copies of any existing plats or field notes of surveys thereon which OWNER may have in its possession. In addition, OWNER shall furnish to NORGOLD copies of any exploration data, assays, logs, maps, geological, geochemical and geophysical surveys and reports that OWNER may have in its possession. OWNER shall allow NORGOLD the right to examine and analyze all drill core from the Property available to OWNER.

(B) Title Defects, Defenses and Protection - If -- (1) in the opinion of counsel for NORGOLD, OWNER's title to the claims described in Exhibit A or any part thereof is defective or less than as represented in Paragraph 1, or (ii) OWNER's title to the claims described in Exhibit A is contested or questioned by any person, entity or governmental agency -- and if OWNER is unable or unwilling to promptly commence action reasonably designed to correct the defects or alleged defects in title and to thereafter diligently pursue such action to completion, NORGOLD may, but shall not be obligated to, attempt to perfect, defend or initiate litigation to protect OWNER's title. In such event, OWNER shall execute all documents and shall take all such other actions as are reasonably necessary to assist NORGOLD in its efforts to perfect, defend or protect OWNER's title. If title to the claims described in Exhibit A is less than as represented in Paragraph 1, then the costs and expenses of perfecting, defending or correcting title (including, but without being limited to, the cost of attorney's fees, costs of litigation, costs of settlement of litigation, and the cost of

~~JDS~~ - /mrm/-WDG

JDS

LAW OFFICES

Evans, Kitchel & Jenckes, P.C.

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PHOENIX, ARIZONA 85004-3099
TELEPHONE (602) 234-2600

TO William L. Kurtz - Tucson, Arizona

FROM H. Barry Holt DATE 6/5/89

SUBJECT TELECOPY

WE WILL BE TRANSMITTING 7 PAGES INCLUDING THIS COVER SHEET.

IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL (602) 240-2472.

REMARKS:

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EXPLORATION DEPARTMENT

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June 5, 1989

VIA TELECOPY

Mr. William L. Kurtz
Manager, U.S.A. Division
Western Exploration Division
ASARCO Incorporated
10150 N. 7th Avenue
P. O. Box 5747
Tucson, Arizona 85703

Re: Yarnell Project - Norgold Agreements, Exhibit A

Dear Mr. Kurtz:

At your request, we have prepared a revised Exhibit A for the Norgold Agreements. We included in the Exhibit the major exceptions to record title encountered during our title investigations. As you are aware from our letter of April 13, 1989, we have not investigated the titles of the Y-1 through Y-7, Rim Rock 1, Thunder Hill, Black Dike 1, Black Dike, Extension 5, and Kachina Doll 1 unpatented mining claims, the Alvarado Gold Mines property and the Santa Fe patented land.

As soon as you provide us with a dollar figure for Paragraph 8.4 of the Lease and Option Agreement, we will forward an execution copy to Norgold Resources (US) Inc.

Please let us know if you have any questions.

Sincerely,

H. Barry Holt

H. Barry Holt
EVANS, KITCHEL & JENCKES, P.C.

HBH:sau
Enclosures

cc: Mr. James L. Woods

# Exhibit "A"

The following patented and unpatented lode mining claims situate in Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G&SRB&M, Weaver Mining District, Yavapai County, Arizona:

## I. Patented Claims

1. The Juniper lode mining claim, mineral survey no. 1112, patent whereof is recorded in Book 36 of Deeds, pages 229 through 232.

Except for that portion of said Juniper claim conveyed by Warranty Deed recorded in Book 235, page 8 and described as follows:

> Commencing at corner No. 1 of said Juniper claim, thence North 44° 30' West along the 1-5 line of said claim 237.56 feet to the Point of Beginning for the description of the herein described tract; thence continuing along said 1-5 line 150.0 feet; thence North 44° 30' East parallel with the 5-4 line of said claim 500 feet; thence South 44° 30' East parallel with said 1-5 line 150 feet; thence South 44° 30' West parallel with said 5-4 line 500 feet to the Point of Beginning.

And Except for that portion of Juniper claim conveyed by Warranty Deeds recorded in Book 1265, page 694 and page 697 and described as follows:

> Commencing at the Northeasterly end of the Northwesterly side line of the parcel of land conveyed in Book 235, page 8; thence North 44° 30' East 75 feet along the Northeasterly prolongation of the Northwesterly side line of said parcel conveyed in Book 235, page 8; thence South 44° 30' East 70 feet along a line parallel with the Northeasterly end line of said parcel conveyed in Book 235, page 8; thence in a Southwesterly direction to a point on said Northeasterly end line that is South 44° 30' East 75 feet from the Point of Beginning for the herein described parcel of land; thence North 44° 30' West 75 feet along the Northeasterly end line of said parcel conveyed in Book 235, page 8 to the Point of Beginning.

2. The Edmond lode mining claim, mineral survey No. 1114, patent whereof is recorded in Book 36 of Deeds, pages 236 through 240.

3. The Edgar lode mining claim, mineral survey No. 1113, patent whereof is recorded in Book 36 of Deeds, pages 240 and 241.

4. The Triangle lode mining claim, mineral survey No. 1115, patent whereof is recorded in Book 36 of Deeds, pages 233 through 236.

Together with the following:

(a) The conditions and the stipulations set forth in the patents to the Subject Patented Mining Claims recorded in Book 36 of Deeds, page 229 through 243 and Book 43 of Deeds, pages 296 through 300.

(b) An easement dated December 13, 1939 and recorded January 4, 1940 in Book 176 of Deeds, Page 176, for a right-of-way to the Mountain States Telephone and Telegraph Company for the right, privilege and authority to construct, operate and maintain telephone and telegraph lines and poles over an undescribed portion of the Edmond and Triangle patented mining claims.

(c) An easement for ingress and egress purposes over an existing roadway as reserved in that Joint Tenancy Deed dated March 29, 1973 and recorded in Book 1207, Page 425. (Affects the Edmond patented lode mining claim).

(d) An easement for ingress and egress purposes over an existing roadway, thirty feet in width, reserved in that Joint Tenancy Deed dated October 14, 1974 and that Warranty Deed dated August 21, 1982, recorded respectively in Book 1375, Page 64 and Book 1485, Page 769. (Affects the Edgar patented lode mining claim).

(e) An easement for ingress and egress over the Edmond and Triangle patented lode mining claims from U.S. Highway No. 89 as set forth in Warranty Deed dated September 28, 1979 recorded in Book 1265, Pages 694 through 705. Said easement being twelve feet in width, 6 feet on each side of the center line described in said documents.

(f) The provisions of a Mining Agreement dated December 30, 1988 between Western Building and Mining Company, Inc. and Norgold Resources (U.S.), Inc.

II. Unpatented Claims

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. |
|---|---|---|---|---|---|
| Alvin J. | 11/21/1975 | 991 | 423 | 11/21/75 | AMC 33458 |
| Amended | 11/21/1975 | 996 | 261 | 1/2/76 | AMC 33458 |
| Kathryn A | 11/21/1975 | 991 | 419 | 11/21/75 | AMC 33459 |
| Amended | 11/21/1975 | 996 | 263 | 1/2/76 | AMC 33459 |
| Kathryn B | 11/21/1975 | 991 | 421 | 11/21/75 | AMC 33460 |
| Amended | 11/21/1975 | 996 | 265 | 1/2/76 | AMC 33460 |
| Pennsylvania No. 1 | 6/26/1981 | 1392 | 661 | 6/30/81 | AMC 134462 |
| Sun #1 | 9/9/1988 | 2079 | 476 | 9/13/88 | AMC 288941 |
| Sun #2 | 9/9/1988 | 2079 | 478 | 9/13/88 | AMC 288942 |
| Sun #3B | 9/9/1988 | 2079 | 480 | 9/13/88 | AMC 288943 |
| Amended | 10/25/1988 | 2091 | 499 | 10/26/88 | AMC 288943 |
| Sun #6B | 9/9/1988 | 2079 | 486 | 9/13/88 | AMC 288946 |
| Amended | 10/25/1988 | 2091 | 501 | 10/26/88 | AMC 288946 |
| Sun #7B | 9/9/1988 | 2079 | 488 | 9/13/88 | AMC 288947 |
| Amended | 10/25/1988 | 2091 | 503 | 10/26/88 | AMC 288947 |
| Sun #8 | 9/9/1988 | 2079 | 490 | 9/13/88 | AMC 288948 |
| Sun-8B | 10/25/1988 | 2091 | 505 | 10/26/88 | AMC 288948 |
| Sun #9 | 9/9/1988 | 2079 | 492 | 9/13/88 | AMC 288949 |
| Sun #10 | 9/9/1988 | 2079 | 494 | 9/13/88 | AMC 288950 |
| Sun #11 | 9/9/1988 | 2079 | 496 | 9/13/88 | AMC 288951 |
| Sun #12 | 9/9/1988 | 2079 | 498 | 9/13/88 | AMC 288952 |
| Sun #13 | 9/9/1988 | 2079 | 500 | 9/13/88 | AMC 288953 |
| Sun #14 | 9/9/1988 | 2079 | 502 | 9/13/88 | AMC 288954 |
| Sun #15 | 9/9/1988 | 2079 | 504 | 9/13/88 | AMC 288955 |

The above unpatended claims are subject to the provisions of a Mining Agreement dated December 30, 1988 between Western Building and Mining Company, Inc. and Norgold Resources (U.S.), Inc.

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. |
|---|---|---|---|---|---|
| Y-1 | | 2078 | 422/423 | | AMC 288934 |
| Y-2 | | 2078 | 424/425 | | AMC 288935 |
| Y-3 | | 2078 | 426/427 | | AMC 288936 |
| Y-4 | | 2078 | 428/429 | | AMC 288937 |
| Y-5 | | 2078 | 430/431 | | AMC 288938 |
| Y-6 | | 2078 | 432/433 | | AMC 288939 |
| Y-7 | | 2078 | 434/435 | | AMC 288940 |

## OTHER PROPERTY THAT MAY BE ACQUIRED BY NORGOLD RESOURCES (US) INC.

### I. Unpatented Claims

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. |
|---|---|---|---|---|---|
| Victoria #1 | 8/5/1974 | 924 | 198 | 8/5/74 | AMC 78219 |
| Amended | 3/2/1980 | 1287 | 763 | 3/25/80 | AMC 78219 |
| Victoria #2 | 3/2/1980 | 1287 | 765 | 3/25/80 | AMC 98902 |
| Victoria #3 | 3/2/1980 | 1287 | 767 | 3/25/80 | AMC 98903 |
| Victoria #4 | 3/2/1980 | 1287 | 769 | 3/25/80 | AMC 98904 |
| Victoria #5 | 8/20/1985 | 1751 | 484 | 9/4/85 | AMC 244644 |
| Rim Rock 1 | | 154 | 550 | | AMC 82449 |
| Thunder Hill | | 941 | 750 | | AMC 78227 |
| Black Dike 1 | | 153 | 17 | | AMC 74727 |
| Black Dike Extension 5 | | 1339 | 56 | | AMC 118942 |

Kachine Doll 1 937 596

Arizona State
Mineral Lease
#11-31009

II. Patented Claims

Mother Patented Lode MS 1201

Alvarado Gold Mines NE 1/4 Sec. 21, T10N, R5W

Santa Fe Patented Land

III. State of Arizona Prospecting Permits

E 1/2 Section 14, Township 10 North, Range 5 West, G&SRB&M, Yavapai County, Arizona. Contains 268.25 acres.

NE 1/4 Section 22, Township 10 North, Range 5 West, G&SRB&M, Yavapai County, Arizona. Contains 154.74 acres.

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June 20, 1989

RECEIVED
JUN 26 1989
EXPLORATION DEPARTMENT

Mr. William L. Kurtz
Manager, U.S.A. Division
Western Exploration Division
ASARCO Incorporated
1150 N. 7th Avenue
P.O. Box 5747
Tucson, Arizona 85703

Re: Title Opinion for Certain Unpatented and Patented Mining Claims Situated in Sections 14, 15, 22 and 23; Patented Mining Claims Situated in Sections 14, 15 and 23 all in Township 10 North, Range 5 West, G&SRB&M, Weaver Mining District, Yavapai County, Arizona, and State of Arizona Prospecting Permit Nos. 08-96868 and 08-96869.

Dear Mr. Kurtz:

At your request, we have examined the record title to certain unpatented and patented lode mining claims, and State of Arizona prospecting permits, all of which are more particularly described in Exhibit "A" attached hereto. This opinion is based upon our examination of the following documents and records:

1. The master title plat, oil and gas plat, and historical indices for Township 10 North, Range 5 West; unpatented mining claim case files and geographic index of unpatented mining claims dated January 11, 1989 maintained by the Arizona State Office of the Bureau of Land Management ("BLM"), Phoenix, Arizona.

2. Examination on April 26 and 27, 1989 of the following recording indexes maintained by the Yavapai County Recorder for the dates indicated: the deeds, mortgages, federal tax liens, mechanic liens, leases, agreements, judgments and executions, and promiscuous recording indexes between January 1, 1894 and December 31, 1970; the general index maintained on microfiche between January 1, 1970 and December 31, 1979; the general index

maintained on computer between January 1, 1980 and October 9, 1980; the general index maintained on microfiche between October 10, 1980 and February 11, 1981; the general index maintained on computer between February 12, 1981 and December 31, 1981; the general index maintained on microfiche between January 1, 1982 and May 31, 1982; the general index maintained on computer between June 1, 1982 and July 31, 1982; the general index maintained on microfiche between August 1, 1982 and February 28, 1989; and the general index maintained on computer from February 29, 1989 and current as of 5:00 p.m., April 24, 1989.

3. General index maintained on computer from April 24, 1989 and current as of 5:00 p.m., June 13, 1989 via telephone conference with Yavapai County Recorder personnel on June 15, 1989.

4. The case files to prospecting permit Nos. 08-96868 and 08-96869 maintained by the Arizona State Land Department, Phoenix, Arizona.

5. Undated letter report from C.E. Marker to Norgold Resources, Inc. with title documents attached thereto.

6. Certificate of title No. 46 dated April 21, 1982 and prepared by Brasda Title Service and amendment thereto dated September 20, 1982.

All references herein to Book and Page of recorded documents are to the official records recorded in the Office of the County Recorder of Yavapai County, Arizona, unless otherwise noted.

I. Ownership of the Mother, Juniper, Edgar, Edmond and Triangle Patented Lode Mining Claims.

A. Legal Descriptions.

Based upon our examination, we have prepared legal descriptions of each of the five patented lode mining claims, which descriptions are more fully set forth on Exhibit "A" attached hereto.

B. Record Title.

Based upon the aforesaid examination, it is our opinion that, as of June 13, 1989 at 5:00 p.m., subject to the exceptions

and comments hereinafter made, record legal title to the above-captioned patented lode mining claims as more fully described in Exhibit "A" attached hereto (the "Subject Patented Mining Claims") is as follows:

1. Western Building and Mining, Inc., an Arizona corporation, as to the Juniper and Edgar patented lode mining claims by virtue of a Warranty Deed dated August 21, 1982 and recorded September 16, 1982 in Book 1485 at Page 769; and as to the Triangle and Edmond patented lode mining claims by virtue of a Warranty Deed dated April 18, 1979 and recorded May 16, 1979 in Book 1216 at Pages 388 and 389.

2. Forest B. Heintzelman as to the Mother patented lode mining claim by virtue of a joint tenancy deed dated February 27, 1973 and recorded October 10, 1978 in Book 1172 at Page 162 and a Quit Claim Deed dated March 23, 1977 and recorded April 26, 1977 in Book 1070 at Page 925.

C. <u>Exceptions to Record Title</u>.

The record title reported herein is subject to the comments hereinafter made and to the following exceptions:

1. The provisions set forth in the patents to the Subject Patented Mining Claims recorded in Book 36 of Deeds, Pages 229 through 243 and Book 43 of Deeds, Pages 296 through 300, including the following conditions and the stipulations set forth in such patents or otherwise provided for by law:

(a) That the premises thereby granted, with the exception of the surface, may be entered by the proprietor of any other vein, lode or ledge the top or apex of which lies outside the boundary of said granted premises should the same on its dip be found to penetrate, intersect or extend into said premises, for the purpose of extracting and removing the ore from such other vein, lode or ledge.

(b) That the premises thereby granted shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local laws, customs and decisions of courts.

(c) There is reserved from the lands thereby granted, a right-of-way thereon for ditches and canals constructed by the authority of the United States.

(d) That, in the absence of necessary legislation by Congress, the legislature of Arizona may provide rules for working the mining claims or premises thereby granted, involving easements, drainage, and other necessary means to its complete development.

2. Proper proceedings and service of process in the case entitled Security Trust Company v. Virginia Lode Mining and Milling Company, et al., Cause No. 13573 for which judgment was obtained against each and all of the defendants named therein on March 18, 1936 as evidenced by judgment recorded March 18, 1936 in Book 165 of Deeds, Pages 127 through 129. (Affects all of the Subject Patented Mining Claims.)

Comment No. 1:

Proper service of the complaint and summons on each of the defendants named in Cause No. 13573 in accordance with applicable rules of civil procedure for the local jurisdiction must first have been accomplished before any interests of the defendants in the Subject Patented Mining Claims could have been extinguished. For the purposes of this opinion we assume that each of the defendants was properly served.

3. An easement dated December 13, 1939 and recorded January 4, 1940 in Book 176 of Deeds, Page 176, for a right-of-way to the Mountain States Telephone and Telegraph Company for the right, privilege and authority to construct, operate and maintain telephone and telegraph lines and poles over an undescribed portion of the Edmond and Triangle patented mining claims.

4. An easement for ingress and egress over an existing road from U.S. Highway No. 89 over the Edmond, Triangle and Juniper patented lode mining claims for the benefit of a parcel of land within the boundaries of the Juniper patented lode mining claim conveyed to the California, Arizona and Santa Fe Railway Company, a California corporation, as set forth in Warranty Deed dated September 29, 1961 and recorded October 4, 1961 in Book 235, Page 8. Said easement comprises a strip of land twelve feet in width being six feet on each side of the center line thereof, which center line is more particularly described in the document. A copy of the foregoing Warranty Deed is attached hereto as Exhibit "B". The parcel originally conveyed to the California,

Arizona and Santa Fe Railroad Company is currently owned by the Atchison, Topeka and Santa Fe Railway Company by virtue of that deed dated August 19, 1963 and recorded September 3, 1963 in Book 299, page 510.

5. An easement for ingress and egress purposes over an existing roadway as reserved in that Joint Tenancy Deed dated March 29, 1973 and recorded in Book 1207, Page 425. (Affects the Edmond patented lode mining claim).

6. An easement for ingress and egress purposes over an existing roadway, thirty feet in width, reserved in that Joint Tenancy Deed dated October 14, 1974 and that Warranty Deed dated August 21, 1982, recorded respectively in Book 1375, Page 64 and Book 1485, Page 769. (Affects the Edgar patented lode mining claim).

7. An easement for ingress and egress over the Edmond and Triangle patented lode mining claims from U.S. Highway No. 89 for the benefit of a parcel of land within the boundaries of the Juniper lode mining claim conveyed to Maricopa County as set forth in Warranty Deed dated September 28, 1979 recorded in Book 1265, Pages 694 through 705. Said easement being twelve feet in width, 6 feet on each side of the center line described in said documents. All coal, oil, gas and other mineral rights were reserved from the conveyance to Maricopa County. A description of this easement and of the parcel conveyed to Maricopa County is more fully set forth in Exhibit "C" attached hereto.

<u>Requirement A</u>:

Verify that mining and other operations will not encroach upon, or interfere with any facilities which may be constructed upon the rights-of-way described in Exception Nos. 3, 4, 5, 6 and 7.

8. The interest, if any, of Herbert K. Cameron in the subject Juniper, Edmond, Edgar and Triangle patented lode mining claims under an unrecorded lease as disclosed in a Notice of Nonliability for Labor or Materials Furnished dated March 24, 1958 and recorded March 27, 1958 in Book 121, Page 306. Said claims appear to be leased to Mr. Cameron as a storage place for explosives under that certain lease dated March 24, 1958 by and between Mojave Mining and Milling Company and Herbert K. Cameron, as lessor and lessee, respectively.

9. Interests, if any, of John T. Bearup as disclosed by that certain lease dated September 12, 1961 and recorded February 28, 1962 in Book 248, Pages 237 through 240 between Tom Ridgeway and Mable Ridgeway, husband and wife, and Ray Krieger and Jaynelle Krieger, husband and wife, lessors, and John T. Bearup, lessee, affecting all of the Subject Patented Mining Claims.

Comment No. 2:

This lease was for an initial term of one year commencing on September 12, 1961. However, the lease granted Mr. Bearup the right of renewal for an additional ten years after the expiration of the initial term. In addition, the lease provided Mr. Bearup with an option to purchase the Subject Patented Mining Claims any time during the term of the lease. The record does not reveal any evidence of a continuation of this lease or that Mr. Bearup exercised his option to purchase the Subject Patented Mining Claims.

Requirement B:

Take the necessary action to clear the public record of the interests, if any, of John T. Bearup and Herbert K. Cameron in the Subject Patented Mining Claims.

10. Realty mortgage dated April 18, 1979 and recorded May 16, 1979 in Book 1216, Page 390 between Western Building and Mining, Inc., an Arizona corporation, mortgagor, and James R. Deabler and Joyce N. Deabler, husband and wife, mortgagees. Said realty mortgage evidences a debt in the initial balance of $55,000.00. (Affects the Triangle and Edmond patented lode mining claims).

11. Interests of Norgold Resources (U.S.), Inc., a Delaware corporation, by virtue of a Mining Agreement (with option to purchase) dated December 30, 1988 between Western Building and Mining Company, Inc., a Pennsylvania corporation, and Norgold Resources (U.S.), Inc., as disclosed by a Memorandum of Mining Agreement dated December 30, 1988 and recorded February 6, 1989 in Book 2120, Pages 243 through 247. (Affects the Juniper, Edgar, Edmond and Triangle patented lode mining claims).

D. Real Property Taxes.

1. 1989 Taxes: The 1989 Yavapai County real property taxes constitute a lien on the Subject Patented Mining Claims, but are not yet due and payable.

2. 1988 Taxes: The Edgar and Juniper patented lode mining claims are assessed by the Yavapai County Assessor under Tax Parcel No. 203-13-002. The Yavapai County Treasurer has informed us that the 1988 tax for this parcel was $776.76 which has been paid.

The Triangle patented lode mining claim is assessed under Tax Parcel No. 203-13-002A. The 1988 tax for this parcel was $570.20 which has been paid.

The Edmond patented lode mining claim is assessed under Tax Parcel No. 203-13-002B. The 1988 tax for this parcel was $399.90 which has been paid.

The Mother patented lode mining claim is assessed under Tax Parcel No. 203-13-002C. The 1988 tax for this parcel was $718.18 which also has been paid.

II. Ownership of Victoria #s 1 through 5, Kathryn A., Kathryn B., Alvin J., Pennsylvania No. 1, Sun #s 1 and 2, 3B, 6B through 8B and 9 through 15 unpatented lode mining claims.

A. Record Possessory Title.

Based upon the aforesaid examination, it is our opinion that, as of June 13, 1989 at 5:00 p.m., and subject to the exceptions and comments hereinafter made, record possessory title to the above-captioned unpatented lode mining claims (the "Subject Unpatented Mining Claims") is vested in the following individuals:

1 D.C. Layton (also known as Delbert C. Layton) and Priscilla A. Layton, husband and wife, as to the Victoria #s 1 and 5 claims and an undivided one-half interest in Victoria #s 2 through 4 claims.

2 D.C. Layton (also known as Delbert C. Layton) as to an undivided one-half interest in the Victoria #s 2 through 4 claims.

3 Alvin J. Roman, a single man, and Kathryn A. Gooding, a single woman, as to the Kathryn A., Kathryn B., and Alvin J. claims.

4 Alvin J. Roman, a single man, as to the Pennsylvania No. 1 claim.

5 Norgold Resources, Inc., as to the Sun #s 1 and 2, 3B, 6B through 8B, and 9 through 15 claims.

Comment No. 3:

The record possessory title of D.C. Layton and Priscilla A. Layton in the Victoria #s 1 through 4 mining claims may be subject to an undivided one-half ownership interest of West Beroy, Inc., a California corporation. The undivided one-half interest was acquired by West Beroy, Inc., by virtue of a quit claim deed dated September 21, 1982 and recorded March 25, 1983 in Book 1525, Page 64. It appears that the Laytons have attempted to acquire all of the interests of West Beroy, Inc., in and to the Victoria #s 1 through 4 claims by virtue of the forfeiture statute set forth in 30 U.S.C. § 28. However, the law places very specific requirements on a party seeking to forfeit a co-owner for failure to contribute to assessment work. The county and BLM records do not establish that the following requirements were met:

(a) That the assessment work was actually performed during the years for which forfeiture is claimed. An affidavit was filed for Victoria #s 1 through 4 for the 1983/1984 and 1984/1985 assessment years. Even though affidavits have been filed, if the delinquent co-owner could prove that the work was not actually done, the forfeiture notices would be ineffective.

(b) That the delinquent co-owners did not actually contribute within the notice period.

(c) That the letter notices dated November 21, 1984 and January 15, 1986 were actually received by the delinquent co-owners.

See, 2 Am. L. of Mining, § 46.04[2] (2d ed. 1984). Further, the county and BLM records do establish that the notices which were given contain the following defects:

(a) None of the notices identifies the specific mining claims to which the notices apply.

(b) The notice dated November 21, 1984 was not signed.

(c) The notice published in the Prescott Courier was not published for the full 90 day period required.

(d) The notice dated November 21, 1984 was addressed to Bar BM Livestock, Inc., which was improper because the Bar BM interest had been conveyed to West Beroy, Inc. by Quitclaim Deed dated September 21, 1982.

(e) The notice dated January 15, 1986 was addressed to Ansul Slome, Esq., who has no apparent interest in the mining claims.

See, 2 Am. L. of Mining, § 46.04[3] (2d ed. 1984). In view of the defects identified above and other possible defects in the notices of forfeiture to West Beroy, Inc., it is highly probable that the interests of West Beroy, Inc. in the Victoria #s 1 through 4 mining claims would not be deemed forfeited.

Requirement C:

Reinstitute the forfeiture procedures either in the name of the Laytons or acquire their right to forfeit along with their interest in the victoria #s 1 through 4 and reinstitute the procedures in the name of ASARCO or Norgold, recognizing that reinstituting the procedures will provide West Beroy, Inc. with another opportunity to cure their default. Otherwise, it will be necessary to reach an agreement with West Beroy, Inc. to acquire its interests.

B. Exceptions to Record Possessory Title.

The record possessory title reported herein is subject to the comments hereinafter made and to the following exceptions:

1. Paramount title of the United States of America.

2. Effect of that certain Mining Agreement (with option to purchase) dated December 30, 1988, as disclosed by a Memorandum of Mining Agreement dated December 30, 1988 and recorded February 6, 1989 in Book 2120, Page 243, between Western Building and Mining Company, Inc., a Pennsylvania corporation, owner, and Norgold Resources (U.S.), Inc.

Comment No. 4:

The Memorandum of Mining Agreement described above purports to show Western Building and Mining Company, Inc. as owner of the Kathryn A., Kathryn B., Alvin J., Pennsylvania No. 1 and the Sun #s 1 and 2, 3B, 6B through 8B and 9 through 15 unpatented lode mining claims. The Memorandum of Mining Agreement is signed by A. J. Roman as President of Western Building and Mining Company, Inc. However, there is no recorded conveyance of the aforesaid mining claims from A. J. Roman and Katheryn A. Gooding to Western Building and Mining, Inc.

Requirement D:

Obtain from Alvin J. Roman and Kathryn A. Gooding a properly executed and recorded deed which conveys the Kathryn A., Kathryn B., Alvin J., and Pennsylvania No. 1 unpatented lode mining claims to Western Building and Mining Company, Inc. Prepare and record a corrective agreement or other evidence to show Norgold Resources, Inc. as the owner of the Sun group of claims.

3. Annual assessment work required by federal law (30 U.S.C. § 28) to be performed on all of the Subject Unpatented Mining Claims for the assessment year commencing September 1, 1988 and ending August 31, 1989.

4. Electric transmission line right-of-way No. AR0110 granted by the United States Department of the Interior, BLM, to Arizona Public Service Company over Lots 2 and 3, Section 14, Township 10 North, Range 5 West. (Affects the Victoria #s 4 and 5 claims.)

5. Rights of the surface owner of lands in the northeast quarter of the southeast quarter, Lot 1, and other lands in Section 15, Township 10 North, Range 5 West by virtue of stock-raising homestead entry patent No. 1082889 dated May 4, 1936. (Affects the Pennsylvania No. 1 claim.) See comments under Part III below.

6. Rights of Murphy H. Baxter under the terms and conditions of Oil and Gas Lease No. A18162 dated March 1, 1983, affecting lands in Lot 1 and the northeast quarter of the southeast quarter of Section 15, and other lands, in Township 10 North, Range 5 West. (Affects the Pennsylvania No. 1 claim.)

7. Rights of John Upton Hays, Margaret Hays Rigden and Elladean Hays Bittner by virtue of a Conveyance of Mineral Interest Application filed with the Arizona State office of the BLM on September 12, 1985 in file A-21222. (Affects the Pennsylvania No. 1 claim.) See comments under Part III below.

III. Compliance with Federal and State Law.

A. Availability of Federal Lands for Mineral Entry.

Based upon our examination of the master title plat, oil and gas plat and historical indexes maintained by the Arizona State Office of the BLM for Township 10 North, Range 5 West, the subject Unpatented Mining Claims, except for those portions of such mining claims described below, appear to have been located on lands which were at the time of location open to mineral entry pursuant to the federal mining laws (30 U.S.C. § 21, et seq.).

1. Portions of the Sun #s 1, 2, 6B, 7B, 14 and 15 mining claims are located within the southeast quarter of Section 14 and in the east half of Section 22 of Township 10 North, Range 5 West, the title to which is vested in the State of Arizona.

Comment No. 5:

A mining locator may extend part of his lode mining claim into land not open to mineral entry for the purpose of establishing parallel end lines so as to allow him extralateral rights in his mining claim. The point of discovery must, however, be within the claim boundaries and on land that, at the time of discovery and location, was open to mineral entry. Del Monte Min. & Mill. Co. v. Last Chance Min. & Mill. Co., 171 U.S. 55 (1898).

Requirement E:

Conduct a field examination to determine if all or part of the above listed mining claims were located on land closed to mineral entry. If, in fact, the affected mining claims are partially located on such closed lands, assure that each of the subject mining claims had a valid mineral discovery within the claim boundaries and on land that was open to mineral entry at the time of location and discovery.

2. The west half of the Pennsylvania No. 1 claim is situated on land the surface of which is privately owned by virtue of a stockraising homestead entry patent.

Comment No. 6:

A person who prospects for, mines or removes minerals from land included in a stockraising homestead entry is liable for damages caused thereby to crops, improvements and the value of the land for grazing. 43 U.S.C. § 299. After location of mining claims on mineral rights reserved to the United States under the Stockraising Homestead Act, the locator may not re-enter to perform assessment work until he has obtained the consent of the surface patentee or successor in interest, or filed with the BLM a surface restoration and damage bond in an amount determined in accordance with 43 C.F.R. § 3814.1.

Requirement F:

Comply with the requirements of 43 U.S.C. § 299 and 43 C.F.R. § 3814.1.

3. Conveyance of Mineral Interest Application No. A21222. (Affects lots 1 and 3, Section 15, T10N, R5W).

Comment No. 7:

Prior to March 20, 1986 an application for conveyance of mineral interest did not withdraw the lands affected from appropriation under the mining laws. 43 C.F.R. Part 2720 (1985), 51 F.R. 9655 (March 20, 1986). Consequently this application had no segregative effect on the lots 1 and 3 of Section 15, T10N, R5W. The application embraces lands contained within the west half of the Pennsylvania No. 1 claim.

B. Bureau of Land Management Surface Management Regulations.

Mining claims located on federal lands are subject to the surface management regulations of the Bureau of Land Management (BLM). 43 C.F.R. Part 3809. However, no notice to, or approval by, the authorized BLM officer is required for "casual use" mining operations, "Casual use" means activities ordinarily resulting in only negligible disturbance of the federal lands. Activities are considered "casual use" if they do not involve the use of mechanized earth-moving equipment, explosives or motorized vehicles in areas that are closed to the use of such vehicles.

All claim owners conducting operations on unpatented mining claims, including access across federal lands to the mining claims, which operations cause a cumulative surface disturbance of 5 acres or less during any calendar year, shall notify the authorized officer in the district office of the Bureau of Land Management having jurisdiction over those lands. Prior to conducting additional operations under a subsequent notice, the operator shall have completed reclamation of operations which were conducted under any previous notice. Notification of such activities by the operator shall be made by a written notice or letter at least 15 calendar days before commencing operations. Approval of a notice by the authorized officer is not required.

An approved plan of operations is required prior to commencing operations which disturb 5 acres or more. The plan of operations must be filed with the District Office of the Bureau of Land Management having jurisdiction over the federal lands in which the claim or project area is located.

C. Initiation of Possessory Title.

Possessory title to the Subject Unpatented Mining Claims was initiated pursuant to the general mining laws of the United States which require the posting of a notice of location on the claim pursuant to 30 U.S.C. § 23 and the location laws of the State of Arizona.

1. State Requirements.

Except for the discrepancies noted in the comments below, the location notices recorded with the Yavapai County Recorder for each of the Subject Unpatented Mining Claims appear to be in substantial compliance with the applicable state statutes in effect at the time the claims were located. A.R.S. § 27-202 (1955, 1978 and 1987). In addition, for those subject mining claims located after 1978, a claim map was recorded with each location notice of such claims. Each map is in substantial compliance with the map requirements set forth in A.R.S. § 27-203 (1978 and 1987). Each of the location notices and claim maps was recorded within the ninety day period after the date of location as required by A.R.S. § 27-202.

Comment No. 8:

Initiation of possessory title under the laws of the State of Arizona is subject to the possible defect of posting the location notices on the centerline of the Victoria #'s 2 through

5 claims rather than at one corner within the boundaries of the claim as required by state law at the time the claims were located. A.R.S. § 27-202.A. If this requirement is not met, "no right of location is acquired." A.R.S. § 27-202.B. The location notices do not clearly describe where the notice is posted. The notices may fairly be interpreted to mean that the notices are posted on the centerline of the claim and not necessarily at a corner of the claim. Nevertheless, courts have generally upheld locations which substantially comply with statutory requirements respecting the place of posting the location notice. 2 Am. L. Min. § 5.53 (1983). The substantial compliance rule has been adopted and followed in Arizona to uphold the sufficiency of the posting of location notices even though there was not strict, literal compliance with the procedures prescribed by statute. See, Hagan v. Dutton, 20 Ariz. 476, 181 P. 578 (1919). The sufficiency of posting location notices is sustained whenever possible. Brewer v. Heine, 56 Ariz. 160, 106 P.2d 495 (1940).

In 1987 the Arizona State legislature amended A.R.S. § 202.A to require the posting of the location notice on "the centerline within the boundaries to the claim...." A.R.S. § 202.A (1987). The initial incorrect posting of the Victoria #s 2 through 5 claims does not appear to be a fatal defect and a valid possessory right may have been acquired by the act of posting the location notices on the centerlines of the claims even though, at the time of location, Arizona law required posting on a corner of the claim. See, Goldfield Mines, Inc. v. Hand, 147 Ariz. 498, 711 P.2d 637 (1985).

Based on the foregoing, it is our opinion that the substantial compliance rule should be applied to uphold the validity of the Victoria #s 2, 3, 4 and 5 claims as against the claims of a subsequent locator, even though the location notices were not posted in strict compliance with applicable law.

Requirement No. G:

Conduct a field examination to determine if the location monuments for the Victoria #s 2, 3, 4 and 5 claims were erected at the point of discovery along the centerline of the claim or at one corner of the claim. If the location monuments were not erected at one corner, it would appear that advantage could be taken of this defect only before, not after, the effective date of the 1987 amendment to A.R.S. § 27-202.A. However, because the Victoria #s 2 through 5 claims should be amended in any event (see Comment No. 9 below), the amendment should recite that the location notices for those claims are posted on their centerlines

in accordance with current law. The amended location notices should describe the position of the monument on which each notice is posted so that the boundaries of the claim can be readily traced, state that they relate back to the date of the original location and that, if it is determined that there was a defect in the original location, the amended location notices constitute relocations as of the date of the amendments. Of course, the amended location notices must be recorded with the Yavapai County Recorder and filed with the Arizona State Office of the BLM within the time required by law.

Comment No. 9:

Although the claim maps for the Subject Unpatented Mining Claims are in substantial compliance with the requirements of A.R.S. § 27-203, we have noted the following irregularities:

(a) The claim map attached to the amended location notice for the Victoria #1 claim failed to describe the type of corner and location monuments used in staking the claim.

(b) The claim maps for the Victoria #s 2 through 4 claims did not include the type of claim located, the name of the County in which the claims were located and the bearing between the corners of each claim.

(c) The claim map for the Victoria #5 claim did not include the name of the County in which the claim is located, a north arrow or the type of claim located.

(d) The claim maps for the Sun #s 1, 2 and 9 through 15 claims failed to indicate the name of the County in which the claims were located, a north arrow or the type of corner and location monuments used in staking the claims.

(e) The claim maps for the Sun #s 3B, 6B, 7B and 8B claims did not include the type of claim located or the type of corner and location monuments used in staking the claim.

(f) The map recorded with the location notice for the Pennsylvania No. 1 claim failed to indicate the type of claim that was located and the type of corner and location monuments used in staking the claim as well as the bearing and distances between the corners of the claim.

Requirement H:

We recommended that amended location notices be prepared for each of the above groups of mining claims, including an amended claim map for each claim group, complying with the statutory requirements set forth in A.R.S. §§ 27-202 and 203, and that the same be recorded with the Yavapai County Recorder's office and filed with the Arizona State Office of the Bureau of Land Management.

2. Federal Requirements

Section 314 of the Federal land Policy and Management Act of 1976 (43 U.S.C. § 1744) ("FLPMA") imposed federal filing requirements on mining claimants and strict penalties for noncompliance with such requirements. Under the regulations implementing FLPMA, a copy of the notice of location recorded in the office of the county recorder under Arizona law had to be filed with the Bureau of Land Management ("BLM") on or before October 21, 1979, for all mining claims located on public lands of the United States prior to October 21, 1976, and within ninety (90) days of the date of location for mining claims located after October 21, 1976. 43 C.F.R. §§ 3833.1-1 and 3833.1-2. Failure to comply with these filing requirements will result in the mining claim being conclusively deemed abandoned and void. 43 C.F.R. § 3833.4(a). Our examination of the BLM case files indicates substantial compliance with the requirements of Section 314 of FLPMA.

D. Affidavits of Labor

1. State Requirements

Affidavits of annual labor performed for the Subject Unpatented Mining Claims were recorded for each year subsequent to the year in which the claims were located, except during the 1975 assessment year for the Victoria #1 claim. In addition, the affidavits appear to be in substantial compliance with the recommended form of affidavit set forth in A.R.S. § 27-208. However, we have noted the following discrepancies:

(a) Our examination failed to reveal a recorded affidavit for the Victoria #1 claim during or for the 1975 assessment year.

Comment No. 10:

The affidavit of annual labor when recorded is prima facie evidence of the performance of the labor or improvements. However, prior to the enactment of FLPMA in 1976, the failure to record an affidavit did not render a mining claim void. If, however, clear and convincing evidence is produced showing that the required amount of annual labor was not performed on the Victoria #1 claim, then such claim would have been subject to relocation prior to the resumption of the work in later years. Hartman Gold Mining Company v. Warning, 40 Ariz. 267, 11 P.2d 854 (1932).

(b) Arizona law permits the filing of a single affidavit of annual labor for work performed on contiguous mining claims. A.R.S. § 27-208.C. A single affidavit was, in fact, recorded for the Kathryn A, Kathryn B, Alvin J. and Pennsylvania No. 1 mining claims for the 1986 through 1988 assessment years. However, such claims are not contiguous as the Pennsylvania No. 1 claim is separated from the other three claims by the Edgar patented mining claim.

(c) The affidavits for the Alvin J., Kathryn A., Kathryn B. and Pennsylvania No. 1 claims for the 1986 and 1988 assessment years only claim $300 worth of labor and improvements for the benefit of all four claims.

Comment No. 11:

A minimum of $100 worth of labor must be performed on or for the benefit of each mining claim during each assessment year. 30 U.S.C. § 28. The affidavit of annual labor when recorded is prima facie evidence of the performance of the labor or improvements. A.R.S. § 27-208. However, a claim owner may provide evidence other than the evidence stated in the affidavit that enough work was performed for all of the mining claims listed in the affidavit. Public Service Co. v. Bleak, 134 Ariz. 311, 656 P.2d 600 (1982).

Even if evidence can be procured to satisfy the $100 per claim requirement, the fact that the Pennsylvania No. 1 claim is not contiguous with the other three listed claims, may be a fatal defect. See, Chambers v. Harrington, 111 U.S. 350 (1884); McDonald v. McDonald, 16 Ariz. 103, 144 P. 950 (1914).

State law allows a single affidavit for contiguous claims. Because the Arizona statute (A.R.S. § 208.C.) specifically limits a single affidavit to contiguous claims, it is logical to assume the legislature intended a separate affidavit for non-contiguous claims. See, Attorney General Opinion R88-004, March 11, 1988.

Requirement I:

Obtain sufficient evidence to show that the requisite amount of assessment work was performed on each of the above four claims for the 1986 and 1988 assessment years. As to the Pennsylvania No. 1 claim, ascertain whether assessment work was performed on the claim independently of the Alvin J, Kathryn A. and Kathryn B. claims. The 1989 assessment work should be for the benefit of the Pennsylvania No. 1 claim independent of the other three claims. Separate affidavits should be recorded and filed with the BLM for the Pennsylvania No. 1 claim and the remaining three claims described above.

2. Federal Requirements.

Examination of the BLM files indicates substantial compliance with the minimum recordation requirements of § 314 of FLPMA and the regulations in 43 C.F.R. §§ 3833.2-2 (b) and (c) (1984). However, we note the following irregularity:

The affidavits of labor performed and improvements made for the Victoria #1 claim during the 1982 through 1985 assessment years included an incorrect BLM serial number for the claim.

Comment No. 12:

Section 314 of FLPMA requires a description of the claim sufficient to locate the claim on the ground. 43 U.S.C. § 1744. The BLM regulations permit a claimant to use the serial number assigned to the claim in place of the description requirement. However, where the proper claim can be ascertained, the BLM will accept the claim name to satisfy the requirements of FLPMA and the regulations. See, Philip Brandl, 54 IBLA 343. Our review of the mining claim case file for the Victoria #1 claim revealed that the BLM has properly credited the claim with assessment work for the 1982 through 1985 assessment years.

E. Apparent Mining Claim Conflicts.

Based upon our examination of the BLM's geographical index dated January 11, 1989 and appropriate mining claim case files, it appears that the Subject Unpatented Mining Claims as presently located are in conflict with the following mining claims:

1. The Y1B, Y2B, and Y3B unpatented lode mining claims located September 9, 1988 are located over portions of the Victoria #s 4 and 5 mining claims located in 1980 and 1985.

2. Substantial portions of the Sun #s 1 and 2 and small portions of the Sun #s 9 and 10 mining claims located in 1988 overlap the Black Dike No. 3 mining claim located in 1947.

3. It appears that portions of the Sun #s 11, 12 and 13 mining claims located in 1988 possibly overlap the Black Dike No. 1 lode mining claim located in 1946.

4. Portions of the Sun #s 11, 12 and 13 mining claims also overlap the Black Dike Extension #s 1, 2 and 4 mining claims located in 1951 and 1957.

5. Substantial portions of the Sun #s 2 and 3B mining claims located in 1988 overlap the Rim Rock No. 1 lode mining claim located in 1948.

6. Portions of the Sun #s 1 and 12 mining claims overlap the Gold Rock #s 1 and 2 mining claims located in 1984.

7. The Sun # 13 mining claim partially overlaps the Gold Ridge No. 2 lode mining claim located in 1984.

8. We have been provided with copies of location notices to the YAR #s 1 through 30 claims located in 1989 which overstake all of the Subject Unpatented Mining Claims.

Comment No. 13:

Junior locators may lay the boundary lines of their lode mining claims across senior locations as long as the discovery is made on unappropriated land. However, the junior locator may not acquire rights to land embraced within a valid prior location.

Requirement J:

Determine whether the mineral discoveries for the Subject Unpatented Mining Claims in conflict with senior lode mining claims lie outside the boundaries of such senior locations.

Comment No. 14:

Our examination revealed the following additional mining claims located in 1989 by Don Jenkins as agent for Norgold Resources: the Sun-16, Sun-17 and Sun-18 unpatented lode claims located February 10, 1989. These claims are contiguous to each other and the Sun-16 claim is contiguous to the Sun #14 claim situated in the Northeast quarter of Section 23.

In addition, it appears that Don Jenkins along with C.E. Marker located the YX-1 and YX-2 unpatented lode mining claims on January 15, 1989 and February 1, 1989, respectively. These claims are located in the southeast quarter of Section 15 and appear to be contiguous to the Pennsylvania No. 1 claim.

We have not examined the documentation or the land status for the claims referred in this Comment No. 14. It is our general understanding that these claims and some relocations of these claims by ASARCO will be subject to the agreement being negotiated between ASARCO and Norgold. Assuming that those claims lie within the area of interest provided for in that agreement, those claims should be added to the Norgold agreement.

F. State Prospecting Permits.

Examination of the Land Status Records maintained by the Arizona State Land Department for Township 10 North, Range 5 West revealed that the State will be issuing prospecting permits for state land within Lot 3, the northeast quarter of the northeast quarter and the south half of the northeast quarter of Section 22, Township 10 North, Range 5 West to Norgold Resources, Inc. under prospecting permit 08-96869. In addition, the State will be issuing a prospecting permit for the east half, except for portions described by meets and bounds in the southeast quarter, of Section 14, Township 10 North, Range 5 West to Norgold Resources, Inc. under prospecting permit number 08-96868. However, copies of the original prospecting permits were not available in the appropriate files at the time of our examination.

Appropriate rental fees for each of the prospecting permits have been paid for the time period commencing April 26, 1989 through April 25, 1990. However, in view of the state land mineral leasing legislation passed by the legislature last week which is pending the Governor's approval, it is uncertain what disposition will be made of these prospecting permits.

G. Qualification of Opinion.

In some of the conveyance documents for the Subject Unpatented Mining Claims there was no indication of the marital status of the grantors. In rendering our opinion we have relied on A.R.S. § 33-452 which provides that conveyances of community property are invalid unless signed by both the husband and wife, except for unpatented mining claims which may be conveyed by the spouse having the title or right of possession. Accordingly, we except from this letter and render no opinion with respect to claims of community property rights in any of the Subject Unpatented Mining Claim arising as a result of the failure of a spouse, if any, to join in any conveyance of the Subject Unpatented Mining Claims.

This letter is further subject to any unrecorded, established and existing roads, licenses, easements and rights-of-way, and the effect of any facts which a correct survey and inspection of the property would disclose.

This opinion does not cover and we do not express an opinion concerning:

(a) compliance with the physical acts of location (including the existence of a mineral discovery on each claim), actual performance of annual assessment work (including the adequacy or appropriateness of the work) and physical acts required to prepare course and distance ties and other requirements for mapping purposes, as required by state and federal law;

(b) the rights of third parties claimed under independent mining locations conflicting with the subject property, except insofar as said conflicts are disclosed by the BLM's geographical index forming, in part, the basis of this examination;

(c) extralateral rights of conflicting independent mining locations, whether the mining locations are within or without the boundaries of the captioned mining claims;

(d) any action of a governmental agency for the purpose of regulating occupancy or use of the subject property or any building or structures thereon;

(e) water rights, if any;

(f) compliance with the BLM's surface management regulations, 43 C.F.R. Part 3809;

(g) the existence of any improvements on the Subject Mining Claims or the Subject Unpatented Mining Claims and the existence of encroachments from or on said claims.

The conclusions expressed herein are intended for the sole use and benefit of ASARCO Incorporated and those persons to whom Evans, Kitchel & Jenckes, P.C. expressly in writing authorizes its release. No one other than ASARCO Incorporated shall have a right to rely on this letter. This opinion is not to be released, quoted in whole or in part, nor filed with any government agency or other person without prior written consent.

Please feel free to contact us with any questions you may have.

Very truly yours,

Jerry L. Haggard

Jerry L. Haggard
For Evans, Kitchel & Jenckes, P.C.

cc: James L. Woods, Esq.

Exhibit "A"

The following patented and unpatented lode mining claims situate in Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G&SRB&M, Weaver Mining District, Yavapai County, Arizona:

I. Patented Claims

1. The Juniper lode mining claim, mineral survey no. 1112, patent whereof is recorded in Book 36 of Deeds, pages 229 through 232.

Except for that portion of said Juniper claim conveyed to the California, Arizona and Santa Fe Railway Company by Warranty Deed recorded in Book 235, page 8 and described as follows:

> Commencing at corner No. 1 of said Juniper claim, thence North 44° 30′ West along the 1-5 line of said claim 237.56 feet to the Point of Beginning for the description of the herein described tract; thence continuing along said 1-5 line 150.0 feet; thence North 44° 30′ East parallel with the 5-4 line of said claim 500 feet; thence South 44° 30′ East parallel with said 1-5 line 150 feet; thence South 44° 30′ West parallel with said 5-4 line 500 feet to the Point of Beginning.

And Except for that portion of Juniper claim conveyed to Maricopa County by Warranty Deeds recorded in Book 1265, page 694 and page 697 and described as follows:

> Commencing at the Northeasterly end of the Northwesterly side line of the parcel of land conveyed in Book 235, page 8; thence North 44° 30′ East 75 feet along the Northeasterly prolongation of the Northwesterly side line of said parcel conveyed in Book 235, page 8; thence South 44° 30′ East 70 feet along a line parallel with the Northeasterly end line of said parcel conveyed in Book 235, page 8; thence in a Southwesterly direction to a point on said Northeasterly end line that is South 44° 30′ East 75 feet from the Point of Beginning for the herein described parcel of land; thence North 44° 30′ West 75 feet along the Northeasterly end line of said parcel conveyed in Book 235, page 8 to the Point of Beginning. EXCEPT for all coal, oil, gas and other mineral deposits in said land as reserved unto the Grantor.

2. The Edmond lode mining claim, mineral survey No. 1114, patent whereof is recorded in Book 36 of Deeds, pages 236 through 240.

3. The Edgar lode mining claim, mineral survey No. 1113, patent whereof is recorded in Book 36 of Deeds, pages 240 and 241.

4. The Triangle lode mining claim, mineral survey No. 1115, patent whereof is recorded in Book 36 of Deeds, pages 233 through 236.

5. The Mother lode mining claim, mineral survey No. 1201, patent whereof is recorded in Book 43 of Deeds, pages 296 through 300.

Together with an easement for ingress and egress over an existing roadway located near Corner No. 4 of the Edmond claim, mineral survey No. 1114 and over the Edgar claim, mineral survey No. 1113, as reserved in deed recorded in Book 1207, page 425.

II. Unpatented Claims

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. | Locator |
|---|---|---|---|---|---|---|
| Victoria #1 | 8/5/1974 | 924 | 198 | 8/5/74 | AMC 78219 | David L. Beasley, Bud Rains, Buddie Rains, Frank Yellowhorse (aka Frank W. Beasley) |
| Amended | 3/2/1980 | 1287 | 763 | 3/25/80 | AMC 78219 | Bud Rains (3/4)<br>David L. Beasley (1/4) |
| Victoria #2 | 3/2/1980 | 1287 | 765 | 3/25/80 | AMC 98902 | Bud Rains (1/4)<br>Frank Yellowhorse (1/4)<br>D.C. Layton (1/2) |
| Victoria #3 | 3/2/1980 | 1287 | 767 | 3/25/80 | AMC 98903 | Bud Rains (1/4)<br>Frank Yellowhorse (1/4)<br>D.C. Layton (1/2) |
| Victoria #4 | 3/2/1980 | 1287 | 769 | 3/25/80 | AMC 98904 | Bud Rains (1/4)<br>Frank Yellowhorse (1/4)<br>D.C. Layton (1/2) |
| Victoria #5 | 8/20/1985 | 1751 | 484 | 9/4/85 | AMC 244644 | D. C. Layton<br>Priscilla A. Layton |
| Kathryn A | 11/21/1975 | 991 | 419 | 11/21/75 | AMC 33459 | Alvin J. Roman<br>Kathryn A. Gooding |
| Amended | 11/21/1975 | 996 | 263 | 1/2/76 | AMC 33459 | Alvin J. Roman<br>Kathryn A. Gooding |
| Kathryn B | 11/21/1975 | 991 | 421 | 11/21/75 | AMC 33460 | Alvin J. Roman<br>Kathryn A. Gooding |
| Amended | 11/21/1975 | 996 | 265 | 1/2/76 | AMC 33460 | Alvin J. Roman<br>Kathryn A. Gooding |
| Alvin J. | 11/21/1975 | 991 | 423 | 11/21/75 | AMC 33458 | Alvin J. Roman<br>Kathryn A. Gooding |

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. | Locator |
|---|---|---|---|---|---|---|
| Amended | 11/21/1975 | 996 | 261 | 1/2/76 | AMC 33458 | Alvin J. Roman<br>Kathryn A. Gooding |
| Pennsylvania No. 1 | 6/26/1981 | 1392 | 661 | 6/30/81 | AMC 134462 | Alvin J. Roman |
| Sun #1 | 9/9/1988 | 2079 | 476 | 9/13/88 | AMC 288941 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #2 | 9/9/1988 | 2079 | 478 | 9/13/88 | AMC 288942 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #3 | 9/9/1988 | 2079 | 480 | 9/13/88 | AMC 288943 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun-3B (amendment) | 10/25/1988 | 2091 | 499 | 10/26/88 | AMC 288943 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #6 | 9/9/1988 | 2079 | 486 | 9/13/88 | AMC 288946 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun-6B (amendment) | 10/25/1988 | 2091 | 501 | 10/26/88 | AMC 288946 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #7 | 9/9/1988 | 2079 | 488 | 9/13/88 | AMC 288947 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun-7B (amendment) | 10/25/1988 | 2091 | 503 | 10/26/88 | AMC 288947 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #8 | 9/9/1988 | 2079 | 490 | 9/13/88 | AMC 288948 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |

| Claim Name | Date Located or Amended | Recorded Book | Recorded Page | Recorded Date | BLM Serial No. | Locator |
|---|---|---|---|---|---|---|
| Sun-8B (amendment) | 10/25/1988 | 2091 | 505 | 10/26/88 | AMC 288948 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #9 | 9/9/1988 | 2079 | 492 | 9/13/88 | AMC 288949 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #10 | 9/9/1988 | 2079 | 494 | 9/13/88 | AMC 288950 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #11 | 9/9/1988 | 2079 | 496 | 9/13/88 | AMC 288951 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #12 | 9/9/1988 | 2079 | 498 | 9/13/88 | AMC 288952 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #13 | 9/9/1988 | 2079 | 500 | 9/13/88 | AMC 288953 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #14 | 9/9/1988 | 2079 | 502 | 9/13/88 | AMC 288954 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |
| Sun #15 | 9/9/1988 | 2079 | 504 | 9/13/88 | AMC 288955 | Norgold Resources, Inc. by Don L. Jenkins, agent for Norgold |

STATE OF ARIZONA, County of Yavapai—ss. 10831

I do hereby certify that the within instrument was filed and recorded at request of GUARANTEE TITLE & TRUST CO.

on Oct. 4 A.D. 1961 at 10:20 o'clock a M. Book 235 Official Records

Page 8, Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK G. BAUER, County Recorder.

By Hermina Trumbach Deputy

INDEXED

When recorded, mail to:

IKB 270

# Warranty Deed

ESCROW # 1082-060

For the consideration of Ten Dollars, and other valuable considerations, the undersigned RAY KRIEGER and JAYNELL KRIEGER, his wife, and TOM RIDGEWAY and MABLE RIDGEWAY, his wife

does hereby convey to CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, a California corporation, the following real property situated in Yavapai County, Arizona:

All that portion of the JUNIPER Lode Mining Claim, designated by the Surveyor General as Survey No. 1112, United States Patent whereof is recorded in Book 36 of Deeds, pages 229-232, described as follows:

BEGINNING at corner No. 1 of said Juniper claim; thence North 44°30' West along the 1-5 line of said claim 237.56 feet to the actual POINT OF BEGINNING for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44°30' East parallel with the 5-4 line of said claim, 500.0 feet; thence South 44°30' East parallel with said 1-5 line, 150 feet; thence South 44°30' West parallel with said 5-4 line, 500 feet to the actual POINT OF BEGINNING.

Together with an easement for ingress and egress over an existing road, from U. S. Highway No. 89 to the above described tract. Said easement for roadway purposes crosses the EDMOND, the TRIANGLE and the JUNIPER Lode Mining Claims designated by the Surveyor General as Survey Nos. 1114, 1115 and 1112, respectively, and lying 6.0 feet on each side of the following described center line:

BEGINNING at the West Quarter corner of Section Fourteen, Township Ten North, Range Five West of the Gila and Salt River Base and Meridian; thence North along the West line thereof 33.63 feet; thence South 84°44' East, 426.95 feet; thence South 35°19'30" East 405.0 feet to point No. 1, the actual POINT OF BEGINNING for the aforesaid center line; thence South 03°47' West 492.0 feet to angle point No. 2; thence South 34°37'30" West 149.0 feet to angle point No. 3; thence South 74°02'30" East 530.0 feet to angle point No. 4; thence North 25°57'30" West 252.0 feet to angle point No. 5; thence North 32°23'30" East 90.0 feet to angle point No. 6; thence South 69°15'30" East 290.0 feet to angle point No. 7; thence North 38°09'30" East 95.92 feet to angle point No. 8; thence North 9°29'30" West 139.0 feet to angle point No. 9; thence South 67°38'30" East 475.0 feet to angle point No. 10; thence South 01°02' West 260.0 feet to angle point No. 11; thence South 16°13' West 87.0 feet to angle point No. 12; thence South 49°41' West, 280.0 feet to angle point No. 13; thence South 83°53' West 185.0 feet to angle point No. 14; thence along an irregular curve to the right to the aforesaid angle point No. 7, said curve passing through a point 60 feet Westerly from the Microwave site, which site bears South 07°31' East 375.0 feet from said angle point No. 7.

Grantors herein assume no responsibility in connection with maintaining or repairing above described road.

And I or we do warrant the title against all persons whomsoever, subject to the the matters above set forth.

Dated this 29th day of September, 19 61

Ray Krieger — Ray Krieger

Jaynell Krieger — Jaynell Krieger

Tom Ridgeway — Tom Ridgeway

Mable Ridgeway — Mable Ridgeway

STATE OF ARIZONA } ss. County of

This instrument was acknowledged before me this 29th day of Sept. 19 61 by RAY KRIEGER and JAYNELL KRIEGER, his wife

My commission will expire: My Commission Expires Feb. 16, 1963

Les Owens — Notary Public

STATE OF ARIZONA } ss. County of

This instrument was acknowledged before me this 29th day of Sept. 19 61 by TOM RIDGEWAY and MABLE RIDGEWAY, his wife

My commission will expire: My Commission Expires Feb. 16, 1963

Les Owens — Notary Public

THIS FORM FURNISHED THROUGH COURTESY OF GUARANTEE TITLE AND TRUST COMPANY

BOOK 235 PAGE 8

EXHIBIT "B"

Proposed Communication Site
at Yarnell, Arizona

W.O. #75322

## Legal Description

That portion of the JUNIPER LODE MINING CLAIM, M.S. No. 1112 as shown in Book 36 of Deeds, pages 229, 230, 231 & 232, Yavapai County Records, Arizona and which is also shown on the plat attached hereto and made a part of this description, described as follows: BEGINNING at the Northeasterly end of the Northwesterly side line of the parcel of land conveyed to the California, Arizona and Santa Fe Railway Company more particularly described as Beginning at Corner No. 1 of said JUNIPER claim; thence North 44°30' West along the 1-5 line of said claim 237.56 feet to the actual point of beginning for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44°30' East parallel with the 5-4 line of said claim, 500.0 feet; thence South 44°30' East parallel with said 1-5 line, 150.0 feet; thence South 44°30' West parallel with said 5-4 line to the actual point of beginning, in Book 235 of Deeds, page 8, Yavapai County Records, Arizona;

THENCE North 44°30' East, 75 feet along the Northeasterly prolongation of the Northwesterly side line of said C.A. & S.F.R. Co. parcel; thence South 44°30' East 70 feet along a line parallel with the Northeasterly end line of said C.A. & S.F.R. Co. parcel; thence in a Southwesterly direction to a point on said Northeasterly end line that is South 44°30' East, 75 feet from the Point of Beginning for the herein described parcel of land; thence North 44°30' West, 75 feet along the Northeasterly end line of said C.A. & S.F. R. Co. parcel to said Point of Beginning.

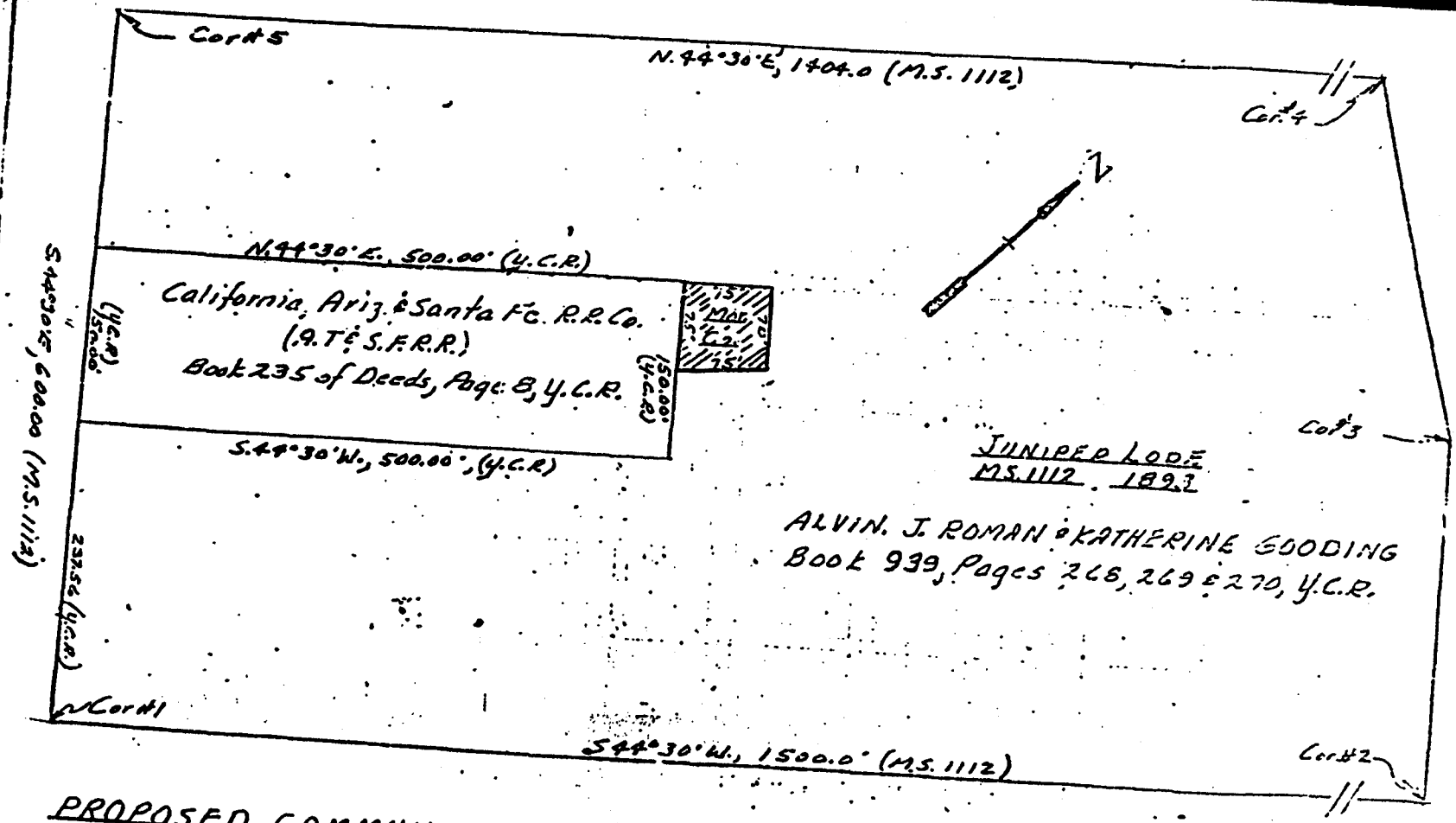
ALSO, an easement for ingress and egress over an existing road from U. S. Highway No. 89 to the above described tract. Said easement for roadway purposes crosses the EDMOND, the TRIANGLE and the JUNIPER Lode Mining Claims designated by the Surveyor General as Survey Nos. 1114, 1115 and 1112, respectively, and lying 6.0 feet on each side of the following described centerline: BEGINNING at the West quarter corner of Section Fourteen(14), Township Ten(10) North, Range Five(5) West of the Gila and Salt River Base and Meridian; thence North along the West line thereof 33.63 feet; thence South 84°44' East, 426.95 feet; thence South 35°19'30" East 405.0 feet to point No. 1, the actual Point of Beginning for the aforesaid center line; thence South 03°47' West 492.0 feet to angle point No. 2; thence South 34°37'30" West 149.0 feet to angle point No. 3; thence South 74°02'30" East 530.0 feet to angle point No. 4; thence North 25°57'30" West 252.0 feet to angle point No. 5; thence North 32°23'30" East 90.0 feet to angle point No. 6; thence South 69°15'30" East 290.0 feet to angle point No. 7; thence North 38°09'30" East 95.92 feet to angle point No. 8; thence North 9°29'30" West 139.0 feet to angle point No. 9; thence South 67°38'30" East 475.0 feet to angle point No. 10; thence South 01°02' West 260.0 feet to angle point No. 11; thence South 16°13' West 87.0 feet to angle point No. 12; thence South 42°41' West, 280.0 feet to angle point No. 13; thence South 83°53' West 185.0 feet to angle point No. 14; thence along an irregular curve to the right to the aforesaid angle point No. 7, said curve passing through a point 60 feet Westerly from the Microwave site, which site bears South 07°31' East 375.0 feet from said angle point No. 7 as described in said Book 235 of Deeds, Page 8, Y.C.R.

AND ALSO, an easement for ingress and egress over and across that portion of the Juniper Lode Mining Claim, M.S. 1112, lying between the Northwesterly side line of the herein described proposed Communications Site and that portion of said irregular curve between point No. 14 and angle point No. 7 lying Northerly of the Northwesterly side line of the California, Arizona and Santa Fe Railway Company parcel.

EXCEPT any portion not lying within the Juniper Lode Mining Claim.



EXHIBIT "C"




PROPOSED COMMUNICATIONS SITE
IN SEC. 14, T10N, R5W, G&SRB&M,
YAVAPAI COUNTY, AZ

W.O. 75322

MARICOPA COUNTY HIGHWAY DEPARTMENT

Approved By: [illegible]
Real Estate Supervisor

EXHIBIT "C" Con't.

NORGOLD RESOURCES (US) INC.
c/o 2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, British Columbia
V6B 4N6

VIA COURIER

2003-26

January 12, 1989

Asarco Incorporated
P.O. Box 5747
1150 North Seventh Avenue
Tuscon, Arizona
U.S.A. 85703

Attention: Mr. Mark A. Miller

Dear Sirs:

Re: YARNELL PROPERTY, Yavapai County, Arizona

This letter agreement is written to set out the basic understanding between Norgold Resources (US) Inc. ("Norgold") and Asarco Incorporated ("Asarco") concerning the referenced property which is described in detail in schedule "A" attached to this letter (the "Property").

The agreement between Norgold and Asarco is as follows:

1. Subject as hereinafter provided, Norgold agrees to grant to Asarco the exclusive right and option to earn an undivided 51 percent interest in Norgold's interest in the Property and to enter into a joint venture for the development of the Property.

2. In consideration for Norgold granting the option to Asarco and to maintain the option in good standing, Asarco shall:

a) make the following cash payments to Norgold:

(i) $15,000 upon the execution of the formal agreement;
(ii) $30,000 by June 1, 1989;
(iii) $35,000 October 1, 1989;
(iv) $7,500 per calendar quarter commencing January 1, 1990 for four quarters;
(v) $10,000 per calendar quarter commencing January 1, 1991 for four quarters; and
(vi) $12,500 per calendar quarter commencing January 1, 1992 for four quarters.

b) complete the following work committments:

(i) a minimum 3,000 foot drilling program (including assaying and geological interpretation) by June 1, 1989;

(ii) further exploration work valued at $125,000 within 12 months of the date of the formal agreement; ie, by Jan 1, 1990

(iii) further exploration work valued at $250,000 within 24 months of the date of the formal agreement; ie, by Jan 1, 1991

(iv) further exploration work valued at $300,000 within 36 months of the date of the formal agreement; and ie, by Jan 1, 1992

(v) further exploration work valued at $350,000 including a completed and delivered (to Norgold) bankable feasibility study recommending commercial production on the Property within 48 months of the date of the formal agreement. ie, by Jan. 1, 1993

3. Asarco may accelerate the foregoing cash payments to Norgold and may also accelerate the work program and when Norgold has received the foregoing cash payments and when Asarco has completed the foregoing work commitments (inclusive of cash payments to be made to Norgold) and delivered the aforesaid feasibility study, Asarco shall have earned a 51 percent undivided interest in Norgold's interest in the Property.

4. Upon the delivery of the feasibility study, Norgold shall within six months form a joint venture for the development of the Property with Asarco and elect to either:

a) have a 49 percent participating interest; or

b) have a 25 percent non–participating interest.

5. Asarco will be the operator of the joint venture and a management committee shall be established to oversee the joint venture and the operator and each party shall have one representative on the management committee. Each representative shall have the number of votes coinciding with its interest in the joint venture and all decisions shall be made by majority vote.

6. If Norgold chooses a participating interest in the joint venture, it shall be deemed to have spent proportionally the same amount of money on the Property as Asarco at the commencement of the joint venture and each parties interest in the joint venture shall coincide with its contribution from time to time to exploration and development expenditures provided that any party reduced to a 15 percent interest will have its interest in the joint venture converted to a 15 percent net profits interest.

7. Asarco acknowledges that Norgold acquired its interest in the Property through Mining Agreement (With Option to Purchase) dated effective as of the 30th day of December, 1988, between Western Building and Mining Co., Inc. ("Western Building") and Norgold (the "Agreement"), a copy of which agreement has been provided to Asarco. While this agreement remains in good standing and prior to the formation of the joint venture, Asarco shall make all required payments to Western Building and meet all of the obligations of Norgold both as set out in the Agreement. With respect to the payments to be made to Western Building pursuant to paragraph four of the Agreement, Asarco shall deliver notice in writing to Norgold at least 90 days prior to the due date for each payment, that Asarco firmly commits to make such payment. Failing the receipt of such notice, Norgold shall be entitled to treat this agreement as terminated by Asarco.

Poss too [illegible] but [illegible] [illegible]

8. The formal agreement shall be subject to an area of interest provision concerning after acquired properties lying fully or partially within three miles of the outer boundary of the Property. This provision shall also apply to the Alverado Gold Mines property located in Yavapai County, Arizona, which the parties acknowledge is a potential acquisition candidate for joint development along with the Property.

9. Asarco acknowledges that there are two telecommunication towers on the Property. Norgold is in the process of securing agreements with the owners of the towers to provide for their relocation in the event that either or both would hinder mining operations. Asarco agrees to reasonably cooperate with Norgold in its efforts to secure these two agreements upon the request of Norgold.

10. While the option remains in good standing, Asarco shall maintain the Property in good standing and record all work done on the Property to the maximum extent allowed as assessment work and work done on the Property shall be done in a prudent miner-like manner.

11. The positive feasibility study described above shall contain the information and analysis generally required by money centre banks to evaluate financing for projects of similar size and complexity.

12. It is a condition of this agreement that Norgold have access to all information concerning the Property as and when received by Asarco and in addition receive monthly reports describing work done and results obtained on the Property.

13. All funds mentioned herein are U.S. dollars.

14. After concluding the drill program on the Property as required in paragraph 2. b)(i), Asarco may terminate the agreement on 60 days notice.

15. The foregoing represents the major financial terms of the understanding between the parties. It is understood that this offer is contingent upon the approval of Norgold's title and the execution by both parties of a more complete and formal agreement.

16. The parties agree to use their best efforts to remove the contingencies as soon as reasonably possible and in the event that the contingencies are not removed and the formal agreement not signed by February 28, 1989, this letter agreement may be terminated by either party.

If Asarco agrees in principal to the terms of this offer, please indicate such acceptance by signing below and returning one copy of the letter to Norgold. Upon such acceptance, Asarco shall commence preparation of the formal agreement. This offer is open for acceptance for seven business days from the date hereof.

Yours very truly,

NORGOLD RESOURCES (US) INC.

Per:

Christopher Moat, President

Agreed to and accepted this ____ day of _____, 1989.

ASARCO INCORPORATED

Per:

_____

0423V

Schedule "A"

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |
| Y 1-7 | | | |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

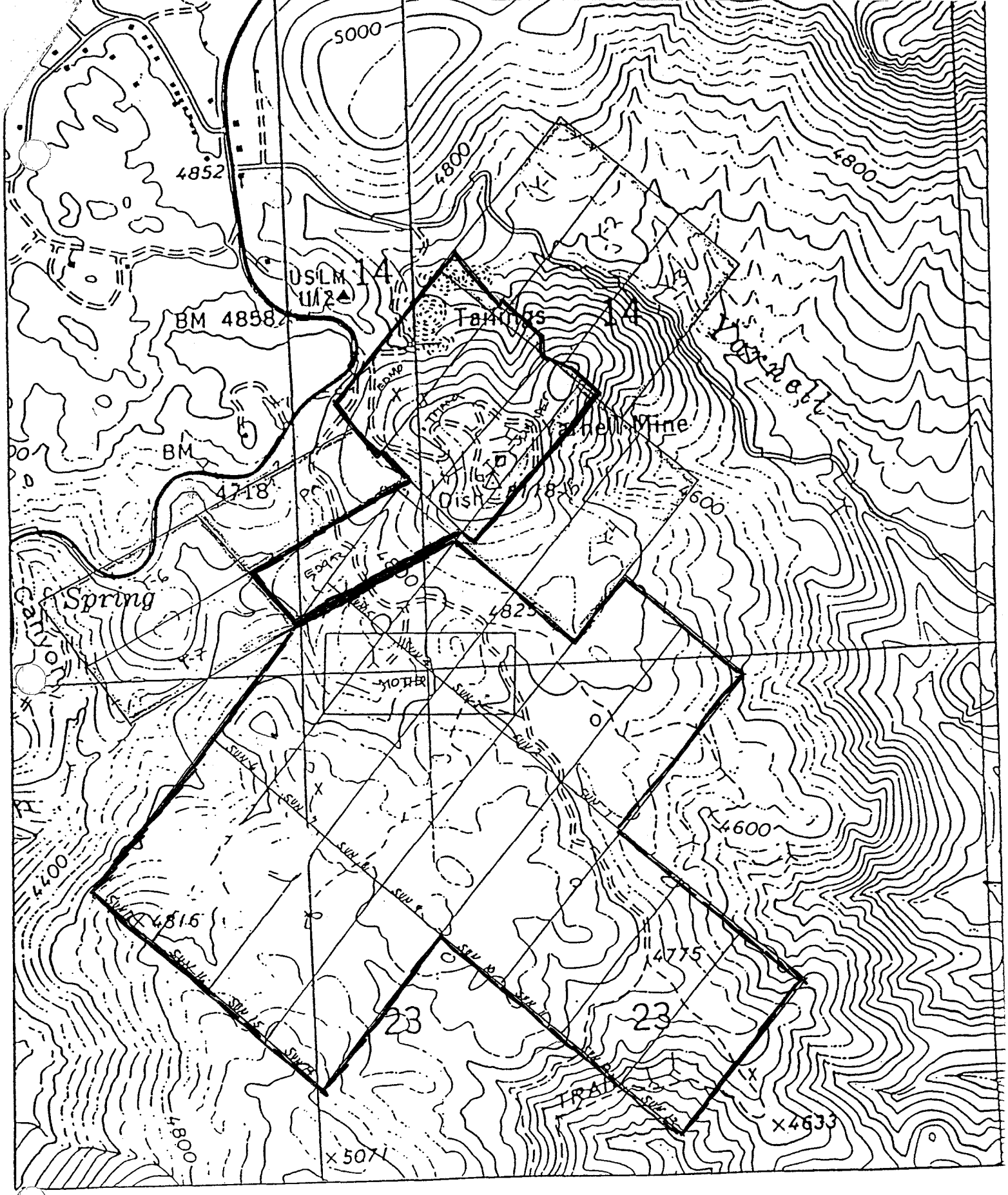
2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.




0 1000'

YARNELL MINE

YAVAPAI COUNTY, ARIZONA

**PROPERTY MAP**

Figure 2

PATENTED CLAIMS

CLAIMS STAKED BY NORGOLD

OTHER UNPATENTED CLAIMS CONTROLLED BY NORGOLD.

JDS

# NORGOLD RESOURCES INC.

January 13, 1989

Mark Miller
ASARCO Incorporated
1150 North 7th Avenue
Tucson, AZ 85703

ASARCO Incorporated
JAN 16 1989
SW Exploration

Dear Mark,

Re: YARNELL MINE

Please find enclosed the following documents:

1. Two original copies of proposed preliminary agreement between Norgold and ASARCO.
2. Agreement between Norgold and Western Building and Mining Co.
3. Agreement between Norgold and Don Jenkins.
4. Notice of Mining Claim Location & Receipt and Accounting Advice Sun 1-15, Y1-7
5. Affidavit of Performance of Annual Assessment Work - 1987, 1988's Work-assessment recorded by Al Roman.
6. A BLM Claim index sheet.
7. Surveyed Map of Patent & Claims and Placer map of unpatented claims excluding Sun 1-15.

We are currently discussing with both Maricopa County and Santa Fe various alternatives regarding the removal and repositioning of the five telecommunication towers located on the property. Tench and myself both feel that by relocating the tower approximately 100' to the southeast in a land swap it will not encumber future mining as the deposit dips to the northwest.

Please review the agreement and get back to us as soon as possible. As we are in the negotiating phase we will not be showing this property to any third parties, however, your timeliness is appreciated. Should you have any further queries, please contact either myself or Christopher Moat at (604) 685 8730.

Sincerely,

Michael D. Philpot

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TAJ 555
January 27, 1989
PROJECT NO. YARNESS
Y-28 TO Y-40


ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85712

Analysis of 21 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au* (ppm) |
|---|---|---|
| 1 | Y-28 | .03 |
| 2 | Y-29 | <.01 |
| 3 | Y-31 | 12.00 |
| 4 | Y-32 | 1.00 |
| 5 | Y-33 | .68 |
| 6 | Y-34 | .20 |
| 7 | Y-36 0-50 | 1.50 |
| 8 | Y-37 0-5 | .33 |
| 9 | Y-37 5-10 | .30 |
| 10 | Y-37 10-15 | .30 |
| 11 | Y-37 15-20 | .32 |
| 12 | Y-37 20-25 | .19 |
| 13 | Y-37 25-30 | .22 |
| 14 | Y-37 30-35 | 1.50 |
| 15 | Y-37 35-40 | .51 |

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 555
January 27, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au* (ppm) |
|---|---|---|
| 16 | Y-38 0-10 | .49 |
| 17 | Y-38 10-20 | .22 |
| 18 | Y-38 20-30 | 1.40 |
| 19 | Y-38 30-35 | .04 |
| 20 | Y-39 | .45 |
| 21 | Y-40 | .05 |

*NOTE: Method of analysis by combination fire assay and atomic absorption based on a one assay-ton sample.

cc: Mr. J. D. Sell

REGISTERED ASSAYER
CERTIFICATE NO.
9425
WILLIAM L.
LEHMBECK
Arizona

**ASARCO**

**Exploration Department**
Western USA

VIA UPS OVERNIGHT

February 2, 1989

Mr. R. L. Brown
New York Office

Yarnell Project
Yavapai County, AZ

Enclosed are copy of my letter to Norgold transmitting the letter agreement and a copy of the underlying Norgold-Western Building and Mining Agreement.

Please have a formal agreement prepared incorporating their terms into the acceptable Asarco agreement form and return to J.D. Sell who will forward it to Norgold.

Please note that return of capital expenditures (near bottom of page 2, letter agreement) means all expenditures that we normally capitalize, so that all exploration costs will become a capital item.

Also note that (#3 on page 2, letter agreement) a commitment to put the property into commercial production within three years does not preclude Asarco's right to terminate as stated on page 3 of letter agreement.

Effective date 27 January 1989, which is date Norgold signed letter agreement.

W. L. Kurtz

WLK:mek
Encs.

cc: J.D. Sell

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

VIA FEDERAL EXPRESS

January 27, 1989

Mr. M. Philpot
Norgold Resources Inc.
2380 Harbour Center
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C. V6B 4N6

Yarnell Project
Yavapai County, AZ

Dear Mr. Philpot:

Enclosed are four copies of the ASARCO Incorporated - Norgold Resources (US) Inc. letter agreement signed by me and a check in the amount of US$10,000 as required by the letter agreement.

Please have Mr. Moat sign all four copies and return two signed copies to me.

Sincerely yours,

William L. Kurtz

WLK:mek
encs.

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703
1150 North 7th Avenue (602) 792-3010

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

January 25, 1989

Mr. Christopher Moat, President
Norgold Resources Inc.
2380 Harbour Center
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C. V6B 4N6

NORGOLD RESOURCES (US) INC.
("Norgold")
Yarnell Project
Yavapai County, Arizona

Dear Mr. Moat:

The following will outline the business terms I discussed with Mr. Philpot (all dollars are US dollars) concerning property described in Schedule "A".

Payments from ASARCO Incorporated ("Asarco") to Norgold:

| | |
|---|---|
| $10,000 | Upon your acceptance of these terms |
| 15,000 | March 6, 1989 |
| 15,000 | July 1, 1989 |
| 15,000 | October 1, 1989 |
| 20,000 | January 1, 1990 |
| 20,000 | July 1, 1990 |
| 25,000 | January 1, 1991 |
| 25,000 | July 1, 1991 |
| 25,000 | On January 1, 1992; 1993; 1994 if Asarco has not initiated mining development of the property. |

Norgold obligations to other owners:

If Asarco makes the $15,000 payment on March 6, 1989, then Asarco will be responsible for meeting all obligations of Norgold to Western Building and Mining Company ("Western Building") including making all property payments due Western Building. Asarco will reimburse Norgold for the $1,000 payment Norgold makes on March 1, 1989 to Western Building. Asarco will give Norgold notice by October 1 of each year whether Asarco will make the January 1 payment due to Western Building.

Asarco has no obligations to Don Jenkins, 1632 Kile Street, Prescott, Arizona, U.S.A. 86301.

Asarco acknowledges that Norgold is currently negotiating to obtain mining rights on other claims immediately adjacent to or within their current land position including the unpatented Victoria's, the patented Mother Lode and the patented Santa Fe land. Norgold will keep Asarco informed of progress in acquiring this ground and will not sign any binding agreement without first discussing the terms with Asarco. Asarco shall be entitled to make the property that is subject to any such agreement part of this agreement by assuming Norgold's obligation therein while this agreement remains in good standing. If Asarco does not wish to make such additional property part of this agreement, Norgold shall be entitled to acquire the same free of any obligation to Asarco.

Work Commitments

If Asarco elects to proceed after March 6, 1989, Asarco will, subject to termination, perform the following work:

1. Between March 6, 1989 and July 1, 1989, complete 3,000 feet of drilling.
2. Between July 1, 1989 and July 1, 1990, complete $250,000 worth of work on or for the benefit of the property.
3. By July 1, 1991, present to Norgold a feasibility study that contains the information and analysis generally required by money centre banks to evaluate financing for the projects of similar size and complexity, and a commitment in writing to put the property into commercial production within three years subject to time extension for periods when the price of gold is less than $350/ounce.

Upon presentation of the feasibility study and production commitment Asarco will have earned a 51 percent interest.

Upon receipt of the feasibility study and Asarco's commitment to put the property into production, Norgold will have six months to make a one-time election of:

1. a 49 percent joint venture interest which may be diluted to a 15 percent net profits interest, or
2. a five percent interest until all Asarco's capital expenditures are paid back at which time Norgold will receive a 25 percent carried interest.

If Norgold elects a joint venture interest, then Asarco will be the operator of the joint venture and a management committee shall be established to oversee the joint venture and each party shall have one representative on the management committee. Each representative shall have the number of

votes coinciding with its interest in the joint venture and all decisions shall be made by majority vote.

If Norgold chooses a joint venture interest, it shall be deemed to have spent proportionally the same amount of money on the property as Asarco as of the date Asarco notified Norgold that Asarco plans to put the property into production and each party's interest in the joint venture shall coincide with its contribution from time-to-time to exploration and development expenditures provided that any party reduced to a 15 percent interest will have its interest in the joint venture converted to a 15 percent net profits interest.

The formal agreement shall be subject to an area of interest provision concerning after acquired properties lying fully or partially within three miles of the outer boundary of the property. This provision shall also apply to the Alverado Gold Mines property located in Yavapai County, Arizona, which the parties acknowledge is a potential acquisition candidate for joint development along with the property.

Asarco acknowledges that there are two telecommunication towers on the property. Norgold is in the process of securing agreements with the owners of the towers to provide for their relocation in the event that either or both would hinder mining operations and to obtain the mineral rights beneath the Santa Fe patented land.

Asarco may terminate this agreement as follows:

1. any time prior to March 6, 1989, with 48 hours notice to Norgold;
2. any time prior to July 1, 1989, with 48 hours notice to Norgold;
3. after July 1, 1989, Asarco will give Norgold 30 days notice of termination. Asarco is still required to give Norgold notice by October 1 of whether Asarco will make the January 1 payment due Western Building.

This agreement will terminate if Asarco does not initiate mine development by July 1, 1994, however, the termination date will be extended if the initiation of mine development is prevented because of environmental or permitting reasons provided that Asarco shall be obligated in good faith and diligently to vigorously pursue necessary mining permits and authorizations in a timely manner.

Time shall be of the essence of this agreement.

If this is your understanding of the basic terms of the agreement between Asarco and Norgold, please indicate acceptance below and return one copy to me. Upon receipt of your acceptance, Asarco will forward you a check for $10,000 and Asarco will draft a formal agreement including the above terms.

In the absence of a formal agreement this letter will be binding on both parties.

Very truly yours,

/s/

William L. Kurtz

WLK:mek

Agreed to and accepted this _____ day of January, 1989.

Norgold Resources (US) Inc.

Per: _____
Christopher Moat, President

YARNELL

Schedule "A"

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |
| Y 1-7 | | | |

and any amendments to any Y and any Sun unpatented claims

YARNEK

Schedule "A"

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims, and subject to mineral rights and surface rights of Santa Fe to 1.72 acres within the Juniper patented claim.

YARNELL
ARIZONA

MINING AGREEMENT
(With Option to Purchase)

THIS MINING AGREEMENT (With Option to Purchase), dated effective as of the 30 day of December, 1988, is by and between WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation (hereinafter referred to as "OWNER") and NORGOLD RESOURCES (US) INC., a Delaware corporation (hereinafter referred to as "NORGOLD").

Recitals:

(i) OWNER owns those certain patented and unpatented mining claims situated in Yavapai County, Arizona more particularly described in Exhibit A attached hereto and made a part hereof;

(ii) NORGOLD has heretofore located the unpatented lode mining claims (the "Sun Claims") described in Exhibit B attached hereto and made a part hereof, which unpatented lode claims are contiguous to the claims described in Exhibit A, record title to which Exhibit B claims shall be transferred to OWNER as provided in Paragraph 8(A) below;

(iii) All of the mining claims described in Exhibit A and B shall be subject to this Agreement, which claims, together with all ores, minerals and other materials of every nature and sort thereon and thereunder except oil, gas, coal and other hydrocarbons and together with all rights of OWNER in and to all appurtenances, easements, rights-of-way, water rights and all rights now or hereinafter owned or held by OWNER in, on or under said claims or in any way appurtenant to or pertaining thereto are hereinafter collectively referred to as the "Property;" and

(iv) OWNER desires to grant to NORGOLD and NORGOLD desires to obtain from OWNER the right to enter upon, explore, develop and mine the Property, together with the sole and exclusive option to purchase the Property, all on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutal covenants and conditions set forth below, OWNER and NORGOLD agree as follows:

1. Warranties and Representations.

OWNER hereby represents and warrants to NORGOLD as follows: (a) that OWNER owns the entire, undivided interest in and to the claims described in Exhibit A free and clear of all liens, claims and encumbrances of any type whatsoever except as to the matters set forth in Exhibit A; (b) that each of the unpatented mining claims described in Exhibit A has been validly located in compliance with the laws of the United States and the State of Arizona pertaining to the location, recordation and filing of unpatented mining claims; (c) that no litigation has been filed or threatened against the claims described in Exhibit A nor against OWNER's title thereto; (d) that to the best of OWNER's knowledge, information and belief, the claims described in Exhibit A are free from all environmental hazards and liabilities arising out of operations previously conducted thereon and OWNER shall indemnify and hold NORGOLD harmless from all environmental costs, liabilities and expenses of whatsoever nature arising out of operations heretofore conducted upon the claim described in Exhibit A; (e) that OWNER has performed all assessment work as required by law for the unpatented claims described in Exhibit A and has timely recorded and filed proof thereof, all in accordance with the applicable state and federal statutes pertaining to assessment work; (f) that OWNER has the full right, power and capacity to enter into this Agreement on the terms and conditions contained herein; and (g) that the status of the Property shall not be adversely affected by any act of OWNER while this Agreement is in effect.

2. Grant.

(A) Mining Rights - OWNER hereby grants to NORGOLD, its successors and assigns, the exclusive right to enter upon, occupy, use and possess the Property including, but not limited

to, all of the ores, minerals, materials and mineral rights except the oil, gas, coal and other hydrocarbons thereunder and together with all water and water rights, in, on and under the Property; SUBJECT TO the right of OWNER, its successor and assigns, to use the water rights for and to drill for, explore, develop, produce and mine the oil, gas, coal and other hydrocarbons to the extent that such activities do not interfere with the operations conducted by NORGOLD hereunder. The rights granted NORGOLD hereunder shall include the rights to survey, explore for, prospect, sample, develop, drill, mine (by open pit, strip, underground, solution mining or any other method, including any method hereafter developed), stockpile, extract, mill, store, treat, process, remove, ship and market therefrom all ores, minerals and other materials of every nature or sort thereon and thereunder except hydrocarbons, and to place thereon, construct, repair, maintain and use (and at its election to remove) such structures, buildings, facilities, roads, tracks, equipment, tailings ponds, storage dumps, pipelines, mills and processing plants, haulageways and such other improvements and facilities as NORGOLD may deem necessary, useful or convenient for the full enjoyment of all rights granted herein. NORGOLD is hereby further granted the exclusive right to use the Property, or any part thereof, for the additional purposes of producing, removing, treating or transporting ores, minerals or mineral bearing materials from adjoining or nearby properties owned or controlled by NORGOLD and the right to mine and remove ores, minerals and other mineral bearing materials from the Property through or by means of shafts, openings or pits which may exist or be made in or upon adjoining or nearby properties. NORGOLD shall not have the right to mix ores, minerals and materials from the Property with ores, minerals or other materials from lands other than the Property unless and until such time (if any) as OWNER has given NORGOLD OWNER's written approval thereto, including written approval of the sampling, weighing and measuring techniques required of NORGOLD. OWNER agrees to give

due consideration to any written request by NORGOLD to allow commingling but it is agreed and understood that any right of NORGOLD to commingle shall be only such right (if any) as OWNER, in its sole discretion, grants to NORGOLD in writing. NORGOLD shall have the right, at any time during the term hereof, to stockpile any ores mined or produced from the Property at such places on the Property as NORGOLD may elect and such stockpiling shall not be deemed a removal or shipment requiring the payment of production royalties thereon. In no event shall NORGOLD stockpile any of the ore produced from the Property for the purpose of avoiding, delaying or reducing its obligation hereunder to pay production royalties to OWNER. Material deemed by NORGOLD to be waste, overburden or tailings may be deposited by NORGOLD on or off the Property, whether derived from the Property or from adjoining or nearby properties owned, leased or controlled by NORGOLD, provided that nothing herein contained shall lessen or detract from NORGOLD's obligations to perform required reclamation or restoration work as set forth in Section 7(A).

(B) Existing House - OWNER shall retain possession of, and the right to use or lease, the existing house on the Property together with the surface thereunder and within fifty (50) feet of the perimeter thereof until such time (if any) as the closing of the escrow pursuant to NORGOLD's exercise of its option to purchase the Property, whereupon NORGOLD shall become the OWNER of the said house. Until such closing:

(1) the use and maintenance of the house will be at the sole risk and expense of OWNER;

(2) the house will not be used for purposes interfering with NORGOLD's activities on the Property;

(3) if NORGOLD determines that the house has to be moved to carry out its exploration or mining activities, NORGOLD shall give written notice to OWNER describing the site to which the house shall be moved and describing the

route of an access road to such site and NORGOLD will pay all expenses necessary to move the house to such other location and the expenses (if any) of constructing an access road to such location;

(4) the house shall be maintained by OWNER in its present condition, normal wear and tear excepted, until the option to purchase the Property is exercised by NORGOLD;

(5) NORGOLD shall have no responsibility nor liability for or as to the occupants of the house and OWNER shall require that any tenants or other occupants restrict their use and occupation to the house and the area within 50 foot of the perimeter of the house plus the non-exclusive use of the existing access road to the house, or, if the house is moved as described above, the non-exclusive use of the access road referred to in (3) above; and

(6) OWNER will indemnify and save NORGOLD harmless form any liability concerning unauthorized entry of its tenants or other occupants onto the Property occupied by NORGOLD for the purpose of mineral exploration, development and mining.

(C) Equipment; Rental - OWNER shall have the right to continue to store on the Property the various items of its equipment presently located thereon so long as such storage does not interfere with NORGOLD's operations hereunder; provided that OWNER agrees to rent to NORGOLD such items thereof as NORGOLD elects to rent at 40% of the market rental rate, as determined by the current Blue Book of American Equipment Distributors. NORGOLD shall not use any of the equipment prior to entering into a rental agreement with OWNER and except as to equipment leased to NORGOLD, the continued storage on the Property shall be at OWNER's sole risk.

(D) Option to Purchase - OWNER hereby grants to NORGOLD the sole, exclusive and irrevocable option to purchase the Property, which option may be exercised by NORGOLD at any

time prior to the termination of or the expiration of the term of the option specified in Paragraph 3(A). In the event of such exercise, the purchase shall be upon the terms and conditions set forth in Paragraph 6 hereof.

3. Term.

(A) Term of Option to Purchase - Unless sooner terminated pursuant to the provisions of Paragraph 11 hereof, the option granted to NORGOLD herein to purchase the Property shall expire on January 1, 1993.

(B) Term of This Agreement - If NORGOLD fails to timely exercise its option to purchase the Property within the term of such option and unless sooner terminated pursuant to Paragraph 11, this Agreement and the escrow provided in Paragraph 6(C) shall terminate upon expiration of the option to purchase. If NORGOLD timely exercises its option to purchase the Property, this Agreement and the said escrow shall terminate on the earlier of (i) the date on which NORGOLD commences Commercial Production, or (ii) January 1, 1998; provided that the latter date shall be extended by the periods, if any, by which the obligation of NORGOLD to commence Commercial Production is extended by periods of low gold prices as provided in Paragraph 5(B).

4. Payments.

Upon execution of this Agreement by both parties, NORGOLD shall pay to OWNER the sum of Three Thousand Dollars ($3,000.00). In addition, NORGOLD shall pay to OWNER each of the following sums, the due date for the payment of which occurs prior to the termination of this Agreement:

| Amount | Due Date |
|---|---|
| $1,000.00 | March 1, 1989 and a like sum on the corresponding date of each month thereafter that this Agreement remains in effect through December 1, 1989; |

| | |
|---|---|
| $100,000.00 | January 1, 1990 |
| $100,000.00 | January 1, 1991 |
| $100,000.00 | January 1, 1992 |
| $150,000.00 | January 1, 1993 |

It is expressly agreed and understood by the parties hereto that if this Agreement is terminated pursuant to Paragraph 11 or if NORGOLD sooner exercises its option to purchase the Property, NORGOLD shall have no obligation to make any payment described in this Paragraph 4, the due date of which occurs after such termination or exercise. All funds set forth in this Agreement shall be references to U.S. funds. All of the payments made to OWNER by NORGOLD pursuant to this Paragraph 4 shall be a credit against the purchase price of the Property set forth in Paragraph 6 (B) hereof in the event NORGOLD purchases the Property. Any payments required to be made by NORGOLD to OWNER hereunder may be made in cash, by check or by draft, in the sole discretion of NORGOLD, and may be personally delivered or deposited in the United States or Canadian mail, postage prepaid and certified or registered, and addressed to OWNER at the address for notice purposes as provided in Paragraph 14. The personal delivery to OWNER or the deposit in the mail to OWNER by NORGOLD of any such payment on or before its due date shall be deemed timely payment thereof. Upon making any payment to the OWNER, NORGOLD shall be relieved of all responsibility for the further distribution thereof.

5. Commercial Production.

(A) Commencement of Commercial Production - It is agreed and understood between the parties that NORGOLD intends to explore and evalute the Property and, if warranted, develop and put the Property into Commercial Production. The term "Commercial Production" shall mean the processing of ores or minerals from the Property for sale through a mill or processing facility designed and constructed for that purpose or through a third party custom mill or processing facility to which ores or minerals from the Property are shipped for processing and sale

excluding shipments made to a pilot plant and bulk sample processing for purposes of determining the commercial feasibility of the Property). Subject to the termination provisions of Paragraph 11 and to the extension provisions of Paragraph 5(B), NORGOLD agrees to commence Commercial Production on or before January 1, 1994 or, in lieu thereof, to pay $50,000.00 to OWNER on such date as an advance production royalty payment to extend the period for commencing Commercial Production for twelve (12) additional months. NORGOLD may further extend the date by which it is obligated to commence Commercial Production for three additional one-year periods by payment to OWNER of $50,000.00 on the first day of each such additional one year period. If NORGOLD fails to commence Commercial Production by January 1, 1998 or by such later date as permitted by the extensions provided in Paragraph 5(B), this Agreement shall terminate and upon delivery to OWNER of the Reconveyance Deed described in Paragraph 6(C) below, NORGOLD shall have no obligations to make any further payments nor to perform any further obligations, the due dates for the payment or performance of which occur thereafter. If NORGOLD commences Commercial Production prior to exercise of its option to purchase the Property, it shall pay to OWNER production royalties at the times, in the amounts and in the manner as provided in Schedule Two to Exhibit C attached hereto and made a part hereof. If, prior to commencement of Commercial Production, NORGOLD produces and sells ores or minerals mined by NORGOLD from the Property, NORGOLD shall pay to OWNER a production royalty thereon of 2% to Net Smelter Returns as defined in the attached Schedule Two to Exhibit C.

(B) Extensions Due to Low Gold Price - The due date for NORGOLD's obligation to commence Commercial Production shall be extended by the cumulative total of the periods of low gold prices occuring from and after the effective date hereof and prior to the particular due date to which such extension applies. For purposes of this subparagraph (B), a period of low gold prices shall commence on the date on which the published

Handy & Harmon gold price has remained below $362.50 an ounce for ten consecutive trading days and shall end on the date on which such published gold price has exceeded $362.50 an ounce for ten consecutive trading days. NORGOLD shall give written notice to OWNER of the commencement of each such extension period within thirty (30) days following the commencement thereof and shall also give written notice to OWNER of the termination of each such extension period within thirty (30) days following the termination thereof.

6. Exercise of Option; Purchase Price; Reserved Royalty; Escrow; Closing.

(A) Procedure - NORGOLD may exercise the option to purchase the Property granted it herein at any time during the term of the option as set forth in Paragraph 3(A) by providing written notice of such exercise to OWNER with a copy to the hereinafter designated Escrow Agent.

(B) Purchase Price; Reserved Royalty - The purchase price of the Property shall be Four Hundred Sixty Three Thousand Dollars ($463,000.00), which amount shall be reduced by all payments made to OWNER by NORGOLD pursuant to Paragraph 4 hereof and by all credits and deductions authorized by the terms of this Agreement. In the event NORGOLD purchases the Property pursuant to the option granted it herein, OWNER shall reserve a production royalty, as defined in Exhibit C, attached hereto and made a part hereof, which royalty shall be in the amount and upon the terms and conditions set forth in Exhibit C.

(C) Escrow Agent - NORGOLD and OWNER hereby designate _____ whose address is _____

_____

to serve as escrow agent (hereinafter referred to as "Escrow Agent"), subject to the terms and conditions of this Agreement. In order to establish such escrow, promptly following the execution of this Agreement, OWNER and NORGOLD shall deliver to Escrow Agent a copy of this Agreement which shall serve as escrow

instructions, and OWNER shall execute and deliver to the Escrow Agent a Mining Deed in the form of Exhibit B hereto, conveying to NORGOLD title to the Property and NORGOLD shall promptly execute and deliver to the Escrow Agent: (i) a Quitclaim Deed, quitclaiming its interest in the Property to OWNER, and (ii) a Reconveyance Deed reconveying the Property to OWNER. Escrow Agent is hereby directed to receive the documents delivered to it by OWNER and NORGOLD and to hold and deliver the same as follows:

(1) All three of the documents to OWNER in the event of expiration or termination of this Agreement prior to the exercise by NORGOLD of its option to purchase the Property;

(2) the Mining Deed and the Quitclaim Deed to NORGOLD upon exercise by NORGOLD of its option to purchase and payment to OWNER of the purchase price therefor pursuant to Paragraph 6 (D) hereof; and (3) the Reconveyance Deed to NORGOLD upon commencement by NORGOLD of Commercial Production [notice of which shall be given to OWNER and Escrow Agent by NORGOLD] or to OWNER if NORGOLD fails to commence Commercial Production within the time provided in Paragraph 5 and in such latter event, Escrow Agent shall insert the Docket and page of recordation of the Mining Deed in the spaces provided on the first page of the Reconveyance Deed.

Prior to the delivery of any of the documents to either NORGOLD or OWNER, Escrow Agent shall provide fifteen (15) days prior written notice to OWNER and NORGOLD of its intention to so deliver such documents. OWNER and NORGOLD each agree to execute and deliver to Escrow Agent such additional documents as may be necessary or desirable to effectuate the provisions of this Agreement. The charges of Escrow Agent shall be paid by NORGOLD. Upon delivery to the appropriate party of the Reconveyance Deed pursuant to (1) or (3) above, the escrow shall terminate.

(D) <u>Closing of Purchase Option</u> - Within sixty (60) days following notice by NORGOLD to OWNER of the exercise of its option to purchase the Property, NORGOLD shall pay the balance,

if any, of the purchase price to the Escrow Agent. Escrow Agent shall record the Mining Deed from OWNER to NORGOLD in Yavapai County, Arizona and pay the purchase price to OWNER. In order to facilitate closing, OWNER and NORGOLD shall execute such other documents and perform such other acts as may be reasonably required to transfer the Property to NORGOLD. The recording and any transfer fees shall be paid by NORGOLD.

7. Obligations of NORGOLD.

(A) Conduct of Operations - All work and operations performed by NORGOLD on the Property pursuant to this Agreement shall be conducted in a good and workmanlike manner, and in substantial compliance with all valid and applicable local, state and federal laws and regulations governing such work or operations. NORGOLD shall, at its cost, secure any permits and provide any bonds required to be furnished to the Bureau of Land Management pertaining to operations on the Property and shall, at its cost, perform any required reclamation or restoration activities.

(B) Protection from Liens - NORGOLD shall pay all expenses incurred by it in its operations on the Property and shall allow no liens arising from any act of NORGOLD to remain upon the Property while this Agreement is in effect; provided, however, that NORGOLD shall not be required to remove any such lien so long as NORGOLD is contesting in good faith the validity or amount thereof. In the event any lien is filed against the Property arising out of NORGOLD's operations thereon, NORGOLD shall furnish a copy thereof to OWNER within fifteen (15) days after service of the lien upon NORGOLD and NORGOLD shall, at the same time, advise OWNER in writing of NORGOLD's defense thereto.

(C) Assessment Work - NORGOLD shall perform assessment work (unless excused, suspended or deferred) for the benefit of that portion of Property consisting of unpatented claims for every assessment year while this Agreement is in effect unless this Agreement is terminated prior to May 1st of the applicable

assessment year. For any assessment year in which NORGOLD is obligated to perform assessment work pursuant to the terms of this Agreement, NORGOLD shall prepare, record and file with the Bureau of Land Management all documents required by state and federal laws pertaining to the performance of such assessment work and shall provide OWNER a copy of the document of proof of such assessment work on or before the date forty-five (45) prior to the filing deadline therefor. If NORGOLD fails to furnish OWNER such proof within the time above provided, OWNER shall have the right to enter upon the Property and complete the required assessment work and in such event, NORGOLD shall pay to OWNER the costs and expenses expended in completing such assessment work within ninety (90) days of receipt by NORGOLD of OWNER's statement of such costs and expenses. OWNER acknowledges and agrees that if permitted by applicable law, NORGOLD may perform development and exploration work on any one or more of the claims for the benefit of all claims. OWNER further agrees that NORGOLD shall have the right to perform assessment work required hereunder pursuant to a common plan of exploration or development for the Property and other properties owned or controlled by NORGOLD which are contiguous to the Property, whether performed on or off the Property. NORGOLD shall not be liable on account of the holding by any court or governmental agency that the effect of work performed by NORGOLD does not constitute the required annual assessment work for purposes of preserving title to the unpatented mining claims which comprise a part of the Property, provided that the work performed by NORGOLD is of a kind generally accepted as assessment work, and provided further that NORGOLD has expended a total dollar amount sufficient to meet the minimum statutory expenditure requirements for said claims.

(D) Indemnity; Insurance - NORGOLD agrees to indemnify and hold OWNER harmless from any and all claims, damages, causes of action, or obligations, including reasonable attorneys fees, arising from NORGOLD's operations on the Property pursuant to

this Agreement provided that OWNER is not a contributory cause to or contributorily negligent with respect thereto. NORGOLD shall maintain and keep in force during the term of this Agreement workmen's compensation insurance on NORGOLD's employees as required by the State of Arizona and shall obtain and maintain general liability insurance covering its operations hereunder in such amounts as are in accordance with general industry standards, taking into account the operations then being conducted by NORGOLD on the Property. NORGOLD shall furnish a copy of such policy to OWNER prior to conducting operations on the Property.

(E) Payment of Taxes - During the term of this Agreement, NORGOLD shall pay all ad valorem taxes levied or assessed against the Property, all taxes levied or assessed against the personal property and improvements of NORGOLD situated on the property and all taxes levied upon the operations of NORGOLD on the Property, exclusive of any taxes levied, asssessed or measured by the income of OWNER. OWNER shall promptly transmit to NORGOLD any notices which it receives pertaining to such taxes. In the event of termination of this Agreement other than by NORGOLD's purchase of the Property, taxes which are the responsibility of NORGOLD shall be prorated, on a calendar year basis, for the calendar year in which this Agreement is terminated. OWNER shall pay all taxes levied or assessed against its equipment referred to in Paragraph 2(c). OWNER shall also pay that portion of ad valorem taxes and any personal property taxes levied against the exisiting house and the contents thereof until the close of the Escrow described in Paragraph 6 pursuant to NORGOLD's exercise of its option to purchase. Either party shall have the right to contest, in the courts or otherwise, the validity or amount of any tax or assessment before it shall be required to pay the same. NORGOLD and OWNER shall each furnish to the other proof of payment of those taxes for which such party is responsible within thirty (30) days of the due date. Upon failure of one of the parties to

pay the taxes for which it is responsible, the other party shall have the right to pay the same and charge the responsible party all costs and expenses incurred in connection with such payment. In such event, the responsible party shall reimburse the other party within ninety (90) days of receipt by the responsible party of a statement of the costs paid and expenses incurred by the other party.

(F) Return of Property to OWNER - In the event of termination of this Agreement prior to exercise by NORGOLD of its option to purchase, NORGOLD shall return possession of the Property to OWNER free and clear of any charges, liens or encumberances created by or arising from NORGOLD's operations on the Property.

8. Transfer of Sun Claims; New Locations; Amendment and Relocation; Patent; Amendment of Mining Laws.

(A) At the time of execution of this Agreement by both parties, NORGOLD shall execute and deliver to OWNER a Quitclaim Mining Deed transferring to OWNER record title to the unpatented Sun Claims described in Exhibit B, which Deed shall be made expressly subject to this Agreement and to the rights of NORGOLD hereunder.

(B) Any unpatented federal mining claims or group of such claims located by NORGOLD prior to execution of this Agreement and any such claims located by NORGOLD prior to exercise by NORGOLD of its option to purchase, any portion of which are contiguous to the claims described in Exhibits A and B, shall be located by NORGOLD as agent for and in the name of OWNER and shall, upon the location thereof, become subject to the terms of this Agreement (including payment to OWNER of production royalty) and shall become a part of the Property as if fully described in Exhibit A. NORGOLD shall promptly notify OWNER of any such locations and NORGOLD agrees that it shall not locate any mining claims in a manner so as to overlap any of the presently existing mining claims described in Exhibit A.

(C) Amendment and Relocation - NORGOLD shall have the right at any time prior to exercise of its option to purchase, to amend or relocate in the name of OWNER any of the unpatented mining claims constituting the Property which NORGOLD, in its sole and exclusive discretion, deems advisable to amend or relocate. If NORGOLD undertakes any such amendment or relocation, NORGOLD shall use its best efforts to complete the same in compliance with all applicable statutes and regulations, but NORGOLD shall not be liable to OWNER for any act (or failure to act) by it or any of its agents in connection with such amendment or relocation so long as such act (or omission) does not arise from gross negligence and is not made in bad faith.

(D) Patent - Upon request by NORGOLD, made at any time or times prior to exercise by NORGOLD of its option to purchase, OWNER shall undertake to obtain a patent to any portion or to all of the unpatented mining claims which comprise the Property, and in conjunction therewith NORGOLD shall prepare all documents and compile all data and comply in all respects with the applicable laws, all at the expense of NORGOLD. OWNER shall execute any and all documents required for this purpose and shall cooperate fully with NORGOLD in the patent application and proceedings subsequent thereto. If OWNER begins patent proceedings and NORGOLD thereafter requests OWNER to discontinue such proceedings, or if this Agreement is terminated while patent proceedings are pending, NORGOLD shall have no further obligation with respect thereto except to pay any unpaid expenses accrued in such proceedings prior to its request to discontinue or prior to such termination of this Agreement, whichever occurs first.

(E) Amendment of Mining Laws - In the event of the amendment of the federal laws pertaining to the acquisition, development and mining of federally owned minerals or federal lands in which minerals may exist and such amendment is at variance with or in substitution of the present system of mining locations under the Mining Law of 1872, as amended, and if such amendment or amendments shall provide the owners of unpatented

mining claims the right to acquire rights to federally owned minerals or federal lands in which minerals may exist in exchange for or in modification of existing rights, NORGOLD shall have the right, but not the obligation, to acquire such rights on its behalf if it has theretofore purchase the Property and otherwise, in the name of OWNER. In the event such election is made by NORGOLD, NORGOLD shall pay all costs, fees and expenses in conjunction therewith.

(F) Rights to Inure to NORGOLD - The rights of NORGOLD under this Agreement shall extend to and shall include any amended, relocated or patented claims and any rights which may be acquired in exchange for or in substitution of existing rights.

9. Data; Inspection; Confidentiality.

Prior to exercise by NORGOLD of its option to purchase, NORGOLD shall furnish to OWNER at intervals no less frequently than monthly, copies of non-interpretive geological data, drilling and assay report, engineering reports and other factual data obtained by NORGOLD concerning the Property. OWNER, and its agents authorized in writing, at OWNER's sole risk and expense, may enter upon the Property to inspect the same and, if NORGOLD is granted the right to commingle pursuant to Section 2(A), to verify the manner in which sampling and weighing or measuring of ores, minerals and material from the Property is conducted prior to commingling the same with ores, minerals or materials from other lands. Such entry shall be at such times and upon such notice (of not less than 24 hours) to NORGOLD as shall not hinder or interrupt the operations of NORGOLD. OWNER shall indemnify and save NORGOLD harmless with respect to any liability arising out of such entry. OWNER shall not, without the prior written consent of NORGOLD, disclose any information, including the terms of this Agreement, it may be furnished by or obtain from NORGOLD or from its inspections provided for herein with respect to the Property or any operations of NORGOLD pertaining to the Property. In the event of any breach by OWNER of the provisions of this Paragraph

, OWNER's right to receive further information or to enter and inspect the Property shall terminate and NORGOLD shall not be obligated to furnish further information or to permit any such further entry and inspection.

10. Title Matters.

(A) Title Documents; Data - Promptly following the execution of this Agreement by both parties, OWNER shall deliver to NORGOLD all existing abstracts of title to and all copies of any existing plats or field notes of surveys thereon which OWNER may have in its possession. In addition, OWNER shall furnish to NORGOLD copies of any exploration data, assays, logs, maps, geological, geochemical and geophysical surveys and reports that OWNER may have in its possession. OWNER shall allow NORGOLD the right to examine and analyze all drill core from the Property available to OWNER.

(B) Title Defects, Defenses and Protection - If -- (i) in the opinion of counsel for NORGOLD, OWNER's title to the claims described in Exhibit A or any part thereof is defective or less than as represented in Paragraph 1, or (ii) OWNER's title to the claims described in Exhibit A is contested or questioned by any person, entity or governmental agency -- and if OWNER is unable or unwilling to promptly commence action reasonably designed to correct the defects or alleged defects in title and to thereafter diligently pursue such action to completion, NORGOLD may, but shall not be obligated to, attempt to perfect, defend or initiate litigation to protect OWNER's title. In such event, OWNER shall execute all documents and shall take all such other actions as are reasonably necessary to assist NORGOLD in its efforts to perfect, defend or protect OWNER's title. If title to the claims described in Exhibit A is less than as represented in Paragraph 1, then the costs and expenses of perfecting, defending or correcting title (including, but without being limited to, the cost of attorney's fees, costs of litigation, costs of settlement of litigation, and the cost of

releasing or satisfying any mortgages, liens or encumbrances) shall be a credit against payments thereafter to be made to OWNER, unless the encumbrance or dispute arises from NORGOLD's failure to perform obligations hereunder, in which case such costs shall be borne by NORGOLD.

(C) Lesser Interest Provisions - If OWNER's title to the claims described in Exhibit A (or any portion thereof) is less than the entire undivided interest in and to all of the claims described in Exhibit A or is subject to a superior adverse interest other than as set forth in Exhibit A, NORGOLD shall have the right to elect to accept such title as OWNER may have by giving notice of such election to OWNER. In such event, since the payments set forth in Paragraph 4 and hereof and the purchase price set forth in Paragraph 6(B) hereof are predicated upon OWNER owning the entire undivided interest in and to the claims described in Exhibit A free and clear of all superior adverse interests other than as set forth in Exhibit A, NORGOLD shall have the right to reduce such payments and the purchase price to the same proportion as the undivided title and interest actually owned by OWNER bears to the entire undivided title and interest in and to the claims described in Exhibit A.

(D) General - Nothing herein contained and no notice or action which may be taken pursuant to this Paragraph 10 shall limit or detract from the right of NORGOLD to terminate this Agreement at any time prior to exercise by NORGOLD of its option to purchase the Property.

11. Termination.

(A) Termination by OWNER - If, at anytime prior to exercise by NORGOLD of its option to purchase the Property, OWNER deems that NORGOLD is in default in the performance of any of its obligations pursuant to this Agreement, OWNER shall give NORGOLD and Escrow Agent written notice of such alleged default, specifying with particularity the nature of the same, and NORGOLD shall not be deemed to be in default hereunder unless within

thirty (30) days after the receipt of such notice NORGOLD shall not have cured or commenced action reasonably designed to cure such default. Upon such failure of NORGOLD and in the event NORGOLD is in fact in default as specified in said notice, OWNER may terminate this Agreement by providing NORGOLD and Escrow Agent written notice of termination; provided, however, that in the event NORGOLD in good faith contests such alleged default, NORGOLD may give written notice to OWNER and Escrow Agent within said thirty (30) day period setting forth such fact and in such event, OWNER shall secure a final judicial determination by a court of competent jurisdiction that NORGOLD is, in fact, in default as set forth in said notice. In the event of such a judicial determination, this Agreement shall not be terminated by OWNER if NORGOLD shall satisfy such judgment within thirty (30) days following the date of the final judicial determination of such default, or, if such judgment cannot be satisfied solely by the payment of money, if NORGOLD shall have failed to commence within said thirty (30) day period action to satisfy such judgment. OWNER shall have no right to terminate this Agreement except for default by NORGOLD of any of its obligation hereunder, in which event such termination shall be in accordance with the provisions of in this Paragraph 11(A).

(B) Complete Termination by NORGOLD - NORGOLD shall have the right to terminate this Agreement in its entirety at any time prior to exercise by NORGOLD of the option to purchase the Property by giving thirty (30) days prior written notice thereof to OWNER, with a copy to the Escrow Agent. Upon the effective date of such termination, all right and interest of NORGOLD under this Agreement shall terminate and NORGOLD shall not be required to make any further payments or to perform any further obligations hereunder, except as to payments or obligations, if any, the due date or incurrence of which occur prior to the date of such termination.

12. Equipment Removal; Delivery of Data; Completion of Assessment Work.

(A) Removal of Equipment - If this Agreement expires or is terminated other than by commencement of Commercial Production, NORGOLD shall have the right to remove, within three (3) months following the date of such termination, all structures, installations, equipment, fixtures and the like installed by NORGOLD upon the Property during the term of this Agreement, except installed mine timbers and tracks placed in shafts and underground workings.

(B) Delivery of Data - If this Agreement expires or is terminated other than by commencement of Commercial Production, NORGOLD shall furnish to OWNER within ninety (90) days thereafter one copy of all available non-interpretive exploration, development and mining data pertaining to the Property prepared by or for NORGOLD, and NORGOLD shall authorize and permit OWNER, at OWNER's expense, to take possession of any available core derived from the Property, whether or not such core is stored on the Property. NORGOLD shall have no liability or responsibility of any type whatsoever to OWNER for the loss of or damage to any such core or for the accuracy or completeness of any data delivered to OWNER.

(C) Completion of Assessment Work - If this Agreement is terminated prior to NORGOLD's purchase of the Property, and if at the time of such termination NORGOLD is obligated to complete the performance of assessment work pursuant to the provisions of Paragraph 7(C) hereof, NORGOLD is hereby granted the right to enter upon the Property at any time during the remainder of the then current assessment work year to enable it to complete the assessment work, without any payment or other obligation to OWNER or others.

13. Force Majeure; Procedure.

(A) Force Majeure - NORGOLD shall be excused from the performance of any of its obligations hereunder during any period

in which performance is prevented, in whole or in part, by causes herein termed "force majeure". For purposes of this Agreement, the term "force majeure" shall include, but not be limited to, labor disputes, acts of God, action of the elements, inclement weather, floods, slides, cave-ins, laws, rules, regulations, requests or orders of governmental bodies or agencies thereof, inability to obtain or delay in obtaining any license, permit or other authorization that may be required including, but not limited to, environmental and operating permits, unavoidable delay in obtaining or inability to obtain necessary materials, facilities and equipment, inability to obtain water or water rights, unavoidable mill shutdown, explosion, fire, damage or destruction to mine or facilities, and any other cause beyond the reasonable control of NORGOLD.

(B) Procedure - If NORGOLD desires to invoke the provisions of this Paragraph 13, NORGOLD shall do so by giving notice within thirty (30) days to OWNER of the commencement of and the circumstances giving rise to such force majeure and NORGOLD shall take all reasonable actions to cure the same, but NORGOLD shall not be obligated to settle labor disputes or to question the validity of any act of any governmental body or agency. The period for the performance and the term of this Agreement shall be extended for the period of such force majeure.

(C) Obligations During Periods of Force Majeure- During any periods of force majeure under subparagraph (A) of this Section 13, NORGOLD shall: (i) continue to pay all property and other taxes, assessments and charges payable by NORGOLD described in Section 7(E) as and when they become payable as therein provided; (ii) comply with all requirements of this Agreement relative to maintaining the status and title of the Property in good standing; and (iii) continue to make payments to OWNER as required under Section 4 and 5.

14. Notices.

Any notice or communication required or permitted hereunder shall be in writing and shall be effective when personally delivered or when delivered by mail, telex, telecopy, messenger or overnight courier, addressed as follows:

| | |
|---|---|
| If to OWNER: | Western Building and Mining Co., Inc.<br>P.O. Box 4006<br>Reading, PA 19606 USA |
| If to NORGOLD: | Mr. Christopher S. Moat<br>President<br>Norgold Resources (US) Inc.<br>2380 Harbour Centre<br>P.O. Box 12122<br>555 West Hastings Street<br>Vancouver, BC V6B 4N6<br>CANADA |

Either party may, by notice to the other given as aforesaid, change its address for purposes of any future notices or communications hereunder.

15. Assignment; Inurement.

The rights of NORGOLD hereunder may be assigned or otherwise transferred in whole or in part, provided that prior to exercise by NORGOLD of its option to purchase the Property, NORGOLD shall obtain the consent of OWNER to such assignment or other transfer (which consent shall not be unreasonably withheld) and shall obtain such assignee's or transferee's agreement in writing to OWNER to be bound by the provisions of this Agreement. The provisions of this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of NORGOLD and upon the successors and assigns of OWNER; provided, however, that no change or division of ownership, however accomplished, shall operate to enlarge the obligations or to diminish the rights of the parties hereto. No transfer of interest by OWNER or NORGOLD shall be effective until the party receiving such transfer has assumed and accepted in writing the terms, conditions and obligations of this Agreement, and no

transfer of interest by OWNER or NORGOLD shall be binding upon the non-transferring party until written notice of the same is provided to such party, together with the instrument, or a certified copy thereof, evidencing such change, transfer or division of ownership.

16. No Implied Covenants.

It is expressly agreed that no implied covenants or conditions whatsoever shall be read into this Agreement relating to the prospecting, developing or mining of the Property, or the time thereof, or to any of the operations of NORGOLD hereunder or the measure of diligence thereof, it being expressly agreed and understood that subject to the express obligations set forth herein, any operations of whatever nature conducted by NORGOLD on the Property shall be conducted at such time and in such manner as NORGOLD, in its sole and exclusive discretion, deems advisable. If NORGOLD commences to mine or process ores, minerals or other materials from the Property, it may from time to time, and at any time, cease its operations thereof.

17. Boundary Protection.

Any unpatented mining claims, or interest therein, or any other rights or interest in land or property held or acquired by OWNER, or any party acting for, on behalf of or in conjunction with OWNER or which is owned, controlled or under common control with OWNER, any portion of which is situated in whole or in part within one (1) mile of the exterior boundaries of the Property, shall, upon the exclusive election of NORGOLD made at any time, become subject to the terms and conditions of this Agreement at no increase in the payments to OWNER pursuant to Paragraph 4 hereof nor in the purchase price set forth in Paragraph 6(B) hereof. OWNER shall promptly notify NORGOLD in writing of its location or acquisition of any such claim, right or interest.

18. Memorandum.

NORGOLD and OWNER shall execute a Memorandum or short form of this Agreement in a recordable form sufficient under the laws of the State of Arizona to give notice to third parties of the rights granted hereunder. Either party may record such Memorandum or short form of Agreement.

19. Cooperation by OWNER.

Upon request by NORGOLD, OWNER agrees to utilize its best efforts to assist NORGOLD in obtaining any water rights and any governmental authorizations, including, but not limited to, environmental and operating permits, which may be required for or in conjunction with the operations and activities of NORGOLD pursuant to this Agreement. NORGOLD shall reimburse OWNER for actual expenses incurred by OWNER in providing such assistance and shall pay OWNER its standard fee for any engineering services provided by OWNER to NORGOLD; provided, however, that all such expenses and services shall have been approved by NORGOLD in writing in advance of OWNER incurring or providing the same.

20. Set Offs.

OWNER and NORGOLD shall each have an independent right to set off as a credit against payments otherwise due and payable to the other (as "payee") the amounts (if any) for which the payee is or has become liable to the payor pursuant to the provisions of this Agreement.

21. Miscellaneous.

This Agreement shall be governed by the laws of the State of Arizona. The title headings of the various paragraphs of this Agreement are inserted for convenience only and shall not be deemed to be a part of this Agreement. This Agreement constitutes the sole understanding of the parties with respect to the subject matter hereof and all prior written or oral agreements or understandings between the parties hereto are

ncorporated in and superceded by this Agreement. No modification or alteration of the terms of this Agreement shall be binding unless such modification or alteration shall be in writing and executed subsequent to the date hereof by NORGOLD and OWNER. In the event such modification or alteration alters the rights granted hereunder, the parties shall execute an amended Memorandum or short form of this Agreement in a recordable form sufficient under the laws of the State of Arizona to provide notice to third parties. In the event of any dispute or litigation pertaining to this Agreement or the subject matter hereof, the prevailing party in such dispute or litigation shall be entitled to recover its costs, expenses and attorney's fees. This Agreement and the wording contained herein has been arrived at by the mutual negotiation of the parties. Accordingly, no provision hereof shall be construed against one party or in favor of another party merely by reason of draftsmanship.

IN WITNESS WHEREOF, this MINING AGREEMENT (With Option to Purchase) has been executed effective as of the date first set forth above.

OWNER

WESTERN BUILDING AND MINING CO., INC., a Pennsyvlania corporation

By _____
A. J. Roman,
Its: President

NORGOLD

NORGOLD RESOURCES (US) INC., a Delaware corporation

By _____
Christopher S. Moat
Its: President

STATE OF PENNSYLVANIA )
) ss.
COUNTY OF BERKS )

The foregoing instrument was acknowledged before me this 30th day of DECEMBER, 1988 by A.J. Roman, the President of Western Building and Mining Co., Inc., a Pennsyvlania corporation, on behalf of the corporation.

Denise L. Snyder
Notary Public
Denise L. Snyder

My Commission Expires:

NOTARIAL SEAL
DENISE L. SNYDER, Notary Public
Leesport Boro, Berks County, Pa.
My Commission Expires [illegible] 1991

STATE/PROVINCE OF BRITISH COLUMBIA
) ss.
COUNTY OF VANCOUVER )

The foregoing instrument was acknowledged before me this 10 day of JAN, 1988 by Christopher S. Moat, the President of Norgold Resources (US) Inc., a Delaware corporation, on behalf of the corporation.

Notary Public

My Commission Expires: DOES NOT EXPIRE

# EXHIBIT A

The following described patented and unpatented lode mining claims situated in the Sections 14 and 15, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

## Patented Claims

The Juniper Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patents are by this reference incorporated herein and made a part hereof.

## Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Recorded Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn A | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

4. Existing roads, rights-of-way and easements and those of record; and

5. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

EXHIBIT B

The following described unpatented lode mining claims (the "Sun Claims") in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.&S.R.M., Yavapai County, Arizona, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Recorded Docket | Recorded Page | BLM Serial No. |
|---|---|---|---|
| Sun #1 | 2079 | 476 | 288941 |
| Sun #2 | 2079 | 478 | 288942 |
| Sun 3-B | 2079 | 481 | 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | 288948 |
| Sun #9 | 2079 | 492 | 288949 |
| Sun #10 | 2079 | 494 | 288950 |
| Sun #11 | 2079 | 496 | 288951 |
| Sun #12 | 2079 | 498 | 288952 |
| Sun #13 | 2079 | 500 | 288953 |
| Sun #14 | 2079 | 502 | 288954 |
| Sun #15 | 2079 | 504 | 288955 |

SUBJECT TO:

1. Paramount title of the United States;

2. The patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom; and

3. Existing roads, rights-of-way and easements and those of record.

EXHIBIT C

MINING DEED

For and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation (hereinafter referred to as "GRANTOR"), hereby grants, bargains, sells and conveys unto NORGOLD RESOURCES (US) INC., a Delaware corporation (hereinafter referred to as "GRANTEE"), all of the patented and unpatented mining claims situated in Yavapai County, Arizona more particularly described in Exhibit One attached hereto and made a part hereof; TOGETHER WITH all dips, spurs, angles and extralateral rights, and all ores, minerals and mineral bearing materials except hydrocarbons and together with and all water and water rights in, on, under, appurtenant to or benefiting the mining claims granted and conveyed hereby.

EXCEPTING THEREFROM AND RESERVING UNTO GRANTOR, its successors and assigns, the oil, gas, coal and other hydrocarbons thereunder, together with the right to drill for, explore, develop, produce and mine the same to the extent that such activities by GRANTOR do not interefere with the operations conducted by GRANTEE thereon, which exception and reservation shall be SUBJECT TO the payment to GRANTEE, its successors and assigns, of twelve and one-half percent (12 1/2%) of the gross proceeds or gross value of all oil, gas, coal and other hydrocarbons produced by GRANTOR, its successors and assigns, therefrom; and

FURTHER RESERVING UNTO GRANTOR, its successors and assigns, a perpetual production royalty on the ores, minerals and mineral bearing materials conveyed to GRANTEE hereunder, the amount, method of payment and the manner of computation and determination by GRANTEE of which shall be as set forth in the attached Exhibit

Two. Subject only to the matters set forth in Exhibit One (to which GRANTOR's title is subject), GRANTOR hereby warrants and covenants with GRANTEE that the mining claims herein conveyed are free and clear of all liens, claims, encumbrances or burdens of any type whatsoever, and GRANTOR warrants the title to the same against all persons whomsoever.

TO HAVE AND TO HOLD the said mining claims unto GRANTEE, its successors and assigns forever.

IN WITNESS WHEREOF, this MINING DEED has been executed this 30th day of DECEMBER, 1988.

WESTERN BUILDING AND MINING CO., INC., a Pennsylvania corporation

By A J Roman
Its: President

Attest A J Roman
Its: Secretary

STATE OF PENNSYLVANIA )
) ss.
COUNTY OF BERKS )

The foregoing instrument was acknowledged before me this 30TH day of DECEMBER, 1988 by A.J. Roman, the President of Western Building and Mining Co., Inc., a Pennsylvania corporation, on behalf of the corporation.

Denise L Snyder
Notary Public
Denise L. Snyder

My commission expires:

NOTARIAL SEAL
DENISE L. SNYDER,, Notary Public
Leesport Boro, Berks County, Pa.
My Commission Expires May 20, 1991

EXHIBIT ONE

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

# EXHIBIT TWO

EXHIBIT TWO to Mining Deed, describing the amount, method of payment and the manner of determination and computation of the royalty reserved to GRANTOR therein.

1. Definitions.

As used herein, the following terms shall have the following meanings:

A. "Property" shall mean the patented and unpatented mining claims described in Exhibit One to the Mining Deed to which this Exhibit is attached.

B. "Commercial Production" shall mean the processing of ores or minerals from the Property for sale through a mill or processing facility designed and constructed for that purpose or through a third party custom mill or processing facility to which ores or minerals from the Property are shipped for processing and sale (excluding shipments made to a pilot plant and bulk sample processing, for purposes of determining the commercial feasibility of the Property).

C. "Net Smelter Returns" shall mean the total proceeds actually received and realized by GRANTEE from the sale of any ores, minerals and other mineral bearing materials mined, removed and sold from the Property, including any premiums, bonuses or subsidies, after deduction of all of the following:

(i) Costs of loading and transportation of ores, minerals and other mineral bearing materials from the Property to any mill erected on or about the Property and to the smelter or other purchaser;

(ii) Smelting, refining and other treatment charges levied by the purchaser;

(iii) Freight allowances or charges;

(iv) Production taxes, severance taxes and sales, privilege and other taxes (other than income taxes) measured by production or value of production and royalties (if any) paid to the United States to the extent the foregoing

are paid by GRANTEE or deducted from proceeds payable to GRANTEE; and

(v) Penalties and other deductions whatsoever paid or payable by, or deducted from proceeds payable to GRANTEE, in relation to the sale of ores, minerals and other mineral bearing materials from the Property.

2. Royalty Payments.

To the extent the same does not exceed $175,000.00 in the aggregate within any calendar year, GRANTEE shall pay to GRANTOR a production royalty as follows:

(i) Precious Metals (Gold, Silver, Platinum, Palladium and other precious metals)

2% of Net Smelter Returns for the first two years after commencement of Commercial Production; 1% of Net Smelter Returns for the third and fourth years after commencement of Commercial Production; and 0.5% of Net Smelter Returns thereafter;

(ii) Base Metals (Lead, Zinc, Copper, etc.)

2% of Net Smelter Returns; and

(iii) Non-Metallic Industrial Minerals

7.5% of the gross sales price received by GRANTEE from the removal and sale of any non-metallic industrial minerals and materials (including without limitation stone, rock, aggregate, sand and gravel).

3. Miscellaneous Provisions.

A. Computation and Payment of Royalty - If (and only if) GRANTEE has been granted the right in writing to commingle ores, minerals or mineral bearing material from the Property with ores, minerals and materials from other lands pursuant to Section 2(A) of the Mining Agreement pursuant to which this Mining Deed has been executed and delivered to GRANTEE, GRANTEE, for the purposes of computing the production royalty, shall sample, weigh

nd/or measure all ores, minerals and mineral bearing materials from the Property in the method and manner theretofore approved in writing by GRANTOR pursuant to Section 2(A) of the said Mining Agreement and thereafter GRANTEE may mix the same with ores, minerals or mineral bearing materials from lands other than the Property. In the event of such commingling, GRANTOR, and its agents authorized in writing, at GRANTOR's sole risk and expense and at such times and in such manner as shall not hinder or interrupt the operations of GRANTEE, shall have the right to enter upon the Property to inspect and verify the manner in which sampling, weighing and/or measuring of ores, minerals and materials from the Property is conducted prior to commingling the same with ores, minerals and materials from other land. Payment to GRANTOR shall be made within sixty (60) days after the end of the calendar quarter during which GRANTEE actually receives payment therefor. Such payments shall be accompanied by a statement showing in reasonable detail the derivation and computation of such payments. GRANTEE's computation of production royalty payments, as reflected in the statements furnished to GRANTOR, shall be deemed correct and binding on GRANTOR unless GRANTOR shall dispute the correctness thereof in writing within six (6) months after receipt by GRANTOR of such statement. GRANTEE shall permit GRANTOR to inspect, during such six (6) month period, at GRANTOR's expense, the books and records of GRANTEE which are pertinent to the determination of the production royalty payable herein at any reasonable time during normal business hours, provided such inspection is conducted by GRANTOR or by an accounting firm of nationally recognized standing, at least one of whose members is a member of the American Institute of Certified Public Accountants, and provided such inspection does not interfere with the operations or procedures of GRANTEE.

B. Loss or Abandonment of Property - From and after the commencement of Commercial Production: (1) GRANTEE shall have

the right to relinquish or abandon all or any of the mining claims included within the Property; provided that prior to abandoning or relinquishing any of such claims, GRANTEE shall give written notice to GRANTOR and if GRANTOR, within thirty (30) days of such notice, gives GRANTEE written notice of GRANTOR's election to acquire the same, GRANTEE shall execute and deliver to GRANTOR a Mining Deed conveying the patented claims to GRANTOR free and clear of any liens or encumberances placed thereon by or against GRANTEE except easements (if any) and rights of way (if any) granted for purposes of mineral development and production and a Quitclaim Deed quitclaiming GRANTEE's interest in the unpatented claims to GRANTOR and shall deliver to GRANTOR all available non-interpretive exploration, development and mining data pertaining to the claims so quitclaimed; and (2) GRANTEE shall not be liable to GRANTOR in any manner whatsoever for any defect in or failure of GRANTEE's title to that portion of the Property consisting of unpatented claims nor for any production royalty payments otherwise payable to GRANTOR following such loss or title failure or following any such abandonment by GRANTEE. Nothing herein contained shall be construed as giving rise to any liability of GRANTEE for the inadvertant loss of any of the titles to the unpatented claims, but any relocation or reacquisition of such claims by GRANTEE shall be and thereafter remain subject to the provisions hereof.

C. Extent of GRANTEE's Obligations - GRANTEE shall have no obligations with respect to the royalty reserved to GRANTOR other than to make the payments specifically set forth in Section 2 hereof if, as and when the same become due and payable; provided that GRANTEE shall not terminate, delay or reduce its production operations solely for the purpose of avoiding, delaying or reducing production royalty payments to GRANTOR. Subject to the provisions of the foregoing sentence, the reservation of the production royalty shall impose no obligations upon GRANTEE, express or implied, to conduct any exploration, development or mining operations upon the Property, it being the

intent of GRANTOR in reserving the production royalty that GRANTEE shall have the sole discretion to determine the time, method, manner and rate of conducting any operations on the Property and if GRANTEE commences to mine and sell ores, minerals or mineral bearing materials from the Property, it may at any time and from time to time cease its operations on the Property.

D. Payment; Notice to GRANTOR - GRANTOR shall provide GRANTEE with written notice designating the name and address of one payee or bank or other similar depository to which all payments, notices or communications required or permitted to be made by GRANTEE shall be made and the payee or depository so designated by GRANTOR shall be deemed to be the agent of GRANTOR for the purposes or receiving, disbursing and distributing all such payments and any notices or other communications. Any payment, notice or communication to GRANTOR shall be effective when personally delivered to GRANTOR, or when deposited in the United States or Canadian mail, postage prepaid, certified or registered, and properly addressed to GRANTOR's designated payee or depository. Any payment required to be made by GRANTEE may be made in currency or by draft, or by check, or, at the sole option of GRANTEE, may be made in kind. Upon the making of such payment to the payee or depository designated by GRANTOR, GRANTEE shall be relieved of any responsibility for the further distribution of such payment to GRANTOR, its successors and assigns.

JDS

# NORGOLD RESOURCES INC.

ASARCO INCORPORATED
P.O. Box 5747
Tucson Arizona
85703
W.L. Kurtz
Manager

01/02/89

Re: Yarnell Project

Dear Mr. Kurtz

---

We enclose two signed copies of the letter of agreement as requested, and thank you for your assistance in completing this matter.

Yours Truly,

Moat

Christopher S. Moat
President

ASARCO INCORPORATED

FEB 8 1989

SW Exploration

michael
M. Philpot 604/685-8730 (Consulting firm office ± 90% of time at this phone.

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

JDS


# SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


REPORT OF ANALYSIS

JOB NO. TAJ 544
January 4, 1989
PROJECT NO.: YARNELL
Y-10 0-10 TO Y-27B WSIDE


ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

RECEIVED
JAN 6 1989
EXPLORATION DEPARTMENT

Analysis of 52 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (ppm) | Au* (oz/t) | Ag (ppm) |
|---|---|---|---|---|
| 1 | Y-10 0-10 | .04 | | .4 |
| 2 | Y-10 10-20 | .04 | | .3 |
| 3 | Y-10 20-25 | 2.80 | .080 | 1.2 |
| 4 | Y-11 0-10 | .92 | .025 | .3 |
| 5 | Y-11 10-20 | 1.80 | .050 | .6 |
| 6 | 374015** | <.01 | | .3 |
| 7 | Y-12 0-15 | .05 | | .3 |
| 8 | 374016 | .17 | | .6 |
| 9 | 374017 | .56 | .015 | 2.0 |
| 10 | Y-13 0-10 | 3.80 | .110 | .6 |
| 11 | Y-13 10-15 | 1.10 | .030 | .6 |
| 12 | Y-14 0-10 | .37 | | .3 |
| 13 | Y-14 10-20 | .46 | | .2 |
| 14 | Y-15 0-10 | .40 | | .3 |
| 15 | Y-15 10-20V | .18 | | .3 |
| 16 | Y-15 20-30 | .06 | | .2 |
| 17 | Y-15 30-40 | .05 | | <.2 |
| 18 | Y-15 40-50 | <.01 | | .3 |
| 19 | Y-16 0-10 | 6.00 | .175 | .8 |
| 20 | Y-17 0-8 | .19 | | .3 |

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 544
January 4, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (ppm) | Au* (oz/t) | Ag (ppm) |
|---|---|---|---|---|
| 21 | Y-18 0-30 | .13 | | <.2 |
| 22 | Y-18 30-50 | .30 | | .3 |
| 23 | Y-19 0-40 | .25 | | .5 |
| 24 | Y-19 40-60 | .47 | | .4 |
| 25 | Y-19 60-90 | .43 | | .8 |
| 26 | Y-19 90-110 | .17 | | .2 |
| 27 | Y-19 110-140 | .17 | | .3 |
| 28 | Y-19 140-170 | .24 | | .5 |
| 29 | 170 20'WIDE VH ZONE | 2.70 | .080 | 1.1 |
| 30 | Y-19 170-200 | .50 | | .6 |
| 31 | Y-19 200-220 10'(V) | .37 | | 1.0 |
| 32 | Y-19 220-240 | .31 | | 1.2 |
| 33 | Y-19 240-260 | .08 | | .6 |
| 34 | Y-19 260-280 | .22 | | .5 |
| 35 | Y-19 280-300 | .01 | | .2 |
| 36 | Y-20 0-50 | .04 | | <.2 |
| 37 | Y-20 50-100 | .02 | | <.2 |
| 38 | Y-20 100-150 | <.01 | | .2 |
| 39 | Y-20 150-200 | .03 | | <.2 |
| 40 | Y-21 10-12 VCHIP | .90 | .025 | .6 |
| 41 | Y-22 @85 | .13 | | <.2 |
| 42 | Y-23 CHANNEL 0-15 SH20 | .38 | | .2 |
| 43 | Y-23 15-25 | .45 | | .3 |
| 44 | Y-23 25-35 | 1.00 | .030 | 1.4 |
| 45 | Y-24 | .02 | | .3 |

RECEIVED
JAN 6 1989
EXPLORATION DEPARTMENT

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 544
January 4, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (ppm) | Au* (oz/t) | Ag (ppm) |
|---|---|---|---|---|
| 46 | Y-25 10' VCHIP | .18 | | .3 |
| 47 | Y-26 0-50 | <.01 | | <.2 |
| 48 | Y-26 50-100 | .01 | | <.2 |
| 49 | Y-26 100-150 | <.01 | | .5 |
| 50 | Y-26 150-200 | .08 | | .6 |
| 51 | Y-27 A ESIDE | <.01 | | <.2 |
| 52 | Y-27 A WSIDE | .01 | | .2 |

*NOTE: Calculated from ppm values.

**NOTE: Sample bag marked 374615.

cc: Mr. J. D. Sell

REGISTERED ASSAYER CERTIFICATE NO. 9425 WILLIAM L. LEHMBECK ARIZONA

RECEIVED
JAN 6 1989
EXPLORATION DEPARTMENT

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**ASARCO**

**Southwestern Exploration Division**

January 16, 1989

J.D. Sell

Written after my field visit of Jan 10 & my discussions of fault & mineral blocks!

Yarnell Mine
Mineral Potential
Recommendations and
Norgold Proposal

The attached map and section indicates the mineral potential at the Yarnell Mine in Yavapai County. The red highlighted area on the section indicates mineral potential above 500' vertical depth; the proposed final pit depth. Assuming this cross section is relatively consistent throughout the A, B & C blocks, total tonnage is ±20 mt at .03-.05 opt Au. Carrying the structure below 500' to the road on the west side allows for ±40 mt at the same grade. The block of most interest, however, is Block B which has a mineral potential of 8 mt at +.05 opt Au based upon rock chip sampling and projection. Stripping ratios are probably ≈3:1 assuming a 100' thickness of the mineralized zone. Gold mineralization occurs in both the H.W. and F.W. throughout an altered zone >300' thick, but more strongly in the F.W. However, the drilling is designed to test the entire interval.

In order to fully evaluate Block B and confirm the mineral potential the following should be done:

1. Detailed mapping/sampling, especially in Block B open cut zone where F.W. and H.W. rocks are well exposed. (The F.W. & H.W. are referenced from a 5' shear zone which was the principal area of mining exposed in the open cut.)

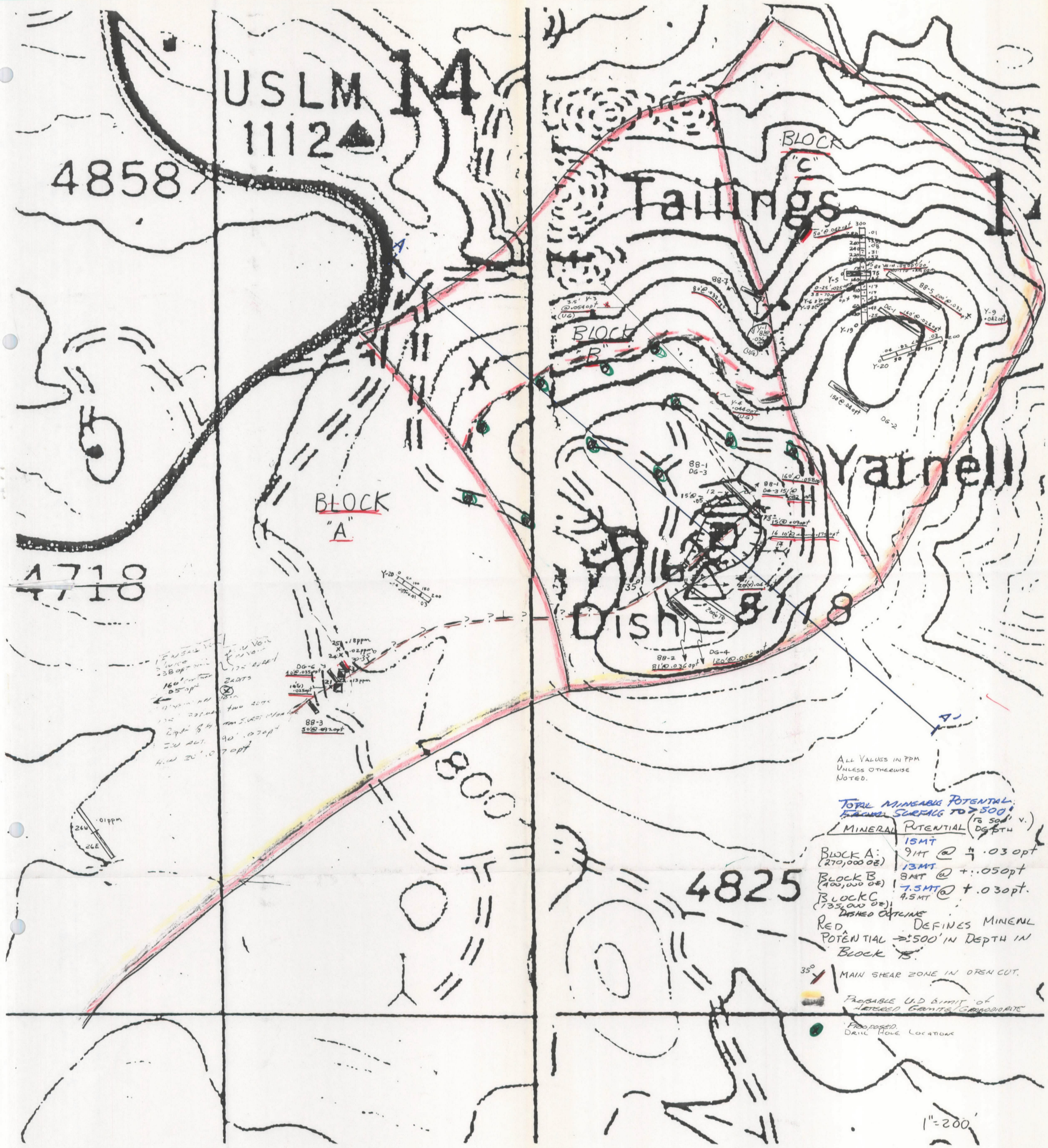
2. Eleven drill holes from 300-500' in depth to test the down-dip extent of the mineralized zone (see section). Tentative locations are shown on the attached map.

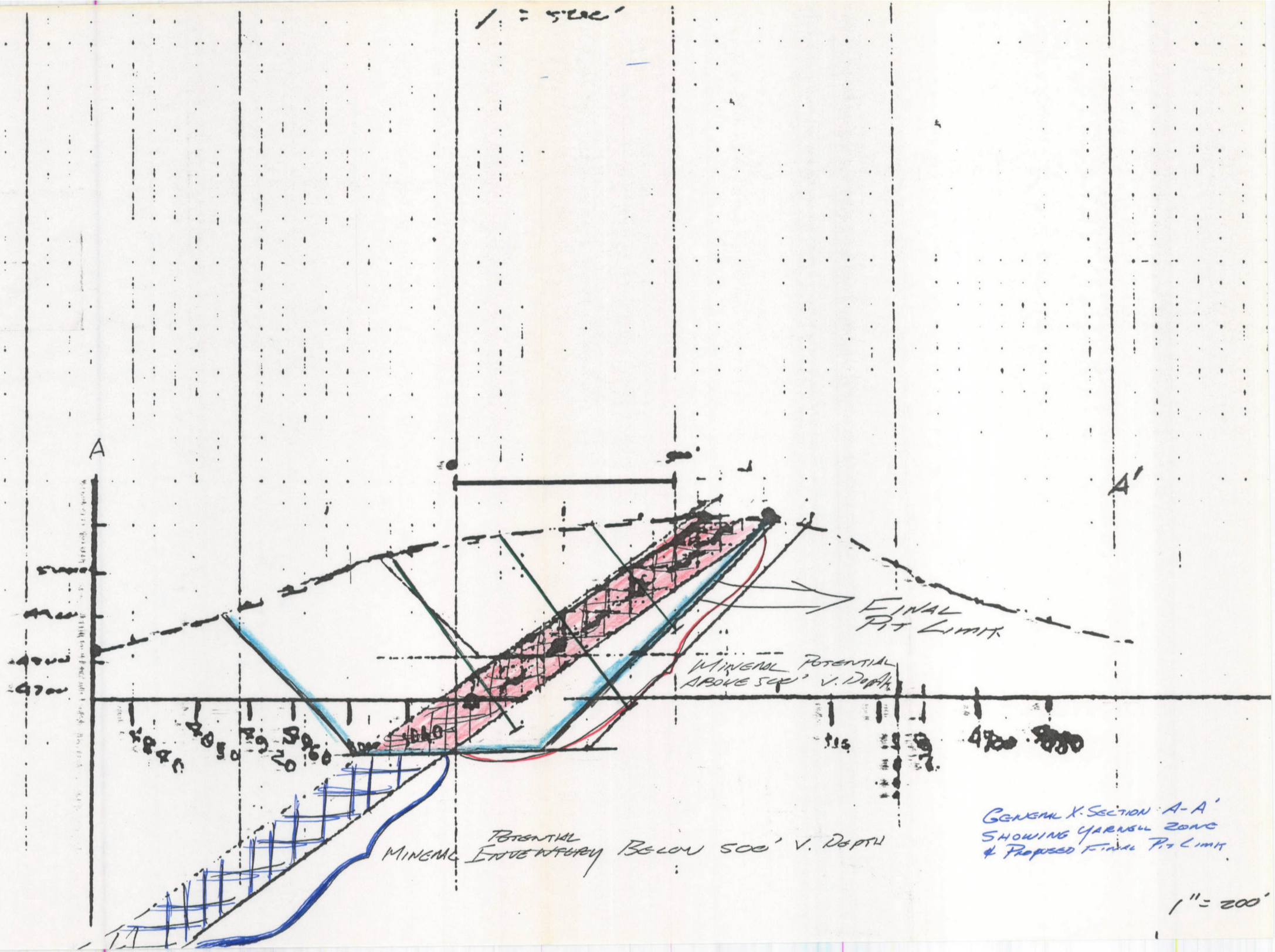
3. It will be necessary to deal with Norgold who has an option on the property. The Norgold proposal is attached. It would also be prudent to stake all available open ground, especially along strike.

The Yarnell Property offers the Company a mineral potential of >500,000 oz. of open pittable gold. I recommend that Asarco agressively pursue negotiations with Norgold so the property potential can be tested.

Mark A. Miller

MAM:mek


USLM 14
1112
4858
4710
4825
Tailings
Yatnell
Dish
BLOCK "A"
BLOCK "B"
BLOCK "C"
88-1
DG-3
88-2
DG-4
88-3
DG-6
88-7
88-5
DG-1
DG-2
Y-5
Y-9
Y-19
Y-20
Y-4
Y-3
A
A'
ALL VALUES IN PPM UNLESS OTHERWISE NOTED.
TOTAL MINEABLE POTENTIAL FROM SURFACE TO >500' (TO 500' V. DEPTH)
MINERAL POTENTIAL
BLOCK A: (270,000 OZ) 15MT 9MT @ ± .030 opt
BLOCK B (400,000 OZ) 13MT 8MT @ +.050 opt
BLOCK C (135,000 OZ) 7.5MT 4.5MT @ + .030 opt.
DASHED OUTLINE DEFINES MINERAL POTENTIAL >±500' IN DEPTH IN BLOCK B.
RED
35° MAIN SHEAR ZONE IN OPEN CUT.
PROBABLE U.D LIMIT OF HEATED GRANITE/GRANODIORITE
PROPOSED DRILL HOLE LOCATIONS
1"=200'


A
A'
FINAL PIT LIMIT
MINERAL POTENTIAL ABOVE 500' V. DEPTH
POTENTIAL MINERAL INVENTORY BELOW 500' V. DEPTH
GENERAL X-SECTION A-A' SHOWING YARNELL ZONE & PROPOSED FINAL PIT LIMIT
1" = 200'

MARK MILLER – any suggestions; review and change as you and J.D. Sell decide.

1/27/89
W.L.K.

## YARNELL MINE AREA

J.D. SELL copy:

Miller spent 100% of his time, effort on this geologic map 1"=20' You should help – especially "teaching" him to use map.

OPEN CUT TOP OF HILL

Sample: 1) "high grade" structure separately. "You will handle yourself the Willden exam and anything else.

2) 5' samples at rt ∠ to structure on 25 foot line spacing

Might sample every other line first; do other work and come back if we decide to fill in. Get first 50' line spacing to assayer immediately.

3) character samples as you wish

4) additional samples if can not get rt ∠ traverse; no sample should represent more than 10 linear feet

WORKINGS – Map 1"=20'; sample 5 or 10' chip channels horizontal or vertical or ∠ as you see fit based on geology

SURFACE – need many more samples, guided by your geology; no sample should represent more than 10 linear feet

Geologic outcrop map 1"=100' or 1"=200' as you and Jim Sell decide – maybe 1"=100' "main area" and 1"=200' elsewhere.

FAX

JDS

1/25/8

FROM: W. L. KURTZ

TO: R. L. Brown.

VARNELL PROJECT

1. Letter to Norgold for your approval and/or changes.

2. Schedule A to letter. This was sent to us by Norgold. I have added possible changes

3. An imperfect land status map. Dark spot on Juniper is the Santa Fe patented land.

4. Prior to March 6, 1989 we need to have title report on patented claims and we need to check and recheck the unpatented claim notices and affidavits of labor.

   A few claims may need to be amended
   a few claims may need to be staked

5. The east half of section 14 is State Land and probably should be acquired by a prospecting permit.

6. Underlying Norgold/Western Building Stone agreement and Norgold/Jenkins agreement being sent Federal Express. Would you like them FAXed now?

7. Do you want copies of patents; claim location etc in N.Y.?

8. "BEST ZONE" ON THE PATENTED CLAIMS.

# ASARCO

Exploration Department
Western USA
W. L. Kurtz
Manager

January 25, 1989

Mr. Christopher Moat, President
Norgold Resources Inc.
2380 Harbour Center
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C. V6B 4N6

NORGOLD RESOURCES (US) INC.
("Norgold")
Yarnell Project
Yavapai County, Arizona

Dear Mr. Moat:

The following will outline the business terms I discussed with Mr. Philpot (all dollars are US dollars) concerning property described in Schedule "A".

Payments from ASARCO Incorporated ("Asarco") to Norgold:

| | |
|---|---|
| $10,000 | Upon your acceptance of these terms |
| 15,000 | March 6, 1989 |
| 15,000 | July 1, 1989 |
| 15,000 | October 1, 1989 |
| 20,000 | January 1, 1990 |
| 20,000 | July 1, 1990 |
| 25,000 | January 1, 1991 |
| 25,000 | July 1, 1991 |
| 25,000 | On January 1, 1992; 1993; 1994 if Asarco has not initiated mining development of the property. |

Coy, please give Mary the check on Friday March 3. Thanks JOS

Copy to Mary WKurtz JOS

Norgold obligations to other owners:

If Asarco makes the $15,000 payment on March 6, 1989, then Asarco will be responsible for meeting all obligations of Norgold to Western Building and Mining Company ("Western Building") including making all property payments due Western Building. Asarco will reimburse Norgold for the $1,000 payment Norgold makes on March 1, 1989 to Western Building. Asarco will give Norgold notice by October 1 of each year whether Asarco will make the January 1 payment due to Western Building.

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

January 25, 1989

Mr. Christopher Moat, President
Norgold Resources Inc.
2380 Harbour Center
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C. V6B 4N6

NORGOLD RESOURCES (US) INC.
("Norgold")
Yarnell Project
Yavapai County, Arizona

Dear Mr. Moat:

The following will outline the business terms I discussed with Mr. Philpot (all dollars are US dollars) concerning property described in Schedule "A".

Payments from ASARCO Incorporated ("Asarco") to Norgold:

| | |
|---|---|
| $10,000 | Upon your acceptance of these terms |
| 15,000 | March 6, 1989 |
| 15,000 | July 1, 1989 |
| 15,000 | October 1, 1989 |
| 20,000 | January 1, 1990 |
| 20,000 | July 1, 1990 |
| 25,000 | January 1, 1991 |
| 25,000 | July 1, 1991 |
| 25,000 | On January 1, 1992; 1993; 1994 if Asarco has not initiated mining development of the property. |

Norgold obligations to other owners:

If Asarco makes the $15,000 payment on March 6, 1989, then Asarco will be responsible for meeting all obligations of Norgold to Western Building and Mining Company ("Western Building") including making all property payments due Western Building. Asarco will reimburse Norgold for the $1,000 payment Norgold makes on March 1, 1989 to Western Building. Asarco will give Norgold notice by October 1 of each year whether Asarco will make the January 1 payment due to Western Building.

Asarco has no obligations to Don Jenkins, 1632 Kile Street, Prescott, Arizona, U.S.A. 86301.

Asarco acknowledges that Norgold is currently negotiating to obtain mining rights on other claims immediately adjacent to or within their current land position including the unpatented Victoria's, the patented Mother Lode and the patented Santa Fe land. Norgold will keep Asarco informed of progress in acquiring this ground and will not sign any binding agreement without first discussing the terms with Asarco. Asarco shall be entitled to make the property that is subject to any such agreement part of this agreement by assuming Norgold's obligation therein while this agreement remains in good standing. If Asarco does not wish to make such additional property part of this agreement, Norgold shall be entitled to acquire the same free of any obligation to Asarco.

Work Commitments

If Asarco elects to proceed after March 6, 1989, Asarco will, subject to termination, perform the following work:

1. Between March 6, 1989 and July 1, 1989, complete 3,000 feet of drilling.
2. Between July 1, 1989 and July 1, 1990, complete $250,000 worth of work on or for the benefit of the property.
3. By July 1, 1991, present to Norgold a feasibility study that contains the information and analysis generally required by money centre banks to evaluate financing for the projects of similar size and complexity, and a commitment in writing to put the property into commercial production within three years subject to time extension for periods when the price of gold is less than $350/ounce.

Upon presentation of the feasibility study and production commitment Asarco will have earned a 51 percent interest.

Upon receipt of the feasibility study and Asarco's commitment to put the property into production, Norgold will have six months to make a one-time election of:

1. a 49 percent joint venture interest which may be diluted to a 15 percent net profits interest, or
2. a five percent interest until all Asarco's capital expenditures are paid back at which time Norgold will receive a 25 percent carried interest.

If Norgold elects a joint venture interest, then Asarco will be the operator of the joint venture and a management committee shall be established to oversee the joint venture and each party shall have one representative on the management committee. Each representative shall have the number of

votes coinciding with its interest in the joint venture and all decisions shall be made by majority vote.

If Norgold chooses a joint venture interest, it shall be deemed to have spent proportionally the same amount of money on the property as Asarco as of the date Asarco notified Norgold that Asarco plans to put the property into production and each party's interest in the joint venture shall coincide with its contribution from time-to-time to exploration and development expenditures provided that any party reduced to a 15 percent interest will have its interest in the joint venture converted to a 15 percent net profits interest.

The formal agreement shall be subject to an area of interest provision concerning after acquired properties lying fully or partially within three miles of the outer boundary of the property. This provision shall also apply to the Alverado Gold Mines property located in Yavapai County, Arizona, which the parties acknowledge is a potential acquisition candidate for joint development along with the property.

Asarco acknowledges that there are two telecommunication towers on the property. Norgold is in the process of securing agreements with the owners of the towers to provide for their relocation in the event that either or both would hinder mining operations and to obtain the mineral rights beneath the Santa Fe patented land.

Asarco may terminate this agreement as follows:

1. any time prior to March 6, 1989, with 48 hours notice to Norgold;
2. any time prior to July 1, 1989, with 48 hours notice to Norgold;
3. after July 1, 1989, Asarco will give Norgold 30 days notice of termination. Asarco is still required to give Norgold notice by October 1 of whether Asarco will make the January 1 payment due Western Building.

This agreement will terminate if Asarco does not initiate mine development by July 1, 1994, however, the termination date will be extended if the initiation of mine development is prevented because of environmental or permitting reasons provided that Asarco shall be obligated in good faith and diligently to vigorously pursue necessary mining permits and authorizations in a timely manner.

Time shall be of the essence of this agreement.

If this is your understanding of the basic terms of the agreement between Asarco and Norgold, please indicate acceptance below and return one copy to me. Upon receipt of your acceptance, Asarco will forward you a check for $10,000 and Asarco will draft a formal agreement including the above terms.

In the absence of a formal agreement this letter will be binding on both parties.

Very truly yours,

William L. Kurtz

WLK:mek

Agreed to and accepted this 30th day of January, 1989.

Norgold Resources (US) Inc.

Per: _____
Christopher Moat, President

YARNELL

Schedule "A"

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |
| Y 1-7 | | | |

and any amendments to any Y and any Sun unpatented claims

YARMEK

Schedule "A"

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims, and subject to mineral rights and surface rights of Santa Fe to 1.72 acres within the Juniper patented claim.

9108

# ASARCO

Exploration Department
Frederick T. Graybeal
Chief Geologist

January 27, 1989

Mr. J. D. Sell
Tucson Office

Yarnell Project
Arizona

Dear Mr. Sell:

I attach hereto a copy of Form 302-M regarding the above-captioned project. Please note that this form has been processed by the Controllers Department and that the approval by Mr. T. C. Osborne is indicated.

Very truly yours,

F. T. Graybeal

F. T. Graybeal

FROM: J. D. SELL

To: MA Weller

Yarnell Project
Yavapai Co. AZ.

Your Yarnell Project has been assigned EA-0444-00. You have $10,000 for geologic mapping, sampling, surveying, assaying etc etc.
Please use this cost center for the Yarnell work.

JDS

ASARCO Incorporated
JAN 30 1989
SW Exploration

ASARCO Incorporated 180 Maiden Lane New York, N.Y. 10038 (212) 510-2000
Telex: ITT 420585 RCA 232378 WUI 62522 Cables: MINEDEPART Telegrams: WU1-25991

JDS

# ASARCO

**Exploration Department**
Frederick T. Graybeal
Chief Geologist

January 27, 1989

Mr. J. D. Sell
Tucson Office

Yarnell Project
Arizona

Dear Mr. Sell:

I attach hereto a copy of Form 302-M regarding the above-captioned project. Please note that this form has been processed by the Controllers Department and that the approval by Mr. T. C. Osborne is indicated.

Very truly yours,

F. T. Graybeal

F. T. Graybeal

FTG:mc
Att.

cc: E. J. Franko (w/att.)
W. L. Schoonmaker (w/att.)

cc: C.L. Snow (1/30/89)

ASARCO Incorporated
JAN 30 1989
SW Exploration

ASARCO Incorporated 180 Maiden Lane New York, N.Y. 10038 (212) 510-2000
Telex:ITT 420585 RCA 232378 WUI 62522 Cables: MINEDEPART Telegrams: WU1-25991

FORM 302-M (9/79)

New York No. 0444-00

## APPLICATION FOR EXPLORATION APPROPRIATION

January 25 19 89 Originating Office Tucson

**DESCRIPTION:**

LOCATION OF PROSPECT/PROJECT: Yarnell Project, Arizona

PARTNERS:

Partner's Per Cent .....

COMPANY: [X] ASARCO

[ ] Subsidiary. Specify .....

WORK CONTEMPLATED:

Norgold down payment - $10,000

geologic mapping and sampling - $10,000

Total estimated cost (FORM 302-MA ATTACHED) $ 20,000

Reviewed by ..... ACC'T. MGR. OR CHIEF ACCN'T.

Approved by R. J. O'Keefe 2/87 CONTROLLER

Account Chargeable to Exploration Expense TO BE FILLED IN BY CONTROLLER

Recommended by Mr. J. D. Sell SUPERVISOR

Approved by F. T. Grayheal ~~VICE PRESIDENT~~

Approved by Advisory Committee MAR 25 1989 E. O.

Approved by Board of Directors ..... 19.....

..... SECRETARY

PRINTED IN U.S.A.

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

# REPORT OF ANALYSIS

JOB NO. TAJ 560
February 7, 1989
PROJECT NO.: YARNELL
Y-74B TO Y-52 120
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 19 Rock Chip Samples

| | ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|---|
| Standard .02 opt | 1 | Y-74B | .022 |
| Standard .006 opt | 2 | Y-53A | .010 |
| | 3 | Y-52 10 | .022 |
| | 4 | Y-52 20 | .095 |
| | 5 | Y-52 30 | .028 |
| | 6 | Y-52 40 | .016 |
| | 7 | Y-52A 40 | .215 |
| | 8 | Y-52 50 | .040 |
| | 9 | Y-52 60 | .024 |
| | 10 | Y-52 70 | .020 |
| | 11 | Y-52A 70 | .048 |
| | 12 | Y-52 80 | .008 |
| | 13 | Y-52 90 | .034 |
| | 14 | Y-52 100 | .048 |
| | 15 | Y-52A 100 | .020 |
| | 16 | Y-52A 110 | .034 |
| | 17 | Y-52 110 | .075 |
| | 18 | Y-52A 120 | .200 |
| | 19 | Y-52 120 | .155 |

X-cut off MAIN DRIFT "A" DESIGNATION IS SEPERATE VEIN Sampling 8' V. chips Vn AVE 65-1.0'

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

REGISTERED ASSAYER CERTIFICATE NO. 9425 WILLIAM L. LEHMBECK ARIZONA U.S.A.

William L. Lehmbeck
Manager
2/7/89

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

JDS


# SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


## REPORT OF ANALYSIS

JOB NO. TAJ 560
February 7, 1989
PROJECT NO.: YARNELL
Y-74B TO Y-52 120
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 19 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 1 | Y-74B | .022 |
| 2 | Y-53A | .010 |
| 3 | Y-52 10 | .022 |
| 4 | Y-52 20 | .095 |
| 5 | Y-52 30 | .028 |
| 6 | Y-52 40 | .016 |
| 7 | Y-52A 40 | .215 |
| 8 | Y-52 50 | .040 |
| 9 | Y-52 60 | .024 |
| 10 | Y-52 70 | .020 |
| 11 | Y-52A 70 | .048 |
| 12 | Y-52 80 | .008 |
| 13 | Y-52 90 | .034 |
| 14 | Y-52 100 | .048 |
| 15 | Y-52A 100 | .020 |
| 16 | Y-52A 110 | .034 |
| 17 | Y-52 110 | .075 |
| 18 | Y-52A 120 | .200 |
| 19 | Y-52 120 | .155 |

ASARCO Incorporated
FEB 8 1989
SW Exploration

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

REGISTERED ASSAYER CERTIFICATE NO. 9425 WILLIAM L. LEHMBECK ARIZONA

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

# REPORT OF ANALYSIS

JOB NO. TAJ 561
February 7, 1989
PROJECT NO.: YARNELL
Y-53 50N 0-5 TO Y-56A


ASARCO INCORPORATED
Attn: Mr. Mark A. Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 53 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY AU (oz/t) | |
|---|---|---|---|
| 1 | Y-53 50N 0-5 | .004 | |
| 2 | Y-53 50N 5-10 | .002 | |
| 3 | Y-53 50N 10-15 | .018 | |
| 4 | Y-53 100N 0-5 | .002 | |
| 5 | Y-53 100N 5-10 | .002 | |
| 6 | Y-53 100N 10-15 | .002 | |
| 7 | Y-53 100N 15-20 A | .004 | |
| 8 | Y-53 100N 15-20 B | .006 | |
| 9 | Y-53 100N 20-24 | .155 | — H.G ZONE 4' |
| 10 | Y-53 150N 0-5 | .004 | |
| 11 | Y-53 150N 5-10 | .002 | |
| 12 | Y-53 150N 10-14 | .004 | |
| 13 | Y-53 150N 17-20 | .510 | — H.G ZONE |
| 14 | Y-53 200N 0-5 | .006 | |
| 15 | Y-53 200N 5-10 | .004 | |
| 16 | Y-53 200N 10-15 | <.002 | |
| 17 | Y-53 250N 0-5 | .002 | |
| 18 | Y-53 250N 5-10 | .002 | |
| 19 | Y-53 250N 10-17 | <.002 | |
| 20 | Y-53 300N 0-5 | <.002 | |
| 21 | Y-53 300N 5-10 | <.002 | |
| 22 | Y-53 300N 10-15 | .014 | |
| 23 | Y-53 350N 0-5 | .004 | |
| 24 | Y-53 350N 5-10 | .014 | |
| 25 | Y-53 350N 10-14 | .040 | |

Y-53
H.W of STRUCTURE
IN PIT

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 561
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | |
|---|---|---|---|
| 26 | Y-53 400N 0-5 | .004 | |
| 27 | Y-53 0S 0-5 | .180 | 10' @ .132 opt |
| 28 | Y-53 0S 5-10 | .085 | |
| 29 | Y-53 50S 0-5 | .038 | |
| 30 | Y-53 50S 5-10 | .020 | 20' @ .042 opt |
| 31 | Y-53 50S 10-15 | .020 | |
| 32 | Y-53 50S 15-20 | .090 | |
| 33 | Y-53 100S 0-5 | .055 | |
| 34 | Y-53 100S 5-10 | .028 | |
| 35 | Y-53 100S 10-15 | .016 | 21' @ .0345 opt |
| 36 | Y-53 100S 15-21 | .038 | |
| 37 | Y-53 150S 5-10 | .010 | |
| 38 | Y-53 150S 10-15 | .010 | 24' @ .015 |
| 39 | Y-53 150S 15-20 | .004 | |
| 40 | Y-53 150S 20-24 | .012 | |
| 41 | Y-53 200S 0-5 | .034 | |
| 42 | Y-53 200S 5-10 | .030 | |
| 43 | Y-53 200S 10-15 | .030 | 20' @ .058 opt |
| 44 | Y-53 200S 15-20 | .140 | |
| 45 | Y-53 250S 0-7 | .022 | 7' @ .022 |
| 46 | Y-53 290S 0-5 | .008 | 15' |
| 47 | Y-53 290S 5-10 | .100 | .063 opt |
| 48 | Y-53 290S 10-15 | .080 | |
| 49 | Y-54 62N | .140 | H.G STRUCTURE 4' |
| 50 | Y-53 150S 0-5 | .040 | |

F.W SIDE of STRUCTURE IN PIT

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 561
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | |
|---|---|---|---|
| 51 | Y-55 75N | .235 | H.G STRUCTURE 4-5' |
| 52 | Y-56 170N | .525 | H.G STRUCTURE 5' |
| 53 | Y-56A | .028 | |

71 ppm STANDARD
= .022opt

cc: Mr. James D. Sell

REGISTERED ASSAYER CERTIFICATE NO. 9425 WILLIAM L. LEHMBECK ARIZONA U.S.A.

William L. Lehmbeck
Manager

2/7/89

JDS


# SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


REPORT OF ANALYSIS

JOB NO. TAJ 561
February 7, 1989
PROJECT NO.: YARNELL
Y-53 50N 0-5 TO Y-56A


ASARCO INCORPORATED
Attn: Mr. Mark A. Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 53 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 1 | Y-53 50N 0-5 | .004 |
| 2 | Y-53 50N 5-10 | .002 |
| 3 | Y-53 50N 10-15 | .018 |
| 4 | Y-53 100N 0-5 | .002 |
| 5 | Y-53 100N 5-10 | .002 |
| 6 | Y-53 100N 10-15 | .002 |
| 7 | Y-53 100N 15-20 A | .004 |
| 8 | Y-53 100N 15-20 B | .006 |
| 9 | Y-53 100N 20-24 | .155 |
| 10 | Y-53 150N 0-5 | .004 |
| 11 | Y-53 150N 5-10 | .002 |
| 12 | Y-53 150N 10-14 | .004 |
| 13 | Y-53 150N 17-20 | .510 |
| 14 | Y-53 200N 0-5 | .006 |
| 15 | Y-53 200N 5-10 | .004 |
| 16 | Y-53 200N 10-15 | <.002 |
| 17 | Y-53 250N 0-5 | .002 |
| 18 | Y-53 250N 5-10 | .002 |
| 19 | Y-53 250N 10-17 | <.002 |
| 20 | Y-53 300N 0-5 | <.002 |
| 21 | Y-53 300N 5-10 | <.002 |
| 22 | Y-53 300N 10-15 | .014 |
| 23 | Y-53 350N 0-5 | .004 |
| 24 | Y-53 350N 5-10 | .014 |
| 25 | Y-53 350N 10-14 | .040 |




Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 561
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 26 | Y-53 400N 0-5 | .004 |
| 27 | Y-53 0S 0-5 | .180 |
| 28 | Y-53 0S 5-10 | .085 |
| 29 | Y-53 50S 0-5 | .038 |
| 30 | Y-53 50S 5-10 | .020 |
| 31 | Y-53 50S 10-15 | .020 |
| 32 | Y-53 50S 15-20 | .090 |
| 33 | Y-53 100S 0-5 | .055 |
| 34 | Y-53 100S 5-10 | .028 |
| 35 | Y-53 100S 10-15 | .016 |
| 36 | Y-53 100S 15-21 | .038 |
| 37 | Y-53 150S 5-10 | .010 |
| 38 | Y-53 150S 10-15 | .010 |
| 39 | Y-53 150S 15-20 | .004 |
| 40 | Y-53 150S 20-24 | .012 |
| 41 | Y-53 200S 0-5 | .034 |
| 42 | Y-53 200S 5-10 | .030 |
| 43 | Y-53 200S 10-15 | .030 |
| 44 | Y-53 200S 15-20 | .140 |
| 45 | Y-53 250S 0-7 | .022 |
| 46 | Y-53 290S 0-5 | .008 |
| 47 | Y-53 290S 5-10 | .100 |
| 48 | Y-53 290S 10-15 | .080 |
| 49 | Y-54 62N | .140 |
| 50 | Y-53 150S 0-5 | .040 |



Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 561
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 51 | Y-55 75N | .235 |
| 52 | Y-56 170N | .525 |
| 53 | Y-56A | .028 |

cc: Mr. James D. Sell

ASARCO Incorporated
FEB 8 1989
SW Exploration

REGISTERED ASSAYER
CERTIFICATE NO.
9425
WILLIAM L.
LEHMBECK
ARIZONA
U.S.A.
2/7/89

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TAJ 562
February 7, 1989
PROJECT NO.: YARNELL
Y-57 0-5 TO
Y-52 190-200


ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 98 Rock Chip Samples

| | ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | |
|---|---|---|---|---|
| TRUE THICKNESS of F.W ZONE | 1 | Y-57 0-5 | .042 | 14'@.031 |
| | 2 | Y-57 5-10 | .024 | |
| | 3 | Y-57 10-14 | .026 | |
| | 4 | Y-58 0-7 | .085 | 7'@.085 |
| | 5 | Y-59 0-5 | .050 | 11'@.064 |
| | 6 | Y-59 5-11 | .090 | |
| | 7 | Y-60 0-5 | .024 | 15'@.156 opt |
| | 8 | Y-60 5-10 | .430 | |
| | 9 | Y-60 10-15 | .014 | |
| EQUIVALENT GRANITE | 10 | Y-61 0-6 | .006 | |
| SOUTH SIDE of PIT ON F.W | 11 | Y-62 0-5 | .018 | 10' .022 opt |
| | 12 | Y-62 5-10 | .026 | |
| | 13 | Y-63 0-5 | .022 | 5'.022 |
| | 14 | Y-64 0-3 | .014 | 3'.014 |
| | 15 | Y-65 N.S.* | .000* | |
| SILIFIED RIBS (RIDGE | 16 | Y-66 0-5 | .004 | |
| | 17 | Y-66 5-9 | <.002 | |
| | 18 | Y-67 0-5 | .004 | |
| | 19 | Y-67 5-10 | .018 | |
| | 20 | Y-67 10-15 | <.002 | |
| | 21 | Y-67 15-20 | <.002 | |
| | 22 | Y-68 0-5 | <.002 | |
| | 23 | Y-68 5-10 | <.002 | |
| | 24 | Y-68 10-15 | <.002 | |
| | 25 | Y-68 15-20 | <.002 | |

TRUE THICKNESS ~32'@.0540

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836



| | ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | |
|---|---|---|---|---|
| | 26 | Y-68 20-25 | <.002 | |
| | 27 | Y-69 0-5 | .004 | |
| | 28 | Y-69 5-10 | .004 | |
| | 29 | Y-69 10-15 | <.002 | |
| | 30 | Y-69 15-20 | <.002 | |
| | 31 | Y-69 20-25 | <.002 | |
| | 32 | Y-69 25-30 | <.002 | |
| | 33 | Y-69 30-36 | <.002 | |
| | 34 | Y-70 0-10 | <.002 | |
| QzVn Graft Float | 35 | Y-71 15 | .012 | |
| | 36 | Y-71A 0-5 | .100 | |
| | 37 | Y-71B 8 | <.002 | |
| Silic Zone ~~N of~~ W of ADIT | 38 | Y-72 0-5 | .006 | |
| | 39 | Y-72 5-10 | .018 | |
| | 40 | Y-72 15-20 | .002 | |
| | 41 | Y-73 0-5 | .105 | |
| | 42 | Y-73 5-10 | .044 | |
| O.C. OUTSIDE | 43 | Y-73 10-15 | .032 | |
| E of ADIT | 44 | Y-73 15-20 | .130 | 25' @ .0962 opt |
| | 45 | Y-73 20-25 | .170 | |
| | 46 | Y-74 0 | .032 | |
| | 47 | Y-74 10 | .030 | |
| SMALL ADIT | 48 | Y-74 20 | .006 | |
| 10' VERTICAL | 49 | Y-74 30 | .022 | .033 opt |
| CHIPS. | 50 | Y-74 40 | .026 | |

SKYLINE LABS, INC.
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Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 562
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 51 | Y-74 50 | .070 |
| 52 | Y-74 60 | .032 |
| 53 | Y-74 70 | .046 |
| 54 | Y-50 0-10 | .004 |
| 55 | Y-50 10-20 | .036 |
| 56 | Y-50 20-30 | .010 |
| 57 | Y-50 30-40 | <.002 |
| 58 | Y-50 40-50 | <.002 |
| 59 | Y-50 50-60 | .006 |
| 60 | Y-50 60-70 | .010 |
| 61 | Y-50 70-80 | <.002 |
| 62 | Y-50 80-90 | .008 |
| 63 | Y-50 90-100 | .004 |
| 64 | Y-50 100-110 | .006 |
| 65 | Y-50 110-120 | .004 |
| 66 | Y-50 120-130 | .006 |
| 67 | Y-50 130-140 | .010 |
| 68 | Y-50 140-150 | .080 |
| 69 | Y-50 150-160 | .030 |
| 70 | Y-50 160-170 | .028 |
| 71 | Y-50 170-180 | .010 |
| 72 | Y-50 180-190 | .016 |
| 73 | Y-50 190-200 | .022 |
| 74 | Y-50 200-210 | .008 |
| 75 | Y-50 210-220 | .085 |

MAIN ADIT
10' composites

110' @ .031 opt

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 562
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | |
|---|---|---|---|
| 76 | Y-50 220-230 | .030 | |
| 77 | Y-50 230-240 | .020 | |
| 78 | Y-50 240-250 | .010 | |
| 79 | Y-50 250-260 | .016 | |
| 80 | Y-50 260-270 | .010 | 40 @ .012 |
| 81 | Y-50 270-280 | .010 | |
| 82 | Y-50 280-290 | .038 | |
| 83 | Y-50 290-300 | .040 | |
| 84 | Y-50 300-310 | .020 | |
| 85 | Y-50 310-320 | .016 | |
| 86 | Y-50 320-330 | .040 | |
| 87 | Y-50 330-340 | .006 | |
| 88 | Y-50 340-350 | .060 | |
| 89 | Y-50 350-360 | .030 | |
| 90 | Y-50 360-370 | .026 | 140 @ .045 opt |
| 91 | Y-50 370-380 | .280 | |
| 92 | Y-50 380-390 | .004 | |
| 93 | Y-50 390-400 | .036 | |
| 94 | Y-50 400-410 | .018 | |
| 95 | Y-50 410-420 | .014 | |
| 96 | Y-50 420-430 | .008 | |
| 97 | Y-50 425-430 | .022 | |
| 98 | Y-51 4 TRTK | .030 | |
| 99 | Y-52 190-200 | .008 | |

Main Adit 10' composites

Standard .02 opt

Standard .006 opt

*NOTE: No sample submitted for Y-65.

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

REGISTERED ASSAYER CERTIFICATE NO. 9425 WILLIAM L. LEHMBECK ARIZONA

William L. Lehmbeck
Manager

JDS


# SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


## REPORT OF ANALYSIS

JOB NO. TAJ 562
February 7, 1989
PROJECT NO.: YARNELL
Y-57 0-5 TO
Y-52 190-200
PAGE 1 OF 4

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 98 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 1 | Y-57 0-5 | .042 |
| 2 | Y-57 5-10 | .024 |
| 3 | Y-57 10-14 | .026 |
| 4 | Y-58 0-7 | .085 |
| 5 | Y-59 0-5 | .050 |
| 6 | Y-59 5-11 | .090 |
| 7 | Y-60 0-5 | .024 |
| 8 | Y-60 5-10 | .430 |
| 9 | Y-60 10-15 | .014 |
| 10 | Y-61 0-6 | .006 |
| 11 | Y-62 0-5 | .018 |
| 12 | Y-62 5-10 | .026 |
| 13 | Y-63 0-5 | .022 |
| 14 | Y-64 0-3 | .014 |
| 15 | Y-65 N.S.* | .000* |
| 16 | Y-66 0-5 | .004 |
| 17 | Y-66 5-9 | <.002 |
| 18 | Y-67 0-5 | .004 |
| 19 | Y-67 5-10 | .018 |
| 20 | Y-67 10-15 | <.002 |
| 21 | Y-67 15-20 | <.002 |
| 22 | Y-68 0-5 | <.002 |
| 23 | Y-68 5-10 | <.002 |
| 24 | Y-68 10-15 | <.002 |
| 25 | Y-68 15-20 | <.002 |




Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 562
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 26 | Y-68 20-25 | <.002 |
| 27 | Y-69 0-5 | .004 |
| 28 | Y-69 5-10 | .004 |
| 29 | Y-69 10-15 | <.002 |
| 30 | Y-69 15-20 | <.002 |
| 31 | Y-69 20-25 | <.002 |
| 32 | Y-69 25-30 | <.002 |
| 33 | Y-69 30-36 | <.002 |
| 34 | Y-70 0-10 | <.002 |
| 35 | Y-71 15 | .012 |
| 36 | Y-71A 0-5 | .100 |
| 37 | Y-71B 8 | <.002 |
| 38 | Y-72 0-5 | .006 |
| 39 | Y-72 5-10 | .018 |
| 40 | Y-72 15-20 | .002 |
| 41 | Y-73 0-5 | .105 |
| 42 | Y-73 5-10 | .044 |
| 43 | Y-73 10-15 | .032 |
| 44 | Y-73 15-20 | .130 |
| 45 | Y-73 20-25 | .170 |
| 46 | Y-74 0 | .032 |
| 47 | Y-74 10 | .030 |
| 48 | Y-74 20 | .006 |
| 49 | Y-74 30 | .022 |
| 50 | Y-74 40 | .026 |



Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

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Tucson, Arizona 85703
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JOB NO. TAJ 562
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 51 | Y-74 50 | .070 |
| 52 | Y-74 60 | .032 |
| 53 | Y-74 70 | .046 |
| 54 | Y-50 0-10 | .004 |
| 55 | Y-50 10-20 | .036 |
| 56 | Y-50 20-30 | .010 |
| 57 | Y-50 30-40 | <.002 |
| 58 | Y-50 40-50 | <.002 |
| 59 | Y-50 50-60 | .006 |
| 60 | Y-50 60-70 | .010 |
| 61 | Y-50 70-80 | <.002 |
| 62 | Y-50 80-90 | .008 |
| 63 | Y-50 90-100 | .004 |
| 64 | Y-50 100-110 | .006 |
| 65 | Y-50 110-120 | .004 |
| 66 | Y-50 120-130 | .006 |
| 67 | Y-50 130-140 | .010 |
| 68 | Y-50 140-150 | .080 |
| 69 | Y-50 150-160 | .030 |
| 70 | Y-50 160-170 | .028 |
| 71 | Y-50 170-180 | .010 |
| 72 | Y-50 180-190 | .016 |
| 73 | Y-50 190-200 | .022 |
| 74 | Y-50 200-210 | .008 |
| 75 | Y-50 210-220 | .085 |

ASARCO Incorporated

FEB 8 1989

SW Exploration

**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JOB NO. TAJ 562
February 7, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 76 | Y-50 220-230 | .030 |
| 77 | Y-50 230-240 | .020 |
| 78 | Y-50 240-250 | .010 |
| 79 | Y-50 250-260 | .016 |
| 80 | Y-50 260-270 | .010 |
| 81 | Y-50 270-280 | .010 |
| 82 | Y-50 280-290 | .038 |
| 83 | Y-50 290-300 | .040 |
| 84 | Y-50 300-310 | .020 |
| 85 | Y-50 310-320 | .016 |
| 86 | Y-50 320-330 | .040 |
| 87 | Y-50 330-340 | .006 |
| 88 | Y-50 340-350 | .060 |
| 89 | Y-50 350-360 | .030 |
| 90 | Y-50 360-370 | .026 |
| 91 | Y-50 370-380 | .280 |
| 92 | Y-50 380-390 | .004 |
| 93 | Y-50 390-400 | .036 |
| 94 | Y-50 400-410 | .018 |
| 95 | Y-50 410-420 | .014 |
| 96 | Y-50 420-430 | .008 |
| 97 | Y-50 425-430 | .022 |
| 98 | Y-51 4 TRTK | .030 |
| 99 | Y-52 190-200 | .008 |

*NOTE: No sample submitted for Y-65.

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

ASARCO Incorporated
FEB 8 1989
SW Exploration

REGISTERED ASSAYER
CERTIFICATE NO.
9425
WILLIAM L.
LEHMBECK
ARIZONA

**ASARCO**

**Exploration Department**
Western USA

JDS

February 9, 1989

J.D. Sell
Tucson Office

Yarnell Project
Yavapai County, AZ

On March 6, 1989 a $15,000 check must be sent to Norgold if we continue the Yarnell Project and commit to 3,000 feet of drilling. As you are well aware, we want a 200 scale map, more sampling, and as a minimum reasonable confidence of the patented claims ownership.

Mark Miller has completed some sampling but still seems most unclear as to the thickness of the better gold zone. I hope you can instruct him on how to better present his raw data. It is unfortunate that he lost a week's field work due to the flu, but you both must keep the deadline clearly in your sights.

I would hope to review in the field all data prior to making the March 6th decision, and you will probably want to visit Mark a few times between now and then.

W. L. Kurtz

WLK:mek

W. L. Kurtz

cc: R.L. Brown
M.A. Miller

JDS

# NORGOLD RESOURCES INC.

February 14, 1989

ASARCO Incorporated
P.O.Box 5747
Tucson, AZ 85703

RECEIVED
FEB 14 1989
EXPLORATION DEPARTMENT

Attention: W.L. Kurtz / J. Sells

Dear Sirs:

RE: Yarnell Claim Status Update

As per our agreement, pg 2. Norgold is in the process of negotiating to obtain the mining rights of properties within and adjacent to the current land position more specifically the Victoria's 1-5 (unpatented), Mother (patented), and Santa Fe (patented). Below is a summary of Norgold's proposal to the Laytons (Victoria) and Heintzelman (Mother) for ASARCO's perusal.

Layton (Victoria #1-5), + unnamed placer in area of min. interest

| | | |
|---|---|---|
| upon signing | $ 2,500 | cash |
| 6 months | 2,500 | " |
| 18 months | 5,000 | " |
| 30 months | 5,000 | " |
| 42 months | 7,500 | " |
| 54+ months | 10,000 | as M.A.R. or 2½% NSR |

monthly discounted royalty

to $250,00 cap. (first right of refusal to option other Layton Properties in area)

Heintzelman (Mother patented lode)

| | | |
|---|---|---|
| upon signing | $ 2,500 | cash |
| 6 months | 5,000 | " |
| 12 months | 5,000 | " |
| 24/36/48 months | 12,500 | cash, No royalty 100% int. |

Your approval for the above options are required at your earliest convenience.

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

Norgold is currently discussing with the Santa Fe the right to option, lease, or acquire their 1.72 ac. site. Due to the structure of their company the process is slow, however positive progress is being achieved.

Norgold has established a good line of communication with Maricopia County and assuming Norgold obtains a strategic site for their telecommunications tower, there should be no problem. Their engineer has been on site and has located their preferential site being to the northeast of Yarnell mine adjacent to Motorola's communication site. Norgold will approach the owner of this deeded land to secure title for future land swap purposes.

As indicated on the enclosed map Norgold has applied to the state for a mineral lease in Sec 22 NE ¼, Sec 14 NE ¼.

We will continue to keep ASARCO abreast of the land status and would appreciate your input as soon as possible.

Sincerely,

Michael D. Philpot

**ASARCO** Southwestern Exploration Division

JDS

February 13, 1989

FILE NOTE

Yarnell Project
Yavapai County, AZ

Today, 2/13/88, I talked with Mr. Mike Philpot of Norgold. He informed me of the following:

1. Norgold has talked with the Santa Fe land department (Santa Fe holds 1.79 acres of surface-minerals) thru a long line of people and they are amenable to moving the tower, etc., but it has to be cleared with the Albuquerque geology staff. No word from the geologists yet.

2. They have talked with the Maricopa-Yavapai County (holding 0.12 surface acres) and they too are willing to relocate. The counties set forth 3 preferred sites, must be deeded lands, and the 1st is the same area as the tower located northeast of Yarnell, where some 150 acres are available.

3. They have found out that the original tower erectors are the best for doing the relocation as the County would not have to go out for multiple bids if the same primary contractor is used. Talking with the contractor suggests between $40K and $50K for tear-down, move, and re-set up. No discussion was undertaken as to whether the telecommunication companies want to upgrade their equipment, nor if "downtime" will be allowed.

4. They have contacted the Mother patented claim owner. His present requirement is a $40,000 cash buy out. Norgold has now offered:

| | | |
|---|---|---|
| $ 2,500 | upon signing | |
| 5,000 | in 6 months | |
| 5,000 | in 12 months | |
| 12,500 | in 2nd year | |
| 12,500 | in 3rd year | |
| 12,500 | in 4th year | Total Buy-out $50,000 |

5. They have talked to Mr. Layton, owner of the Victoria's 1 thru 5. Mr. Layton wants quite a bit but Norgold has countered with:

| | |
|---|---|
| $ 2,500 | upon signing |
| 2,500 | in 6 months |
| 5,000 | in 18 months |
| 5,000 | in 30 months |
| 7,500 | in 42 months |
| 10,000 | in 54 months |

and 10,000/month thereafter as minimum royalty or 2½% NSR with $250K cap.

6. Norgold has applied for the AZ state lease in the NE¼ of Sec. 14, and the NE¼ of Sec. 22, T10N, R5W.

James D. Sell

JDS:mek
cc: W.L. Kurtz

JDS

# ASARCO

**Exploration Department**
Southwestern United States Division

February 14, 1989

Mr. Michael D. Philpot
Norgold Resources Inc.
2380 Harbour Centre
P.O. Box 12122
Vancouver, B.C. V6B-4N6

Yarnell Claim Status Update
Yavapai County, Arizona

Dear Michael:

Your FAX of the data you supplied by phone has arrived.

Asarco agrees to approve the options as shown for the Layton (Victoria #1-5) (plus unnamed placer in area) and the Heintzelman (Mother patented lode).

Please keep in touch on the telecommunication towers problem. Although we'll not agree to a move before the first drilling results are in, the necessity of their removal prior to mining is obvious.

Sincerely,

James D. Sell

James D. Sell
Manager, SWED

JDS:mek

cc: W.L. Kurtz

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

2/25

FROM: W. L. KURTZ

TO: JD Sell

Yanned

If M. Miller comes in this weekend we want to have his sample results (assays) by Saturday when we visit the property — you determine if samples are critical and pay xtra to get those ones analyzed by Saturday

To JD Sell

Date 2/16/89 Time 10:43

**WHILE YOU WERE OUT**

M Michael Philpot

of

Phone 604-685-8730
Area Code Number Extension

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | ✓ |
| CALLED TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | URGENT | |
| RETURNED YOUR CALL | | | |

Message

Mary
Operator

AMPAD EFFICIENCY®

23-000 50 SHT. PAD
23-001 250 SHT. DISPENSER BOX

deed land at Motorola
NE cor 14

Will go ahead & try for purchase option after 1 year w/ small cash payment.

No new word from Santa Fe

FROM: W. L. KURTZ 1/30/94

TO: SELL YARMOUK

Why not Bill Gary to check patented claims — That's his job? If he can't he should learn as assistant to whom ever does it.

# ASARCO

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

February 16, 1989

Joe Shearer
296-8837

Claim Evaluation
Yarnell Area
Sec. 14, 15, 22, 23
T10N, R5W
Yavapai County, AZ

As I have discussed with you, I request that you check for me the continuity of claims in the above sections.

Attached is a packet of information.

Schedule "A" lists the presently known claims, but a number of underlying claims show up in the packet and on scraps of maps. (See last page for instance.) Some of the questions:

What is the status of the AT&SF and Yavapai County holdings within (carved out of) the Juniper patent?

Is the Sun 2 located on open ground? yes, because they moved loc. notice to S end
Is the Y-3 location on State land?
Is the Y-4 location on State land?
Where is Rimrock #1?
What is (unreadable) Center on S ¼ corner?
What about Gold Rock #1 & GR #2?
What about outlines in W ½ of Sec. 14?
Is Alvin J & Katheryn A&B OK, amended?
What happened to Sun 4 & 5?
Why amend Sun 3B, 6B, 7B? -- new locations?
Who is Victor 4?
Any idea on lateral rights conveyed?
Any separation of surface from minerals?
(As with AT&SF and County)?
Etc. Etc.

J Shearer will call MECO for map. 274-1441

Thanks for your help.

Sincerely,

James D. Sell

JDS:mek
Atts.

cc: WLK (Ltr.)

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

YARHEK

Schedule "A"

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |
| Y 1-7 | | | |

and any amendments to any Y and any Sun unpatented claims

YARNELL

Schedule "A"

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims, and subject to mineral rights and surface rights of Santa Fe to 1.72 acres within the Juniper patented claim.

[illegible] County, Arizona

By [illegible] Deputy

# Warranty Deed

Escrow # 296796

For the consideration of Ten Dollars, and other valuable considerations, the undersigned MOHAVE MINING AND MILLING COMPANY, an Arizona Corporation, Grantor,

does hereby convey to RAY KRIEGER and JAYNELL KRIEGER, his wife, undivided one-half(½) undivided one-half (½) [illegible], his wife, in the following real property situated in Yavapai County, Arizona

The following described patented [illegible] lying [illegible] within WEAVER MINING DISTRICT, Yavapai County, Arizona, U. S. Patents whereof are on file and of record [illegible] County Recorder, as follows, to-wit:

JUNIPER Lode Mining Claim, [illegible]
Lot 111, U. S. Patent [illegible]
[illegible]

EDGAR Lode Mining Claim, designated by Surveyor General as Lot 411, U. S. Patent of record [illegible] of Lands, pages 240-241.

EDMOND Lode Mining Claim, designated by Surveyor General as Lot 1115, U. S. Patent of record [illegible] of Lands, pages [illegible]-266.

TRIANGLE Lode Mining Claim, designated by Surveyor General as Lot 1115, U. S. Patent of record [illegible] of Lands, pages [illegible]-6.

GRINING SPRING and MILL SITE Claim, designated by Surveyor General as Lot 1[illegible], U. S. Patent of record [illegible] of Lands, pages [illegible]-[illegible].

MOTHER Lode Mining Claim, designated by Surveyor General as Lot 1[illegible], U. S. Patent of record [illegible] of Lands, pages 256-[illegible].

TOGETHER with improvements, if any, thereon situate.

SUBJECT to tax for 1961, a lien but not yet due and payable. Further SUBJECT to all rights-of-way and easements on file and of record for purposes of utility lines [illegible] affecting the Edmond and Triangle claims.

And I or we do warrant the title against all persons whomsoever, subject to the matters above set forth.

Dated this 6th day of February, 1961

MOHAVE MINING AND MILLING COMPANY,
an Arizona corporation
By [illegible]
President

ATTEST:
[illegible]
Secretary

STATE OF ARIZONA
County of Maricopa

This instrument was acknowledged before me this 6th day of February, 1961 by [illegible] and [illegible] the corporate officers whose names are subscribed to the foregoing instrument and acknowledged themselves to be President and Secretary respectively of MOHAVE MINING AND MILLING COMPANY, an Arizona corporation, and that they executed said instrument for purposes therein expressed.

Notary Public

My commission will expire
[illegible] 19, 1961

STATE OF ARIZONA
County of

This instrument was acknowledged before me this 6 day of February, 1961
by

My commission will expire

Mohave Mining & Milling Co
Ray Krieger + Jaynell Krieger
Edgar Lode
Edmond Lode
Triangle Lode
Grining Spring M&S
Mother Lode
6
Feb '61

ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON

RECEIPT REQUESTED ( )

| | | |
|---|---|---|
| PRIMARY NET | 50728 | 25364 |
| SECONDARY | 1000 | 500 |
| CODE | SPECIAL DISTRICT TAX | |
| TOTALS | TOTAL TAX 50728 | HALF TAX 25364 |

1988 2nd HALF COUPON

TO PAY 2nd HALF ONLY PAY 254.04

TO PAY FULL YEAR TAX PAY 508.08

NOTE 2nd HALF TAXES DELINQUENT AFTER MAY 1, 1989

ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON

RECEIPT REQUESTED ( )

| | | |
|---|---|---|
| PRIMARY NET | 50728 | 25364 |
| SECONDARY | 1000 | 500 |
| CODE | SPECIAL DISTRICT TAX | |
| TOTALS | TOTAL TAX 50728 | HALF TAX 25364 |

1988 1st HALF COUPON

TO PAY 1st HALF ONLY PAY 254.04

TO PAY FULL YEAR TAX PAY 508.08

NOTE 1st HALF TAXES DELINQUENT AFTER NOV 1, 1988

F 4

1988 TAX NOTICE — JAN 1, 1988 TO DEC 31, 1988 — COUNTY OF YAVAPAI — ARIZONA

| LEGAL DESCRIPTION SECTION | TWN | RNG | ACRES | USE 51 |
|---|---|---|---|---|
| TOTAL VALUE OF OPERATING PROPERTY 203-13-002-D 10,320 | | | | |

TAX BILL NUMBER 108042
PARCEL IDENTIFICATION 970-15-270 2
TAX BILL CODE 5270

IMPORTANT - SEE REVERSE SIDE FOR COMPLETE EXPLANATION OF YOUR 1988 TAX NOTICE AND PAYMENT INSTRUCTIONS.

TAX BILL

90040 970-15-270 2 108042

ATCHISON TOPEKA & SANTA FE RAILWAY CO
PROPERTY TAX DIV RM 418
2200 E SHEILA ST.
LOS ANGELES CA 90040

| 1988 TAX SUMMARY (3) | |
|---|---|
| PRIMARY AD VALOREM TAX | 20350 |
| LESS STATE AID TO EDUCATION | 00 |
| NET PRIMARY AD VALOREM TAX | 20350 |
| SECONDARY AD VALOREM TAX | 1936 |
| SPECIAL DISTRICT TAX | 00 |

PAY TOTAL OR HALF TAX

| | |
|---|---|
| TOTAL TAX DUE | 22286 |
| HALF TAX | 11143 |

DELINQUENT DATES
1st HALF NOV. 1, 1988
2nd HALF May 1, 1989

THIS IS THE ONLY NOTICE YOU WILL RECEIVE AND RECEIPT WILL BE SENT UNLESS REQUESTED

PRIMARY PROPERTY TAX CALCULATION (3)

| ITEM | LIMITED VALUE | ASSESSED RATIO | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
|---|---|---|---|---|---|---|
| LAND, BLDGS, ETC. | 615 | 24% | 1957 | 0 | 10.3978 | 20350 |
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 10.3978 | 00 |
| TOTALS | 615 | | 1957 | 0 | | 20350 |

SECONDARY PROPERTY TAX CALCULATION (3)

| ITEM | FULL CASH VALUE | ASSESSED RATIO | ASSESSED VALUE | EXEMPTION | TAX RATE | AD VALOREM TAX |
|---|---|---|---|---|---|---|
| LAND, BLDGS, ETC. | 10320 | 24% | 2477 | 0 | 7816 | 1936 |
| PERSONAL PROPERTY | 0 | 0 | 0 | 0 | 0 | 00 |
| TOTALS | 10320 | | 2477 | 0 | 7816 | 1936 |

1987-1988 TAX COMPARISON (3)

| TAX CODE | TAX JURISDICTION | 1988 PRIMARY | 1988 SECONDARY | 1988 TOTAL | 1987 TOTAL | DIFFERENCE |
|---|---|---|---|---|---|---|
| 00000 | STATE OF ARIZONA | 921 | 00 | 921 | 896 | 25 |
| 02000 | YAVAPAI COUNTY | 5520 | 00 | 5520 | 5101 | 419 |
| 03032 | VARNELL ELEMENTARY SD #52 | 8287 | 00 | 8287 | 3531 | 5756 |
| 03150 | YAVAPAI COMMUNITY COLLEGE | 2802 | 00 | 2802 | 2485 | 317 |
| 11211 | VARNELL FD | 00 | 00 | 00 | 1121 | -1121 |
| 11900 | FIRE DISTRICT ASSISTANCE FUND | 00 | 1141 | 1141 | 1141 | 00 |
| 14900 | YAVAPAI COUNTY LIBRARY DISTRICT | 00 | 218 | 218 | 227 | -09 |
| 19001 | YAVAPAI FLOOD CONTROL DISTRICT | 00 | 255 | 255 | 426 | -171 |
| | TOTALS | 20350 | 1936 | 22286 | 15707 | 6518 |

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO

RICHARD A. JACOBS
COUNTY TREASURER
255 EAST GURLEY ST
PRESCOTT, AZ 86301

108042
970-15-270 2
5270

IF TOTAL TAX DUE IS $10.00 OR LESS FULL AMOUNT IS DUE NOW SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF THIS NOTICE

ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON

RECEIPT REQUESTED ( )

| | | |
|---|---|---|
| PRIMARY NET | 20350 | 10175 |
| SECONDARY | 1936 | 968 |
| CODE | SPECIAL DISTRICT TAX | |
| TOTALS | TOTAL TAX 22286 | HALF TAX 11143 |

1988 2nd HALF COUPON

TO PAY 2nd HALF ONLY PAY 111.43

TO PAY FULL YEAR TAX PAY 222.86

NOTE 2nd HALF TAXES DELINQUENT AFTER MAY 1, 1989

TEAR OFF ALONG DOTTED LINES

PLEASE RETURN THIS PORTION WITH PAYMENT TO

RICHARD A. JACOBS
COUNTY TREASURER
255 EAST GURLEY ST
PRESCOTT, AZ 86301

108042
970-15-270 2
5270

IF TOTAL TAX DUE IS $10.00 OR LESS FULL AMOUNT IS DUE NOW SEE PAYMENT INSTRUCTIONS ON REVERSE SIDE OF THIS NOTICE

ENTER ADDRESS CORRECTION ON THE BACK OF THIS COUPON

RECEIPT REQUESTED ( )

| | | |
|---|---|---|
| PRIMARY NET | 20350 | 10175 |
| SECONDARY | 1936 | 968 |
| CODE | SPECIAL DISTRICT TAX | |
| TOTALS | TOTAL TAX 22286 | HALF TAX 11143 |

1988 1st HALF COUPON

TO PAY 1st HALF ONLY PAY 111.43

TO PAY FULL YEAR TAX PAY 222.86

NOTE 1st HALF TAXES DELINQUENT AFTER NOV 1, 1988

PLEASE RETURN BOTH COUPONS WHEN PAYING FULL YEAR TAX

G 4

1988 TAX NOTICE — JAN 1, 1988 TO DEC 31, 1988 — COUNTY OF YAVAPAI — ARIZONA

| LEGAL DESCRIPTION SECTION | TWN | RNG | ACRES | USE 58 |
|---|---|---|---|---|
| TOTAL VALUE OF OPERATING PROPERTY 202-20-002 780 | | | | |

TAX BILL NUMBER 108043
PARCEL IDENTIFICATION 972-51-400 5

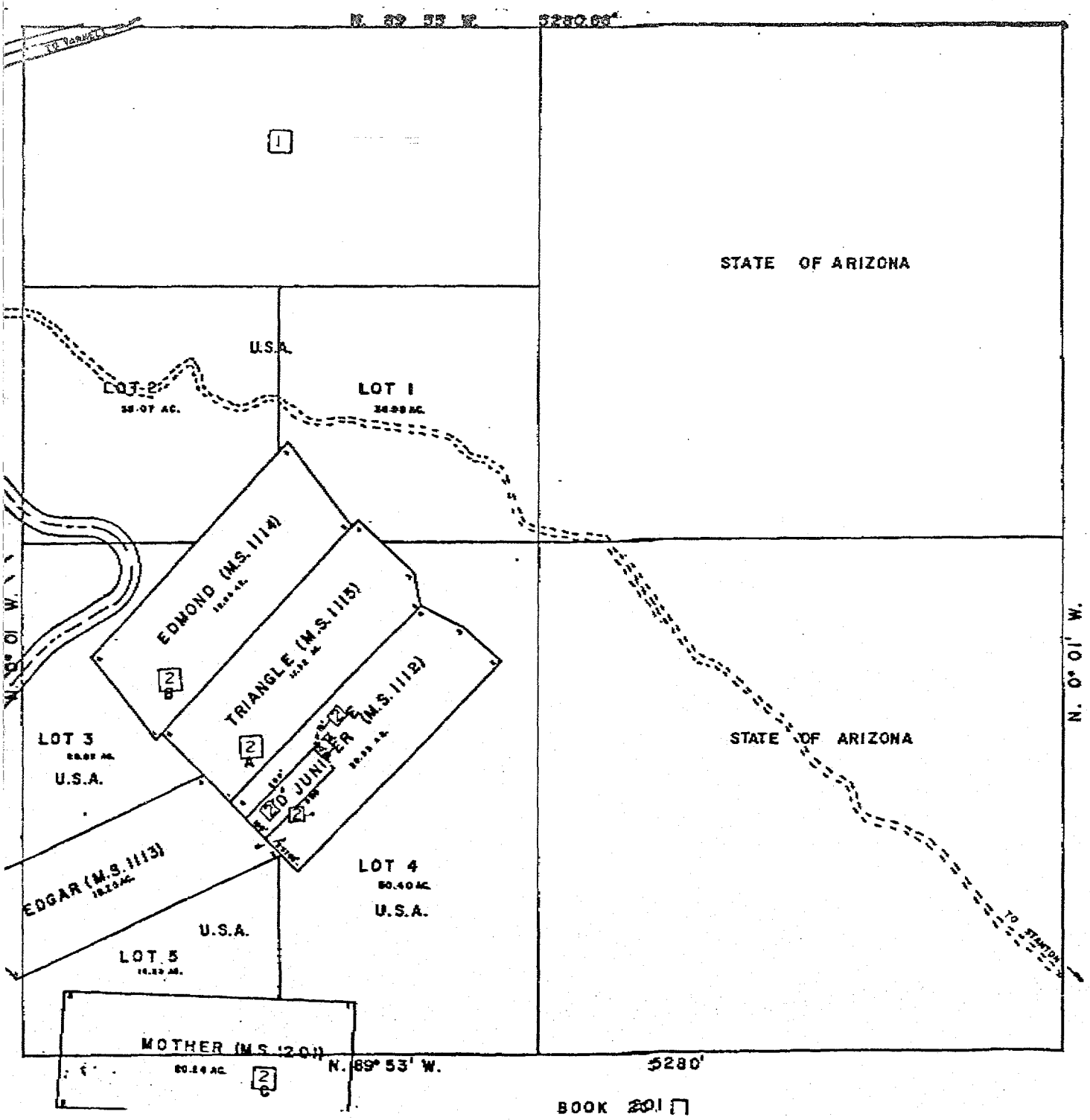
TRW
Real Estate Information
SERVICES

SCALE 1 = 2.5 INCH

203—13

WEAVER DIST.

SEC. 14 T WP 10 R.5W.




N

STATE LAND

SCALE 1"=400'
7—27—70

BOOK 201

Dept of Revenue
Phoenix Tax Info.

# PLEASE NOTE

| 13 | 203 | 13 | 002D | 5270 |
|---|---|---|---|---|

ATCHISON TOPEKA & SANTA FE RAILWAY COMPANY

Any change affecting the land description or property value on this parcel must be promptly reported to the State Department of Property Valuation, Utility Division.

1410N005W MICROWAVE SITE NEAR YARNELL A PCL OF LND IN SW4 SEC 14 T10N R5W AS DESC IN DEED RECORDED 10/4/61 BK 235 PG 8 YAVAPAI CO 150FT X 500FT NWLY OF THE NO 1 COR BEING A POR OF THE JUNIPER CLAIM CONT. 1.72AC (NOT ON STRIP MAP)

## POSSESSORY RIGHTS IMPROVEMENTS OWNED BY :

| Name | Address |
|---|---|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |

## CURRENT LAND VALUE CALCULATIONS

| Date | Land Class | Acres | Front Foot or Sq. Foot | Unit Value | Depth – Corner – Other Table | Factor | Value |
|---|---|---|---|---|---|---|---|
| 10-11-83 | | 1.72 | | 6000 | | | 10,320 |

| Other Notations | SUMMARY OF VALUES | | | | |
|---|---|---|---|---|---|
| 1984 LAND VALUE UP-DATE OCT 19 1983 | Property | CI | Appraised Value | | Assessed Value |
| | Land | | $ 10320 | | $ |
| | | | $ | | $ |
| | Bldgs. & Impts. | | $ | | $ |
| | | | $ | | $ |
| | Total Value | | $ | | $ |

FORM NO. 110

10831

STATE OF ARIZONA, County of Yavapai—ss.
I do hereby certify that the within instrument was filed and recorded at request of GUARANTEE TITLE & TRUST CO.
in Book 8 of Official Records, Page 235, Records of Yavapai County, Arizona.
WITNESS my hand and official seal the day and year first above written.
FRANK G. BAUER, County Recorder.
By Carmen Sauerbeck Deputy

When recorded, mail to:

# Warranty Deed

ESCROW # 1042-8-0

For the consideration of Ten Dollars, and other valuable considerations, the undersigned RAY KRIEGER and JAYNELL KRIEGER, his wife, and TOM RIDGEWAY and MABLE RIDGEWAY, his wife

do hereby convey to CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, a California corporation,

the following real property situated in Yavapai County, Arizona:

All that portion of the JUNIPER Lode Mining Claim, designated by the Surveyor General as Survey No. 1112, United States Patent whereof is recorded in Book 36 of Deeds, page [illegible], described as follows:

BEGINNING at corner No. 1 of said Juniper claim; thence North 44°30' West along the 1-5 line of said claim 237.56 feet to the actual POINT OF BEGINNING for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44°30' East parallel with the 5-4 line of said claim, 500.0 feet; thence South 44°30' East parallel with said 1-5 line, 150 feet; thence South 44°30' West parallel with said 5-4 line, 500 feet to the actual POINT OF BEGINNING.

Together with an easement for ingress and egress over an existing road, from U. S. Highway No. 89 to the above described tract. Said easement for roadway purposes crosses the EDMOND, the TRIANGLE and the JUNIPER Lode Mining Claims designated by the Surveyor General as Survey Nos. 1114, 1115 and 1112, respectively, and lying 6.0 feet on each side of the following described center line:

BEGINNING at the West quarter corner of Section Fourteen, Township Ten North, Range Five West of the Gila and Salt River Base and Meridian; thence North along the West line thereof 33.63 feet; thence South 84°44' East, 426.95 feet; thence South 35°39'30" East 405.0 feet to point No. 1, the actual POINT OF BEGINNING for the aforesaid center line; thence South 03°47' West 492.0 feet to angle point No. 2; thence South 34°37'30" East 149.0 feet to angle point No. 3; thence South 74°02'30" East 530.0 feet to angle point No. 4; thence North 25°57'30" West 252.0 feet to angle point No. 5; thence North 32°23'30" East 90.0 feet to angle point No. 6; thence South 69°15'30" East 270.0 feet to angle point No. 7; thence North 38°09'30" East 95.92 feet to angle point No. 8; thence North 9°29'30" West 139.0 feet to angle point No. 9; thence South 67°38'30" East 475.0 feet to angle point No. 10; thence South 01°02' West 260.0 feet to angle point No. 11; thence South 16°13' West 67.0 feet to angle point No. 12; thence South 49°41' East, 240.0 feet to angle point No. 13; thence South 83°53' West 155.0 feet to angle point No. 14; thence along an irregular curve to the right to the aforesaid angle point No. 7, said curve passing through a point 60 feet Westerly from the Microwave site, which site bears South 07°31' East 375.0 feet from said angle point No. 7.

Grantors herein assume no responsibility in connection with maintaining or repairing the described road.

And I or we do warrant the title against all persons whomsoever; subject to the the matters above set forth.

Dated this 29th day of September 19 61

Ray Krieger — Ray Krieger
Jaynell Krieger — Jaynell Krieger
Tom Ridgeway — Tom Ridgeway
Mable Ridgeway — Mable Ridgeway

STATE OF ARIZONA } ss. County of
This instrument was acknowledged before me this 29th day of Sept. 19 61
by RAY KRIEGER and JAYNELL KRIEGER, his wife
My commission will expire: My Commission Expires Feb. 16, 1963
Notary Public

STATE OF ARIZONA } ss. County of
This instrument was acknowledged before me this 29th day of Sept. 19 61
by TOM RIDGEWAY and MABLE RIDGEWAY, his wife
My commission will expire: My Commission Expires Feb. 16, 1963
Notary Public

THIS COPY FURNISHED THROUGH COURTESY OF GUARANTEE TITLE AND TRUST COMPANY

# TRIAD MINERALS COMPANY

ASSAYING & CONSULTING
P. O. BOX 2754
WICKENBURG, AZ 85358

= STANDARD ASSAY REPORT

DATE 2-17-89 COMPANY **Asarco** (mark miller) Lab #021589-1

| Sample Description | fire Ounces per ton AU (gold) | AG (silver) | Remarks |
|---|---|---|---|
| Y-75, 0-10 | .053 | | |
| " " 10-20 | .006 | | |
| " " 20-30 | .012 | | |
| " " 30-40 | .021 | | |
| " " 40-50 | .015 | | |
| " " 50-60 | .018 | WEST ADIT | |
| " " 60-70 | .004 | | |
| " " 70-80 | .062 | | |
| " " 80-90 | .014 | | |
| " " 90-95 | .040 | | |
| ✓ " " 95-100 | .008 | STANDARD | |
| Y-76 10 6' | .030 | | |
| Y-76 20 6' | .025 | WEST ADIT | SW x-cut |
| " " 30 " | .023 | | |
| ✓ " " 40 A | .017 | STANDARD | |
| " " Y-77 10 6' | .079 | | |
| " " 20 " | .020 | | |
| " " 30 4' | .048 | | |
| " " 40 5' | .184 | | |
| " " 50 5' | .076 | | |

Certified Assays When Signed And Dated
2-17-89 [illegible]
DATE SIGNATURE

TRIAD MINERALS COMPANY
ASSAYING & CONSULTING
P. O. BOX 2754
WICKENBURG, AZ 85358

# ASSAY REPORT

DATE 2-17-89 COMPANY Asarco (Mark Miller) Lab # 021689-3

| Sample Description | Ounces per ton AU (gold) | AG (silver) | Remarks |
|---|---|---|---|
| Y 77 60 6' | .148 | | |
| " 70 5' | .080 | | |
| " 80 6' | .059 | | |
| " 90 5' | .328 | | |
| " 100 5' | .225 | | |
| " 110 5' | .047 | | |
| " 120 6'ch | .032 | WEST ADIT | NE X-cut |
| " 0-30 muck | .033 | | |
| " 30-50 " | .092 | | |
| " 50-70 " | .074 | | |
| " 70-90 " | .053 | | |
| Y-78 20-25 | nil | | |
| Y-78 0-5 | .005 | | |
| " 5-10 | .044 | | |
| " 10-15 | .015 | | |
| " 15-20 | nil | | |
| " 20-25 | nil | | |
| " 25-30 | nil | | |
| " 3035 | nil | | |
| " 35-40 | nil | | |
| " 60-70 | .022 | STANDARD | |
| Y-79 0-5 | .005 | | |

Certified Assays When Signed And Dated
2-17-89 Gary B. Edle
DATE SIGNATURE

TRIAD MINERALS COMPANY
ASSAYING & CONSULTING
P. O. BOX 2754
WICKENBURG, AZ 85358

# ASSAY REPORT

DATE 2-17-89 COMPANY Asarco (Mark Miller) Lab #021689-4

| Sample Description | Ounces per ton AU (gold) | AG (silver) | Remarks |
|---|---|---|---|
| Y-79 5-10 | .nil | | |
| " 10-15 | nil | | |
| " 15-20 | nil | | |
| Y-80 High Grade Quartz 30' | .046 | | |
| Y-81 | .020 | STANDARD | |

Certified Assays When Signed And Dated
2-17-89 Ken B Eddy
DATE SIGNATURE

# TRIAD MINERALS COMPANY

ASSAYING & CONSULTING
P. O. BOX 2754
WICKENBURG, AZ 85358

= STANDARD

## ASSAY REPORT

DATE 2-21-89 COMPANY Asarco LAB #022089-1 (Mark Miller)

| Sample Description | Ounces per ton AU (gold) | AG (silver) | #4 Remarks |
|---|---|---|---|
| Y-83 | .0047 | | |
| Y-86 | .0109 | | |
| Y-88-108 | .0062 | | |
| Y-90 0'-4' | .0076 | | |
| Y-90 4'-11' | .0138 | | |
| Y-90 11' - 15' | Low .0172 15% | | |
| Y-91 0' - 8' | .0382 | | |
| Y-92 0' -4' | .0399 | | |
| Y-92 4' -7' | .2350 | | |
| Y-93 0'-6' | .0150 | | |
| Y-93 6'-15' | .0047 | | |
| Y-93 15'-20' | High .0278 19% | | |
| Y-94 0'-7' | .0901 | | |
| Y-95 0'-10' | .0100. | | |
| Y-95 10'-20' | .0174 | | |
| Y-97 0'-3' | .0078 | | |
| Y-97 3'-6' | Nil | | |
| Y-97 6'-12' | Low .0177 20% | | |
| Y-98 0'-5' | .0050 | | |
| Y-98 5'-10' | Nil | | |
| Y-98 10'-15' | .0030 | | |
| Y-98 15'-20' | .0096 | | |
| Y-98 20'-25' | Nil | | |

Certified Assays When Signed And Dated
2-21-89 Eva B Edwards
DATE SIGNATURE

066 Man No Resend low

882-
1795

~~Call~~ Norsold C. 2/21
called

Verbal & written
by Friday.

WCK told him about SF
& urgent prob.

Ron Dach (Fund outlaw) = to Victoria  Lassiter = same owner — get it in agreement

offer to restake unpatented (& open) lands, take out of med 15K
we feel SF does not have ext lot rights because of lack of 11 sections
a) Quit claim for Ellis & board on all Sec & Y claims.
b) remoment & clean up all sections.

John Lacy  322-5000
Ex Lot — End lines must be parallel.  (Moley)
on sat. one end is parallel in other portion,
then deviate inward.
Take look at Mineral Survey Plat.
instead of survey

MARY

Copy for JDSell

2/21/89 - 1:03 PM

W.L. Kurtz

F. T. Graybeal telephoned - left the following message:

> I will be arriving in Phoenix on Friday, Feb. 24 at 7:12 PM on United 743. I am carrying on -- you can meet me at United's arrivals door in your vehicle at 7:15 to 7:30 PM if that is convenient; that is assuming the flight is not late. The flight originates in Denver. Call me tomorrow or Thursday if you want me to rent a car.

Mary

Joe Sloane 296-8837

3 singles at Ranchu Grande Best Western
Wickenburg - 684-5445

late arrival

KURTZ
SELL
GRAYBEAR

FOR FRIDAY + SATURDAY NIGHTS
2/24 2/25

Confirmation # 03-02 JJ 02-24

by Juanita

$42. — per night (J.D.S. Amer Express)

# TRIAD MINERALS COMPANY

ASSAYING & CONSULTING
P. O. BOX 2754
WICKENBURG, AZ 85358

## ASSAY REPORT

DATE 2-24-89 COMPANY Asarco (Mark Miller)

| Sample Description | Ounces per ton AU (gold) | AG (silver) | # 5 Remarks |
|---|---|---|---|
| Y-100 0-6 | .055 | | |
| " 6-12 | .037 | | |
| ~~Y-100~~ | | | |
| STANDARD Y-100 12-15 | .024 | | |
| Y-101 0-10 | .048 | | |
| " 10-20 | .039 | | |
| Y-104 10' | .0115 | | |
| Y-105 | .0266 | | |
| STANDARD Y-105 A | .0121 | | |
| Y-107 0-10 | .0129 | | |
| " 10-20 | .nil | | |
| Y-108 0-10 | .0142 | | |
| " 10-20 | .0183 | | |
| " 20-30 | .0398 | | |
| " 30-40 | .0130 | | |
| " 40-50 | .0437 | | |
| Y-109 0-7 | .0773 | | |
| " 7-17 | .0069 | | |
| " 17-27 | .0054 | | |
| Y-110 0-10 | .0068 | | |
| " 10-15 | .0085 | | |
| STANDARD " 15-20 | .0095 | | |
| | | | |
| | | | |

Certified Assays When Signed And Dated
2-24-89 [signature]
DATE SIGNATURE

JDS → file

New York, N.Y., February 17, 1989

TO: J. L. Woods

Yarnell Project
Arizona

The attached letter from W.L. Kurtz to R.L. Brown and accompanying documents are self-explanatory. Norgold signed the January 25, 1989 Letter of Intent without any changes. Initial sampling results are favorable, although mapping has not been completed. Nevertheless, it looks like we will make the optional March 6, 1989 payment and continue the option. Mr. Brown has asked that you begin preparation of the formal agreement.

If there are questions, please call Mr. Kurtz who negotiated the agreement.

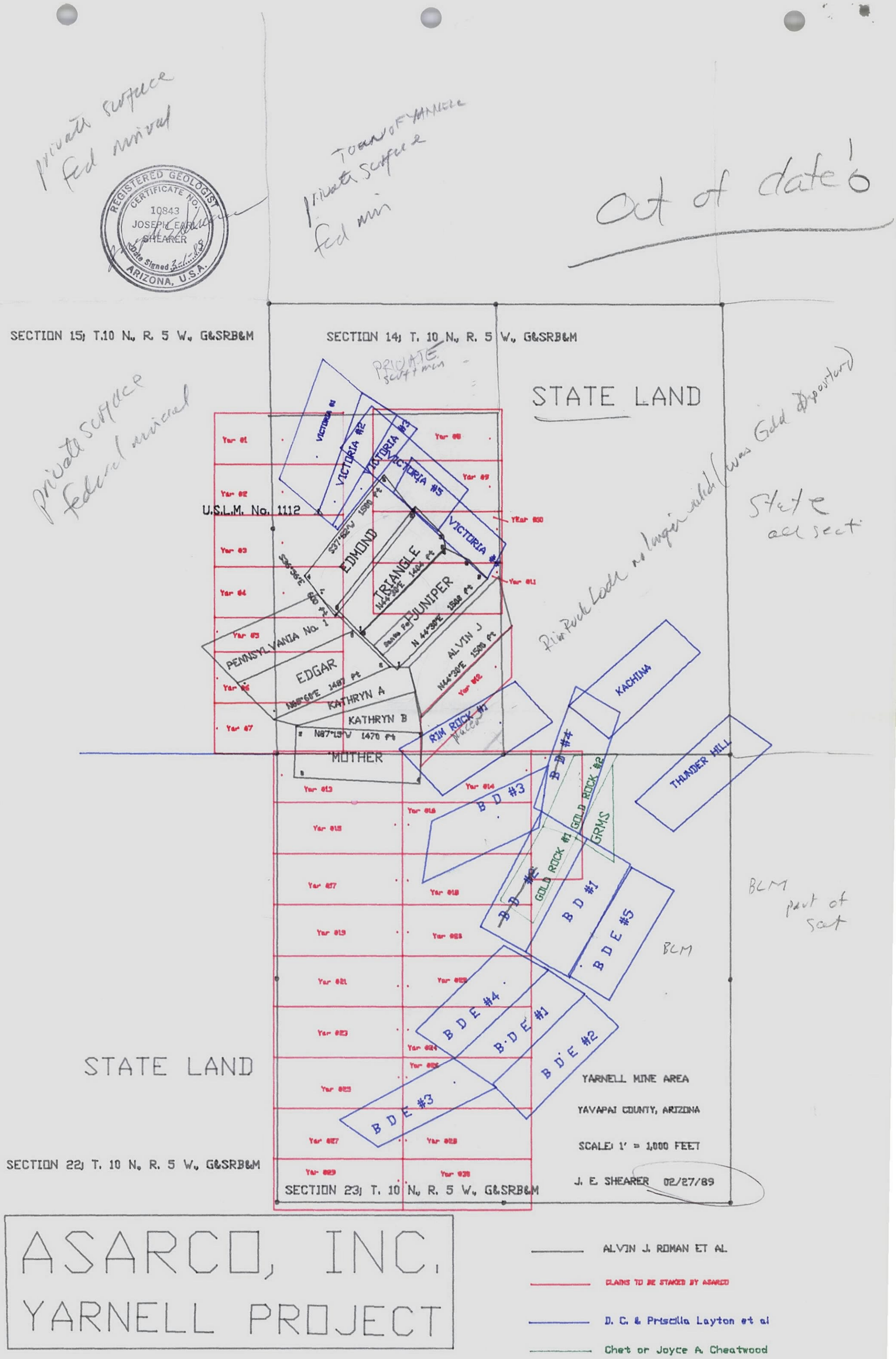
F. T. Graybeal/mc
F. T. Graybeal

FTG:mc
Att.

cc: W. L. Kurtz (w/o att.)

John Lacy 2/27 (via WHC)

1. General feeling against extradition treaty.
2. If outcry is too loud, the crime may have the right if they want to support.


private surface
fed mineral
REGISTERED GEOLOGIST
CERTIFICATE NO.
10843
JOSEPH EARLE
SHEARER
Date Signed 7-1-88
ARIZONA, U.S.A.
TOWN OF YARNELL
private surface
fed min
out of date!
SECTION 15; T.10 N., R. 5 W., G&SRB&M
SECTION 14; T. 10 N., R. 5 W., G&SRB&M
PRIVATE
STATE LAND
private surface
federal mineral
U.S.L.M. No. 1112
VICTORIA #1
VICTORIA #2
VICTORIA #3
VICTORIA #4
VICTORIA #5
EDMOND
TRIANGLE
JUNIPER
ALVIN J
PENNSYLVANIA No. 1
EDGAR
KATHRYN A
KATHRYN B
MOTHER
RIM ROCK #1
KACHINA
THUNDER HILL
B D #3
B D #4
GOLD ROCK #2
GOLD ROCK #1
GRMS
B D #1
B D #5
B D E #4
B D E #1
B D E #2
B D E #3
Rim Rock Lode no longer valid (was Gold Dyke)
State
BLM
part of Sect
STATE LAND
SECTION 22; T. 10 N., R. 5 W., G&SRB&M
SECTION 23; T. 10 N., R. 5 W., G&SRB&M
YARNELL MINE AREA
YAVAPAI COUNTY, ARIZONA
SCALE: 1' = 1,000 FEET
J. E. SHEARER 02/27/89
ASARCO, INC.
YARNELL PROJECT
ALVIN J. ROMAN ET AL
CLAIMS TO BE STAKED BY ASARCO
D. C. & Priscilla Layton et al
Chet or Joyce A. Cheatwood

Varnell Project

EA 0444-00

Authorized 20,000.

Expended 18734.

Balance 1266.

As of 2/28/89.

CSS.

3/1 John

3/1 Bill Norsold O/K on Maple +
Put in Escrow instructions
to hold for land clarification.
in SF.

DG
vs
TDV

3/1 Brown Monte & Cows

JI 1) Tabulated value on books vs
loss per last 5 years
forcast for next 5 years 1984-90-91-92

need to stop loading from Helena

2) This year What would be charge (19K) if cows & bulls bought
3) What if we spent in each of next 4 years.
@ 19K per year.

3/1 Drilling Services
All out of town Left message on areas,
need drill availability etc.

Lochhart
473-3410

3/1 John Lacy

1) When converted away then extra lofted specifics must be made, ie, not passed on automatically.
ie SF has no extra lofted

2) Parallel end lines
"Have to be continuous"
by example cases show, otherwise, then OK.

3) Converging lines OK for extra lofted, as gained is limited.

3/1/89 Yarnell Project

EXPLORATION WELL(S)

FILING FEE $10.00

DEPARTMENT OF WATER RESOURCES (DWR)
NOTICE OF INTENTION TO DRILL
EXPLORATION WELL(S)

EXPLORATION WELL(S)

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 10 N/S
   Range 5 E/W
   Section 14

In the case of a single well, list 10-acre subdivision

___ ¼, ___ ¼, ___ ¼

2. County Yavapai

3. Applicant:
   ASARCO Incorporated
   Name
   P.O. Box 5747
   Address
   Tucson, AZ 85703
   City State Zip

4. J.D.Sell/M.A.Miller
   NAME OF CONTACT PERSON
   Phone (602) 792-3010

5. Owner of well:
   Applicant
   Name
   Same as above
   Address
   City State Zip

6. Purpose of well(s) drilled pursuant to this Notice:
   Mineral Exploration X
   Geotechnical ___
   Cathodic Protection ___
   Grounding ___

7. Number of wells 15
   (See Condition 3 on reverse)

8. Owner of land:
   Norgold Resources Inc.
   Name
   2380 Harbour Center
   P.O.Box 12122, 555 W.Hastings St
   Address
   Vancouver, BC V6B-4N6
   City State Zip

9. DESCRIPTION OF WELL:
   Diameter 5¼ inches
   Depth 500 feet
   Type of casing Steel Surface Casing if necessary.
   (If none, so state)

10. Construction will start:
    3 15 89
    Month Day Year

11. Drilling firm:
    Drilling Services Co.
    Name
    12030 East Riggs Road
    Address
    Chandler, AZ 85249
    City State Zip
    52
    DWR License Number

12. Period well will remain in use 0 months.

13. Proposed method of abandonment of well(s) after project is completed:
    As per Rule R-12-15-816.

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. ___
Filed ___ By ___
Input ___ By ___
Duplicate Mailed ___ By ___
Registration ___
AMA/INA ___
W/S ___ S/B ___

JDS. 3/2/89
Mailed with check $10.-
3/2/89 to DWR
Mary

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes ___ No X

If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

1. Fill out this form in duplicate and mail to Department of Water Resources, Suite 100, 99 East Virginia, Phoenix, Arizona 85004.
2. Proper filing fee of $10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE 3-1-89

William D. Gay
Signature of Applicant
William D. Gay

DWR 55-40-8/86 (Revised)

## CONDITIONS

1. Construction and abandonment standards for all wells shall be in accordance with DWR Rules R12-15-811 and R12-15-816.

2. Drilling of the well(s) shall be completed within one (1) year after the date of Notice.

3. Mineral exploration, geotechnical, cathodic protection or grounding holes of 100 feet of depth or less do not apply to these provisions and do not require filing. However, if water is encountered during the drilling of these wells, then the well(s) must be properly abandoned in accordance with Condition 1 above.

4. More than one well may be drilled under a single notice for mineral exploration, geotechnical, cathodic protection and grounding purposes, so long as they are located within a single section.

5. A Project Completion Report, DWR-55-42-10/83, for each hole is required within 30 days of completion of the project.

6. Pump equipment may not be installed on wells drilled for mineral exploration, geotechnical, cathodic protection or grounding purposes.

7. Special construction standards required pursuant to R12-15-821: _____

_____

_____

9108

FORM 302-MB (9/79)

New York No. .....

## APPLICATION FOR SUPPLEMENTAL EXPLORATION APPROPRIATION

March 1, 1989 Originating Office Tucson, SWED

Application is hereby made for supplemental Appropriation to cover cost, in excess of original estimate, of work authorized by New York.

No. EA-0444-00 Yarnell Project, Yavapai County, AZ

Present total Estimated Cost (~~Form 302-MA attached~~) $ ~~80,000~~ 90,000

Amount previously authorized (date 1/25/89) $ 20,000

Balance for which Authorization is now requested $ ~~60,000~~ 70,000

ADDITIONAL WORK CONTEMPLATED:

| | |
|---|---|
| Payment to Norgold due March 6, 1989 to proceed with option. | $15,000 |
| Complete 3,000 feet of drilling between March 6, 1989 and July 1, 1989. | 40,000 |
| Continued project geology, sampling road improvement and land reimbursement. | 5,000 |
| | $60,000 |
| Cost to Purchase Santa Fe Mineral Rights | 10,000 |
| | 70,000 |

EXPLANATION OF INCREASED COST:

Payment to continue option and fulfill drilling requirement expenditure and define mineralization-grade.

Reviewed by C. L. [illegible] ACC'T. MGR. OR CHIEF ACCN'T.

Recommended by James T. Sell SUPERVISOR

Approved by ..... CONTROLLER

Account Chargeable to ..... TO BE FILLED IN BY CONTROLLER

Approved by ..... VICE PRESIDENT

Approved by Advisory Committee

..... 19.....

Approved by Board of Directors

..... 19.....

..... SECRETARY

PRINTED IN U.S.A.

**ASARCO**

**Southwestern Exploration Division**

JDS

March 1, 1989

R.L. Brown
New York Office

Yarnell Project (Gold)
Yavapai County, AZ

Attached are Mr. Miller's report, maps, and sections generated for the Yarnell Project.

Miller's sample values and cross-sections indicate the target zone is in excess of 100 feet in thickness and can be tested by rotary reverse circulation drilling to a 500 foot depth.

The main surface feature noted is a fault zone containing a 2 to 6 foot quartz vein which has assays of 0.2 to 0.5 ounces gold per ton at the surface. The rumored grade of underground ore mined and milled is 0.3 ounces gold per ton.

The quartz vein is hosted in a variably altered granite (clay, hematite, quartz). Sampling in this altered halo suggests that 0.03 to in excess of 0.05 ounces gold per ton extends into the footwall of the quartz vein on the surface. Underground similar values extend into the hanging wall of the projected quartz vein (workings).

The target, for open-pit operations, within the area of the previous workings, is in excess of 500 feet along strike (NE) and extends 1000 feet down dip (NW) and contains 4-6 million tons of gold-bearing material. Mineralized extensions of probable lesser thickness extend to the northeast and southwest along strike as shown by the sampling.

Total estimated costs for payments, drillings, assays, and other project costs, are $60,000.

Attached is Form 302-M for the Exploration Appropriation for your approval.

James D. Sell

James D. Sell

JDS:mek
Attachments

cc: W.L. Kurtz
M.A. Miller
C.L. Snow (Form 302-M only)

See flat file for maps.

**ASARCO**

**Southwestern Exploration Division**

March 1, 1989

J.D. Sell

Yarnell Project
Recommendations
Yavapai County, AZ

Recent detailed mapping and sampling has indicated the open pit potential for 4-6 million tons at .03-.05+ opt Au. Reverse circulation drilling of the target is recommended to prove out the potential reserve.

## Geology & Mineralization

Gold mineralization is hosted in an altered section of PЄ granite → 300' in thickness. Thickness of the mineralized zone varies from 60-70' → 150' within the altered package (see cross sections). The main structure that appears to control the mineralization is a 6' thick fault zone which has been traced along strike in outcrop and in mine workings for +2000'. The fault zone is composed of variable silicification and clay gouge with assay values ranging from .12-.5 opt Au. Historic production from this zone was .3 opt Au. Mineralization also extends up to ±100' into the footwall of the structure with grades ranging from .03 → +.05 opt Au and underground sampling has indicated similar values of similar thicknesses extending into the hanging wall of the mineralized fault zone. Dimensions of the target for open pittable ore is → 500' on strike (NE) x 100-150' thick and up to 1000' down dip (NW) at ±30-35°. Mineralized extensions of the zone both NE and SW are strongly indicated based upon sampling.

## Terms

The property is under lease by Norgold Resources, Inc., a Vancouver Junior. First year terms are as follows:

1. $10,000 payment for exclusive option → March 6, 1989 already paid to Norgold.
2. $15,000 Payment on March 6, 1989 to Norgold.
3. Complete 3000' of drilling by July 1, 1989.
4. Asarco is responsible for meeting underlying obligations to Western Building at $1000/month from March 1 to Dec. 31, 1989, $10,000.

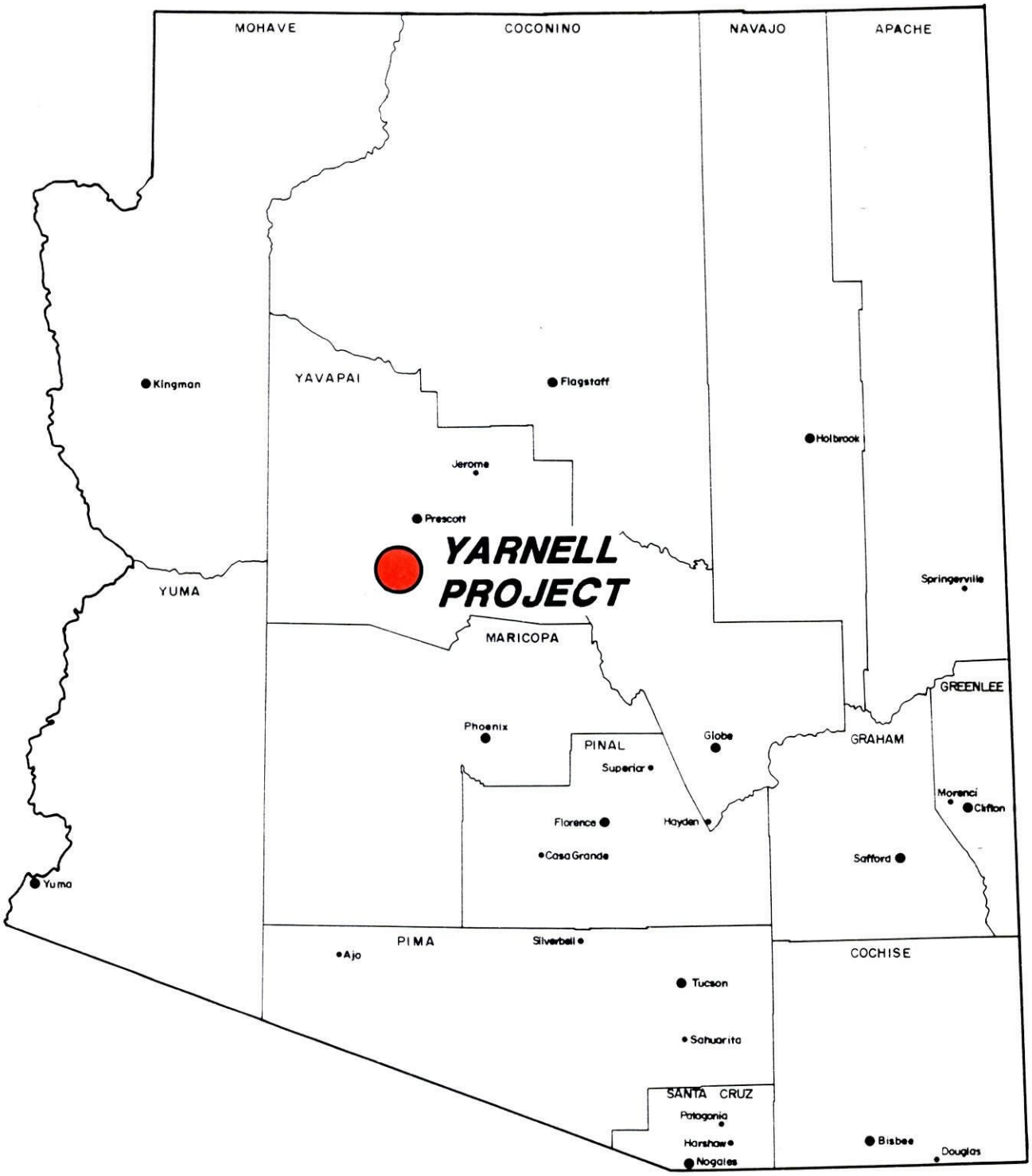
## Recommendations

It is recommended that Yarnell Project be drilled by Reverse Circulation Drilling. Fourteen holes have been proposed to test the continuity, grade and thickness of the mineralized zone. Twelve holes (total 3000') have been proposed within the main zone of 4-6 million ton potential. Maximum depth will be 500'. Additional holes (2) have been proposed to test extensions of the mineralized zone along strike. Proposed hole locations are plotted on the geology map and attached cross sections.

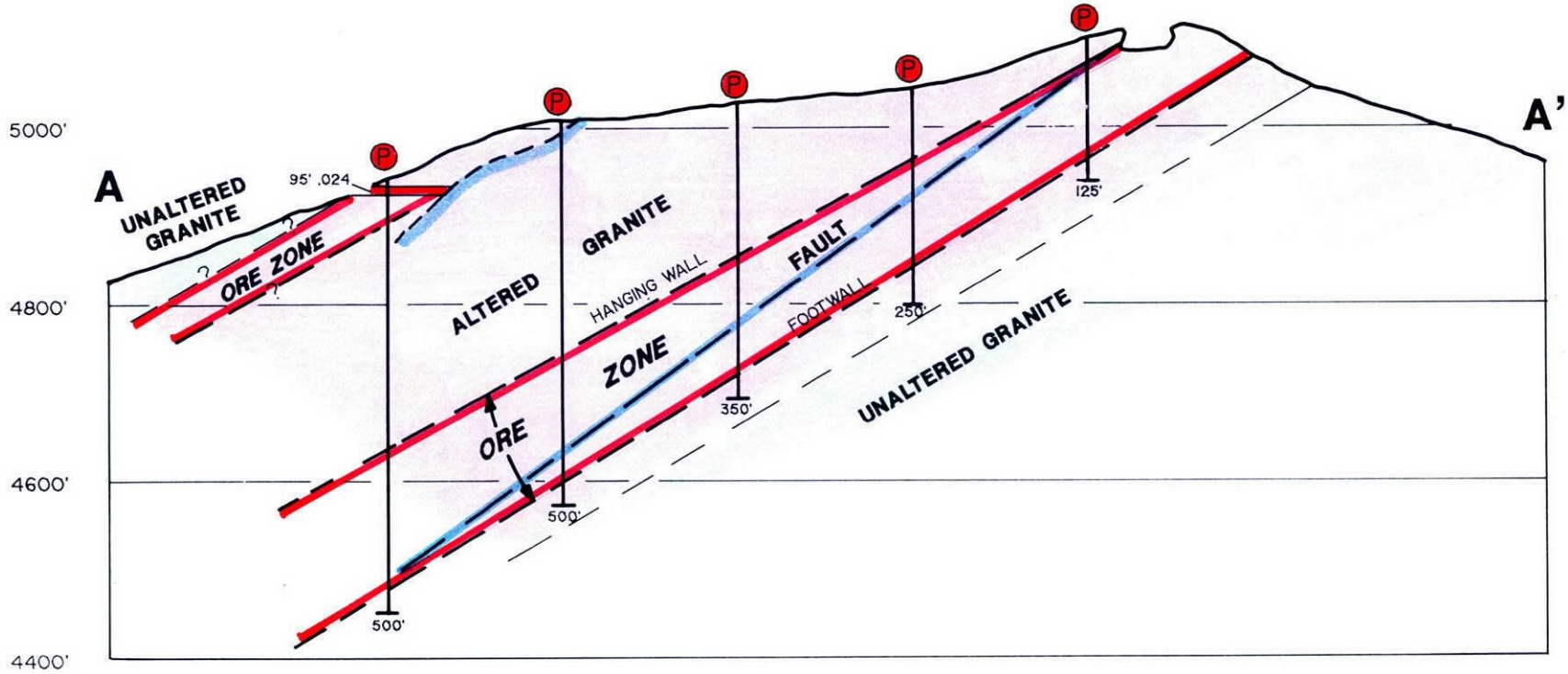
Mark A. Miller

MAM:mek

cc: R.L. Brown, W.L. Kurtz

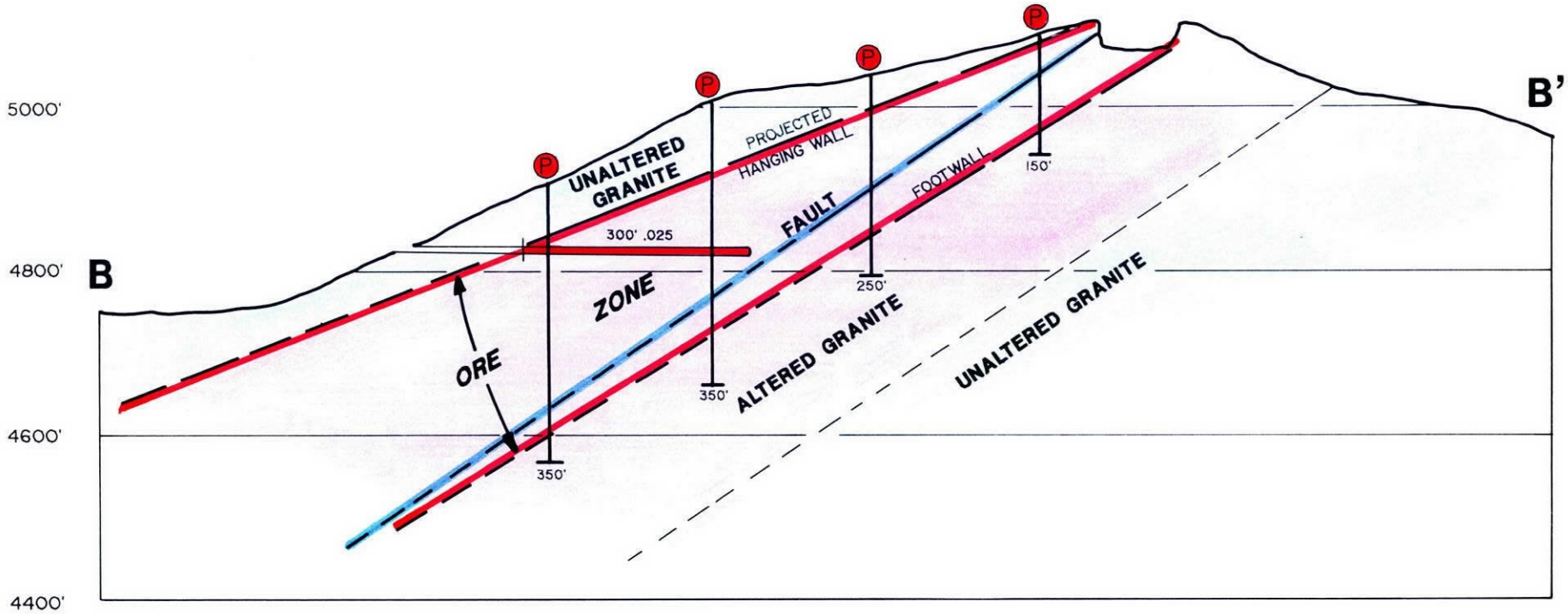



# INDEX MAP
# YARNELL PROJECT
# YAVAPAI CO.,ARIZONA




**SECTION A - A'**
**YARNELL PROJECT**

0 200'




**SECTION B - B'**
**YARNELL PROJECT**

0 200'

Yarnell Project
Yavapai Co., AZ

JDS
3/1/89

# ARIZONA DEPARTMENT OF WATER RESOURCES

15 South 15th Avenue, Phoenix, AZ 85007

ASARCO, INC.
P O BOX 5747
TUCSON, AZ 85703

Registration No. 55-523897
File No. B(10-5)14

Dear Well Owner:

Enclosed for your records is an annotated copy of the Notice of Intention to Drill an exploration well which was recently filed with this Department. This is returned to you as evidence of compliance with A.R.S. §45-596. Your designated driller has been mailed separately a Well Drilling Card which he is required to have in his possession before commencing to drill the well.

[ ] Since this well is being drilled as a monitor well, or for cathodic protection, grounding, geotechnical or piezometer purposes, our standard driller report form is also being furnished to the driller which he is required to complete and return to the Department within 30 days after the completion of drilling. A Completion Report form is being furnished for monitor wells where pump equipment is authorized to be installed as part of this packet so that you may submit the report within 30 days after the installation of pumping equipment on a monitor well as required by A.R.S. §45-600.

[X] This well is authorized to be drilled for mineral exploration purposes. Because of this, no pump equipment may be installed. A Project Completion Report is being furnished your designated driller for each hole to be drilled. Your driller is required to submit this Project Completion Report within 30 days after completion of drilling. You should insist that this is done.

For monitor, geotechnical, cathodic protection, grounding and piezometer wells, you should obtain the written permission of the Department of Water Resources before proceeding with the drilling in the event that you determine it necessary to change the location of the proposed well. A properly signed amended Drilling Card must be in the possession of the driller before drilling commences at a different location than originally authorized.

For your <u>future</u> use, a Change of Well Information form is enclosed should it become needed. Per A.R.S. §45-593, the person to whom a well is registered shall notify this Department of a change of ownership of the well and/or information pertaining to the physical characteristics of the well, including abandonment, in order to keep the well registration file current and accurate.

Sincerely,

R. A. Gessner

R. A. Gessner
Chief, Operations Division

RAG:
Enclosures
DWR-55-8-8/84

ARIZONA DEPARTMENT OF WATER RESOURCES
Operations Division
15 South 15th Avenue
Phoenix, Arizona 85007

## CHANGE OF WELL INFORMATION

Well Reg. No. 55-523897

File (location) No. B(10-5)14

I/We request the following well information be changed:

_____

_____

_____

_____

_____

Date: _____, 19____ _____
Signature of current Well Owner

(DO NOT CUT THIS FORM IN HALF)

## STATEMENT OF CHANGE OF WELL OWNERSHIP

I, _____, state that I am (no longer) the (new)
(please print)
owner of the well described below:

Township _____ Range _____ Section _____; _____ ¼ _____ ¼ _____ ¼

Well Registration No. _____ File (location) No. _____

_____ _____
Previous Owner PRINT New Owner's Name

_____ _____
Address Signature of New Owner

_____ _____
City State Zip Address

DATED: _____ _____
City State Zip

NOTE: A.R.S. §45-593.C. requires that the Department be notified of change of well ownership and that the well owner is required to keep the Department's Well Registration records current and accurate. Well data and ownership changes must be submitted within thirty (30) days after changes take place.

SAVE THIS FORM TO REPORT FUTURE CHANGES IN OWNERSHIP, CHANGES IN ADDRESS, OR CHANGE IN WELL DATA SUCH AS PUMP CAPACITY, CORRECTION OF LEGAL DESCRIPTION, CHANGE OF WELL DRILLER, PRIOR TO DRILLING THE WELL, IN ADDITION TO AMENDING INFORMATION PREVIOUSLY FILED.

* * * * *

DWR-55-51-7/88

DEPARTMENT OF WATER RESOURCES
99 EAST VIRGINIA AVENUE
SUITE 100
PHOENIX, ARIZONA 85004

# NOTICE OF ABANDONMENT

A.R.S. §45-594; R12-15-816(E): The owner or operator of the well shall notify the Department in writing no later than thirty days after the abandonment has been completed.

1. Well location;

   Township _____

   Range _____

   Section _____

   _____ ¼ _____ ¼ _____ ¼
   (10 acre subdivision)

   County _____

2. Owner of the well:

   _____
   Name

   _____
   Address

   _____
   City State Zip

3. Owner of the land:

   _____
   Name

   _____
   Address

   _____
   City State Zip

4. Well Description:

   Depth of hole _____

   Diameter of hole _____

   Type of casing _____

5. Well Registration Number:
   55-523897

   File Number:

6. Prior to abandonment, did the well penetrate any water-bearing layers?

   Yes _____ No _____ Unknown _____

7. Prior to abandonment, did the well have 20' of steel surface casing and 20' of grout in the annular space surrounding the surface casing?

   Yes _____ No _____

8. If the answer to No. 7 is no, was the top 20' of casing removed prior to setting the cement plug?

   Yes _____ No _____

9. Was the well filled with cuttings or other non-toxic material prior to setting the cement plug?

   Yes _____ No _____

10. If the answer to No. 9 is yes, what material was used to fill the well?

    _____

11. How deep does the cement plug extend below land surface?

    _____

12. Was the well backfilled above the cement plug?

    Yes _____ No _____

13. Date abandonment complete:

    _____

I state that this Notice is filed in compliance with A.R.S. §45-594: R12-15-816(E), and is complete and correct to the best of my knowledge and belief.

DATE _____ SIGNATURE _____

DWR-55-46-12/83

EXPLORATION WELL(S)

FILING FEE $10.00

DEPARTMENT OF WATER RESOURCES (DWR)
NOTICE OF INTENTION TO DRILL
EXPLORATION WELL(S)

EXPLORATION WELL(S)

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 10 N/S
   Range 5 E/W
   Section 14

In the case of a single well, list 10-acre subdivision

____ ¼, ____ ¼, ____ ¼

2. County Yavapai

3. Applicant:
   ASARCO Incorporated
   Name
   P.O. Box 5747
   Address
   Tucson, AZ 85703
   City State Zip

4. J.D.Sell/M.A.Miller
   NAME OF CONTACT PERSON
   Phone (602) 792-3010

5. Owner of well:
   Applicant
   Name
   Same as above
   Address
   City State Zip

6. Purpose of well(s) drilled pursuant to this Notice:
   Mineral Exploration X
   Geotechnical ____
   Cathodic Protection ____
   Grounding ____

7. Number of wells 15
   (See Condition 3 on reverse)

8. Owner of land:
   Norgold Resources Inc.
   Name
   2380 Harbour Center
   P.O.Box 12122, 555 W.Hastings St
   Address
   Vancouver, BC V6B-4N6
   City State Zip

9. DESCRIPTION OF WELL:
   Diameter 5¼ inches
   Depth 500 feet
   Type of casing Steel Surface Casing if necessary.
   (If none, so state)

10. Construction will start:
    3 15 89
    Month Day Year

11. Drilling firm:
    Drilling Services Co.
    Name
    12030 East Riggs Road
    Address
    Chandler, AZ 85249
    City State Zip
    52
    DWR License Number

12. Period well will remain in use 0 months.

13. Proposed method of abandonment of well(s) after project is completed:
    As per Rule R-12-15-816.

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. [illegible]
Filed 3-6-89 By [illegible]
Input ____ By ____
Duplicate Mailed 3-13-89 By [illegible]
Registration 55-523897
AMA/INA —
W/S L 8 S/B ____

MAR 1989 HYDROLOGY APPROVED

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes ___ No X
    If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

1. Fill out this form in duplicate and mail to Department of Water Resources, Suite 100, 99 East Virginia, Phoenix, Arizona 85004.
2. Proper filing fee of $10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE 3-1-89

William D. Gay
Signature of Applicant
William D. Gay

DWR 55-40-8/86 (Revised)

ASARCO INC.
P O BOX 5747
TUCSON, AZ. 85703

STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
WATER RIGHTS ADMINISTRATION
99 EAST VIRGINIA
PHOENIX, ARIZONA 85004

RECEIPT

| KIND ENTRY | FILE REFERENCE NO. |
|---|---|
| 55 | 523897 |
| | THRU |

| ACCOUNT NO. FUND SOURCE | AGENCY | CHAPTER | DIV. | INT. ACCT. | ITEM DESCRIPTION | RATE | $ AMOUNT |
|---|---|---|---|---|---|---|---|
| | | | | | FILING FEE FOR NOTICE OF INTENTION TO DRILL | | 10.00 |
| | | | | | WELL | | |
| | | | | | FILE# REGISTRATION# | | |
| | | | | | B (10-5) 14 55-523897 | | |

PAID
MAR 13 1989
PAID

3/13/89/ek
CK#0030422

TOTAL $ 10.00

gDS

JOSEPH E. SHEARER
CONSULTING GEOLOGIST
6821 EAST BAKER STREET
TUCSON, ARIZONA 85710-2228

(602) 296-8837

ASARCO Incor.

MAR 3 1989

SW Exploration

March 2, 1989

ASARCO INCORPORATED
Exploration Department
Southwestern U.S. Division
P.O. Box 5747
Tucson, AZ 85703

Attn: Mr. Jim Sell, Exploration Mgr. SW US

Dear Jim:

By this letter I am billing Asarco for expenses plus fee for the title search, field check, summary report and map preparation on the Yarnell, Arizona area, more specifically Sections 14 & 23; T. 10 N., R. 5 W., G&SRB&M.

The following expenses were incurred during the project:

| | |
|---|---|
| Mileage - 523 miles @ $0.30 ..... | $156.90 |
| Motel - three nights ..... | 83.62 |
| Meals - three and 1/2 days ..... | 34.04 |
| Copies - documents, plats, maps and etc..... | 156.95 |
| Total expenses | $431.51 |
| Fee - Six (6) days @ $300/day ..... | $1,800.00 |
| Total billing ..... | $2,231.51 |

Respectfully submitted

Joseph E. Shearer

Joseph E. Shearer

submitted to Corp 3/15/89

# TITLE SUMMARY ON YARNELL MINE AREA
# YAVAPAI COUNTY, ARIZONA

for

ASARCO INCORPORATED
EXPLORATION DEPARTMENT
SOUTHWESTERN U.S. DIVISON
P.O. BOX 5747
TUCSON, ARIZONA 85703

by

Joseph E. Shearer
Registered Geologist
February 28, 1989

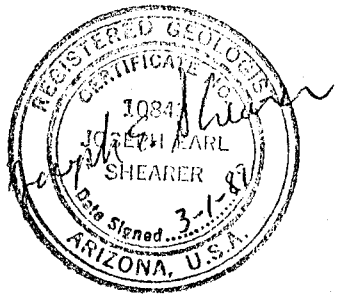


TABLE OF CONTENTS

# TITLE SUMMARY ON YARNELL MINE AREA

## INTRODUCTION

At the request of Jim Sell, Southwestern Exploration Manager, of the Asarco, Inc. Exploration Division, I did a field check and title search on the patented and unpatented claims in Sections 14 and 23; T. 10 N., R. 5 W., G&SRB&M. Also, the mineral status of the above sections and adjoining sections 15 and 22 to the west were determined. This work was started on February 20, 1989 and completed with the writing of this summary on February 28, 1989.

A list of approximately 14 questions were in the body of the cover letter from Mr. Sell. Most of these questions have been answered and will be discussed in this SUMMARY. * See Feb. 16, 1989

The first day was spent in the field locating and examining claim corners, location notices and section corners. The next two days were spent at the Yavapai County Assessor's and Recorder's offices researching and copying documents pertaining to the property. A half day was spent researching and copying plats and information from the Bureau of Land Management office in Phoenix Arizona. A day and a half were spent plotting all the claims on a map and a day preparing the summary.

The purpose of the title search and field inspection was to trace the chain of title of existing patented and unpatented claims that are owned or controlled by Alvin J. Roman or Western Building & Mining Corp., to determine if claims located by Don Jenkins and/or Norgold Resources, Inc. are properly and legally located to cover portions of sections 14, 15 and 23, and to check on the title, mineral rights and easements of portions of patented claim JUNIPER, presently used for microwave towers. Also, determine if any other claims are located in the sections that may be in conflict with the above mentioned claims.

Thirteen claims other than the above mentioned are in conflict with the claims located by Don Jenkins. A title search was done on a total of 20 additional claims in sections 14 & 23 that may be of interest or in conflict.

## FIELD WORK

The field work consisted of locating claim and section corners and location monuments to determine if the location notices are posted on open ground (ground that is not located by other claims and open for staking by the federal government) and to determine if the claims are properly staked.

In the field, the following patented corners were found (the corners marked with "*" have BLM aluminum caps dated 1983):

| CLAIM NAME | CORNER | CLAIM NAME | CORNER |
|---|---|---|---|
| EDMOND | 4 * | TRIANGLE | 5 |
| | 1 * | | 1 * |
| JUNIPER | 5 * | EDGAR | 3 * |
| | 1 * | | 2 * |
| | | | 1 * |
| MOTHER | 2 | | |
| | 1 | | |
| | 4 | | |

The recently staked SUN and Y- claims were the main concern as to whether they were legally located and staked, and most of the effort was spent on finding the location monuments of these claims.

The following corners or locations for the SUN claims were found. A 1" PVC pipe marked the NW corner of SUN 6B at corner #1 of EDGAR patent claim, also, N SUN 6B was similarly marked at corner #2 of MOTHER patented claim. A short distance to the northwest, I found a stick with a plastic bottle and location papers for SUN #6. Bearings shot to the common section corner 14, 15, 22 & 23 and #1 corner of EDGAR from the location for SUN #6 were respectively S. 40 degrees W., and S. 80 degrees W. From this point, I attempted to follow the SUN claim line southeast, but did not find any posts or markers until the end center of SUN #8 near a road. This post was a 2" PVC pipe. Continuing along the line past where claim SUN #11 should be, only 3 additional posts were found. Two location notices on sticks were found for SUN #1 and SUN #2 (SUN #2 was described as being located on the opposite end of the claim). The location notice for SUN #3 & #3B was located approximately 90 feet N 70 degrees E of corner #1 of MOTHER patented claim. No corners or other markers were found in this area. The road to the southwest through claims SUN #8 & #15 was driven, and no posts or other markers were found.

Since the SUN claims were originally located on September 9, 1989, more than 90 days have elapsed without the corners and proper location monuments being placed in the field. It is my

opinion that the claims are void having not been perfected within the 90 day period.

TITLE SEARCH

Many documents regarding the claims were researched and copied at the Yavapai County Courthouse and Phoenix BLM office. Some of the individual claims have been sold many times and have a complex paper trail. To make the chain of title more easily followed, the claims of each present owner will be traced back to the original location notice, or in the case of the patents, 20 years or more. The title chain will be in table form for each owner. The property name will be the claim name.

ALVIN J. ROMAN & KATHRYN GOODING

The properties owned or controlled by Alvin J. Roman, Kathyrn Gooding and Western Building & Mining Corporation are the four patented claims: EDMOND, TRIANGLE, JUNIPER, EDGAR and the following four unpatented claims: KATHRYN A, KATHRYN B, ALVIN J and PENNSYLVANIA No. 1. The 1988 assessment work has been recorded in Yavapai County and filed with the BLM. Mr. Roman is the president of Western Building & Mining Corporation.

The MOTHER patented claim is owned by Forrest B. Heinzelman, whose address is 1315 Cedar Crest Blvd., Allentown, PA 18104.

| PROPERTY | GRANTORS | GRANTEES | DATE | BOOK | PAGES |
|---|---|---|---|---|---|
| Unpatent | Roman, A.J. | Affidavit | 12/5/88 | 2103 | 648-649 |
| PA #1 | U.S.A. | Roman, A.J. | 6/30/81 | 1392 | 661-663 |
| Microwave Site | A. J. Roman | Maricopa Cnty | 9/24/79 | 1265 | 697-699 |
| MOTHER | Heinzelman | Heinzelman | 3/23/77 | 1070 | 925-926 |
| ALVIN J | U.S.A. | Roman, A. J. | 11/21/75 | 996 | 261-262 |
| KATHRYN A | U.S.A. | " | " | " | 263-264 |
| KATHRYN B | U.S.A. | " | " | " | 265-266 |
| JUNIPER & EDGAR | Braun, R. | Roman, A.J. | 10/14/74 | 939 | 268-269 |
| EDMOND | " | Deabler, J. | 4/10/73 | 831 | 618-619 |
| TRIANGLE | " | " | 3/29/73 | 831 | 620 |
| EDMOND | Braun, R. | Deabler, J. | 3/29/73 | 1207 | 425 |

| | | | | | |
|---|---|---|---|---|---|
| MOTHER | " | Heintzelman | 2/27/73 | 1172 | 162 |
| MOTHER | " | " | " | 829 | 111-112 |
| TRIANGLE | " | Deabler, J. | 8/9/72 | 1205 | 562 |
| TRIANGLE | Braun, R. | Deabler, J. | 8/9/72 | 775 | 862-863 |
| JUNIPER | R & W | T. Braun, R. | 1/12/72 | 1212 | 160 |
| MOTHER | " | " | " | " | 161 |
| TRIANGLE | " | " | " | " | 162 |
| EDMOND | " | " | " | " | 163 |
| EDGAR | " | " | " | " | 164 |
| Patented | " | " | " | 718 | 492-494 |
| Mable & Janell | " | " | 1/20/72 | 718 | 495 |
| 1/2 Patented | Krieger | Warford | 7/31/67 | 454 | 256-257 |
| 1/2 Patented | Krieger | Krieger | 10/20/61 | 240 | 103 |
| Pt. JUNIPER | K & R | Santa Fe | 9/29/61 | 235 | 8 |
| Patented | MM&MCo. | K & R | 2/6/61 | 213 | 91 |

DELBERT C. & PRICILLA A. LAYTON

Most of the unpatented claims in sections 14 & 23 belong to the Laytons. Fifteen of these claims are included on the claim map which is enclosed as part of this summary. Other claims not in contact with the SUN or Y- claims are located in the SW corner of section 23, extending into sections 26 & 27. Documents were copied on all of the claims. A one half interest in the claims was deeded to BAR BM LIVESTOCK, INC. in 1982. A letter of 1/15/86 indicates that BAR BM LIVESTOCK, INC., a Nevada Corporation, had been changed to West Beroy Inc., a California Corporation, that neither entity had paid the Laytons for the assessment work done and that the Laytons were in the process of taking the property back. The assessment work for 1988 has been recorded in Yavapai County and filed with the BLM.

| PROPERTY | GRANTORS | GRANTEES | DATE | BOOK | PAGES |
|---|---|---|---|---|---|
| All | Laytons | Affidavit | 9/28/88 | 2085 | 118-120 |
| VICTORIA #5 | U.S.A. | Laytons | 8/20/85 | 1751 | 484-485 |

| | | | | | |
|---|---|---|---|---|---|
| 1/2 of All | Laytons | BAR BM | 6/1/82 | 1469 | 245-249 |
| RIMROCK #1 | Yellowhorse | Laytons | 4/16/82 | 1456 | 251 |
| All exc. V#1 | Rains & Titus | Laytons | 12/3/81 | 1433 | 822-823 |
| B D E #5 | U.S.A. | Titus & Rains | 11/3/80 | 1339 | 56-57 |
| B D et al | Green-Lees | Rains, Bud | 10/14/80 | 1331 | 285 |
| CRAZY HORSE O K | U.S.A. | Rains et al | 3/27/80 | 1290 | 549-550 |
| CRAZY HORSE TOKAY | U.S.A. | " | 3/29/80 | 1290 | 551-552 |
| VICTORIA #1 | U.S.A. | B & R | 3/2/80 | 1287 | 763-764 |
| VICTORIA #2 | U.S.A. | R, Y & L 1/2 | " | " | 765-766 |
| VICTORIA #3 | U.S.A. | R, Y & L 1/2 | " | " | 767-768 |
| VICTORIA #4 | U.S.A. | R, Y & L 1/2 | 3/2/80 | 1287 | 769-770 |
| GREY MARE #1-5 | U.S.A. | Layton, Rains et | 10/1/79 | 1252 | 150-153 |
| V#1 et al | Rains & Titus | Laytons | 9/12/79 | 1246 | 109 |
| V#1 1/2 | Rains, Bud | Layton, D C | 5/9/79 | 1234 | 487-488 |
| B D et al | Fulcher & Fry | Green-Lees | 6/27/77 | 1082 | 727 |
| VICTORIA #1 | U.S.A. | B & R | 8/5/74 | 924 | 918 |
| B D E #4 | " | Fulcher & Fry | 11/11/59 | 113 | 335 |
| B D E #1 | " | Fulcher & Fry | 7/5/51 | 158 | 560 |
| B D E #2 | " | " | " | 158 | 561 |
| B D E #3 | " | " | " | 158 | 562 |
| RIM ROCK #1 | U.S.A. | Fulcher & Fry | 7/7/48 | 154 | 550 |

Other maps, letters and information from BLM files

JEROME G. MANS

This property is one claim located in the southeast 1/4 of section 23. It is not clear what the status of this property is, since Green-Lees Quit-Claimed the Gold Ridge claim to Leonard G. Cope 6/19/79 and a David C. Cope had H. Mason Coggin of Coe & Van Loo Consulting Engineers, Inc. do a Geological and Engineering

Report dated 8/27/81 on the claim (See Cope Data). Later, Green-Lees Quit-Claimed the same claim to Jerome G. Mans on 8/17/83. Assessment work was filed by Mans for 1988.

| PROPERTY | GRANTORS | GRANTEES | DATE | BOOK | PAGES |
|---|---|---|---|---|---|
| GOLD RIDGE | Mans, J G | Affidavit | 8/10/88 | 2082 | 977 |
| GOLD RIDGE | Green-Lees | Mans, J G | 8/17/83 | 1567 | 252 |
| GOLD RIDGE | Green-Lees | Cope, L G | 6/19/79 | 1226 | 628 |
| B D et al* | Fulcher & Fry | Green-Lees | 6/27/77 | 1082 | 727 |
| GOLD RIDGE | U.S.A. | Fulcher & Fry | 10/20/71 | 710 | 20 |

* See Layton Documents

LEONARD G. COPE

Green-Lees Quit-Claimed BLACK DIKE #3 TO Cope in lieu of the 10% interest sold to Cope in an agreement signed 7/18/77. He apparently does not own any other claims in the area (See map for location). David C. Cope also had a report prepared on this claim at the same time as for the GOLD RIDGE (See Mans above). The reports are at the end of the data from this file. David J. Green-Lee filed assessment work on this claim for 1988. He may own the claim again?

| PROPERTY | GRANTORS | GRANTEES | DATE | BOOK | PAGES |
|---|---|---|---|---|---|
| GOLD RIDGE | Green-Lee | Affidavit | 12/27/88 | 2110 | 103 |
| " | " | Cope, L G | 2/6/78 | 1166 | 155 |

Black Dike #3 Report

Gold Ridge Report

CHEATWOOD

Chet or Joyce Cheatwood of P.O. Box 666, Yarnell, AZ own the GOLD ROCK claims, formally owned by Carl R. Olsen. Olsen filed assessment work for 1988. These claims appear to be in conflict with BLACK DIKE #2 & #4.

| PROPERTY | GRANTORS | GRANTEES | DATE | BOOK | PAGES |
|---|---|---|---|---|---|
| GOLD ROCK | Olsen, C R | Affidavit | 12/23/88 | 2109 | 137 |

| | | | | | |
|---|---|---|---|---|---|
| " | " | Cheatwoods | 8/26/88 | 2074 | 146 |
| GOLD ROCK M. S. | U.S.A. | Olsen, C R | 3/7/85 | 1703 | 719-720 |
| GOLD ROCK #1 | U.S.A. | Olsen, C R | 10/18/84 | 1670 | 858-859 |
| GOLD ROCK #2 | " | " | " | 1670 | 860-861 |

GREEN-LEE

One claim which was over looked and may need to be researched is GOLD RIDGE #2. An affidavit of Labor was filed on this claim by Green-Lee. In first looking at the instrument, I thought it was for GOLD RIDGE. This claim, according to the Affidavit, was filed in Book 1646, Page 108, and is in section 23 T. 10 N., R. 5 W., AMC# 223428. The Affidavit filed 12/27/88 is in Book 2110, Page 104.

QUESTIONS AND ANSWERS

The following questions were in Mr. Jim Sell's letter. I have tried to answer them as best I can for now. Later with more time on the ground and some more research, all of the questions should be answered in detail.

Q- What is the status of the AT&SF and Yavapai County holdings within the JUNIPER patent?

A- The warranty Deed from the Kriegers and Ridgeways to California, Arizona and Santa Fe Railway Company, deeded a piece of the claim 150' X 500'with no mention of the mineral rights being reserved. Also, they granted a 12' easement for a road. There was no mention of Yavapai County, however, alvin J. Roman and Kathryn Gooding deeded to Maricopa County a small tract of land adjacent and attached to the Santa Fe parcel, along with road easement. Again no mention of mineral rights. (All documents are in the book made part of this summary)

Q- Is the SUN 2 located on open ground?

A- The location monument was found on the SW end of the claim, and not where it was indicated in the notice. However, this is another problem since the location notice is described as being on the other end. The claim would need to be amended at the least, but since there is concern that the corners are not up the claim may not be valid anyway.

Q- Is Y-3 located on State land?

A- Y-3 was not inspected in the field, but the location notice indicates that it is located on State land.

Q- Is Y-4 located on state land?

A- This is the same situation as Y-3 above.

Q- Where is Rimrock #1?

A- It is located on the map furnished with the summary to the best that can be determined from maps in the BLM files. It is indicated to lie in a northeast-southwest direction with the southeast side line on the S 1/4 corner of section 14; T. 10 N, R. 5 W., G&SRB&M.

Q- What is (unreadable) Center of S 1/4 corner? (this was in reference to the map included with the materials furnished me by Jim Sell)

A- This may be the rimrock claim, since it is in the same general position. I'm not sure on this question.

Q- What about Gold Rock #1 & GR #2?

A- This has been fully covered under Cheatwood in the previous section. They are in conflict with the Black Dikes & the Sun claims lap upon both. (see map)

Q- What about outlines in the W 1/2 of Sec. 14?

A- In my research nothing was shown to exist in that area. However, I found where Ridgeways and Warfords deeded to unpatented claims to Braun, called Mable and Janell (the to wives names) 1/20/72, Book 718 Page 495. Nothing further is mentioned of these claims, Braun did not deed them to any one, and they are presently not filed with the BLM. The ground is apparently open for location.

Q- Is Alvin J and Katheryn A&B OK, amended?

A- The assessment work was filed for 1988 and the plats show where the claims are located, along with Pennsylvania #1.

Q- What happened to Sun 4 & 5?

A- These claims were abandoned by Don Jenkins. They were over the Kathryn A & B claims.

Q- Why amend Sun 3B, 6B, 7B? -- new location?

A- Don Jenkins received a letter from the BLM informing him

that the descriptions on the map did not agree with the location notices. He amemded Y-1 - Y-5 to Y-1B - Y-5B, and Sun 3, 6, 7 & 8 to Sun 3B, 6B, 7B & 8B.

Q- Who is Victor 4?

A- Victor 4 is short for Victoria #4, one of five Victoria claims located north of the Patented claims. (see map)

Q- Any idea on extra lateral rights conveyed?

A- I have voiced my ideas verbally on this, but feel this is in the realm of a lawyer to determine. There is no specific mention of any rights being granted. Part of the question is whether the claims had extra lateral rights to start with.

Q- Any separation of surface from minerals? (As with AT&SF and County)

A- There was no mention of minerals in any of the documents, which seems strange since we are dealing with patented mineral claims which were patented in 1893.

The only document which mentions mineral rights is from a parcel in the NE 1/4 of Section 15, where the mineral rights were reserved to Womack Development Company. This is the instrument referred to in many of the assessors cards on Section 15. The document is at the back of the black book of documents marked Yarnell.

CONCLUSIONS

The Sun claims and probably the Y claims were not diligently located and may not be perfected due to not putting up corners, end centers and proper location monuments. The parties staking the claims also did not do their home work on the land open for staking. It is my recommendation to relocate claims over the ground, taking into consideration only the claims which existed prior to the staking of the Sun and Y claims. I will work up a map showing the claims to be staked running east-west.

The assessment work has been filed on all unpatented claims in Sections 14 & 23 for 1988. Following is a list of the claim owners in these sections:

LEONARD G. COPE
P.O. BOX 605
YARNELL, AZ 85362

DAVID J. GREEN-LEE
P.O. BOX 332
125 WESTWAY
YARNELL, AZ 85362

JEROME G. MANS
GOLD RIDGE MINING CO.
11032 N. 34TH AVE.
PHOENIX, AZ 85029

CHET CHEATWOOD
P.O. BOX 666
YARNELL, AZ 85362

FORREST B. HEINZELMAN
1315 CEDAR CREST BLVD
ALLENTOWN, PA 18104

ALVIN J. ROMAN
BOX 4006
READING, PA 19606

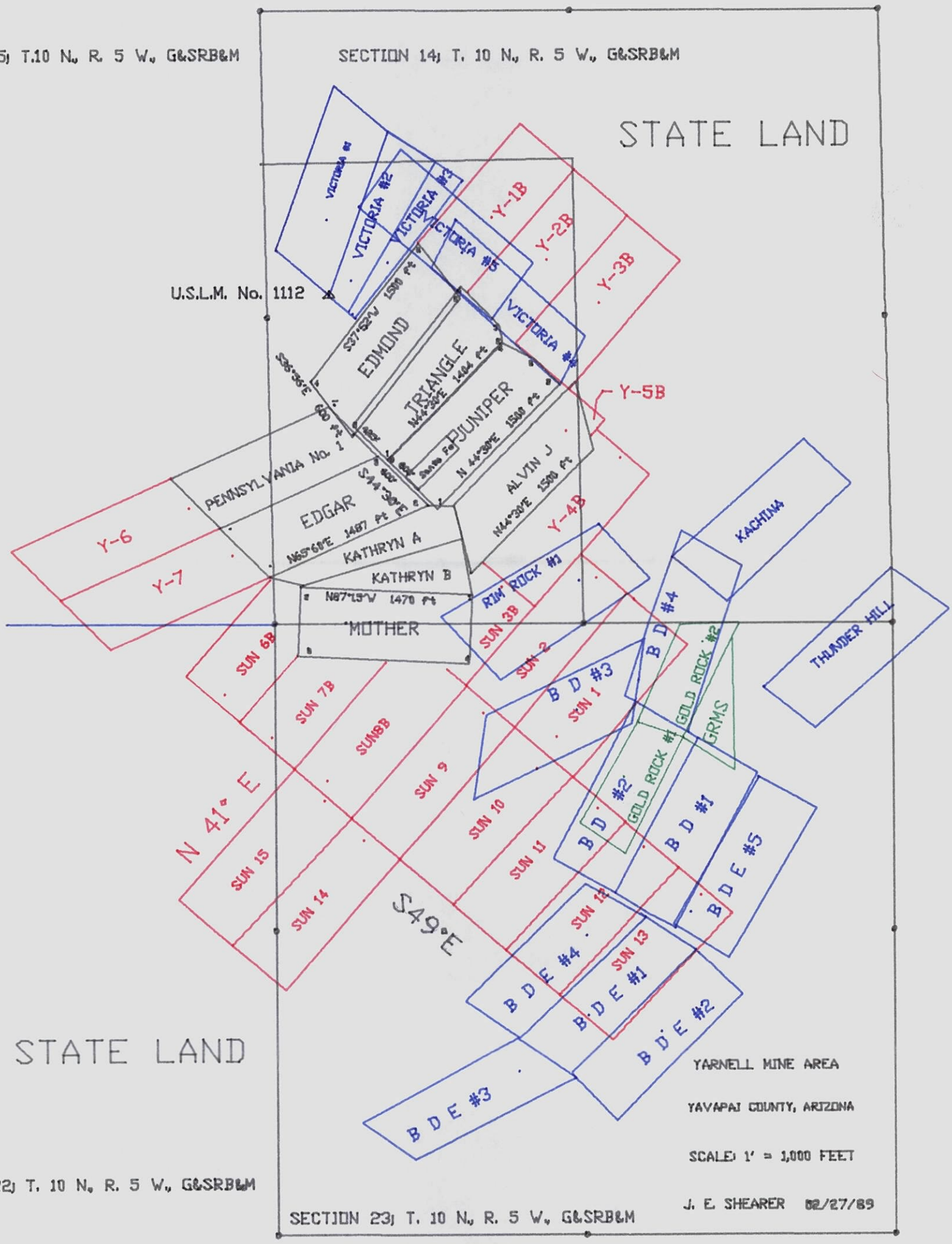
DELBERT C. LAYTON
P.O. BOX 80
HALLECK, NV 89824

Hope this has been of help

Joseph E. Shearer

REGISTERED GEOLOGIST
CERTIFICATE No.
10843
JOSEPH EARL
SHEARER
Date Signed 3-1-83
ARIZONA, U.S.A.

REGISTERED GEOLOGIST
CERTIFICATE No. 10843
JOSEPH EARL SHEARER
Date Signed 2-27-89
ARIZONA, U.S.A.



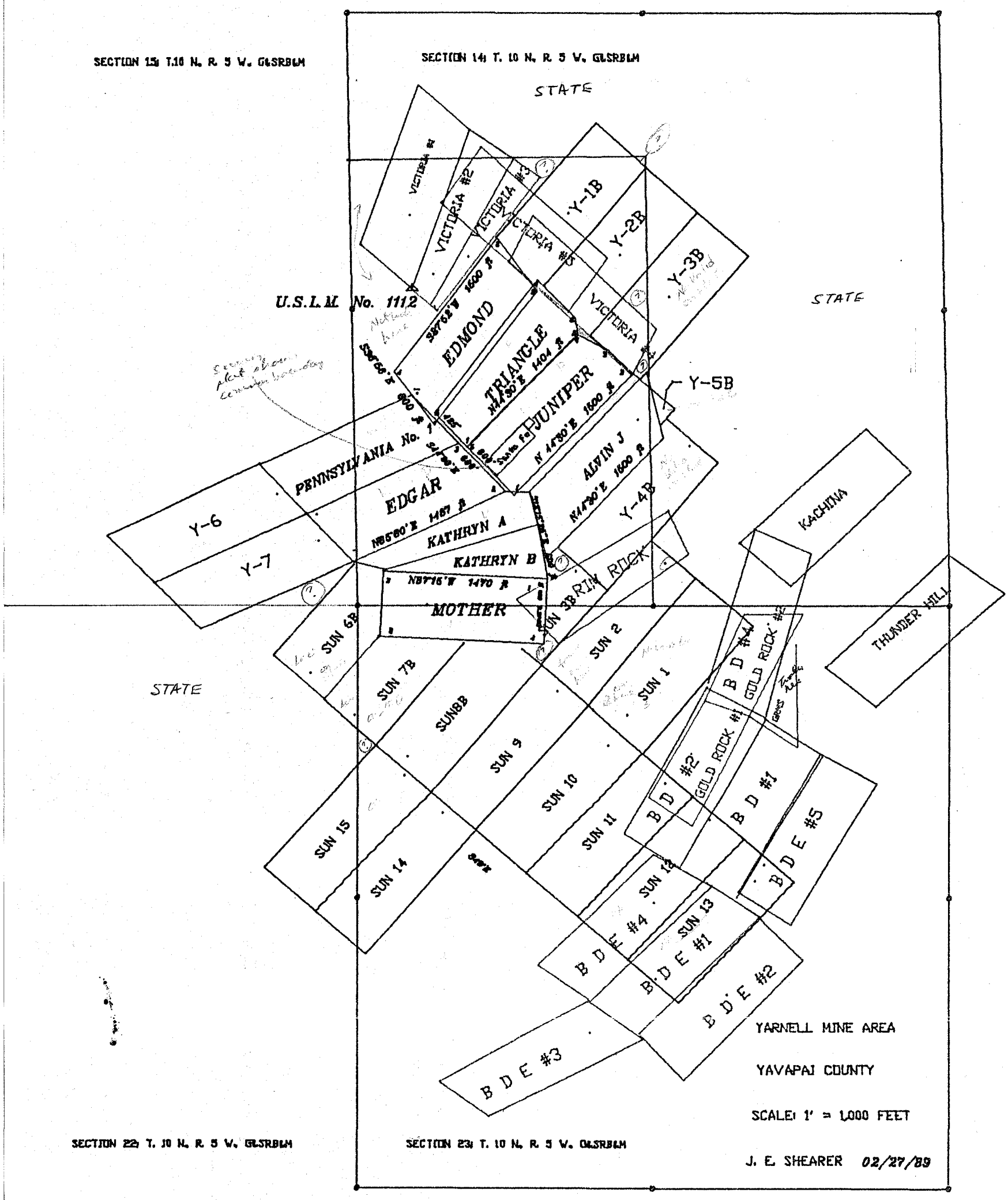

# ASARCO, INC.
# YARNELL PROJECT

ALVIN J. ROMAN ET AL.

DON JENKINS ET AL.

D. C. & Priscilla Layton et al

Chet or Joyce A. Cheatwood




*ALVIN J. ROMAN ET AL*

*DON JENKINS ET AL*

*D. C. & Priscilla Layton et al*

*Chet or Joyce A. Cheatwood*

STATE OF ARIZONA, County of Yavapai—ss 39574

I do hereby certify that the within instrument was filed and recorded at the request of TRANSAMERICA TITLE INSURANCE CO

on DEC 13 '79 2:00 PM o'clock ..... Book 265 Official Records Page 700-703 (incl)

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY County Recorder

By Dorothy A. Shupper Deputy

_____, Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year aforesaid.

Fee: 3

_____ By _____

County Recorder Deputy Recorder

When recorded return to: MARICOPA COUNTY BOARD OF SUPERVISORS

Recorded at Request of Board of Supervisors

# GRANT OF EASEMENT

Project # 75322, Yarnell Comm. Site

Item # (Communications Bldg. & Tower)

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, WESTERN BUILDING and MINING, INC., an Arizona Corporation _____, has an interest in the below described real property;

AND WHEREAS, there has been granted to MARICOPA COUNTY, a political subdivision of the State of Arizona, across a portion of the lands described in said instrument, a permanent easement and right-of-way, dated _____, for the purpose of the construction and maintenance of ingress and egress and all incidents thereto, over and across the following described land:

(See attached EXHIBIT "A" for legal description)

1979 DEC -7 PM 3:

MARICOPA COUNTY HIGHWAY DEPT.

NOW, THEREFORE, WESTERN BUILDING and MINING, INC., an Arizona Corporation hereby grants to said Maricopa County said easement and right-of-way across that portion of the property owned by it, and agrees that any sale, made under the provisions of said instrument, shall be subject thereto.

Dated this 24th day of September, 1979.

WESTERN BUILDING and MINING, INC.

By: Alvin H. Comm
PRESIDENT

STATE OF ARIZONA )
) ss.
COUNTY OF MARICOPA)

Subscribed and sworn to before me this 24 day of September, 1979.

MARY ANN [illegible]

[illegible] SEAL

(Notary Public)

Recommended for approval [illegible]
Right-of-Way Agent

[illegible]
Deputy County Engineer

ACCEPTED:
MARICOPA COUNTY BOARD OF SUPERVISORS

By: [illegible]
Chairman of the Board

ATTEST:

[illegible]
Clerk of the Board

Date: DEC 4 1979

BOOK 1265 PAGE 700

STATE OF ~~ARIZONA~~ PENNSYLVANIA

County of Berks } ss.

Before me, Mary Alice Hauck, Notary Public in and for said County, State of Arizona, on this day personally appeared ALVIN J. ROMAN known to me to be the person whose name IS subscribed to the foregoing instrument as PRESIDENT of the Corporation described in the foregoing instrument, and as such HE acknowledged to me that HE executed the same for said Corporation, for the purpose and consideration therein expressed, as its free act and deed and by each of them voluntarily executed.

Given under my hand and seal of office, this 16th day of October A.D., 1979

Mary Alice Hauck
Notary Public

MARY ALICE HAUCK, NOTARY PUBLIC
AMITY TOWNSHIP, BERKS COUNTY
MY COMMISSION EXPIRES AUG. 3, 1981
Member, Pennsylvania Association of Notaries

(My Commission Expires)

BOOK 1265 PAGE 701

STATE OF ARIZONA, County of Yavapai—ss 39575

I do hereby certify that the within instrument was filed and recorded at the request of TRANSAMERICA TITLE INSURANCE CO.

on DEC 13 '79 -2 00 PM o'clock Book 1265 Official Records Page 704-705

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder

By Dorothy Clupper Deputy

, Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year aforesaid.

Fee: 3-

Recorded at Request of Board of Supervisors.

County Recorder By Deputy Recorder

When recorded return to: MARICOPA COUNTY BOARD OF SUPERVISORS

# CONSENT TO EASEMENT

Project # 75322, Yarnell Comm. Site

Item # (Communications Bldg. & Tower)

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, James R. Deabler and Joyce N. Deabler, his wife

, has an interest in the below described real property, such interest being evidenced by a certain instrument dated April 13, 1979 and recorded in Book 1216 of official records at page 390, 391, 392, Records of Yavapai County, Arizona; and recorded May 16, 1979.

AND WHEREAS, there has been granted to MARICOPA COUNTY, a political subdivision of the State of Arizona, across the lands described in said instrument, a permanent easement and right-of-way, dated for the purpose of the construction and maintenance of ingress and egress and all incidents thereto, over and across the following described land:

(See attached EXHIBIT "A" for legal description)

1979 DEC -7 9:49 MARICOPA COUNTY HIGHWAY DEPT.

NOW, THEREFORE, James R. Deabler and Joyce N. Deabler, his wife hereby consents to the grant of said easement and right-of-way and agrees that any sale made under the provisions of said instrument, sha'l be subject thereto.

Dated this 14th day of November, 1979.

James R. Deabler

Joyce N. Deabler

1979 NOV 19 PM 3 33 MARICOPA COUNTY

STATE OF ~~ARIZONA~~ Oregon )
( Coos ) ss.
COUNTY OF ~~MARICOPA~~)

Subscribed and sworn to before me this 14 day of November, 1979.

My commission expires 11-13-82 Bailee Steickland SEAL
(Notary Public)

Recommended for approval Bert Bergeson
Right-of-Way Agent

Deputy County Engineer

ACCEPTED:
MARICOPA COUNTY BOARD OF SUPERVISORS

ATTEST:

By: Chairman of the Board

Clerk of the Board

Date: DEC 3 1979

BOOK 1265 PAGE 704

EXHIBIT "A"

Proposed Communication Site
at Yarnell, Arizona

W.O. #75322

Legal Description

That portion of the JUNIPER LODE MINING CLAIM, M.S. No. 1112 as shown in Book 36 of Deeds, pages 229, 230, 231 & 232, Yavapai County Records, Arizona and which is also shown on the plat attached hereto and made a part of this description, described as follows: BEGINNING at the Northeasterly end of the Northwesterly side line of the parcel of land conveyed to the California, Arizona and Santa Fe Railway Company more particularly described as Beginning at Corner No. 1 of said JUNIPER claim; thence North 44°30' West along the 1-5 line of said claim 237.56 feet to the actual point of beginning for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44°30' East parallel with the 5-4 line of said claim, 500.0 feet; thence South 44°30' East parallel with said 1-5 line, 150.0 feet; thence South 44°30' West parallel with said 5-4 line to the actual point of beginning, in Book 235 of Deeds, page 8, Yavapai County Records, Arizona;

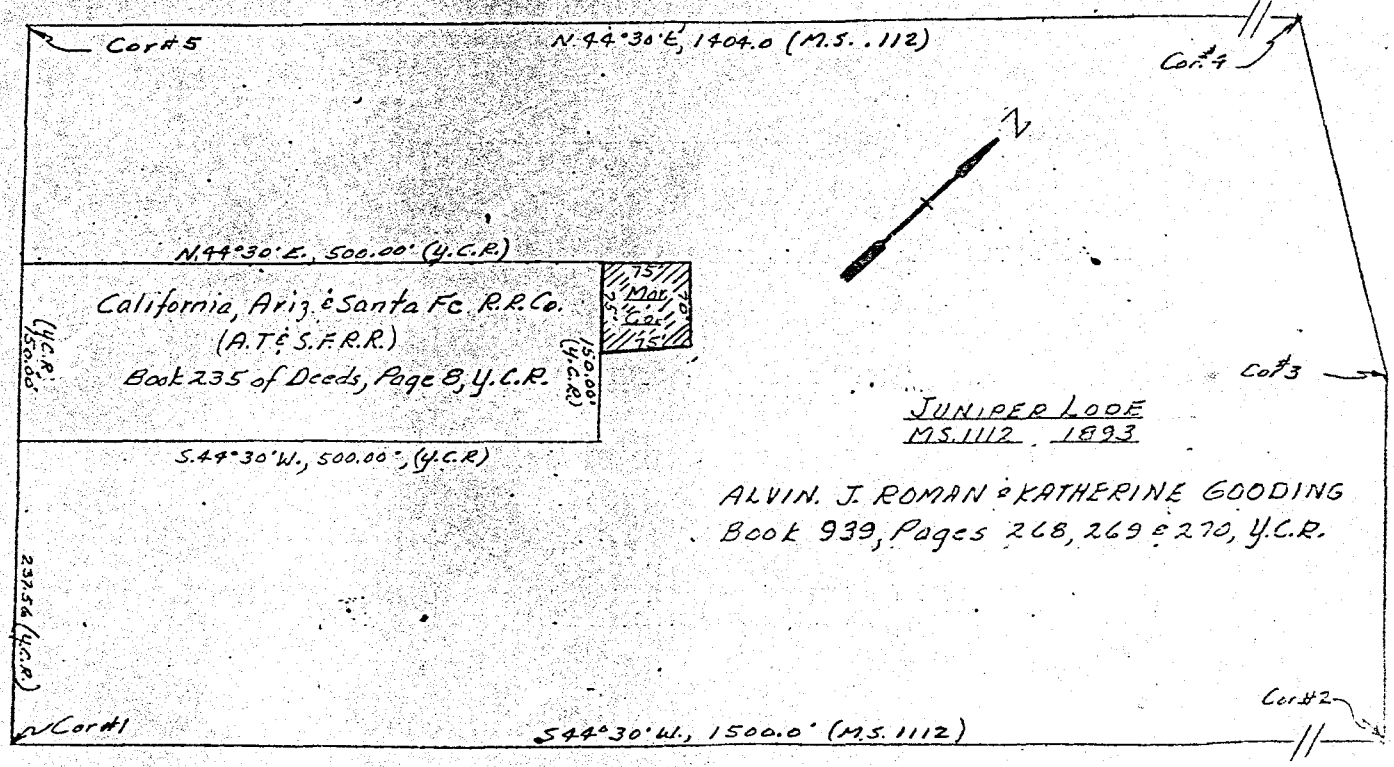
M.C.H.O.
Proofed
CJB
DC
7/25/74
Checked
10/3/74
Approved
10/3/74

THENCE North 44°30' East, 75 feet along the Northeasterly prolongation of the Northwesterly side line of said C.A. & S.F.R. Co. parcel; thence South 44°30' East 70 feet along a line parallel with the Northeasterly end line of said C.A. & S.F.R. Co. parcel; thence in a Southwesterly direction to a point on said Northeasterly end line that is South 44°30' East, 75 feet from the Point of Beginning for the herein described parcel of land; thence North 44°30' West, 75 feet along the Northeasterly end line of said C.A. & S.F. R. Co. parcel to said Point of Beginning.

ALSO, an easement for ingress and egress over an existing road from U. S. Highway No. 89 to the above described tract. Said easement for roadway purposes crosses the EDMOND, the TRIANGLE and the JUNIPER Lode Mining Claims designated by the Surveyor General as Survey Nos. 1114, 1115 and 1112, respectively, and lying 6.0 feet on each side of the following described centerline: BEGINNING at the West quarter corner of Section Fourteen(14), Township Ten(10) North, Range Five(5) West of the Gila and Salt River Base and Meridian; thence North along the West line thereof 33.63 feet; thence South 84°44' East, 426.95 feet; thence South 35°19'30" East 405.0 feet to point No. 1, the actual Point of Beginning for the aforesaid center line; thence South 03°47' West 492.0 feet to angle point No. 2; thence South 34°37'30" West 149.0 feet to angle point No. 3; thence South 74°02'30" East 530.0 feet to angle point No. 4; thence North 25°57'30" West 252.0 feet to angle point No. 5; thence North 32°23'30" East 90.0 feet to angle point No. 6; thence South 69°15'30" East 290.0 feet to angle point No. 7; thence North 38°09'30" East 95.92 feet to angle point No. 8; thence North 9°29'30" West 139.0 feet to angle point No. 9; thence South 67°38'30" East 475.0 feet to angle point No. 10; thence South 01°02' West 260.0 feet to angle point No. 11; thence South 16°13' West 87.0 feet to angle point No. 12; thence South 49°41' West, 280.0 feet to angle point No. 13; thence South 83°53' West 185.0 feet to angle point No. 14; thence along an irregular curve to the right to the aforesaid angle point No. 7, said curve passing through a point 60 feet Westerly from the Microwave site, which site bears South 07°31' East 375.0 feet from said angle point No. 7 as described in said Book 235 of Deeds, Page 8, Y.C.R.

AND ALSO, an easement for ingress and egress over and across that portion of the Juniper Lode Mining Claim, M.S. 1112, lying between the Northwesterly side line of the herein described proposed Communications Site and that portion of said irregular curve between point No. 14 and angle point No. 7 lying Northerly of the Northwesterly side line of the California, Arizona and Santa Fe Railway Company parcel.

EXCEPT any portion not lying within the Triangle and Edmond Lode Mining Claims.




PROPOSED COMMUNICATIONS SITE
IN SEC. 14, T.10N., R.5W., G&SR B&M.,
YAVAPAI COUNTY, AZ.

W.O. 75322

MARICOPA COUNTY HIGHWAY DEPARTMENT

Approved By: [signature] 4/28/79
Real Estate Supervisor

BOOK 1265 PAGE 703

STATE OF ARIZONA, County of Yavapai—ss. 11577 YAVAPAI TITLE CO.

I do hereby certify that the within instrument was filed and recorded at the request of YAVAPAI TITLE CO. Official Records on August 3 A.D., 1987 at 9:10 o'clock A M. Book 454 Page 256-257 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK C. BAUER, County Recorder.

By Evelyn D. Jones Deputy

INDEXED

Compared

Photostated

Fee:

When recorded, mail to:

Robert H. Warford
7501 N. 60th Ave
Glendale, Arizona

~~Witness my hand and official seal.~~

~~CLIFFORD H. WARD, County Recorder~~

~~By~~ ~~Deputy Recorder~~

ACCOMMODATION

# Joint Tenancy Deed

For the consideration of Ten Dollars, and other valuable considerations, I or we,

JAYNELL, KRIEGER, wife of Ray Krieger, dealing with her sole and seperate property

do hereby convey to

Robert H. Warford and Virginia L. Warford, his wife,

not as tenants in common and not as community property estate, but as joint tenants with right of survivorship, the following described property situated in the County of ~~Maricopa~~ YAVAPAI, State of Arizona.

JUNIPER lode Mining Claim, designated by the Surveyor General as Lot No. 1112, United States patent whereof is recorded in Book 36 of Deeds at pages 229-232.

LIGAR lode Mining Claim, designated by the Surveyor General as Lot No. 1113, United States patent whereof is recorded in Book 36 of Deeds at pages 240-241.

DIAMOND lode Mining Claim, designated by the Surveyor General as Lot No. 1114, United States patent whereof is recorded in Book 36 of Deeds at pages 236-240.

TRIANGLE lode Mining Claim, designated by the Surveyor General as Lot No. 1115, United States patent whereof is recorded in Book 36 of Deeds at pages 233-236.

GENUNG SPRING and MILL SITE claim, designated by the Surveyor General as lot No. 1124, United States patent whereof is recorded in Book 39 of Deeds at pages 31-35.

MOTHER lode Mining Claim, designated by the Surveyor General as Lot No. 1201, United States patent whereof is recorded in Book 43 of Deeds at pages 290-300.

All in the WEAVER Mining District, Yavapai County, Arizona.

Together with all rights and privileges appurtenant or to become appurtenant to said lands, including but not limited to, the subscription for share of the capital stock of the Salt River Valley Water Users' Association, or by virtue of any Water Right Application for Water Rights for all or any portion of said lands in the Salt River Project of the United States Reclamation Service, and subject to all the terms, conditions and liabilities incident thereto, and subject to any liabilities or obligations imposed upon said lands by reason of the inclusion thereof within the boundaries of the Salt River Project Agricultural Improvement and Power District.

And I or we do warrant the title against all persons whomsoever, subject to the matters above set forth.

The grantees by signing the acceptance below evidence their intention to acquire said premises as joint tenants with the right of survivorship, and not as community property or as tenants in common.

Dated this 31st day of July, 19 67

Accepted and approved:

Robert H. Warford

Virginia L. Warford
Grantees

Jaynell Krieger
Grantors

STATE OF Arizona
County of Maricopa } ss.

This instrument was acknowledged before me this 31 day of July, 1967 by Jaynell Krieger

Maude L. Barnes
Notary Public

My commission will expire My Commission Expires May 28, 1971

STATE OF Arizona
County of Maricopa } ss.

This instrument was acknowledged before me this 2nd day of August, 1967 by Robert H. Warford and Virginia L. Warford, his wife

Maude L. Barnes
Notary Public

My commission will expire

No Release Lien necessary

BOOK 454 PAGE 257

STATE OF ARIZONA, County of Yavapai—ss. 12698

I do hereby certify that the within instrument was filed and recorded at the request of Jaynell Krieger

in Book Nov. 22 A.D., 19 61 at 8:00 o'clock A.M. Book 240 Official Records

Page 103 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK G. BAUER, County Recorder.

By Jerrine Trumbach Deputy

When recorded, mail to:
Jaynell Krieger
6625 Paseo San Andres
Tucson, Arizona

~~Fee: $3.00 (of attachment)~~
~~W. C. "Gentry" MOORE~~, County Recorder
By ~~Deputy Recorder~~

Photostated
Fee:

## DISCLAIMER DEED

WITNESSETH THIS DISCLAIMER DEED, made by Ray Krieger

hereinafter called "the undersigned" to Jaynell Krieger

hereinafter called "the spouse";

WHEREAS:

1. The spouse has acquired title to the following described property situated in Maricopa County, State of Arizona, to-wit: following described patented mining claims, located within the Weaver Mining District, Yavapai County, Arizona; U.S. Patents whereof are on file and of record Office of Yavapai County Recorder, as indicated, to-wit:
Jupiter Lode Mining Claim, designated by Surveyor General as Lot 1112, U.S. Patent of record Book 36 of Deeds, pages 229-232.
Edgar Lode Mining Claim, designated by Surveyor General as Lot 1113, U. S. Patents of record Book 36 of Deeds, pages 240-241.
Edmond Lode Mining Claim, designated by Surveyor General as Lot 1114, U. S. Patent of record of Deeds, pages 236-240.
Triangle Lode Mining Claim, designated by Surveyor General as Lot 1115, U. S. Patent of record, Book 36 of Deeds, Pages 233-236.
Genung Spring and Mill Site Claim, designated by Surveyor General as Lot 1124, U. S. Patent of record book 39 of Deeds, pages 31-35
Mother Lode Mining Claim, designated by Surveyor General as Lot 1201, U. S. Patent of Record Book 43 of Deeds, pages 296-300.
Together with all improvementsm if any, thereon situate.
Further subject to rights of way and easements on file and of record for purposes of utility installations and affecting the Edmond and Triangle claims.

2. The property above described is the sole and separate property of the spouse having been purchased with the separate funds of the spouse.

3. The undersigned has no past or present right, title, interest, claim or lien of any kind or nature whatsoever in, to or against said property.

4. This instrument is executed not for the purpose of making a gift to the spouse, but solely for the purpose of clearly showing of record that the undersigned has and claims no interest in and to said property.

NOW THEREFORE, in consideration of the premises, the undersigned does hereby disclaim, remise, release and quit-claim unto the spouse and to the heirs and assigns of said spouse forever, all right, title, interest, claim and demand which the undersigned might appear to have in and to the above described property.

Dated this 10th day of November 19 61.

Ray Krieger

STATE OF Arizona
NOTARY Pima } ss.
County of

On this the 20th day of November 1961, before me, the undersigned officer, personally appeared Ray Krieger known to me to be the person whose name subscribed to the within instrument and acknowledged that he executed the same for the purpose therein contained.

In witness whereof I hereunto set my hand and official seal.

Helen L. Mangels
Notary Public

My commission expires: 10/27/63

BOOK 240 PAGE 103

STATE OF ARIZONA, County of Yavapai—ss: **10831**

I do hereby certify that the within instrument was filed and recorded at request of GUARANTEE TITLE & TRUST CO.

on Oct 4 A.D. 1961 at 11:20 o'clock A M. Book 235 Official Records

Page 8 Records of Yavapai County, Arizona.

WITNESS my hand and official seal the day and year first above written.

FRANK G. BAUER, County Recorder,

By Lorraine Trombak Deputy

INDEXED

When recorded, mail to:

DOCUMENTARY TAX $2.00

# Warranty Deed

ESCROW # 1082-060

For the consideration of Ten Dollars, and other valuable considerations, the undersigned RAY KRIEGER and JAYNELL KRIEGER, his wife, and TOM RIDGEWAY and MABLE RIDGEWAY, his wife

does hereby convey to CALIFORNIA, ARIZONA AND SANTA FE RAILWAY COMPANY, a California corporation, the following real property situated in Yavapai County, Arizona:

All that portion of the JUNIPER Lode Mining Claim, designated by the Surveyor General as Survey No. 1112, United States Patent whereof is recorded in Book 36 of Deeds, pages 229-232, described as follows:

BEGINNING at corner No. 1 of said Juniper claim; thence North 44°30' West along the 1-5 line of said claim 237.56 feet to the actual POINT OF BEGINNING for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44°30' East parallel with the 5-4 line of said claim, 500.0 feet; thence South 44°30' East parallel with said 1-5 line, 150 feet; thence South 44°30' West parallel with said 5-4 line, 500 feet to the actual POINT OF BEGINNING.

Together with an easement for ingress and egress over an existing road, from U. S. Highway No. 89 to the above described tract. Said easement for roadway purposes crosses the EDMOND, the TRIANGLE and the JUNIPER Lode Mining Claims designated by the Surveyor General as Survey Nos. 1114, 1115 and 1112, respectively, and lying 6.0 feet on each side of the following described center line:

BEGINNING at the West Quarter corner of Section Fourteen, Township Ten North, Range Five West of the Gila and Salt River Base and Meridian; thence North along the West line thereof 33.63 feet; thence South 84°44' East, 426.95 feet; thence South 35°19'30" East 405.0 feet to point No. 1, the actual POINT OF BEGINNING for the aforesaid center line; thence South 03°47' West 492.0 feet to angle point No. 2; thence South 34°37'30" West 149.0 feet to angle point No. 3; thence South 74°02'30" East 530.0 feet to angle point No. 4; thence North 25°57'30" West 252.0 feet to angle point No. 5; thence North 32°23'30" East 90.0 feet to angle point No. 6; thence South 69°15'30" East 290.0 feet to angle point No. 7; thence North 38°09'30" East 95.92 feet to angle point No. 8; thence North 9°29'30" West 139.0 feet to angle point No. 9; thence South 67°38'30" East 475.0 feet to angle point No. 10; thence South 01°02' West 260.0 feet to angle point No. 11; thence South 16°13' West 87.0 feet to angle point No. 12; thence South 49°41' West, 280.0 feet to angle point No. 13; thence South 83°53' West 185.0 feet to angle point No. 14; thence along an irregular curve to the right to the aforesaid angle point No. 7, said curve passing through a point 60 feet Westerly from the Microwave site, which site bears South 07°31' East 375.0 feet from said angle point No. 7.

Grantors herein assume no responsibility in connection with maintaining or repairing the above described road.

And I or we do warrant the title against all persons whomsoever, subject to the the matters above set forth.

Dated this 29th day of September 19 61

Ray Krieger — Ray Krieger

Jaynell Krieger — Jaynell Krieger

Tom Ridgeway — Tom Ridgeway

Mable Ridgeway — Mable Ridgeway

STATE OF ARIZONA } ss. This instrument was acknowledged before me this 29 day of Sept 19 61

County of } by RAY KRIEGER and JAYNELL KRIEGER, his wife

My commission will expire My Commission Expires Feb. 16, 1965 — Lora Quiroz, Notary Public

STATE OF ARIZONA } ss. This instrument was acknowledged before me this 29 day of Sept 19 61

County of } by TOM RIDGEWAY and MABLE RIDGEWAY, his wife

My commission will expire My Commission Expires Feb. 16, 1965 — Lora Quiroz, Notary Public

THIS FORM APPROVED BY THE LEGAL DEPARTMENT OF GUARANTEE TITLE AND TRUST COMPANY

BOOK 235 PAGE 8

2507

STATE OF ARIZONA, County of Yavapai—ss.
I do hereby certify that the within instrument was filed and recorded at request of GUARANTEE TITLE & TRUST CO.
on March 8 A.D. 1961, at 3:10 o'clock P M. Book 213 Official Records
Page 91 Records of Yavapai County, Arizona.
WITNESS my hand and official seal the day and year first above written.
FRANK C. LAUER, County Recorder,
By Doris L. Ellis Deputy

INDEXED

When recorded, mail to:

# Warranty Deed

Escrow # 296786

For the consideration of Ten Dollars, and other valuable considerations, the undersigned MOHAVE MINING AND MILLING COMPANY, an Arizona Corporation, Grantor;

does hereby convey to RAY KRIEGER and JAYNELL KRIEGER, his wife, an undivided one-half(½) interest, and TOM RIDGWAY and MABLE RIDGWAY, his wife, an undivided one-half (½) interest, Grantees;

the following real property situated in Yavapai County, Arizona:

The following described patented mining claims, located within WEAVER MINING DISTRICT, Yavapai County, Arizona, U. S. Patents whereof are on file and of record office of Yavapai County Recorder, as indicated, to-wit:

JUNIPER Lode Mining Claim, designated by Surveyor General as Lot 1112, U. S. Patent of record Book 36 of Deeds, pages 229-232.

EDGAR Lode Mining Claim, designated by Surveyor General as Lot 1113, U. S. Patent of record Book 36 of Deeds, pages 240-241.

EDMOND Lode Mining Claim, designated by Surveyor General as Lot 1114, U. S. Patent of record Book 36 of Deeds, pages 236-240.

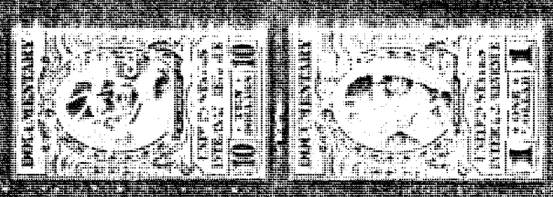
TRIANGLE Lode Mining Claim, designated by Surveyor General as Lot 1115, U. S. Patent of record Book 36 of Deeds, pages 233-236.

GENUNG SPRING and MILL SITE Claim, designated by Surveyor General as Lot 1124, U. S. Patent of record Book 39 of Deeds, pages 31-35.

MOTHER Lode Mining Claim, designated by Surveyor General as Lot 1201, U. S. Patent of record Book 43 of Deeds, pages 296-300.

TOGETHER with improvements, if any, thereon situate.

SUBJECT to tax for 1961, a lien but not yet due and payable. Further SUBJECT to rights-of-way and easements on file and of record for purposes of utility installations and affecting the Edmond and Triangle claims.




And I/we do warrant the title against all persons whomsoever, subject to the the matters above set forth.

Dated this 6th day of February 19 61

MOHAVE MINING AND MILLING COMPANY, an Arizona corporation
By M. L. Pate
Vice President

ATTEST:
Everett A. Smith
Secretary

STATE OF ARIZONA } ss.
County of Maricopa

This instrument was acknowledged before me this 6th day of February 19 61 by M. L. Pate and Everett A. Smith known to me to the persons whose names are subscribed to the foregoing instrument and acknowledged themselves to be Vice President and Secretary respectively of MOHAVE MINING AND MILLING COMPANY, an Arizona corporation, and that they executed said instrument for purposes therein expressed.

Notary Public

My commission will expire: June 19, 1961

STATE OF ARIZONA } ss.
County of

This instrument was acknowledged before me this 6 day of February 19 61
by

Edna Folk Cline
EDNA FOLK CLINE Notary Public

My commission will expire:

THIS FORM FURNISHED THROUGH COURTESY OF GUARANTEE TITLE AND TRUST COMPANY

STATE OF ARIZONA, County of Yavapai—ss 13202

I do hereby certify that the within instrument was filed and recorded at the request of TRANSAMERICA TITLE INSURANCE CO.

on APR 16 '81 - 2 50 PM o'clock book 1375 Official Records Page 64

Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder

By ..... Deputy

When recorded, mail to:
Alvin J. Roman
Box 4006
Reading, PA 19606

Witness my hand and official seal.

County Recorder

By ..... Deputy

Compared
Photostated
Fee: 3.

Escrow No. 06018659-0 GWG CSC

# JOINT TENANCY DEED

For the consideration of Ten Dollars, and other valuable considerations,

ROBERT W. BRAUN, a single man

hereafter called the Grantor, whether one or more than one, hereby conveys to

ALVIN J. ROMAN, a single man, and KATHRYN GOODING, a single woman

not as tenants in common and not as a community property estate, but as joint tenants with right of survivorship, the following described property situated in Yavapai County, Arizona, together with all rights and privileges appurtenant thereto, to wit:

JUNIPER lode mining claim, designated by the Surveyor General as Lot No. 1112, United States patent thereof is recorded in Book 36 of Deeds, at pages 229-232, in the office of the County Recorder of Yavapai County, Arizona,

EXCEPT that portion deeded to California, Arizona and Santa Fe Railway Company in June 1961 and more particularly described as follows:

BEGINNING at corner No. 1 of said Juniper claim; thence North 44° 30' West along the 1-5 line of said claim 237.56 feet to the actual point of beginning for the description of the herein described tract; thence continuing along said 1-5 line, 150.0 feet; thence North 44° 30' East parallel with said 5-4 line of said claim, 500.00 feet; thence South 44° 30' East parallel with said 1-5 line, 150.0 feet; thence South 44° 30' West parallel with said 5-4 line to the actual point of beginning.

EDGAR lode mining claim, designated by the Surveyor General as Lot No. 1113, United States patent whereof is recorded in Book 36 of Deeds, at pages 240-241, in the office of the County Recorder of Yavapai County, Arizona.

Located in the WEAVER mining district, Yavapai County, Arizona.

RESERVING unto the Seller a 30 foot wide easement for ingress, and egress over the existing roadway on the EDGAR lode mining claim.

NO TRANSFER FEE NECESSARY
EXEMPT UNDER A.R.S. 42-1614 B1

Subject to current taxes and other assessments, reservations in patents and all easements, rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations and liabilities as may appear of record, the Grantor warrants the title against all persons whomsoever.

The grantees by signing the acceptance below evidence their intention to acquire said premises as joint tenants with the right of survivorship, and not as community property nor as tenants in common.

Dated this 14th day of October, 19 74.

Accepted and approved:

Alvin J. Roman
Alvin J. Roman

Kathryn Gooding
Kathryn Gooding

Grantees

Robert W. Braun
Robert W. Braun

Grantors

STATE OF Arizona
County of Maricopa } ss.

My commission will expire 9-3-75

This instrument was acknowledged before me this 4th day of November 19 74, by Robert W. Braun, a single man

Notary Public

STATE OF Texas
County of Liberty } ss.

My commission will expire

This instrument was acknowledged before me this 26 day of October 19 74, by ~~Alvin J. Roman, a single man, and Kathryn Gooding, a single woman~~

Notary Public

for Alvin J. Roman and Kathryn Gooding

1375 PAGE 64

FORM 8-14

FURNISHED THROUGH THE COURTESY OF TRANSAMERICA TITLE INSURANCE COMPANY

FK 939, pages 268-269

**ASARCO**

**Southwestern Exploration Division**

March 2, 1989

R.L. Brown
New York

Yarnell Report

Enclosed are 5 copies of the Yarnell Report consisting of the following:

Geology Map 1" = 200'
Sample Map Overlay 1" = 200'
Workings Overlay 1" = 200'
Geologic Sections (2) 1" = 200'
Location Map - No Scale
1 copy of J.D. Sell cover letter
M.A. Miller Report
Appropriations Request

Mark A. Miller

MAM:mek
encs.

cc: J. D. Sell

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

JDS

REPORT OF ANALYSIS

JOB NO. TAJ 570
March 3, 1989
PROJECT NO.: YARNELL
Y-113 TO Y-124 20-30


ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703



Analysis of 22 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 1 | Y-113 | .040 |
| 2 | Y-113A | .880 |
| 3 | Y-115 | .010 |
| 4 | Y-116 | .008 |
| 5 | Y-116A | .020 |
| 6 | Y-117 0-10 | <.002 |
| 7 | Y-117 10-20 | <.002 |
| 8 | Y-117 20-30 | .002 |
| 9 | Y-117 30-40 | .004 |
| 10 | Y-117 40-50 | .002 |
| 11 | Y-117 50-60 | .008 |
| 12 | Y-117 60-70 | .006 |
| 13 | Y-119 | .044 |
| 14 | Y-120 | .110 |
| 15 | Y-121 0-5 | .042 |

# SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


JOB NO. TAJ 570
March 3, 1989


| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 16 | Y-121 5-10 | .042 |
| 17 | Y-121 10-12 | .085 |
| 18 | Y-122 | .040 |
| 19 | Y-123 | <.002 |
| 20 | Y-124 0-10 | .004 |
| 21 | Y-124 10-20 | <.002 |
| 22 | Y-124 20-30 | .006 |

cc: Mr. J. D. Sell

ASARCO Incorporated
MAR 6 1989
SW Exploration

REGISTERED ASSAYER
CERTIFICATE NO.
9425
WILLIAM L.
LEHMBECK
PIMA CO. ARIZONA U.S.A.
3/3/89


Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**ASARCO**

**Exploration Department**
Western USA

JDS

March 7, 1989

J. D. Sell
Tucson Office

Yarnell Project

Norgold can acquire the 1.72 acres of Santa Fe mineral rights for $10,000 cash. I told them, with R.L. Brown's approval, to go ahead and consummate the deal. Moving of the tower will come later, if necessary. Believe $10,000 will be added in New York to your recent authorization request.

3/10/89 FTG, verbal, says, yes. $10K added to Authorization Request JDS.

WLK:mek

W. L. Kurtz

# ASARCO

JDS

**Exploration Department**
Southwestern United States Division
James D. Sell
Manager

FEDERAL EXPRESS

March 3, 1989

Mr. Christopher Moat, President
Norgold Resources (US) Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C., V6B 4N6
Canada

Yarnell Project

Dear Mr. Moat:

Thank you for your conversation on March 1, 1989, in which I stated that Asarco will proceed with the option with Norgold on the Yarnell property.

I submit the Asarco check for the $15,000 payment of March 6, 1989, to continue the option as stated in the signed January 25, 1989 agreement.

Sincerely,

James D. Sell, mek

James D. Sell
Manager, SWED

JDS:mek
Att.

cc: R.L. Brown
W.L. Kurtz
M.A. Miller
C.L. Snow

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

| Payee No. | Month | Voucher No. |
|---|---|---|
| | Mar 1989 | 3-99 |

ARCO Incorporated 180 Maiden Lane New York, N.Y. 10038

Payment per agreement $15,000.00 US

Detach Before Depositing

**ASARCO**

ASARCO Incorporated
180 Maiden Lane
New York, N.Y. 10038

50-937
213

Check No. 45003857

To The Chase Manhattan Bank, N.A.
Syracuse, New York

New York March 3, 1989

Pay The sum of $15,000 and 00 cts Dollars $ 15,000.00 US

ASARCO Incorporated

To the Order Of NORGOLD RESOURCES (US) INC.

⑈45003857⑈ ⑆021309379⑆ 601⑈2⑈98458⑈

9DS

DECONCINI McDONALD BRAMMER YETWIN & LACY
A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

EVO DECONCINI (1901-1986)

JOHN R. McDONALD
RICHARD M. YETWIN
DINO DECONCINI
WILLIAM B. HANSON
DAVID C. ANSON
SPENCER A. SMITH
DENISE M. BAINTON
KAREN J. NYGAARD
SUSAN E. MILLER
J. WM. BRAMMER, JR.
JOHN C. LACY
ROBERT M. STRUSE
JOHN C. RICHARDSON
JAMES A. JUTRY
MICHAEL R. URMAN
DAVID F. GAONA
LUIS A. OCHOA
GARY F. URMAN

2525 EAST BROADWAY BOULEVARD, SUITE 200
TUCSON, ARIZONA 85716-5303
(602) 322-5000
FAX: (602) 322-5585

3030 NORTH THIRD STREET, SUITE 200
PHOENIX, ARIZONA 85012-3002
(602) 241-0100
FAX: (602) 241-8533

March 3, 1989

PLEASE REPLY TO TUCSON

ASARCO Incorporated
MAR 3 1989
SW Exploration

James D. Sell, Manager
ASARCO INCORPORATED
1150 N. 7th Avenue
Tucson, AZ 85705

Re: **Extralateral Rights; Juniper Lode (MS 1112), Weaver Mining District, Yavapai County, Arizona**

Dear Jim:

You recently discussed with me a question concerning the possibility of the existence of extralateral rights on the Juniper patented lode mining claim in the Weaver Mining District, Yavapai County, where the following factors exist:

1. One-half of the northerly end line beginning with the end-center monument is not parallel to the southerly end line;

2. the vein is dipping to the west, i.e., the direction of the converging end lines; and

3. the owner of the claim has previously conveyed to a third party a portion of the claim consisting of a small strip along the southern part of the center line of the claim for the purpose of establishing a communication site.

I have attached a map of the claim to this letter.

Pursuant to your instructions, I have not undertaken any exhaustive examination of the question but, based on rather quick research, my preliminary thoughts are as follows:

<u>Conveyance of a portion of a lode claim and the resulting effect on extralateral rights</u>

Whether extralateral rights have been conveyed where a fractional part of a lode claim is conveyed depends on two factors: (1) whether or not the land conveyed contains an apex

of a vein, and (2) the intent of the parties. The United States Supreme Court in Montana Mining Company v. St. Louis Mining & Milling Company, 204 U.S. 204, 216-18 (1907) (discussed in 2 Lindley on Mines, § 618 at pages 1498 through 1502), has ruled that it is not necessary to specify the extralateral rights in order that they be conveyed as part of a conveyance of the mining claim.

The case essentially held that where a fractional portion of a lode mining claim was conveyed, the assumption would be that extralateral rights passed along with the land granted if a vein apexes within the granted land as defined by the vertical boundaries of the grant. The court's decision was not "enthusiastic" on this point, as is apparent in the statement that:

> It is probably not necessary to specify extralateral rights in order that a conveyance of a mining claim be operative to transfer them [extralateral rights], and yet it is not strange that the custom [of reciting the conveyance of "dips, angles and spurs"] grew up of naming them for the sake of avoiding the possibility of disputes. 204 U.S. at 217.

In the discussion of this question in the second edition of the American Law of Mining, § 37.01[2] at page 37-5, it is stated that conveyance of extralateral rights requires a clear-cut expression of intent in order to convey an extralateral right. I believe that this statement is probably not clearly supportable by the decisions cited for the proposition, but I also feel that the lack of any reference to mineral rights in a conveyance might be construed by a court to create an ambiguity as to extralateral rights and a court might thus order an inquiry as to the intent of the parties at the time of the conveyance. In this case, the non-mining purpose of the grant would likely argue against any intent to grant extralateral rights.

Requirement that end lines be parallel

The second aspect of the present problem arises out of the fact that the end lines of the claim in question are not precisely parallel. The general mining law requires that end lines of a lode claim be parallel. The absence of parallel lines will not result in any invalidity of the claim, however, but will

call into substantial question the right of the owner to exercise extralateral rights to any vein or lode having its apex within the boundaries of the claim. The reason for this is that the parallel end line defines the area through the side lines where the vein can be pursued down its dip. Also, absolute parallelism is not required, but only that the end lines be "substantially" parallel.

In the discussion of this subject in the second edition of the American Law of Mining, § 37.02 [4], a statement is made that "end lines must be straight and neither broken nor curved" (see page 37-18). I do not believe, however, that this statement can be taken literally, as many of the classic cases relied upon for this statement had "broken" boundaries that were considered end lines.

Curtis Lindley, in his classic treatise on mining law suggests that the extralateral right is defined by the crossing of the apex in question by parallel end lines. Thus, the determination of whether or not the end lines are parallel will be determined by the junction of the apex with the end lines. In this case, if the apex of the vein crossed the end lines at a point where they were not parallel, no extralateral right would be created whereas if the end lines were so parallel at the point in question, an extralateral right would exist. An illustration used by Lindley that would appear to be relevant is the Walrath v. Champion Mining Company, 63 Fed. 552, 18 Morr. Min. Rep. 113 (D. Cal. 1894) and discussed in 2 Lindley on Mines, § 583 at pages 1370 through 1381.

The American Law of Mining discussion cited above adds that in the case of converging end lines, a liberal view would recognize the existence of the right because the wedgelike area created by such converging lines is smaller than would have been permitted had the lines been parallel. The principal case for this proposition is Grant v. Pilgrim, 95 F.2d 562, 568 (9th Cir. 1938), arising out of Alaska.

In conclusion, I should mention that the Arizona courts have shown a tendency, in my opinion, to not favor the existence of extralateral rights and require substantial proof of continuity along a downward course. Thus, the Arizona courts would have a tendency to construe any questionable factual determinations in favor of the party arguing against the existence of the right.

If you would like me to follow up on any of these matters, please let me know and I will be happy to do so.

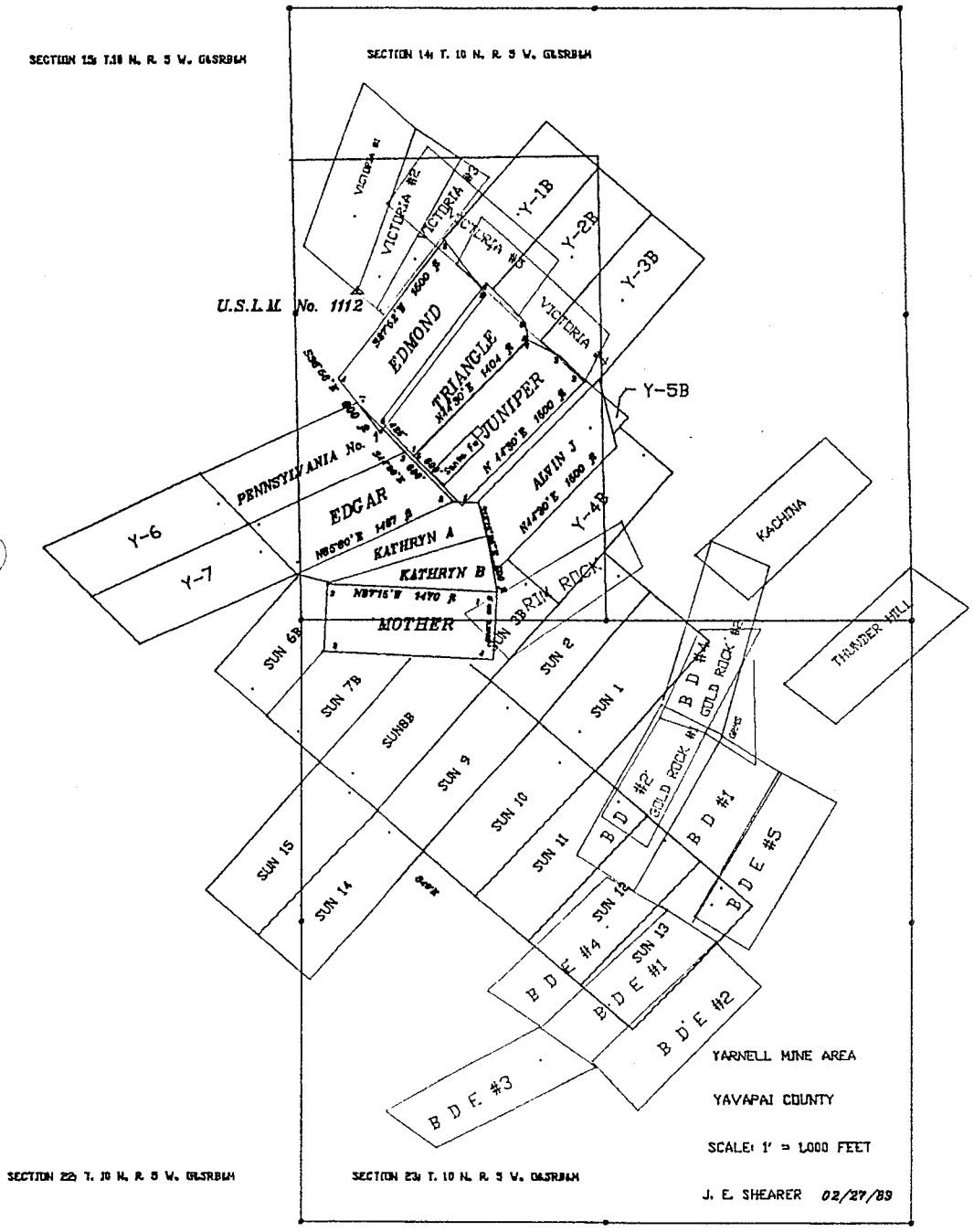
Very truly yours,

John C. Lacy

bpm

Enclosure

0301891115.jcl2.820243

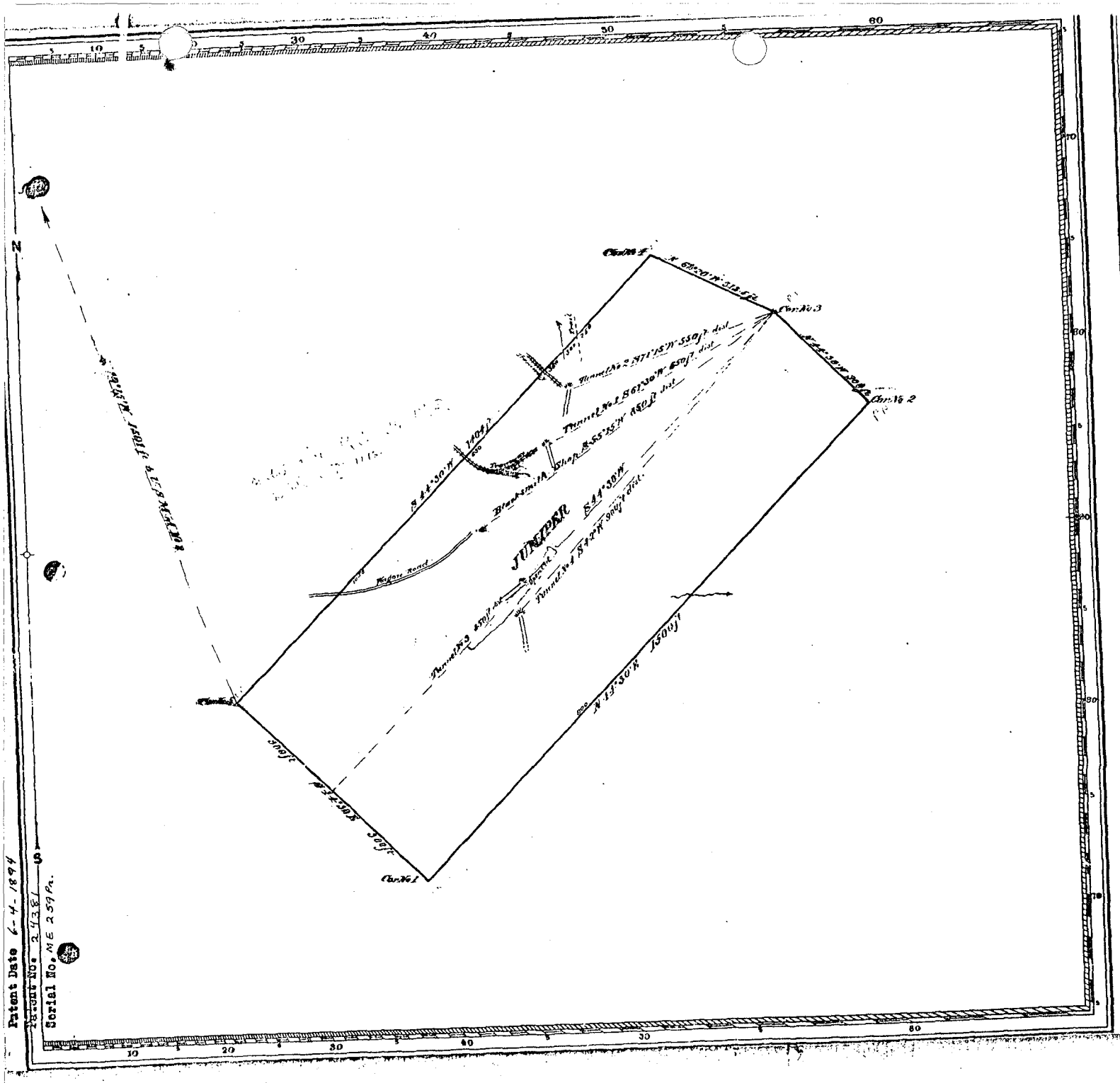



——— *ALVIN J. ROMAN ET AL*

——— *DON JENKINS ET AL*

——— *D. C. & Priscilla Layton et al*

——— *Chet or Joyce A. Cheatwood*




Claim Located January 2nd

Mineral Survey No. 1112

L.O.T. No.

Prescott Land District.

# PLAT

OF THE CLAIM OF

Virginia Gold Mining & Milling Company

KNOWN AS THE

## JUNIPER

IN WEAVER MINING DISTRICT,

YAVAPAI COUNTY, ARIZONA

Containing an Area of 2035 Acres

Scale of 200 feet to the inch.

Variation 14° E

SURVEYED July 21-22 1893 BY

J. J. Fisher

U.S. Deputy Mineral Surveyor.

The Original Field Notes of the Survey of the Mining Claim of Virginia Gold Mining & Milling Company known as the

JUNIPER

from which this plat has been made under my direction have been examined and approved, and are on file in this Office and I hereby certify that they furnish such an accurate description of said Mining Claim as will, if incorporated into a patent serve fully to identify the premises, and that such reference is made therein to natural objects or permanent monuments as will perpetuate, and fix the locus thereof.

I further certify that Five Hundred Dollars worth of labor has been expended or improvements made upon said Mining Claim by claimants or their grantors, and that said improvements consist of Open Cut 35 x 300 x 2, Tunnel No. 1 - 4 x 7 x 223 ft., Tunnel No. 2 - 4 x 7 x 2, Tunnel No. 3 - 4 x 7 x 183 ft., Tunnel No. 4 - 4 x 7 x

that the location of said improvements is correctly shown upon this plat, and that no portion of said labor or improvements has been included in the estimate of expenditures upon any other claim.

And I further certify that this is a correct plat of said Mining Claim made in conformity with said original field notes of survey thereof, and the same is hereby approved.

U.S. Surveyor General's Office.
Tucson, Arizona
September 1st, 1893

Levi Ellis
U.S. Surveyor General for Arizona.

3/3/89 - 9:50 AM

Telephone message from F.T. Graybeal

To Mark A. Miller

Need a land map of Yarnell property at scale so that all ground we acquired fits on $8\frac{1}{2}$ x 11 paper. The property should be broken down by separate owners, don't want individual claims on map. Separate owners Santa Fe - Norgold. All of various claims under Norgold should be a single outline. This should be traced on topographic map in the general location of the Yarnell claim mineralization outlined. So there will be a topographic property outline and mineralization outline done and telecopied to New York before you leave today.

Mr. Graybeal is at home if you have any questions call: 201-635-8262.

Need some kind of explanation as to which property belongs to whom.

If you have a problem call Jim Sell, Bill Kurtz or Bill Gay.

Mary

cc: J.D. Sell

**ASARCO**

Southwestern Exploration Division

March 3, 1989

R. L. Brown
New York

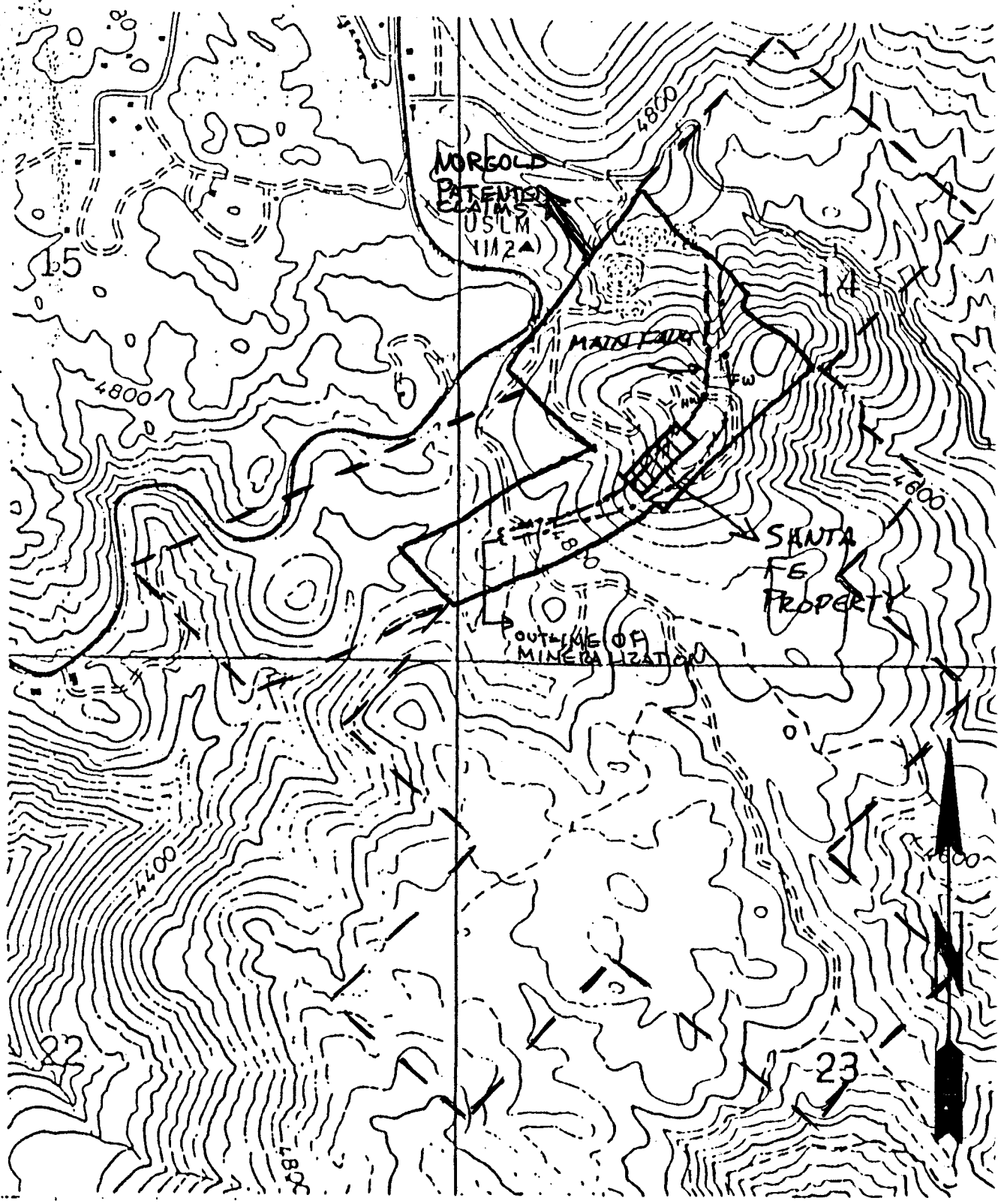
Yarnell Project

Map shows Norgold unpatented and patented claims as depicted by Joe Shearer our contract landman. The main fault does pass thru the Santa Fe Property as shown. The unpatented boundary is subject to revision once we restake some of the claims. The present unpatented boundary is from Don Jenkins, Norgold's Landman, and is invalid.

MAM:mek

Mark A. Miller

cc: J.D. Sell




0 2000'

MAP BLOWN UP TO 1" = 1000'

- - - NORGOLD UNPATENTED CLAIMS

—— NORGOLD PATENTED CLAIMS

SANTA FE PROPERTY

HW !! FW MINERALIZED ZONE EXPOSED ON SURFACE

**ASARCO**

Southwestern Exploration Division

FAX

March 7, 1989

Jim Woods
New York Office

Asarco-Norgold Agreement

Please see the addition, on the enclosed page 2 from my January 25, 1989 letter agreement, to be included in your draft agreement.

W. L. Kurtz

WLK:mek

cc: R.L. Brown
J.D. Sell

Asarco has no obligations to Don Jenkins, 1632 Kile Street, Prescott, Arizona, U.S.A. 86301.

Asarco acknowledges that Norgold is currently negotiating to obtain mining rights on other claims immediately adjacent to or within their current land position including the unpatented Victoria's, the patented Mother Lode and the patented Santa Fe land. Norgold will keep Asarco informed of progress in acquiring this ground and will not sign any binding agreement without first discussing the terms with Asarco. Asarco shall be entitled to make the property that is subject to any such agreement part of this agreement by assuming Norgold's obligation therein while this agreement remains in good standing. If Asarco does not wish to make such additional property part of this agreement, Norgold shall be entitled to acquire the same free of any obligation to Asarco.

Work Commitments

If Asarco elects to proceed after March 6, 1989, Asarco will, subject to termination, perform the following work:

1. Between March 6, 1989 and July 1, 1989, complete 3,000 feet of drilling.
2. Between July 1, 1989 and July 1, 1990, complete $250,000 worth of work on or for the benefit of the property.
3. By July 1, 1991, present to Norgold a feasibility study that contains the information and analysis generally required by money centre banks to evaluate financing for the projects of similar size and complexity, and a commitment in writing to put the property into commercial production within three years subject to time extension for periods when the price of gold is less than $350/ounce.

Upon presentation of the feasibility study and production commitment Asarco will have earned a 51 percent interest.

Upon receipt of the feasibility study and Asarco's commitment to put the property into production, Norgold will have six months to make a one-time election of:

1. a 49 percent joint venture interest which may be diluted to a 15 percent net profits interest, or
2. a five percent interest until all Asarco's capital expenditures are paid back at which time Norgold will receive a 25 percent carried interest.

If Norgold elects a joint venture interest, then Asarco will be the operator of the joint venture and a management committee shall be established to oversee the joint venture and each party shall have one representative on the management committee. Each representative shall have the number of

Norgold will, at their expense, remedy any deficiencies in the unpatented claims listed in Schedule A; locate, as directed by Asarco, open ground in and around the claims listed in Schedule A; and acquire certain State leases as directed by Asarco.

**ASARCO** Southwestern Exploration Division

JDS

March 9, 1989

FILE NOTE

Yarnell Project
Yavapai County, AZ

Mike Philpot called on 3/9/89 to ask if Asarco would supply a one page Summary of Activities. I said one would be supplied. *

I then told Mike about the Jenkins invalid claims and that Asarco had sent a surveyor-landman up and has restaked the open ground (including Jenkins' ground).

I asked, since Norgold said they would give clear title to claims area, if they would accept the Asarco billing for same.

Mike said he'd take it under advisement.

I further stated that I was pleased that the Santa Fe mineral rights could be purchased along with a right to remove the towers and gain the surface rights.

James D. Sell

JDS:mek

James D. Sell

cc: W.L. Kurtz
M.A. Miller

* WLK prepared one — See 3/13/89 to C Moore

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TAJ 571
March 9, 1989
PROJECT: YARNELL
Y-100 0-6 TO Y-127
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 13 Pulps and 3 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) |
|---|---|---|
| 1 | Y-100 0-6 | .042 |
| 2 | Y-107 0-10 | .006 |
| 3 | Y-108 20-30 | .032 |
| 4 | Y-109 0-7 | <.002 |
| 5 | Y-90 0-4 | .004 |
| 6 | Y-92 4-7 | .235 |
| 7 | Y-94 0-7 | .080 |
| 8 | Y-75 40-50 | .016 |
| 9 | Y-75 70-80 | .042 |
| 10 | Y-75 50-60 | .004 |
| 11 | Y-77 90 | .300 |
| 12 | Y-77 100 | .230 |
| 13 | Y-77 110 | .050 |
| 14 | Y-125 | .275 |
| 15 | Y-126 | .115 |
| 16 | Y-127 | .006 |

Asarco Incorporated
MAR 13 1989
SW Exploration

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

REGISTERED ASSAYER CERTIFICATE No. 9425 WILLIAM L. LEHMBECK Arizona U.S.A.

SKYLINE LABS, INC.
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836

REPORT OF ANALYSIS

JOB NO. TAJ 571
March 9, 1989
PROJECT: YARNELL
Y-100 0-6 TO Y-127
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

TRIAD CHECKS

Analysis of 13 Pulps and 3 Rock Chip Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | TRIAD opt |
|---|---|---|---|
| 1 | Y-100 0-6 | .042 | .055 |
| 2 | Y-107 0-10 | .006 | ×5 .0129 |
| 3 | Y-108 20-30 | .032 | .0398 |
| 4 | Y-109 0-7 | <.002 | ×½ ~~.002~~ .077 |
| 5 | Y-90 0-4 | .004 | ×2 .0076 |
| 6 | Y-92 4-7 | .235 | .235 |
| 7 | Y-94 0-7 | .080 | .09 |
| 8 | Y-75 40-50 | .016 | .015 |
| 9 | Y-75 70-80 | .042 | .062 |
| 10 | Y-75 50-60 | .004 | ×4 .018 |
| 11 | Y-77 90 | .300 | .328 |
| 12 | Y-77 100 | .230 | .225 |
| 13 | Y-77 110 | .050 | .047 |
| 14 | Y-125 | .275 | |
| 15 | Y-126 | .115 | |
| 16 | Y-127 | .006 | |

Triad may be high by factor of 2 or more in values below Skyline 0.015 opt.

cc: Asarco Incorporated
Attn.: Mr. James D. Sell
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

**ASARCO** Southwestern Exploration Division

JDS

March 9, 1989

J.D. Sell

Chronology of
Yarnell Project
Yavapai Co., AZ

Information in George Cross Newsletter describing mineralized rock chip sampling by Norgold at Yarnell dated 10/14/89.

| | |
|---|---|
| 10-28-89 | Letter sent to Chris Moat, Norgold President requesting additional information and suggesting possibilities of JV. |
| 11-28-88 | Visit to Property with Mike Philpot and Tench Page from Norgold. Property looked favorable for open pit target. Took 10 rock chip samples. |
| 12/5/88 | Wrote memo to J.D. Sell describing property with recommendations for additional work. |
| 12/8/88 | Results from initial 10 samples indicate further sampling needed. |
| 12/12/88-12/16/88 | Back to Yarnell for additional sampling with object to prove a potential mineable thickness and grade. 52 Samples taken. |
| 1/4/89 | Results from 52 samples indicate a potential thickness of +50'. Indications that H.W. in open cut is dead. F.W. will run .05+ opt Au. Neg. silver. |
| 1/10/89 | J.D. Sell visits property - negotiations with Norgold begin through Tench Page. |
| 1/16/89 | Terms of agreement sent to M. Miller from Chris Moat. |
| 1/18/89 | J.D. Sell, M.A. Miller meet with W.L. Kurtz for his overview of project. |
| 1/20/89 | M.A. Miller, W.L. Kurtz review project in field. W.L. Kurtz recommends additional detailed sampling and mapping of open cut, underground and surface. Requests 200 scale geological map. |

J.D. Sell March 9, 1989

| | |
|---|---|
| 1/26/89 | M.A. Miller, W.D. Gay detail sampled open cut, sampled all workings. |
| 2/1/89-2/9/89 | Flu. |
| 2/10/89-2/17/89<br>2/19/89-2/26/89 | Continued 200 scale mapping and samplin g: +400 samples taken to date. Sampling results confirm +70-100' thick F.W. zone at .05+ opt Au. Results from U.G. sampling indicate 300' (±150' true thickness) .025 opt Au which occurs in the H.W. zone. |
| 2/27/89-3/2/89 | Yarnell report and recommendations for drilling sent to New York Office. |
| 3/6/89 | 40 Day option expires 3/6/89. $15,000 sent to Norgold 3/3/89 to continue option. |

MAM:mek

Mark A. Miller

# ASARCO

JDS

Exploration Department
Frederick T. Graybeal
Chief Geologist

March 10, 1989

Mr. J. D. Sell
Tucson Office

Yarnell Project
Arizona

Dear Mr. Sell:

I attach hereto a copy of Form 302-MB for the Yarnell Project. Please note that this form has been processed by the Controllers Department and that the approvals by Messrs. R. deJ. Osborne and T. C. Osborne are indicated.

Very truly yours,

F. T. Graybeal

F. T. Graybeal

FTG:mc
Att.

cc: E. J. Franko (w/att.)
W. L. Schoonmaker (w/att.)

cc: C.L. Snow - Tucson Acctg. (w/att.)
M.A. Miller (w/att.)

New York, N.Y., March 7, 1989

TO: T. C. Osborne

Supplemental Exploration Authorization
Yarnell Project, Arizona

The Yarnell Project covers a zone of oxidized and disseminated gold mineralization in the hanging wall and footwall of a 30 degree dipping fault. True thickness of the zone may be 100 ft. Potential exists for 4-8 million tons of mineralization available in an open pit with a low stripping ratio. Grade might be 0.03-0.05 oz Au. The property consists of 4 patented and 29 unpatented claims controlled by Norgold.

A $20,000 authorization was approved on January 25, 1989 for mapping, sampling, and a property payment (see attached memo). Work was encouraging and Tucson Office recommends the joint venture option with Norgold be extended, requiring 1) a $15,000 payment to Norgold on March 6, 1989, 2) a guarantee of 3,000 ft. of drilling to be completed by July 1, 1989, and 3) $1,000/mo. payments to a prospector who holds an underlying lease. Also, Norgold has negotiated with Sante Fe Minerals to purchase for $10,000 a small patented claim which sits on the apex of the mineralized zone, which cost would be borne by Asarco.

Attached are a request from Mr. Sell with forms for approval of a $70,000 expenditure and a one-page geological summary by Mr. Miller with a geologic map and overlays. If the $70,000 expenditure is approved, please initial the attached form and return it with the attached data to the Exploration Department.

F. T. Graybeal

F. T. Graybeal

FTG:mc
Att.

FORM 302-MB (9/79)

New York No. 0444-01

## APPLICATION FOR SUPPLEMENTAL EXPLORATION APPROPRIATION

March 1, 1989 Originating Office Tucson, SWED

Application is hereby made for supplemental Appropriation to cover cost, in excess of original estimate, of work authorized by New York.

No. EA-0444-00 Yarnell Project, Yavapai County, AZ

Present total Estimated Cost (~~FORM 302-MA attached~~) $ ~~8~~ 90,000 JTG.

Amount previously authorized (date 1/25/89) $ 20,000

Balance for which Authorization is now requested $ ~~6~~ 70,000 JTG

ADDITIONAL WORK CONTEMPLATED:

| | |
|---|---|
| Payment to Norgold due March 6, 1989 to proceed with option. | $15,000 |
| Complete 3,000 feet of drilling between March 6, 1989 and July 1, 1989. | 40,000 |
| Continued project geology, sampling road improvement and land reimbursement. | 5,000 |
| | $60,000 |
| Purchase of Santa Fe Minerals claim – | 10,000 |
| | $ 70,000 J.T.G. |

EXPLANATION OF INCREASED COST:

Payment to continue option and fulfill drilling requirement expenditure and define mineralization-grade.

Reviewed by C. L. Snow (ACC'T. MGR. OR CHIEF ACCT.)

Recommended by James Sell (SUPERVISOR)

Approved by R. J. O'Keefe (CONTROLLER)

Account Chargeable to Exploration Expense (TO BE FILLED IN BY CONTROLLER)

Approved by J. T. Graybeal (VICE PRESIDENT)

Approved by Advisory Committee 6-20-89 19.....

Approved by Board of Directors 19.....

SECRETARY

PRINTED IN U.S.A.

I. C. O.

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

VIA FAX 604-685-8045

March 13, 1989

Mr. Christopher Moat, President
Norgold Resources (US) Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C., V6B 4N6
Canada

Yarnell Project
Arizona

Dear Mr. Moat:

1. Enclosed are:

   Surface map with sample sites and gold values
   Two diagrammatic cross sections
   A summary paragraph from Mark Miller's report.

2. Please be advised that:

   Mr. Philpot and I verbally agreed that Asarco would fund the additional options and Norgold would fund cleaning up the unpatented claim deficiencies and staking any open ground.

Sincerely yours,

W. L. Kurtz

W. L. Kurtz

WLK:mek
Encs.

cc: R.L.Brown (w/o enc.)
J.D.Sell (w/o enc.)

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703
1150 North 7th Avenue (602) 792-3010

**ASARCO**

Southwestern Exploration Division

March 1, 1989

Summary of Yarnell Project to March 1, 1989

Gold mineralization is hosted in an altered section of PЄ greater than 300' in thickness. Thickness of the mineralized zone varies from 60 to greater than 150' within the altered package (see cross sections). The main structure that appears to control the mineralization is a 6' thick fault zone which has been traced along strike in outcrop and in mine workings for +2000'. The fault zone is composed of variable silicification and clay gouge with assay values ranging from .12-.5 opt Au. Historic production from this zone was .3 opt Au. Mineralization also extends up to ±100' into the footwall of the structure with grades ranging from .03 to greater than .05 opt Au and underground sampling has indicated similar values of similar thicknesses extending into the hanging wall of the mineralized fault zone. A reverse circulation drilling program of a minimum of 3,000' is recommended.

MAM

bcc: H. L. Kurtz / J. W. Sill

To: Mark Miller
Tucson Office

ASARCO Incorporated
MAR 13 1989
SW Exploration

Yarnell Project

Thanks for your expeditious preparation of the maps and sections on this project. It has been approved after of reviewed your maps by both Rdel O and TCO.

To help your preparation of reports like this in the future I'll suggest a few things - off the record:

1) your good maps nowhere had the word Yarnell on them; when they leave Expl. Dept. they are greek to the next reader without identification; I hand lettered title but it wasn't as neat as rest of map; same also holds true for land map you sent by fax
2.) it was still not clear on your map that the fault was a fault; a blue line is not enough identification
3.) we always need a land map - usually compressed to 8½x11" with simplified outline of the target
4.) you should draft scales appropriate to the size of the map - you had a giant scale on the tiny land map and a tiny scale on the giant geologic map.
5.) overlays are hard to handle, easier for us if you make blackline of overlay and fold to 8½ x 11"

6) useful when you have two totally different features (or more) you are sampling to use separate symbol - thus maybe a circle (dot) for wall rock samples and square for samples in the fault would show reader whether high grade was confined or dispersed.

7) useful to give more emphasis to one zone - I used red felt marker to put big dots on one zone (map + section) to draw TCO + RdesO attention to target more quickly.

Please review with JDS for other suggestions for your next recommendation - I'm sure there will be more.

FTG
3/10/89

**ASARCO** Southwestern Exploration Division JDS

March 13, 1989

M. A. Miller

BLM Notice of Drilling
Purchase Order Number
Yarnell Project
Yavapai County, Arizona

Please get out the BLM Notice of Drilling to the BLM, though most of drilling on patented claims.

Also the Purchase Order to Drilling Services Company with a signed copy of their contract. Make sure they have wet sampler on board, as well as the dry system.

Gather all supplies, sample sacks, vials, forms, etc. needed for the drilling.

We'll collect samples on five foot increments.

Use Triad for fast turnaround. Make sure Triad recognizes that he needs to carefully clean his equipment as 1) if he has Echo Bay's hi-grade in the system, then we'd get some possible contamination; and 2) we'll be going through hi-grade also, with similar problems.

Triad will be checked by another assay house.

James D. Sell

JDS:mek

James D. Sell

cc: W.L. Kurtz

**ASARCO** Southwestern Exploration Division JDS

March 13, 1989

M.A. Miller

March 10, 1989 Draft
Yarnell Project
Yavapai County, AZ

Please redo the draft and use the suggestions as in the F.T. Graybeal memo to you (received March 13, 1989).

Also see draft for other comments.

Add attachments, i.e., location, sample-geology-alt. maps, and sections, etc. to this final report, and all assay sheets, etc.

In other words, recomplete this (March 10) report to be your Final Report with recommendations to proceed. As you note, due to commitments and time, this process of getting out your geology and sampling report got behind schedule/sequence.

James D. Sell

James D. Sell

JDS:mek
Att. draft

cc: W.L. Kurtz

# ASARCO

**Exploration Department**
Southwestern United States Division

March 14, 1989

Mr. Mark Madison
Drilling Services Company
12030 East Riggs Road
Chandler, Arizona 85249

Yarnell Project
Yavapai County, AZ
and
Tank Mountain Project
Yuma County, AZ

Dear Mark:

We are pleased to award DSC the drilling bid for the Yarnell and Tank Mountain projects.

Please sign the enclosed Acknowledgment copy of each Purchase Order and return them promptly along with proof of insurance.

As discussed with you on March 9, 1989, we will require a wet splitter at the drill site for all drilling. Start-up date for drilling will probably be no earlier than the week of March 20, 1989, as we are still waiting on DWR permits. We will drill Yarnell first and then move to Tank Mountain. I will contact you when we have approvals.

Thank you for your bid and I am looking forward to working with DSC.

Respectfully,

Mark A. Miller
Geologist

MAM:mek
encs.

cc: J.D. Sell
C.L. Snow

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

ASARCO PD 1
REVISED 1/1/58

# PURCHASE ORDER

ASARCO
~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

PLANT JOB NO.

APPROPRIATION NO.

DATE: 3/14/89

ORDER NO.: T-67-9

REQUISITION NO.

To: DRILLING SERVICES COMPANY
12030 East Riggs Road
Chandler, Arizona 85249

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT

SHIP VIA

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
| | | Drilling Services Company, hereinafter referred to as CONTRACTOR, will initiate and drill exploration holes at ASARCO Incorporated's Yarnell Project in Arizona, the final depth of which will be specified by Asarco's representative(s) at the job site. Payment for work performed will be in accordance with CONTRACTOR's letter of proposal dated March 6, 1989, a copy of which is attached hereto and made a part of this order. | | |
| | | CONTRACTOR will provide a drill and water truck complete with crews and accessories including a wet splitter. | | |
| | | Mobilization of CONTRACTOR's equipment will commence no earlier than the week of March 20, 1989. | | |
| | | It is understood by both parties to this order that CONTRACTOR will perform all work in a diligent and workmanlike manner and in accordance with recognized standard drilling practices. ASARCO will not be charged for delays caused by failure of CONTRACTOR's equipment or personnel. | | |
| | | CONTRACTOR and his personnel will make every effort to minimize disturbance of the natural environment, and drill crews will establish and maintain sanitation systems which are acceptable to Asarco and which comply with standards set by any government agency whether federal, state, county, or municipal which has jurisdiction over the site area. | | |
| | | CONTRACTOR's particular attention is called to Clause Eleven (11) on the reverse of this order. Before entering upon Asarco's property to perform this work, CONTRACTOR will submit acceptable evidence of compliance with the Workmen's Compensation Laws of the State of Arizona, and, on Asarco's standard insurance form or your own similar form, acceptable evidence of other required insurance. | | |

☞ *IMPORTANT*

*Attached Acknowledgment ~~Card~~ must be completed and returned promptly.*

Orig. & Acknowledgment Copy: DSC
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

James D. Sell

J.D. Sell, Manager, SWED

## INSTRUCTIONS

**INVOICE:** Priced invoices in the requisite number giving the correct purchase order and requisition numbers, together with required Bills of Lading, must be forwarded on day of each shipment AS PER SPECIAL SHIPPING INSTRUCTIONS ACCOMPANYING THIS ORDER, otherwise delay in payment of account may result.

**TERMS:** As previously arranged or specified on this order. Care must be exercised to show cash discount, if allowed, on face of invoice.

## PROVISIONS

1. **ACCEPTANCE:** Acceptance of this order constitutes acceptance of all terms herein stated. All representations and warranties by the seller relating to the subject-matter of this order or its performance shall be binding on the seller as if fully set forth herein, and shall survive inspection and acceptance of the goods ordered. No acknowledgment or acceptance of this order or any other communication by the seller shall vary or add any terms or conditions to those contained herein and any such attempted modification or addition which is not accepted in writing by the buyer, shall be void and may be disregarded without further notice or disclaimer.

2. **PRICES:** This order must not be filled at higher prices than last quoted without authority of the buyer.

3. **SHIPMENTS:** All materials must be forwarded by the route designated and seller will be held strictly accountable for any deviation therefrom.

When the material covered by this order shall aggregate a carload shipment or more, the seller must forward in carload lots, unless duly authorized in writing by the buyer to ship in less than carloads. If this order aggregates less than a minimum carload, seller must forward the entire quantity at one time unless otherwise authorized in writing by the buyer.

When blocking or dunnage, etc., not constituting a part of the car are used to protect and make shipments secure in transit, seller must show on Bills of Lading, separately, the weights of such materials, provided the lading shall aggregate a minimum carload or more, and will be held responsible for failure to comply with this rule.

Shipments will not be considered as completed until Bill of Lading, or express or mail receipt is received.

4. **PACKING AND CARTAGE CHARGES:** No charge will be allowed for packing, boxing or cartage, unless agreed upon at the time of purchase; damage to any material not properly packed to insure adequate protection in transit will be charged to the seller. All packing must conform with tariff or classification requirements so as to secure lowest possible freight rates. It is understood the buyer will receive the benefit of any decrease in freight charges between time of quotation and date of shipment, where freight enters into the price originally quoted.

5. **QUALITY AND INSPECTION:** All material furnished must be as specified and will be subject to inspection and approval of buyer after delivery. The right is reserved to reject and return at the risk and expense of the seller such portion of any shipment which may be defective or fail to comply with the specifications without invalidating the remainder of the order. If rejected it may be held for disposition at the expense and risk of the seller.

6. **QUANTITY:** The specific quantity ordered must not be changed without buyer's permission in writing.

7. **NON-PERFORMANCE:** Buyer reserves the right to cancel this order or any portion of same if delivery is not made when and as specified, time being of the essence of this order, and charge seller for any loss entailed.

8. **PATENTS:** The seller hereby guarantees the buyer against all losses of profits, damages, or both, resulting from any patent infringement by reason of purchasing or using goods covered by this order, or by reason of any loss suffered in not being able, without liability, to use such goods. This guarantee also includes the reimbursement to the buyer of all litigation costs which it may suffer as the result of any suit respecting the purchase or use of such goods, in addition to the recoveries which may be secured against it of profits and/or damages.

**GENERAL:**

9. The material on this order must be furnished only by the person or firm to whom the order is addressed unless otherwise authorized by the buyer.

10. No drafts for purchases made will be honored unless by agreement.

11. If it becomes necessary for the seller or any agent, contractor, or employee thereof to enter upon the property of the buyer in order to construct, inspect or deliver hereunder, the seller hereby agrees to protect the buyer's property and all persons thereon from injury, damage or loss, and the seller shall save harmless and indemnify the buyer from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of the buyer, which is in any way caused by or connected with or grows out of the performance hereunder by the seller or any agent, contractor or employee thereof; provided however that the seller shall not be required to indemnify the buyer against any loss caused solely by the negligence or willful fault of the buyer or its employees. If the seller performs any work hereunder knowing it to be contrary to any local law, ordinance, rule and regulation, the seller shall bear all costs arising therefrom. Seller to carry Liability Insurance and to carry Workmen's Compensation Insurance as provided by the laws of the State in which the work is performed and further, is to obtain a certificate for same, which is to be furnished for the file of the buyer. If for any reason the seller's or any subcontractor's employees or agents may acquire a status imposing liability on the buyer for employer's contributions or taxes under the Federal Social Security Act or under any State Unemployment Insurance, Old Age Benefit, or similar Acts, the seller shall be exclusively liable for, and shall indemnify the buyer against, the same and does agree to comply with all laws and regulations so as to relieve the buyer from any and all liability therefor or the responsibility of making any reports or keeping any records with respect thereto.

12. In accepting this order the seller certified that these goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of the regulations and orders of the United States Department of Labor issued under Section 14 thereof. It will be necessary in order for us to honor your future invoices to us that the above clause or a substantial equivalent thereof appear on your invoices.

13. By acceptance of this order, seller warrants that the prices specified do not exceed the maximum prices established under any applicable United States law or regulation thereunder.

ASARCO PD 1
REVISED 1/1/58

ACKNOWLEDGMENT

# PURCHASE ORDER

ASARCO

~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

PLANT JOB NO.

APPROPRIATION NO.

DATE: 3/14/89

ORDER NO.: T-67-9

REQUISITION NO.

To: DRILLING SERVICES COMPANY
12030 East Riggs Road
Chandler, Arizona 85249

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT

SHIP VIA

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
| | | Drilling Services Company, hereinafter referred to as CONTRACTOR, will initiate and drill exploration holes at ASARCO Incorporated's Yarnell Project in Arizona, the final depth of which will be specified by Asarco's representative(s) at the job site. Payment for work performed will be in accordance with CONTRACTOR's letter of proposal dated March 6, 1989, a copy of which is attached hereto and made a part of this order. | | |
| | | CONTRACTOR will provide a drill and water truck complete with crews and accessories including a wet splitter. | | |
| | | Mobilization of CONTRACTOR's equipment will commence no earlier than the week of March 20, 1989. | | |
| | | It is understood by both parties to this order that CONTRACTOR will perform all work in a diligent and workmanlike manner and in accordance with recognized standard drilling practices. ASARCO will not be charged for delays caused by failure of CONTRACTOR's equipment or personnel. | | |
| | | CONTRACTOR and his personnel will make every effort to minimize disturbance of the natural environment, and drill crews will establish and maintain sanitation systems which are acceptable to Asarco and which comply with standards set by any government agency whether federal, state, county, or municipal which has jurisdiction over the site area. | | |
| | | CONTRACTOR's particular attention is called to Clause Eleven (11) on the reverse of this order. Before entering upon Asarco's property to perform this work, CONTRACTOR will submit acceptable evidence of compliance with the Workmen's Compensation Laws of the State of Arizona, and, on Asarco's standard insurance form or your own similar form, acceptable evidence of other required insurance. | | ACCEPTED FOR: DRILLING SERVICES COMPANY<br>By: _____ |

☞ *IMPORTANT*

*Attached Acknowledgment ~~Copy~~ must be completed and returned promptly.*

Orig. & Acknowledgment Copy: DSC
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

James D Sell

J.D. Sell, Manager, SWED

## INSTRUCTIONS

**INVOICE:** Priced invoices in the requisite number giving the correct purchase order and requisition numbers, together with required Bills of Lading, must be forwarded on day of each shipment AS PER SPECIAL SHIPPING INSTRUCTIONS ACCOMPANYING THIS ORDER, otherwise delay in payment of account may result.

**TERMS:** As previously arranged or specified on this order. Care must be exercised to show cash discount, if allowed, on face of invoice.

## PROVISIONS

1. **ACCEPTANCE:** Acceptance of this order constitutes acceptance of all terms herein stated. All representations and warranties by the seller relating to the subject-matter of this order or its performance shall be binding on the seller as if fully set forth herein, and shall survive inspection and acceptance of the goods ordered. No acknowledgment or acceptance of this order or any other communication by the seller shall vary or add any terms or conditions to those contained herein and any such attempted modification or addition which is not accepted in writing by the buyer, shall be void and may be disregarded without further notice or disclaimer.

2. **PRICES:** This order must not be filled at higher prices than last quoted without authority of the buyer.

3. **SHIPMENTS:** All materials must be forwarded by the route designated and seller will be held strictly accountable for any deviation therefrom.

When the material covered by this order shall aggregate a carload shipment or more, the seller must forward in carload lots, unless duly authorized in writing by the buyer to ship in less than carloads. If this order aggregates less than a minimum carload, seller must forward the entire quantity at one time unless otherwise authorized in writing by the buyer.

When blocking or dunnage, etc., not constituting a part of the car are used to protect and make shipments secure in transit, seller must show on Bills of Lading, separately, the weights of such materials, provided the lading shall aggregate a minimum carload or more, and will be held responsible for failure to comply with this rule.

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6. **QUANTITY:** The specific quantity ordered must not be changed without buyer's permission in writing.

7. **NON-PERFORMANCE:** Buyer reserves the right to cancel this order or any portion of same if delivery is not made when and as specified, time being of the essence of this order, and charge seller for any loss entailed.

8. **PATENTS:** The seller hereby guarantees the buyer against all losses of profits, damages, or both, resulting from any patent infringement by reason of purchasing or using goods covered by this order, or by reason of any loss suffered in not being able, without liability, to use such goods. This guarantee also includes the reimbursement to the buyer of all litigation costs which it may suffer as the result of any suit respecting the purchase or use of such goods, in addition to the recoveries which may be secured against it of profits and/or damages.

**GENERAL:**

9. The material on this order must be furnished only by the person or firm to whom the order is addressed unless otherwise authorized by the buyer.

10. No drafts for purchases made will be honored unless by agreement.

11. If it becomes necessary for the seller or any agent, contractor, or employee thereof to enter upon the property of the buyer in order to construct, inspect or deliver hereunder, the seller hereby agrees to protect the buyer's property and all persons thereon from injury, damage or loss, and the seller shall save harmless and indemnify the buyer from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of the buyer, which is in any way caused by or connected with or grows out of the performance hereunder by the seller or any agent, contractor or employee thereof; provided however that the seller shall not be required to indemnify the buyer against any loss caused solely by the negligence or willful fault of the buyer or its employees. If the seller performs any work hereunder knowing it to be contrary to any local law, ordinance, rule and regulation, the seller shall bear all costs arising therefrom. Seller to carry Liability Insurance and to carry Workmen's Compensation Insurance as provided by the laws of the State in which the work is performed and further, is to obtain a certificate for same, which is to be furnished for the file of the buyer. If for any reason the seller's or any subcontractor's employees or agents may acquire a status imposing liability on the buyer for employer's contributions or taxes under the Federal Social Security Act or under any State Unemployment Insurance, Old Age Benefit, or similar Acts, the seller shall be exclusively liable for, and shall indemnify the buyer against, the same and does agree to comply with all laws and regulations so as to relieve the buyer from any and all liability therefor or the responsibility of making any reports or keeping any records with respect thereto.

12. In accepting this order the seller certified that these goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of the regulations and orders of the United States Department of Labor issued under Section 14 thereof. It will be necessary in order for us to honor your future invoices to us that the above clause or a substantial equivalent thereof appear on your invoices.

13. By acceptance of this order, seller warrants that the prices specified do not exceed the maximum prices established under any applicable United States law or regulation thereunder.

ASARCO Incorporated

FORM # INSURANCE-1 Revised 1/87

**INSURANCE-CERTIFICATE**

AMERICAN SMELTING AND REFINING COMPANY REQUIREMENTS FOR CONTRACTORS AND SUBCONTRACTORS.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE DESCRIBED BELOW HAVE BEEN ISSUED TO _____

_____

THESE POLICIES ARE NOW IN FORCE, COVERING WORK BY THE ASSURED FOR AMERICAN SMELTING AND REFINING COMPANY ON CONTRACT _____

AT _____

IF THESE POLICIES ARE CANCELLED OR CHANGED IN ANY WAY THAT WILL AFFECT THIS CERTIFICATE, TEN DAYS' PRIOR WRITTEN NOTICE WILL BE GIVEN BY THIS COMPANY TO AMERICAN SMELTING AND REFINING COMPANY, ATTN. _____ PLANT MANAGER.

| KIND OF INSURANCE | DESCRIPTION OF POLICY | | | REQUIRED MINIMUM |
|---|---|---|---|---|
| | NUMBER | EXPIRES | LIMITS OF LIABILITY | |
| CONTRACTOR'S PUBLIC & Protective LIABILITY (COMPREHENSIVE INCLUDING CONTRACTUAL)* (Asarco named as additional insured) BODILY-INJURY Combined with PROPERTY-DAMAGE | | | EACH OCCURRENCE $ | $1,000,000 |
| | | | | |
| | | | | |
| AUTOMOBILE (Asarco named as additional insured) BODILY-INJURY Combined with PROPERTY-DAMAGE | | | EACH OCCURRENCE $ | $500,000 |
| WORKMEN'S COMPENSATION AND | | | | COMPLY WITH APPLICABLE STATE LAW |
| EMPLOYER'S LIABILITY | | | EACH OCCURRENCE $ | $100,000 |

DATE _____

_____ INSURANCE COMPANY

_____ CITY _____ STATE

_____ AUTHORIZED REPRESENTATIVE

*The Contractor shall save harmless and indemnify the Owner from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of the Owner, which is in any way caused by or connected with, or grows out of the execution and performance of this contract by the Contractor or any Subcontractor; provided, however, that the Contractor shall not be required to indemnify the Owner against any loss caused solely by negligence or willful fault of the Owner or its employees. The Contractor accepts all risk of injury or damage and all responsibility for any claims for damages whatsoever resulting from the use, misuse, or failure of any hoist, rigging, blocking, scaffolding, or other like or unlike equipment used by the Contractor or any Subcontractor, even though such equipment be furnished or loaned to the Contractor or any such Subcontractor by the Owner, and shall indemnify the Owner against all such claims.

ASARCO PD 1
REVISED 1/1/58

ACKNOWLEDGMENT

# PURCHASE ORDER

ASARCO

~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

DS

DATE: 3/14/89

ORDER NO.: T-67-9

PLANT JOB NO.:

APPROPRIATION NO.:

REQUISITION NO.:

To: DRILLING SERVICES COMPANY
12030 East Riggs Road
Chandler, Arizona 85249

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT

SHIP VIA

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
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| | | CONTRACTOR will provide a drill and water truck complete with crews and accessories including a wet splitter. | | |
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| | | CONTRACTOR and his personnel will make every effort to minimize disturbance of the natural environment, and drill crews will establish and maintain sanitation systems which are acceptable to Asarco and which comply with standards set by any government agency whether federal, state, county, or municipal which has jurisdiction over the site area. | | |
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ACCEPTED FOR: DRILLING SERVICES COMPANY

By: _____

☞ *IMPORTANT*

*Attached Acknowledgment ~~Card~~ must be completed and returned promptly.*

Orig. & Acknowledgment Copy: DSC
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

James D Sell

J.D. Sell, Manager, SWED

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12. In accepting this order the seller certified that these goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of the regulations and orders of the United States Department of Labor issued under Section 14 thereof. It will be necessary in order for us to honor your future invoices to us that the above clause or a substantial equivalent thereof appear on your invoices.

13. By acceptance of this order, seller warrants that the prices specified do not exceed the maximum prices established under any applicable United States law or regulation thereunder.

# acord CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY): 03/16/89

PRODUCER

FRANK B. HALL & CO. OF MO., INC.
100 N. BROADWAY, BOATMEN'S TOWER
ST. LOUIS, MO 63102
(314) 231-0100

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

## COMPANIES AFFORDING COVERAGE

| | |
|---|---|
| COMPANY LETTER A | HARTFORD INSURANCE GROUP |
| COMPANY LETTER B | |
| COMPANY LETTER C | |
| COMPANY LETTER D | |
| COMPANY LETTER E | |

INSURED

DRILLING SERVICES CO.
A DIV. OF LAYNE-WESTERN CO., INC.
12030 E. RIGGS ROAD
CHANDLER, AZ 85249

## COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| CO LTR | TYPE OF INSURANCE | POLICY NUMBER | POLICY EFFECTIVE DATE (MM/DD/YY) | POLICY EXPIRATION DATE (MM/DD/YY) | ALL LIMITS IN THOUSANDS | |
|---|---|---|---|---|---|---|
| A | **GENERAL LIABILITY**<br>X COMMERCIAL GENERAL LIABILITY<br>CLAIMS MADE [X] OCCURRENCE<br>OWNER'S & CONTRACTORS PROTECTIVE<br>X CONTRACTUAL | 84CLRP35014E<br>84JSED55307E | 10-01-88 | 10-01-89 | GENERAL AGGREGATE<br>PRODUCTS-COMP/OPS AGGREGATE<br>PERSONAL & ADVERTISING INJURY<br>EACH OCCURRENCE<br>FIRE DAMAGE (ANY ONE FIRE)<br>MEDICAL EXPENSE (ANY ONE PERSON) | $5,000.<br>$5,000.<br>$2,000.<br>$2,000.<br>$ 250.<br>$ 5. |
| A | **AUTOMOBILE LIABILITY**<br>X ANY AUTO<br>ALL OWNED AUTOS<br>SCHEDULED AUTOS<br>X HIRED AUTOS<br>X NON-OWNED AUTOS<br>GARAGE LIABILITY | 84ABRP35015E<br>NJ 84ABRP35016E<br>TX 84ABRP35017E<br>MA 84MCPP35018E | 10-1-88 | 10-1-89 | CSL<br>BODILY INJURY (PER PERSON)<br>BODILY INJURY (PER ACCIDENT)<br>PROPERTY DAMAGE | $ 2,000.<br>$<br>$<br>$ |
| | **EXCESS LIABILITY**<br>OTHER THAN UMBRELLA FORM | | | | EACH OCCURRENCE<br>AGGREGATE | $<br>$ |
| A | **WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY** | 84WBRP35013E | 10-1-88 | 10-1-89 | STATUTORY<br>$ 2,500. (EACH ACCIDENT)<br>$ 2,500. (DISEASE-POLICY LIMIT)<br>$ 2,500. (DISEASE-EACH EMPLOYEE | |
| | **OTHER** | | | | | |

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

BLANKET: WITH RESPECT TO ALL WORK PERFORMED BY DRILLING SERVICES COMPANY FOR ASARCO INC.

## CERTIFICATE HOLDER

ASARCP INC.
POST OFFICE BOX 5747
TUCSON, ARIZONA 85703-0747

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

AAC

3/15/89 JDS

Bureau of Land Management

NOTICE of operations proposed under the 43 CFR 3809 regulations, less than 5 acres disturbance.
Project Name: Yarnell
Case Number (For BLM Use) _____

Instructions: Complete the form in as much detail as possible. Additional sheets may be used if necessary. Use maps or sketches where appropriate. A review of the 43 CFR 3809 regulations should be conducted prior to completion of this form. If amending an existing notice submitted by you for this site, please provide the case number above.

Operator Information:

| Name | Address | Telephone |
|---|---|---|
| ASARCO Incorporated<br>Mark A. Miller | P.O. Box 5747<br>Tucson, AZ 85703 | 602-792-3010 |

Claimant Information (If different than operator):

| Name | Address | Telephone |
|---|---|---|
| Same | | |

| Patented Claim Name | Claim type (lode, etc.) | Mineral Survey ~~BLM Serial~~ #'s | Claim Name | Claim type (lode, etc.) | BLM Serial #s |
|---|---|---|---|---|---|
| Juniper | L(Pat) | 1112 | | | |
| Edgar | L(Pat) | 1113 | | | |
| Edmond | L(Pat) | 1114 | | | |
| Triangle | L(Pat) | 1115 | | | |

Location of Proposed Activity

T. 10 N., R. 5W ~~E~~ Sec.'s 14
T. ____ N., R. ____ E. Sec's. ____
UTM: Zone ____, ____ ____ ____ ____ ____ ____ E, ____ ____ ____ ____ ____ ____ ____ N

County Yavapai
T. ____ N., R. ____ E., Sec's. ____
T. ____ N., R. ____ E., Sec's. ____

Period of Operation: FROM March 20, 1989 TO April 15, 1989

Proposed Operations: Describe the entire proposed operation, including all surface disturbing activities (road construction, drilling, trenching, backhoe or bulldozer exploration, mining, waste disposal, etc.). List all mechanized earth moving equipment to be used during the operation and state if explosives are to be utilized. Describe and furnish a map showing existing surface disturbances, structures, facilities, etc., and the locations and size of areas where surface disturbances are proposed, including existing and/or proposed routes or access. Calculate the total acreage proposed for disturbance (1 acre = 43,560 sq. ft.). Less than 5 acres.

Reverse circulation drilling will be completed on Patented Mining Claims with the possibility of some drilling on adjoining unpatented claims. Equipment will include 1 Truck Mount R.C. Drill, 1 Water Truck, several 4X4 Pickups. Some site preparation will be required. Total acreage disturbed approximately 2 acres, all on patented claims.

Project Name: Yarnell

Proposed Operations (Continued):

Describe Existing and Proposed Access Routes and Indicate on Maps or Sketches:

Access will be by State Route 89 turning into the project area as shown on enclosed map. Road is on patented ground.

Describe Existing Disturbance and Structures and Indicate on Maps or Sketches (Mine and Mill Facilities, Workings, Tailings, Dump Areas, etc.). You may wish to document disturbance existing prior to beginning work on your operation (in the form of photographs, surface maps, or testimony) in order to reduce your reclamation liability:

Numerous dumps of several adits -- open cut on top of hill.

Proposed Reclamation: Describe the proposed reclamation procedures and other measures to be taken to prevent unnecessary or undue degradation of the lands, including measures to be taken if a period of nonoperation is anticipated.

Clean up cuttings and all debris from drilling. Seal all holes per DWR.

I will complete all necessary reclamation of areas disturbed during the course of my operations to the standards described in 43 CFR 3809.1-3(d) and reasonable measures will be taken to prevent unnecessary or undue degradation of the federal lands during operations.

Signature of Operator: Mark A. Miller, Geologist
ASARCO Incorporated

Date: 3-15-89

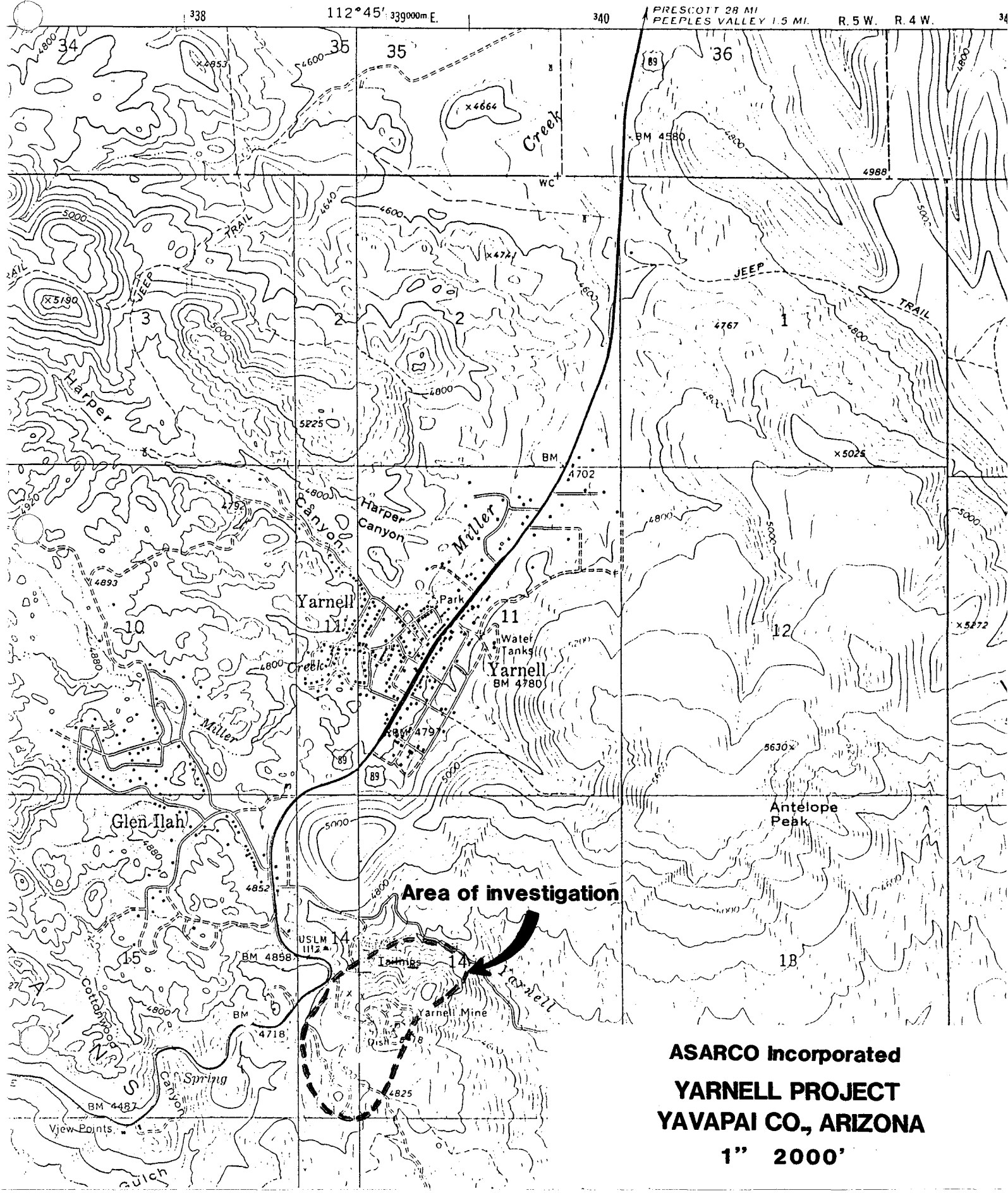
NOTICE TO OPERATORS:

1. A notice submitted in relation to the 43 CFR 3809 regulations does not require approval from the BLM. However, notification of such activities shall be received by BLM at least 15 calendar days before commencing operations.

2. Generally, information that could be considered proprietary is not necessary to fulfill notice or plan of operations requirements. However, information and data submitted and specifically identified by the operator as containing trade secrets or confidential or privileged commercial or financial information should be attached to a separate page and cited in the text of the notice or plan of operations. This information will be filed separately and will not be available for public inspection.

CONGRESS QUADRANGLE
ARIZONA–YAVAPAI CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY




**ASARCO Incorporated**

**YARNELL PROJECT**

**YAVAPAI CO., ARIZONA**

**1" 2000'**

JDS

**ASARCO**

**Southwestern Exploration Division**

March 16, 1989

FILE NOTE

Santa Fe Payment
Yarnell Project
Yavapai Co., AZ

Mr. C. Moat of Norgold stated in a phone call of 3/16/89 that Norgold has sent a draft of $10,000 to Santa Fe for payment for the mineral rights of the piece of patented land within the Juniper patented claim that Santa Fe has a communications tower on.

Mr. Moat will send us confirmation upon receiving same from Santa Fe, at which time Asarco will reimburse Norgold.

James D. Sell

JDS:mek

James D. Sell

cc: W.L. Kurtz
C.L. Snow

**ASARCO**

Southwestern Exploration Division

JDS

March 16, 1989

J.D. Sell

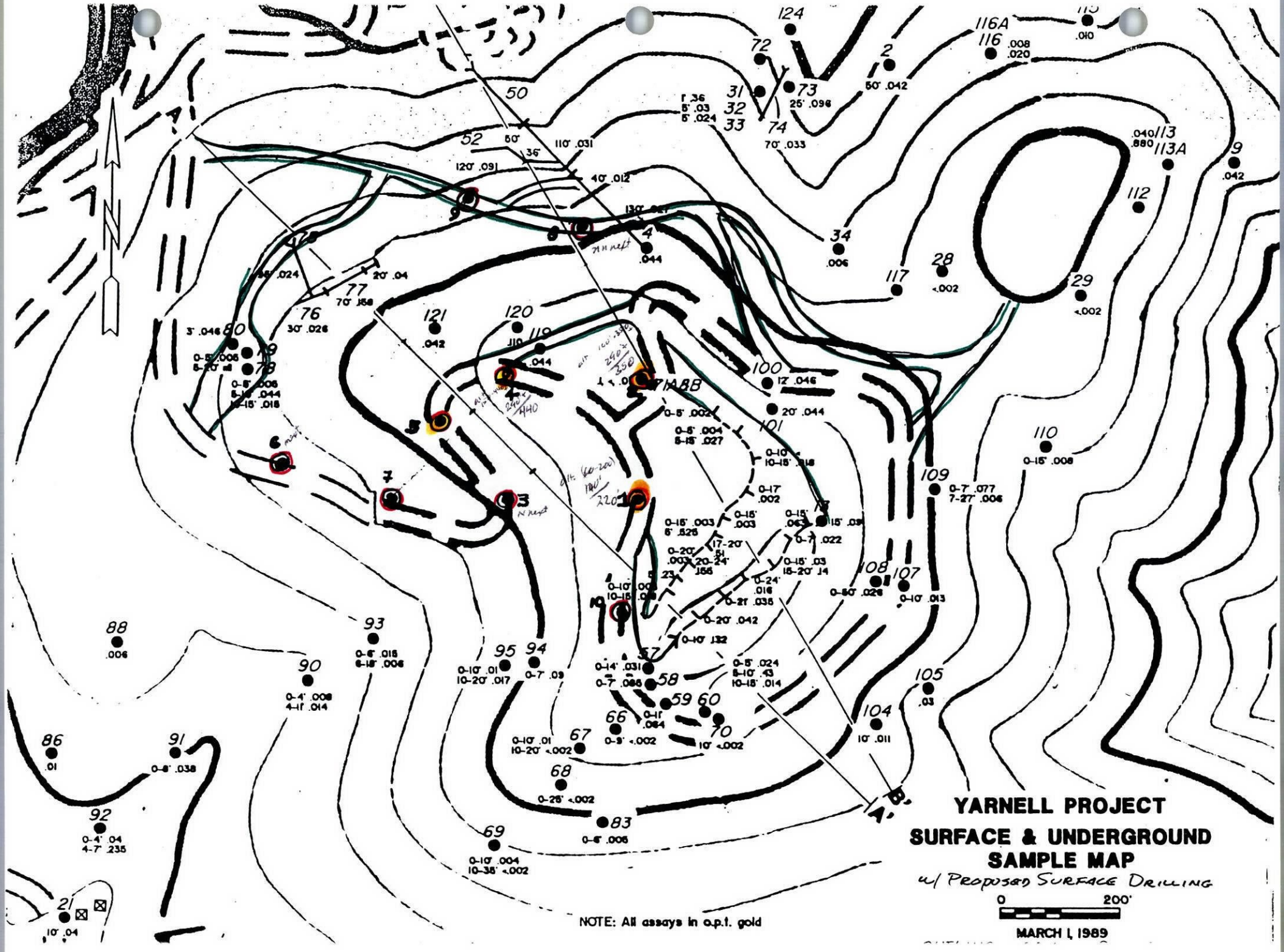
Proposed Drill Holes
Yarnell Project

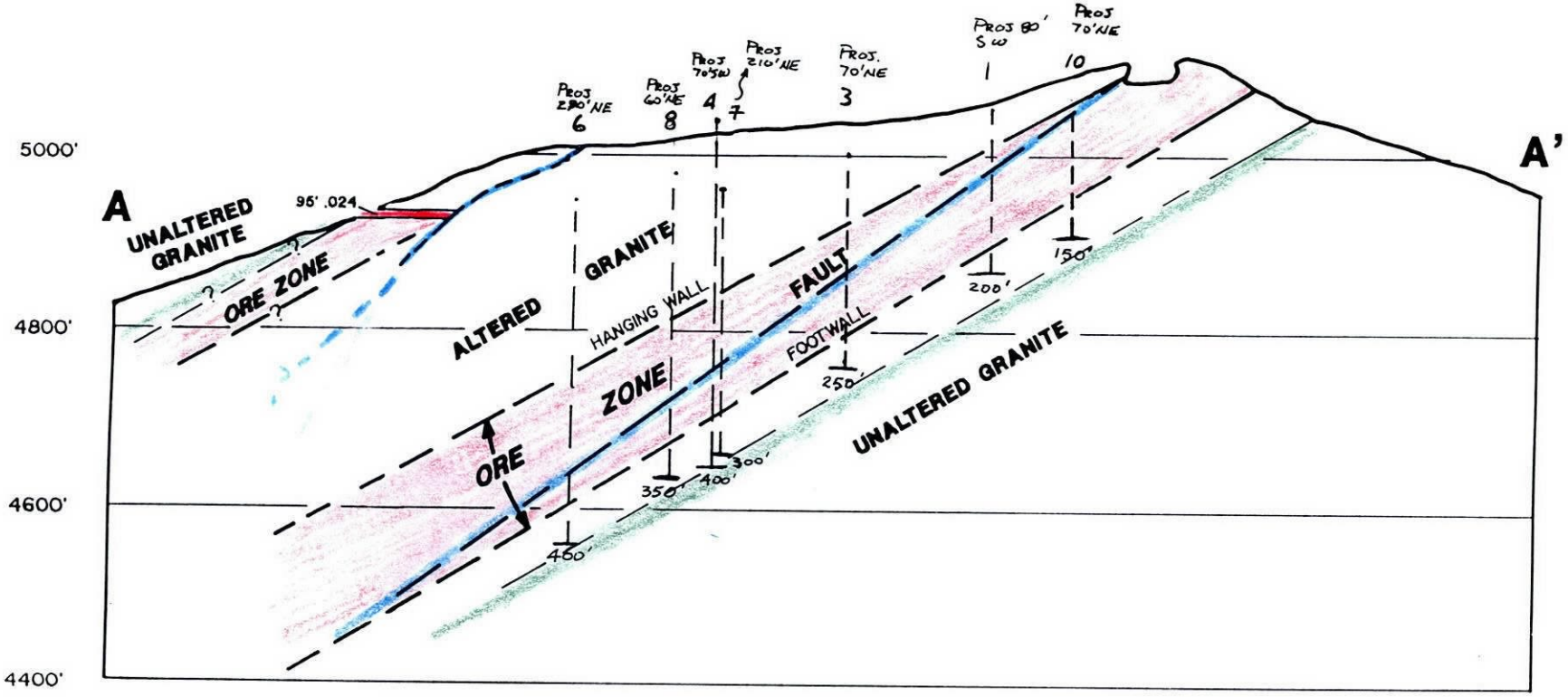
The attached plan and sections show the proposed holes at Yarnell that we discussed on 3/15/89. Ten holes are proposed for ±3000'. The hole locations were picked in part with the least amount of road work in mind; thus the 200 x 200' grid has not been adhered to for holes #5, #8, and #9. As discussed, all intervals will be sampled in duplicate with one split saved for future use. Samples will be taken at 5' intervals. We will be starting to drill on 3/20/89. I plan to be at Yarnell on the 18th to locate drill sites, etc.

Mark A. Miller

MAM:mek
atts.

cc: W.L. Kurtz


YARNELL PROJECT
SURFACE & UNDERGROUND
SAMPLE MAP
w/ PROPOSED SURFACE DRILLING
0 200'
MARCH 1, 1989
NOTE: All assays in o.p.t. gold
A'
B'

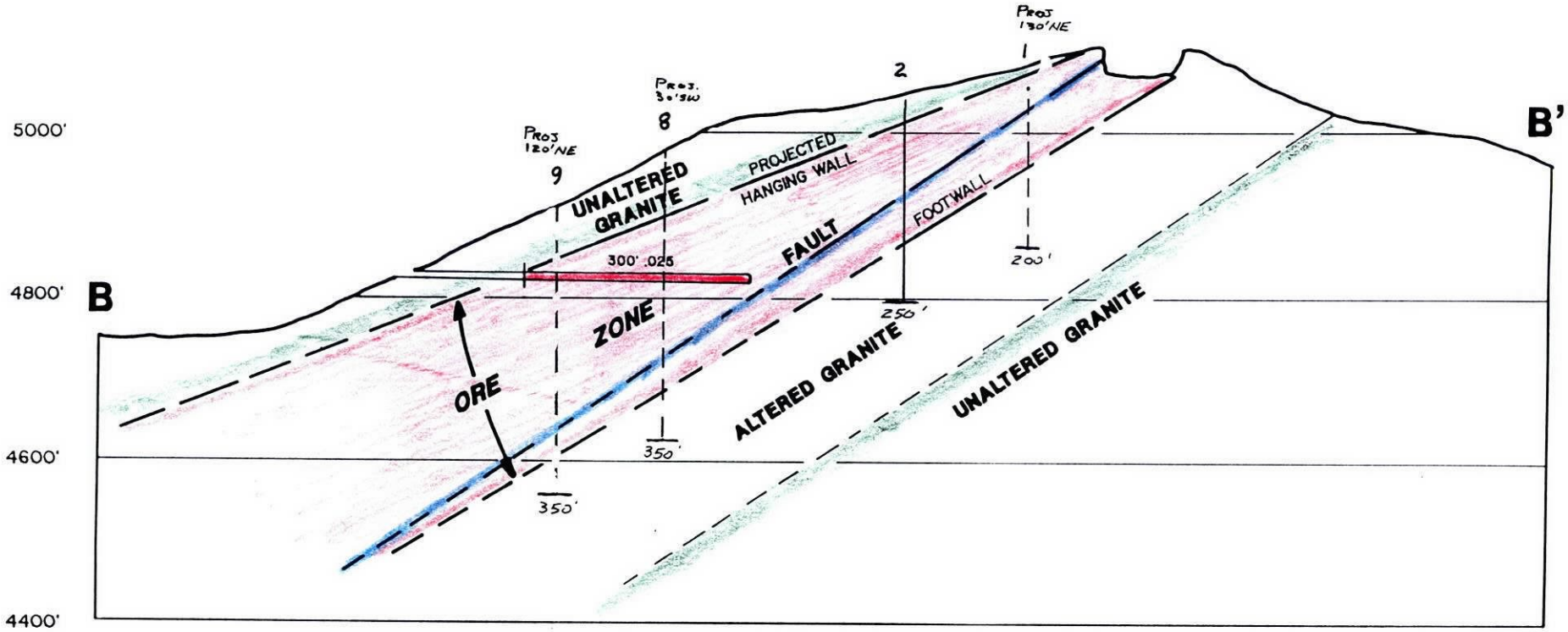



PROPOSED DRILL HOLES

**SECTION A - A'**
**YARNELL PROJECT**

0 200'

ALL HOLES PROJECTED TO SECTION ARE DASHED




PROPOSED DRILL HOLES

**SECTION B - B'**
**YARNELL PROJECT**

0 200'

ALL HOLES PROJECTED TO SECTION ARE DASHED

# ASARCO

JDS

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

March 16, 1989

Mr. Christopher Moat, President
Norgold Resources, Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C. V6B 4N6
Canada

Western Building Monthly
Payment
Yarnell Project
Yavapai County, AZ

Dear Mr. Moat:

Enclosed is the Asarco check for $1,000 U.S. to reimburse Norgold for your payment of $1,000 U.S. to Mr. A.J. Roman of Western Building and Mining Co., Inc., as per Article 7 of the Norgold-Asarco Agreement dated January 12, 1989.

Asarco will continue the monthly payment to Western Building & Mining Co., Inc., Mr. A.J. Roman, President, starting April 1, 1989, and continuing as per Article 4 of the Norgold-Western Building Agreement of December 30, 1988. A copy of this action will be sent to Norgold as confirmation.

Sincerely,

James D. Sell

James D. Sell

JDS:mek
Enc.

cc: W.L. Kurtz
C.L. Snow

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

VOUCHER NO. 3-200 DATE Mar 1989

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

Per enclosed letter $1,000.00 US

DETACH BEFORE PRESENTING FOR PAYMENT

ASARCO

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

91-2/1221

No. 0030533

DOWNTOWN OFFICE
THE VALLEY NATIONAL BANK
TUCSON, ARIZONA

March 17, 1989

PAY The sum of $1,000 and 00 cts $1,000.00US

TO THE ORDER OF

NORGOLD RESOURCES, INC.
CHRISTOPHER MOAT
P O Bx 12122
Vancouver, B.C. V6B 4N6

ASARCO INCORPORATED
TUCSON OFFICE

⑈030533⑈ ⑆122100024⑆ 2000⑈0673⑈

ASARCO PD 1
REVISED 1/1/58

# PURCHASE ORDER

ASARCO
~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

DATE: 3/16/89
ORDER NO.: T-71-9

PLANT JOB NO.:

APPROPRIATION NO.:

REQUISITION NO.:

To: Universal Drilling
P.O. Box 593
Yarnell, AZ 85362

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT

SHIP VIA

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
| | | Universal Drilling Inc., hereinafter referred to as the CONTRACTOR, will make Drill Pads and do any road work at Asarco's Yarnell Project in Arizona as directed by Asarco's representative(s) at the job site. Payment for work performed will be as billed once approved by Asarco's representative at the job site.<br><br>CONTRACTOR will provide all necessary materials and equipment to complete the required work.<br><br>Mobilization of CONTRACTOR's equipment will commence no earlier than March 18, 1989.<br><br>It is understood by both parties to this order that CONTRACTOR will perform all work in a diligent and workman-like manner and in accordance with recognized standard drilling practices. Asarco will not be charged for delays caused by failure of CONTRACTOR's equipment or personnel.<br><br>CONTRACTOR and his personnel will make every effort to minimize disturbance of the natural environment, and drill crews will establish and maintain sanitation systems which are acceptable to Asarco and which comply with standards set by any government agency whether federal, state, county, or municipal which has jurisdiction over the site area.<br><br>CONTRACTOR's particular attention is called to Clause Eleven (11) on the reverse of this order. Before entering upon Asarco's property to perform this work, CONTRACTOR will submit acceptable evidence of compliance with the Workmen's Compensation Laws of the State of Arizona, and, on Asarco's standard insurance form or your own similar form, acceptable evidence of other required insurance. | | |

☞ *IMPORTANT*

*Attached Acknowledgment Card must be completed and returned promptly.*

Orig. & Acknowledgment Copy: Universal Drilling
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

James D. Sell

J.D. Sell, Manager, SWED

## INSTRUCTIONS

**INVOICE:** Priced invoices in the requisite number giving the correct purchase order and requisition numbers, together with required Bills of Lading, must be forwarded on day of each shipment AS PER SPECIAL SHIPPING INSTRUCTIONS ACCOMPANYING THIS ORDER, otherwise delay in payment of account may result.

**TERMS:** As previously arranged or specified on this order. Care must be exercised to show cash discount, if allowed, on face of invoice.

## PROVISIONS

1. **ACCEPTANCE:** Acceptance of this order constitutes acceptance of all terms herein stated. All representations and warranties by the seller relating to the subject-matter of this order or its performance shall be binding on the seller as if fully set forth herein, and shall survive inspection and acceptance of the goods ordered. No acknowledgment or acceptance of this order or any other communication by the seller shall vary or add any terms or conditions to those contained herein and any such attempted modification or addition which is not accepted in writing by the buyer, shall be void and may be disregarded without further notice or disclaimer.

2. **PRICES:** This order must not be filled at higher prices than last quoted without authority of the buyer.

3. **SHIPMENTS:** All materials must be forwarded by the route designated and seller will be held strictly accountable for any deviation therefrom.

When the material covered by this order shall aggregate a carload shipment or more, the seller must forward in carload lots, unless duly authorized in writing by the buyer to ship in less than carloads. If this order aggregates less than a minimum carload, seller must forward the entire quantity at one time unless otherwise authorized in writing by the buyer.

When blocking or dunnage, etc., not constituting a part of the car are used to protect and make shipments secure in transit, seller must show on Bills of Lading, separately, the weights of such materials, provided the lading shall aggregate a minimum carload or more, and will be held responsible for failure to comply with this rule.

Shipments will not be considered as completed until Bill of Lading, or express or mail receipt is received.

4. **PACKING AND CARTAGE CHARGES:** No charge will be allowed for packing, boxing or cartage, unless agreed upon at the time of purchase; damage to any material not properly packed to insure adequate protection in transit will be charged to the seller. All packing must conform with tariff or classification requirements so as to secure lowest possible freight rates. It is understood the buyer will receive the benefit of any decrease in freight charges between time of quotation and date of shipment, where freight enters into the price originally quoted.

5. **QUALITY AND INSPECTION:** All material furnished must be as specified and will be subject to inspection and approval of buyer after delivery. The right is reserved to reject and return at the risk and expense of the seller such portion of any shipment which may be defective or fail to comply with the specifications without invalidating the remainder of the order. If rejected it may be held for disposition at the expense and risk of the seller.

6. **QUANTITY:** The specific quantity ordered must not be changed without buyer's permission in writing.

7. **NON-PERFORMANCE:** Buyer reserves the right to cancel this order or any portion of same if delivery is not made when and as specified, time being of the essence of this order, and charge seller for any loss entailed.

8. **PATENTS:** The seller hereby guarantees the buyer against all losses of profits, damages, or both, resulting from any patent infringement by reason of purchasing or using goods covered by this order, or by reason of any loss suffered in not being able, without liability, to use such goods. This guarantee also includes the reimbursement to the buyer of all litigation costs which it may suffer as the result of any suit respecting the purchase or use of such goods, in addition to the recoveries which may be secured against it of profits and/or damages.

**GENERAL:**

9. The material on this order must be furnished only by the person or firm to whom the order is addressed unless otherwise authorized by the buyer.

10. No drafts for purchases made will be honored unless by agreement.

11. If it becomes necessary for the seller or any agent, contractor, or employee thereof to enter upon the property of the buyer in order to construct, inspect or deliver hereunder, the seller hereby agrees to protect the buyer's property and all persons thereon from injury, damage or loss, and the seller shall save harmless and indemnify the buyer from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of the buyer, which is in any way caused by or connected with or grows out of the performance hereunder by the seller or any agent, contractor or employee thereof; provided however that the seller shall not be required to indemnify the buyer against any loss caused solely by the negligence or willful fault of the buyer or its employees. If the seller performs any work hereunder knowing it to be contrary to any local law, ordinance, rule and regulation, the seller shall bear all costs arising therefrom. Seller to carry Liability Insurance and to carry Workmen's Compensation Insurance as provided by the laws of the State in which the work is performed and further, is to obtain a certificate for same, which is to be furnished for the file of the buyer. If for any reason the seller's or any subcontractor's employees or agents may acquire a status imposing liability on the buyer for employer's contributions or taxes under the Federal Social Security Act or under any State Unemployment Insurance, Old Age Benefit, or similar Acts, the seller shall be exclusively liable for, and shall indemnify the buyer against, the same and does agree to comply with all laws and regulations so as to relieve the buyer from any and all liability therefor or the responsibility of making any reports or keeping any records with respect thereto.

12. In accepting this order the seller certified that these goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of the regulations and orders of the United States Department of Labor issued under Section 14 thereof. It will be necessary in order for us to honor your future invoices to us that the above clause or a substantial equivalent thereof appear on your invoices.

13. By acceptance of this order, seller warrants that the prices specified do not exceed the maximum prices established under any applicable United States law or regulation thereunder.

ASARCO PD 1
REVISED 1/1/58

ACKNOWLEDGMENT

# PURCHASE ORDER

ASARCO

~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

DATE: 3/16/89

ORDER NO.: T-71-9

PLANT JOB NO.:

APPROPRIATION NO.:

REQUISITION NO.:

To: Universal Drilling
P.O. Box 593
Yarnell, AZ 85362

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT

SHIP VIA

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
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☞ *IMPORTANT*

*Attached Acknowledgment Card must be completed and returned promptly.*

Orig. & Acknowledgment Copy: Universal Drilling
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

James D. Sell

J.D. Sell, Manager, SWED

## INSTRUCTIONS

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**TERMS:** As previously arranged or specified on this order. Care must be exercised to show cash discount, if allowed, on face of invoice.

## PROVISIONS

1. **ACCEPTANCE:** Acceptance of this order constitutes acceptance of all terms herein stated. All representations and warranties by the seller relating to the subject-matter of this order or its performance shall be binding on the seller as if fully set forth herein, and shall survive inspection and acceptance of the goods ordered. No acknowledgment or acceptance of this order or any other communication by the seller shall vary or add any terms or conditions to those contained herein and any such attempted modification or addition which is not accepted in writing by the buyer, shall be void and may be disregarded without further notice or disclaimer.

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When blocking or dunnage, etc., not constituting a part of the car are used to protect and make shipments secure in transit, seller must show on Bills of Lading, separately, the weights of such materials, provided the lading shall aggregate a minimum carload or more, and will be held responsible for failure to comply with this rule.

Shipments will not be considered as completed until Bill of Lading, or express or mail receipt is received.

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6. **QUANTITY:** The specific quantity ordered must not be changed without buyer's permission in writing.

7. **NON-PERFORMANCE:** Buyer reserves the right to cancel this order or any portion of same if delivery is not made when and as specified, time being of the essence of this order, and charge seller for any loss entailed.

8. **PATENTS:** The seller hereby guarantees the buyer against all losses of profits, damages, or both, resulting from any patent infringement by reason of purchasing or using goods covered by this order, or by reason of any loss suffered in not being able, without liability, to use such goods. This guarantee also includes the reimbursement to the buyer of all litigation costs which it may suffer as the result of any suit respecting the purchase or use of such goods, in addition to the recoveries which may be secured against it of profits and/or damages.

**GENERAL:**

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10. No drafts for purchases made will be honored unless by agreement.

11. If it becomes necessary for the seller or any agent, contractor, or employee thereof to enter upon the property of the buyer in order to construct, inspect or deliver hereunder, the seller hereby agrees to protect the buyer's property and all persons thereon from injury, damage or loss, and the seller shall save harmless and indemnify the buyer from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of the buyer, which is in any way caused by or connected with or grows out of the performance hereunder by the seller or any agent, contractor or employee thereof; provided however that the seller shall not be required to indemnify the buyer against any loss caused solely by the negligence or willful fault of the buyer or its employees. If the seller performs any work hereunder knowing it to be contrary to any local law, ordinance, rule and regulation, the seller shall bear all costs arising therefrom. Seller to carry Liability Insurance and to carry Workmen's Compensation Insurance as provided by the laws of the State in which the work is performed and further, is to obtain a certificate for same, which is to be furnished for the file of the buyer. If for any reason the seller's or any subcontractor's employees or agents may acquire a status imposing liability on the buyer for employer's contributions or taxes under the Federal Social Security Act or under any State Unemployment Insurance, Old Age Benefit, or similar Acts, the seller shall be exclusively liable for, and shall indemnify the buyer against, the same and does agree to comply with all laws and regulations so as to relieve the buyer from any and all liability therefor or the responsibility of making any reports or keeping any records with respect thereto.

12. In accepting this order the seller certified that these goods were produced in compliance with all applicable requirements of Sections 6, 7 and 12 of the Fair Labor Standards Act of 1938, as amended, and of the regulations and orders of the United States Department of Labor issued under Section 14 thereof. It will be necessary in order for us to honor your future invoices to us that the above clause or a substantial equivalent thereof appear on your invoices.

13. By acceptance of this order, seller warrants that the prices specified do not exceed the maximum prices established under any applicable United States law or regulation thereunder.

ASARCO PD 1
REVISED 1/1/58

ACKNOWLEDGMENT

# PURCHASE ORDER

ASARCO
~~American Smelting And Refining Co.~~

TUCSON OFFICE
P. O. BOX 5747

1150 NORTH 7TH AVENUE
TUCSON, ARIZONA 85703

DATE: 3/16/89

ORDER NO.: T-71-9

PLANT JOB NO.:

APPROPRIATION NO.:

REQUISITION NO.:

To: Universal Drilling
P.O. Box 593
Yarnell, AZ 85362

FINAL DESTINATION — PLEASE NOTE CONSIGNMENT BELOW

DATE REQUIRED AT DESTINATION:

CONSIGNMENT — SELLER WILL SHIP TO

SHIPPING INTERVAL PROMISED:

SELLER WILL SHIP BEFORE:

POINT OF SHIPMENT:

TERMS:

— RENDER BILLS AS PER ATTACHED SHIPPING INSTRUCTIONS —

F.O.B. POINT:

SHIP VIA:

| QUANTITY | UNIT | SPECIFICATIONS | ITEM NO. | UNIT PRICE |
|---|---|---|---|---|
| | | Universal Drilling Inc., hereinafter referred to as the CONTRACTOR, will make Drill Pads and do any road work at Asarco's Yarnell Project in Arizona as directed by Asarco's representative(s) at the job site. Payment for work performed will be as billed once approved by Asarco's representative at the job site.<br><br>CONTRACTOR will provide all necessary materials and equipment to complete the required work.<br><br>Mobilization of CONTRACTOR's equipment will commence no earlier than March 18, 1989.<br><br>It is understood by both parties to this order that CONTRACTOR will perform all work in a diligent and workman-like manner and in accordance with recognized standard drilling practices. Asarco will not be charged for delays caused by failure of CONTRACTOR's equipment or personnel.<br><br>CONTRACTOR and his personnel will make every effort to minimize disturbance of the natural environment, and drill crews will establish and maintain sanitation systems which are acceptable to Asarco and which comply with standards set by any government agency whether federal, state, county, or municipal which has jurisdiction over the site area.<br><br>CONTRACTOR's particular attention is called to Clause Eleven (11) on the reverse of this order. Before entering upon Asarco's property to perform this work, CONTRACTOR will submit acceptable evidence of compliance with the Workmen's Compensation Laws of the State of Arizona, and, on Asarco's standard insurance form or your own similar form, acceptable evidence of other required insurance. | | ACCEPTED FOR: UNIVERSAL DRILLING<br>By: [signature] |

☞ *IMPORTANT*

*Attached Acknowledgment Card must be completed and returned promptly.*

Orig. & Acknowledgment Copy: Universal Drilling
cc: JD Sell, WD Gay, Acctg. Dept., File

PLEASE ENTER OUR ORDER FOR THE ITEMS SPECIFIED ABOVE, SUBJECT TO ALL INSTRUCTIONS AND PROVISIONS ON REVERSE SIDE.

[signature]
J.D. Sell, Manager, SWED

T-4.4.9

**ASARCO**

Southwestern Mining Department

March 17, 1989

Mr. James Sell
Exploration Department
Tucson Office

Dear Jim:

Regarding your inquiry about Asarco liability insurance be advised as follows:

| | |
|---|---|
| Liability Limits | $100 Million |
| Insurer | X. L. Insurance Co. |
| Term | 3/15/89 - 3/14/90 |
| Renewal | Annually |

I believe this coverage should prove adequate for your needs.

Very truly yours,

G. H. Myers
Accounting Manager

GHM/kh

FYI - you Lorne

# NORGOLD RESOURCES INC.

ASARCO INCORPORATED
P.O. Box 5747
1150 North 7th Avenue
Tucson, Arizona

March 17, 1989

Attention: W.L. Kurtz

---

Further to our recent telephone conversation we confirm having paid U.S. $ 1,000 to Western Building and Mining Co., on the 1st of March, 1989.

Please forward copies of your insurance coverage on the Yarnell Project and Asarco's most recent Annual Report to Western Building and Mining Co. and the undersigned.

Yours Truly,

March 17 to AD Romen w/AR & insurance

MEK → to Norgold when AR's are available
See my note of March 17.

Christopher S. Moat
President

RECEIVED
MAR 27 1989
EXPLORATION DEPARTMENT

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

JDS

3/17/89

FROM: J. D. SELL

TO: Chris Moat

I hope you find the letter satisfactory.

The 1988 AR's are not yet out for bulk distribution (only stockholders), so I sent Mr. Forman my copy. Will send you an AR when the extra's get in.

J. Sell

# ASARCO

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

March 17, 1989

Mr. A.J. Roman, President
Western Building and Mining Co., Inc.
P.O. Box 4006
Reading, PA 19606

Yarnell Property
Yavapai County, AZ

Dear Sir:

Mr. Christopher Moat of Norgold has asked that I send a memo to you concerning the operations Asarco plans to conduct on your property at Yarnell, Arizona.

Asarco has made an agreement with Norgold and after a mapping and sampling program will now start a 5-8 hole preliminary test on the property. This drilling will start the week of March 20, 1989.

Asarco thanks you and Jack Yanuzzi for the verbal permission to use a portion of the house during our drilling and subsequent evaluation program.

For your interest I am sending a copy of the 1988 Annual Report of Asarco and also a letter of insurance information which Asarco carries for its activities such as at Yarnell, AZ.

Thank you again for your interest and help with this project. The monthly payment of $1000 due you through your Norgold agreement has been assumed by Asarco, and such monthly check will be mailed before the first of April and in subsequent months.

Any further project information will be available from Norgold.

Sincerely,

James D. Sell

JDS:mek
Atts.

cc: W.L. Kurtz (w/o atts.)
C. Moat - Norgold (w/o atts.)
M.A. Miller (w/o atts.)

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

T-4.4.9

**ASARCO**

Southwestern Mining Department

March 17, 1989

Mr. James Sell
Exploration Department
Tucson Office

Dear Jim:

Regarding your inquiry about Asarco liability insurance be advised as follows:

| | |
|---|---|
| Liability Limits | $100 Million |
| Insurer | X. L. Insurance Co. |
| Term | 3/15/89 - 3/14/90 |
| Renewal | Annually |

I believe this coverage should prove adequate for your needs.

Very truly yours,

G. H. Myers
Accounting Manager

GHM/kh

March 17, 1989

To

Date Time

**WHILE YOU WERE OUT**

M Che Moat

of Woo

Phone 604-681-5566

Area Code Number Extension

| | | | |
|---|---|---|---|
| TELEPHONED | | PLEASE CALL | |
| CALLED TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | URGENT | |
| RETURNED YOUR CALL | | | |

Message

Operator

AMPAD EFFICIENCY

23-000 50 SHT. PAD
23-001 250 SHT. DISPENSER BOX

1. AS Roman
Send letter of insurance
on program.
Send last Annual Report.

did so

also send copy of
insurance &
AR to Norgold

**ASARCO**

**Southwestern Exploration Division**

JDS

March 17, 1989

FILE NOTE

YAR-Series Claims
Yarnell Project
Yavapai County, AZ

Joe Shearer called 3/17/89 to report that he has completed the YAR-1 through YAR-30 claims covering all the open ground around the Yarnell Project area.

A final map is forthcoming.

James D. Sell

JDS:mek

James D. Sell

cc: W.L. Kurtz
M.A. Miller

**ASARCO**

**Southwestern Exploration Division**

March 21, 1989

FILE NOTE

House on Yarnell Mine Property

Jack Yanuzzi has allowed the use of the house on the property during our round of drilling. After that time (±3 weeks) we may need to negotiate some type of agreement if Jack allows us to stay. All phone calls will be on Credit Card. Some expense will be incurred to pay Hobart Randall to re-plumb the house. I told Jack we would compensate Hobart for his work.

Meter readings on March 11, 1989 are:

| Water Pump | House | Gas |
|---|---|---|
| 38286 | 79715 | 50% |

Jack will send us the bills when he receives them.

MAM:mek

Mark A. Miller

cc: J.D. Sell
W.L. Kurtz

JDS

**JOSEPH E. SHEARER**
**CONSULTING GEOLOGIST**
**6821 EAST BAKER STREET**
**TUCSON, ARIZONA 85710-2228**

**(602) 296-8837**

March 22, 1989

ASARCO INCORPORATED
Exploration Department
Southwestern U.S. Division
P.O. Box 5747
Tucson, AZ 85703

Attn: Mr. Jim Sell, Exploration Mgr. SW US

Dear Jim:

By this letter I am billing Asarco for expenses plus fee for the location of the 30 YAR Lode Mining Claims and map preparation on the Yarnell, Arizona area, more specifically Sections 14 & 23; T. 10 N., R. 5 W., G&SRB&M.

This includes having John Stitzer do 3 days field survey to locate existing claim corners, claim fractions, survey corners and starting corners for staking. Four additional men were used in the location of the Yar claims. Attached are invoices from S & S Surveys, Inc. and T & S Enterprises. The other 2 mens time is included in my costs.

The following expenses were incurred during the project:

| | |
|---|---|
| Tom Heiman - 60 hours @ $5.00/hr. ..... | $300.00 |
| Joe Terrill - 4 days @ $200.00/day ..... | 800.00 |
| Mileage - 520 miles @ $0.50 ..... | 260.00 |
| Motel - five nights ..... | 337.25 |
| Meals - five days ..... | 298.55 |
| Supplies - posts, tags and etc..... | 129.97 |
| Notice recording fee - Yavapai County ..... | 270.00 |
| Filing fee - BLM ..... | 300.00 |
| Copies and postage ..... | 20.53 |
| Total expenses | $2,716.30 |

| | |
|---|---|
| S & S Survey invoice ..... | $1,405.00 |
| T & S Enterprises invoice ..... | $355.00 |
| My Fee - Six (6) days field @ $400/day ... | $2,400.00 |
| Four (4) days office @ $300/day ... | 1,200.00 |
| Total billing ... | $8,076.30 |
| | + 2,231.51 on March 2 |
| | 10,307.81 |

Respectfully submitted

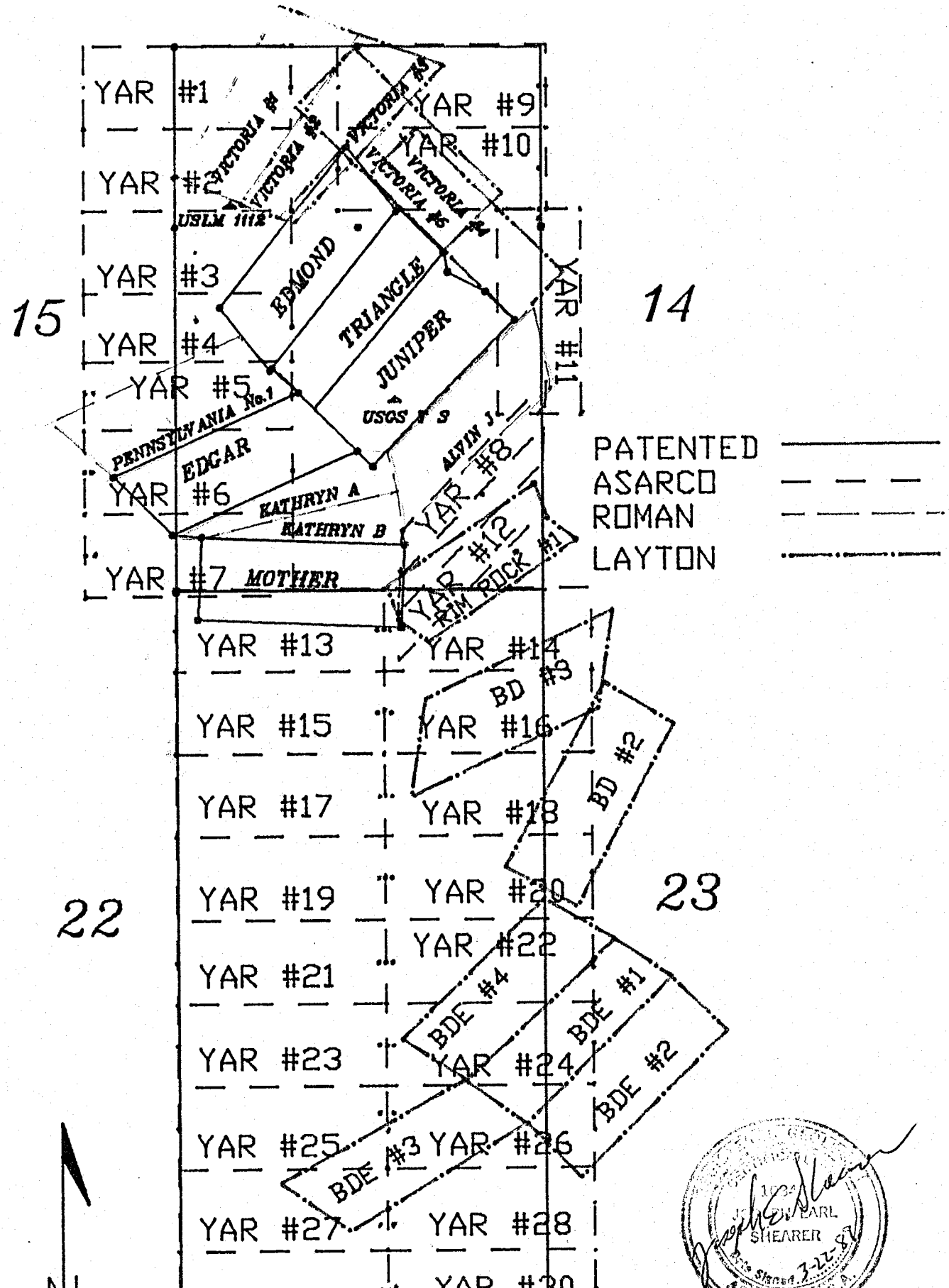
Joseph E. Shearer

Joseph E. Shearer

OK for Payment
James W. Sell.
EA-0444
Yarnell Project

SECTION 14; T 10 N, R 5 W

STATE LAND



# ASARCO

JDS

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

CERTIFIED MAIL
RETURN RECEIPT

March 23, 1989

Mr. A.J. Roman, President
Western Building & Mining Co., Inc.
P.O. Box 4006
Reading, PA 19606

Western Building Monthly
Payment
Yarnell Project
Yavapai County, AZ

Dear Mr. Roman:

Enclosed is the Asarco check for $1,000 U.S. for the monthly payment of April 1, 1989, due Western Building as per Article 4 of the Norgold Resources, Inc. - Western Building and Mining Co., Inc. Agreement dated December 30, 1988.

Sincerely,

James D. Sell

James D. Sell

JDS:mek
Enc.

cc: W.L. Kurtz
C.L. Snow
C. Moat - Norgold

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

VOUCHER NO. 3-229 DATE March 1989

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

Per enclosed letter $1,000.00

DETACH BEFORE PRESENTING FOR PAYMENT

ASARCO

DOWNTOWN OFFICE
THE VALLEY NATIONAL BANK
TUCSON, ARIZONA

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

91-2/1221

No. 0030569

March 23, 1989

PAY The sum of $1,000 and 00 cts $1,000.00

TO THE ORDER OF

ASARCO INCORPORATED
TUCSON OFFICE

Mildred C. Koeppen

Western Building & Mining Co., Inc.
P. O. Box 4006
Reading, PA 19606

⑈030569⑈ ⑆122100024⑆ 2000⑈0673⑈

JDS

**ASARCO**

**Southwestern Exploration Division**

March 27, 1989

W.L. Kurtz

Yarnell Assays
Yavapai County, AZ

Mark called in the following values:

| | |
|---|---|
| Yarnell Site 1 | 5-100', 95' @ 0.037 opt stope<br>120-125', 5' @ 0.062<br>Ziltch below to 220 TD tho "looked good" to 200'. |
| Yarnell Site 2 | 45-100', 155' @ 0.042 (but held up by 3 or 4 0.1+ assays, and most others are 0.02 or less values). Thought it looked good to 350 TD. |
| Yarnell Site 4 | 100-205', 105' @ 0.011 (thought it looked good to 440 TD). |

Finished Yarnell Site 5 - No assays yet.

Rig and crew being changed out 3/27/89. Will be starting Yarnell site 6, then 3, then 8, then ? (monies running out).

Norgold to be in Yarnell on Thursday - Page & Philpot.

But, remember that 3000 feet of drilling has to be completed for the option.

James D. Sell

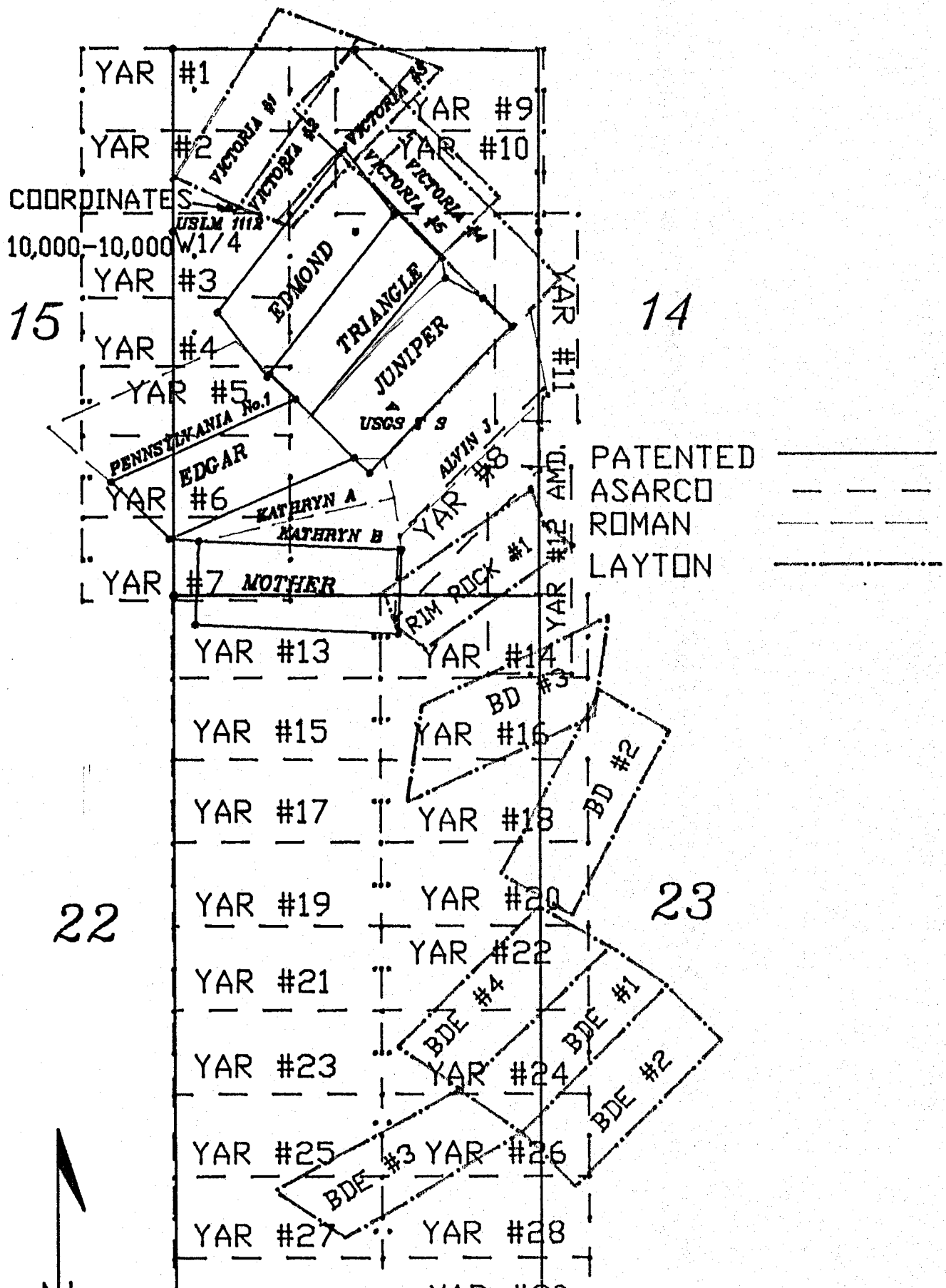
JDS:mek

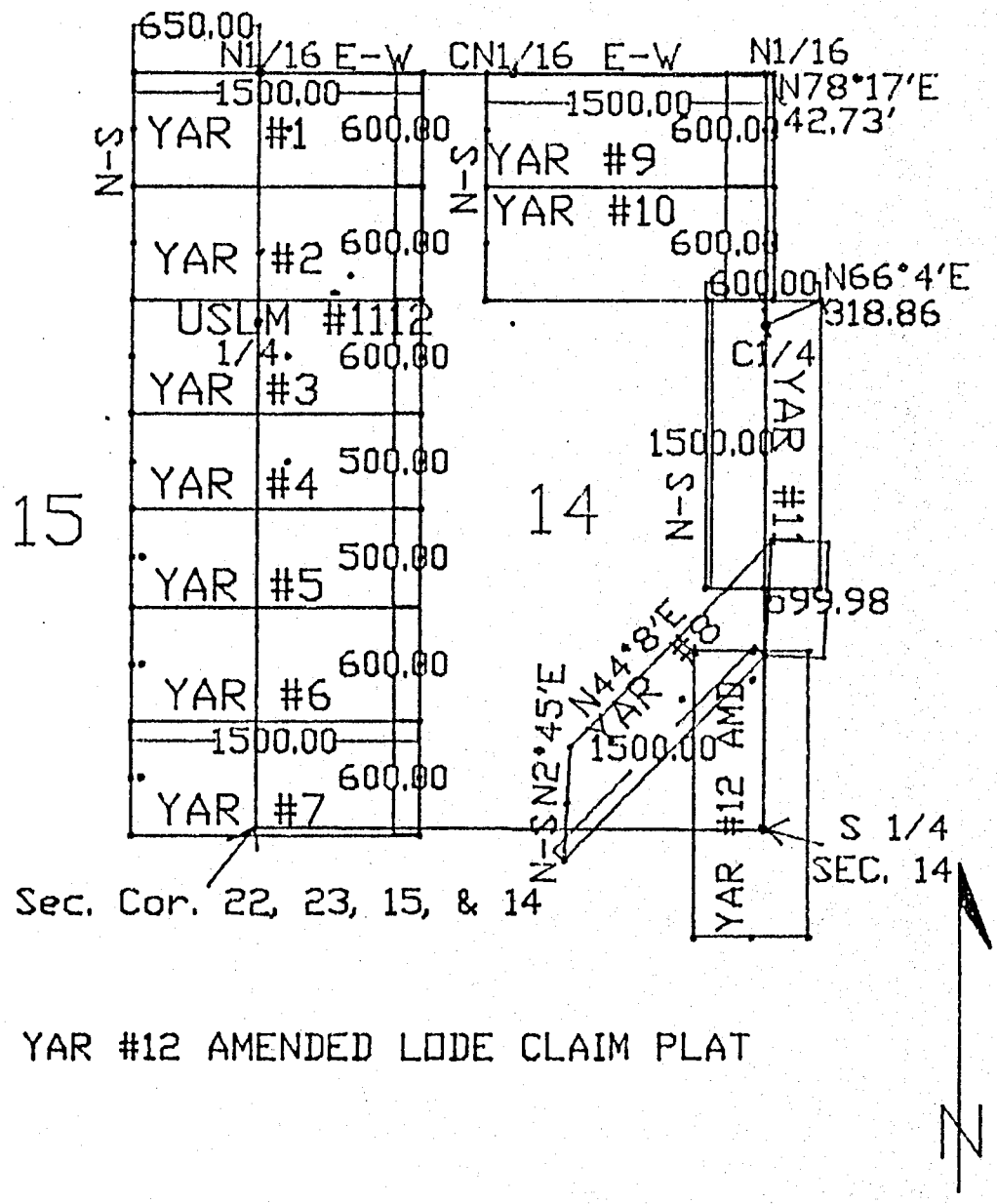
James D. Sell

cc: M.A. Miller

SECTION 14; T 10 N, R 5 W

STATE LAND






YAR #12 AMENDED LODE CLAIM PLAT

Sections 14 & 15, T 10 N, R 5 W, G&SRB&M

Yarnell Mining District
Yavapai County, Arizona

The Corner, End-Center and Location Mounments are 2"X2" wooden posts extending 4' above ground.

The bearings and distants between claim corners and to permanent monuments are as depicted on map.

SCALE: 1" = 1,000'

J. D Sell

4/7/89

Think we should do immediately these cyanide bottle roll tests on Yarnell drill rejects:

| | | |
|---|---|---|
| YM-5 | 290-295 | .061 |
| YM-8 | 230-235 | .044 |
| YM-2 | 145-150 | .027 |

Perhaps Triad could put these on UPS to Tucson Office than Skyline or KD could do the work. Guess I'd go with 24 hour bottle roll test. Good to have this info before we start new drill program.

4/7/89 called & he will pull & send to office.

PS. He also does the bottle roll tests.

JDS → MAM – please direct your memos, ltrs, etc to JD Sell for whom you work with copy to me if you think it is required.
WLK 4/7/89

**ASARCO**

Southwestern Exploration Division

April 5, 1989

W.L. Kurtz

Check Sampling of Pulps
Yarnell Project

Fourteen pulps have been selected from the bunch to check through Skyline Labs. They are listed below with Triad Assay values.

| Hole # | Interval | Triad (opt) | Skyline |
|---|---|---|---|
| YM-1 | 15-20 | .041 | |
| | 80-85 | .094 | |
| YM-2 | 145-150 | .027 ← Triad to pull rejects & send to Tucson for bottle roll test. | |
| | 175-180 | .124 | |
| YM-3 | 135-140 | .031 | |
| | 165-170 | .068 | |
| YM-4 | 285-290 | .016 | |
| | 300-305 | .026 | |
| YM-5 | 275-280 | .013 | |
| | 285-290 | .065 | |
| | 290-295 | 0.041 ← | |
| YM-6 | 155-160 | .017 | |
| | 175-180 | .155 | |
| YM-7 | 165-170 | .034 | |
| | 185-190 | .02 | |
| YM-8 | 230-235 | 0.044 ← | |

These will be assayed by fire assay with gravimetric finish. I will also be including Asarco standards that Triad ran.

| Hole # | Interval | Asarco (opt) | Triad | Skyline |
|---|---|---|---|---|
| YM-2 | 218-221 | .02 | .003 | |
| YM-7 | 151-153 | .006 | .004 | |
| YM-3 | 121-123 | .006 | .004 | |

Mark A. Miller

MAM:mek

cc: J.D. Sell

**ASARCO**

**Southwestern Exploration Division**

April 5, 1989

W.L. Kurtz

Check Sampling of Pulps
Yarnell Project

Fourteen pulps have been selected from the bunch to check through Skyline Labs. They are listed below with Triad Assay values.

| Hole # | Interval | Triad (opt) | Skyline |
|---|---|---|---|
| YM-1 | 15-20 | .041 | |
| | 80-85 | .094 | |
| YM-2 | 145-150 | .027 | |
| | 175-180 | .124 | |
| YM-3 | 135-140 | .031 | |
| | 165-170 | .068 | |
| YM-4 | 285-290 | .016 | |
| | 300-305 | .026 | |
| YM-5 | 275-280 | .013 | |
| | 285-290 | .065 | |
| YM-6 | 155-160 | .017 | |
| | 175-180 | .155 | |
| YM-7 | 165-170 | .034 | |
| | 185-190 | .02 | |

These will be assayed by fire assay with gravimetric finish. I will also be including Asarco standards that Triad ran.

| Hole # | Interval | Asarco (opt) | Triad | Skyline |
|---|---|---|---|---|
| YM-2 | 218-221 | .02 | .003 | |
| YM-7 | 151-153 | .006 | .004 | |
| YM-3 | 121-123 | .006 | .004 | |

Mark A. Miller

MAM:mek

cc: J.D. Sell

**ASARCO**

Southwestern Exploration Division

April 3, 1989

R.L. Brown
New York

M.A. Miller
Monthly Report
March 1989

Yarnell Project, Yavapai County, AZ

The entire month was spent working on the Yarnell Project in the preparation for drilling and finally the completion of 9 drill holes. Drilling began on March 20 and ended on April 1, 1989, with 8 holes completed during the month. The last portion of the drilling is pending, but results received to date are summarized below:

| Hole # | Footage | Assay Results |
|---|---|---|
| 1 | 5-100 | 95' @ .037 |
| 2 | 45-200 | 155' @ .03 |
| 4 | 100-205 | 105' @ .011 |
| 5 | 195-355 | 160' @ .031 |
| 6 | 135-180 | 45' @ .035 |
| 7 | 160-230 | 70' @ .051 |

See WLK memo April 6 to show better interpretation of data.

These intervals are preliminary and subject to modifications. Assays for holes 3, 8 & 9 are pending. A report will be submitted with recommendations for further work once all assays are received and some of the intervals checked.

Gold Prince Mine, Dos Cabezas District, Cochise County, AZ

One day was spent reviewing Queenstake's data on the Gold Prince Mine. They have developed approximately 50,000T at .3 opt. District potential is probably ±250,000T at an average grade of .3 opt Au, all underground. This is probably too small for Asarco and I informed Tim Pearson, Project Geologist, that we would not be interested at this time.

| Field Days | Office Days | Expense Account | Vehicle Expense |
|---|---|---|---|
| 14 | 12 | $1057.84 | $300 |

Mark A. Miller

MAM:mek

cc: W.L. Kurtz
J.D. Sell

**ASARCO**

**Exploration Department**
Western USA

April 6, 1989

R.L. Brown
New York Office

Yarnell Project
Arizona
Drill Progress

Nine vertical drill holes totaling 3,030 feet of reverse circulation hammer drilling have been completed at the Yarnell Project, a gold property held by Norgold Resources, and in which Asarco can earn a 51% interest.

Gold mineralization is controlled by the Yarnell Fault, a 25-35 degree northwesterly dipping structure in granitic rocks. The eight holes for which assays have been completed indicate true thicknesses of the >.04 oz/t gold vary from 12 feet to 85 feet of oxidized material that has a weighted average of .048 oz/t gold. Six of the holes encountered old stopes.

The attached map and two sections at a scale of one inch equals 200 feet indicate the progress to date. Though the sections suggest a moderate waste to ore ratio, the potential mineralized areas to the northeast, southwest, and east have more favorable ratios. Also, two of eight holes had lower grade (80' @ .027 and 195' @ .021) sections on top of the plus .04 zone suggesting that a portion of the overburden may constitute low grade ore.

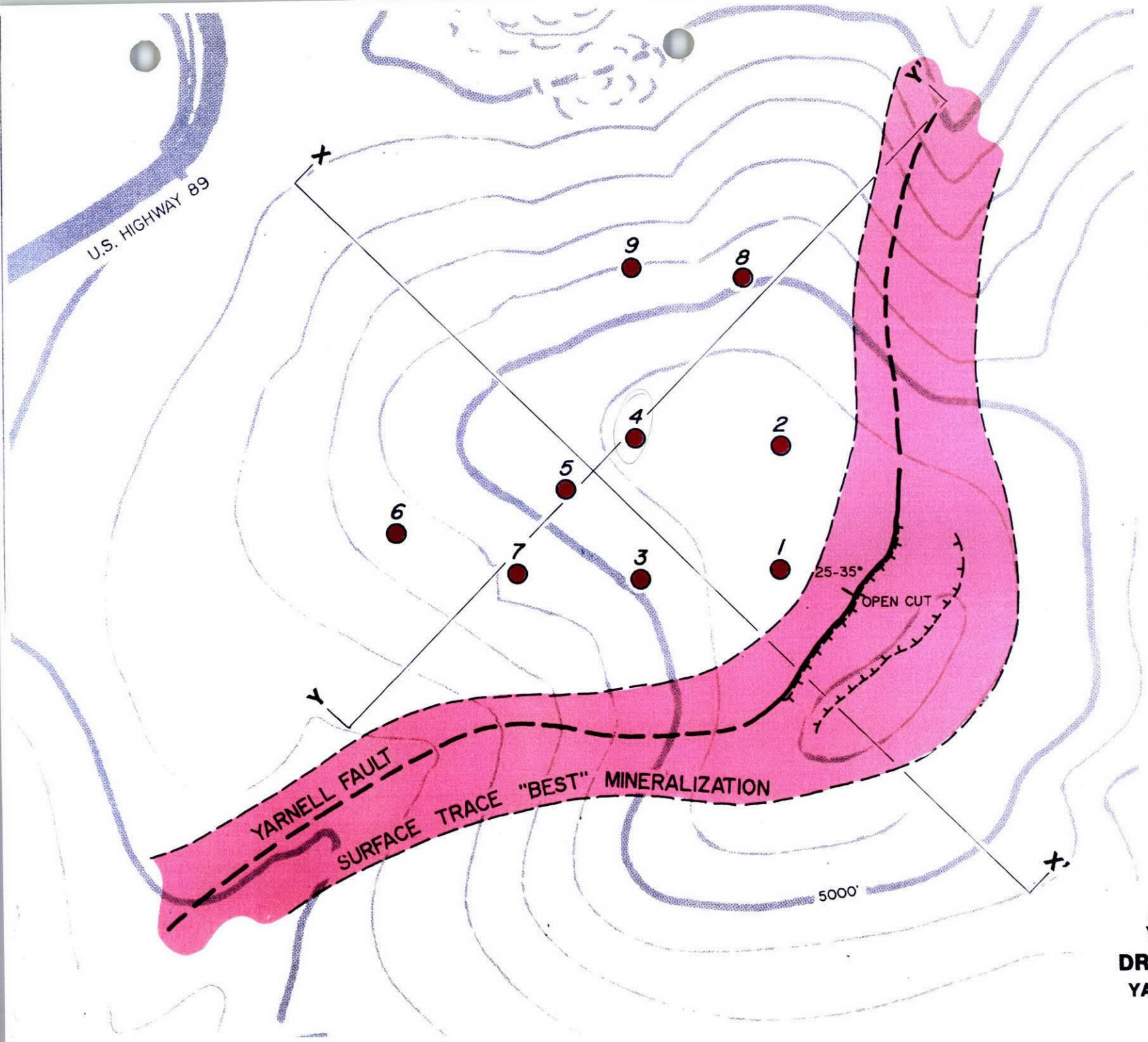
The possibility of developing at least four million tons appears good.

W. L. Kurtz

W. L. Kurtz

WLK:mek
Att.: Plan
Section X-X' and Y-Y'

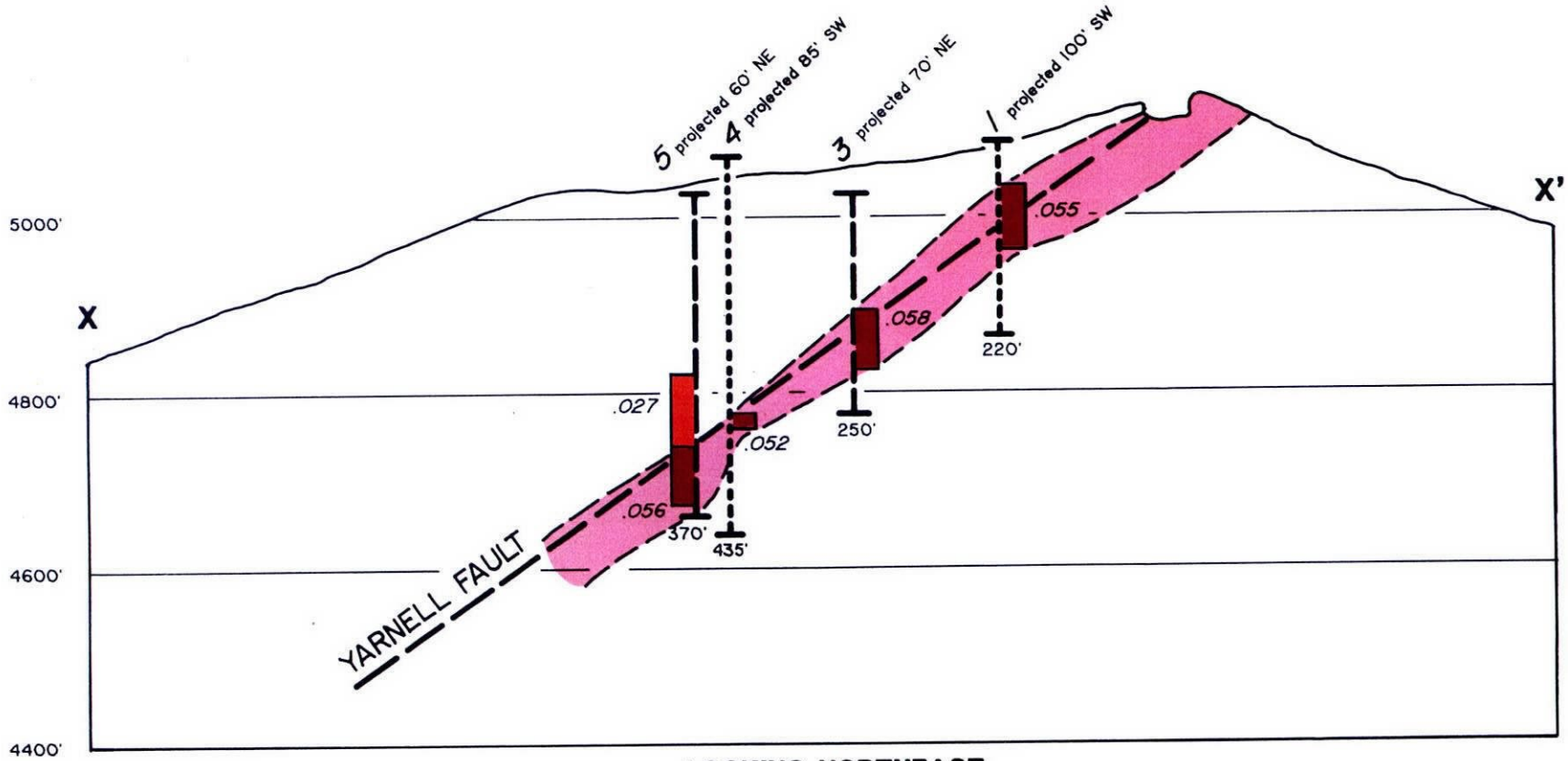
cc: J.D. Sell
M.A. Miller




| HOLE | FOOTAGE | INTERVAL | Au opt |
|---|---|---|---|
| 1 | 55-125' | 70' | .055 |
| 2 | 140-245' | 105' | .042 |
| 3 | 130-200' | 70' | .058 |
| 4 | 295-310' | 15' | .052 |
| 5 | 205-285' | 80' | .027 |
| | 285-355' | 70' | .056 |
| 6 | 150-180' | 30' | .041 |
| 7 | 165-225' | 60' | .042 |
| 8 | 30-225' | 195' | .021 |
| | 225-275' | 50' | .041 |

**ASARCO Incorporated**
**YARNELL PROJECT**
**DRILLING PROGRESS**
**YAVAPAI CO. ARIZONA**

0 200'

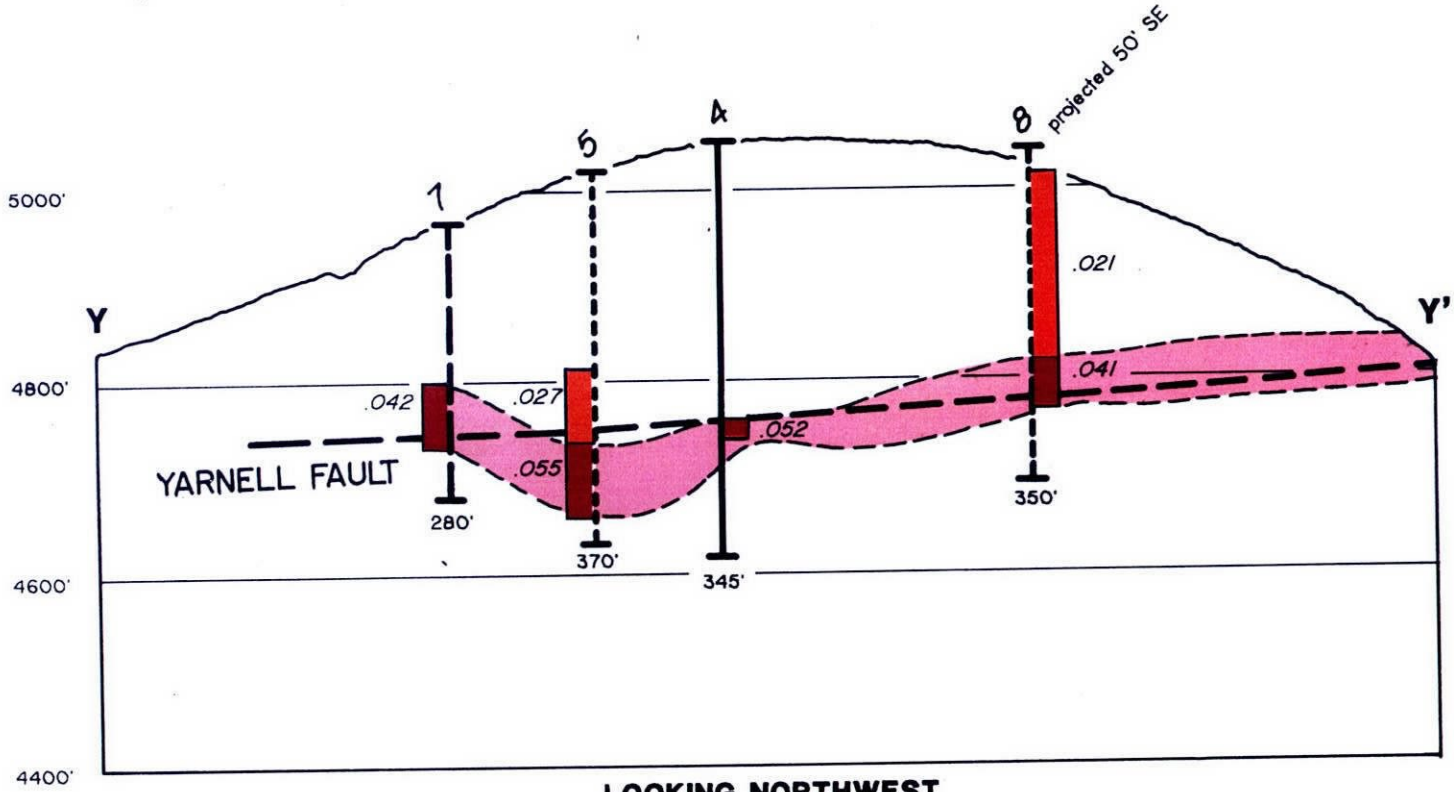



**LOOKING NORTHEAST**

**ASARCO Incorporated**
**YARNELL PROJECT**
**SECTION X - X'**
**YAVAPAI CO. ARIZONA**

0 200'

mn6688 WLK/dam tuc 04-06-89




**LOOKING NORTHWEST**

**ASARCO Incorporated**
**YARNELL PROJECT**
**SECTION Y - Y'**
**YAVAPAI CO. ARIZONA**

0 200'

mn6687 WLK/dam tuc 04-06-89

JDS

**JOSEPH E. SHEARER**
**CONSULTING GEOLOGIST**
**6821 EAST BAKER STREET**
**TUCSON, ARIZONA 85710-2228**

**(602) 296-8837**

April 10, 1989

ASARCO INCORPORATED
Exploration Department
Southwestern U.S. Division
P.O. Box 5747
Tucson, AZ 85703

Attn: Mr. Jim Sell, Exploration Mgr. SW US

Dear Jim:

By this letter I am billing Asarco for expenses plus fee for amending YAR 12 Lode Mining Claim and checking claim lines in the Yarnell, Arizona area, more specifically Sections 14 & 23; T. 10 N., R. 5 W., G&SRB&M.

The following expenses were incurred:

| | |
|---|---|
| Mileage - 400 miles @ $0.30 ..... | 120.00 |
| Meals - ..... | 6.70 |
| Notice recording fee - Yavapai County ..... | 9.00 |
| Filing fee - BLM ..... | 10.00 |
| Copies and postage ..... | 2.13 |
| Total expenses | $147.83 |

My Fee - One (1) day field @ $400/day ..... $400.00

Total billing ..... $547.83

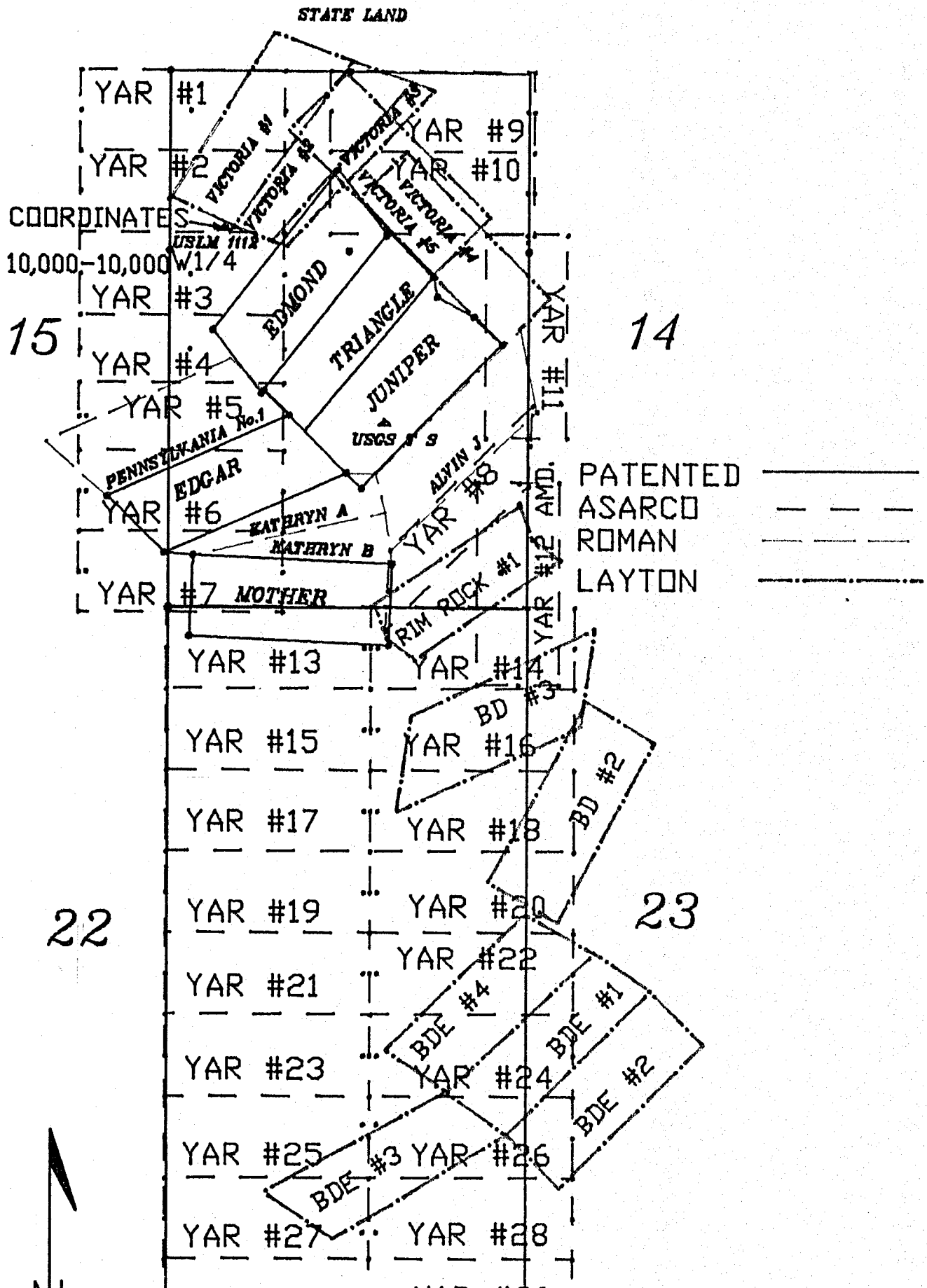
Respectfully submitted

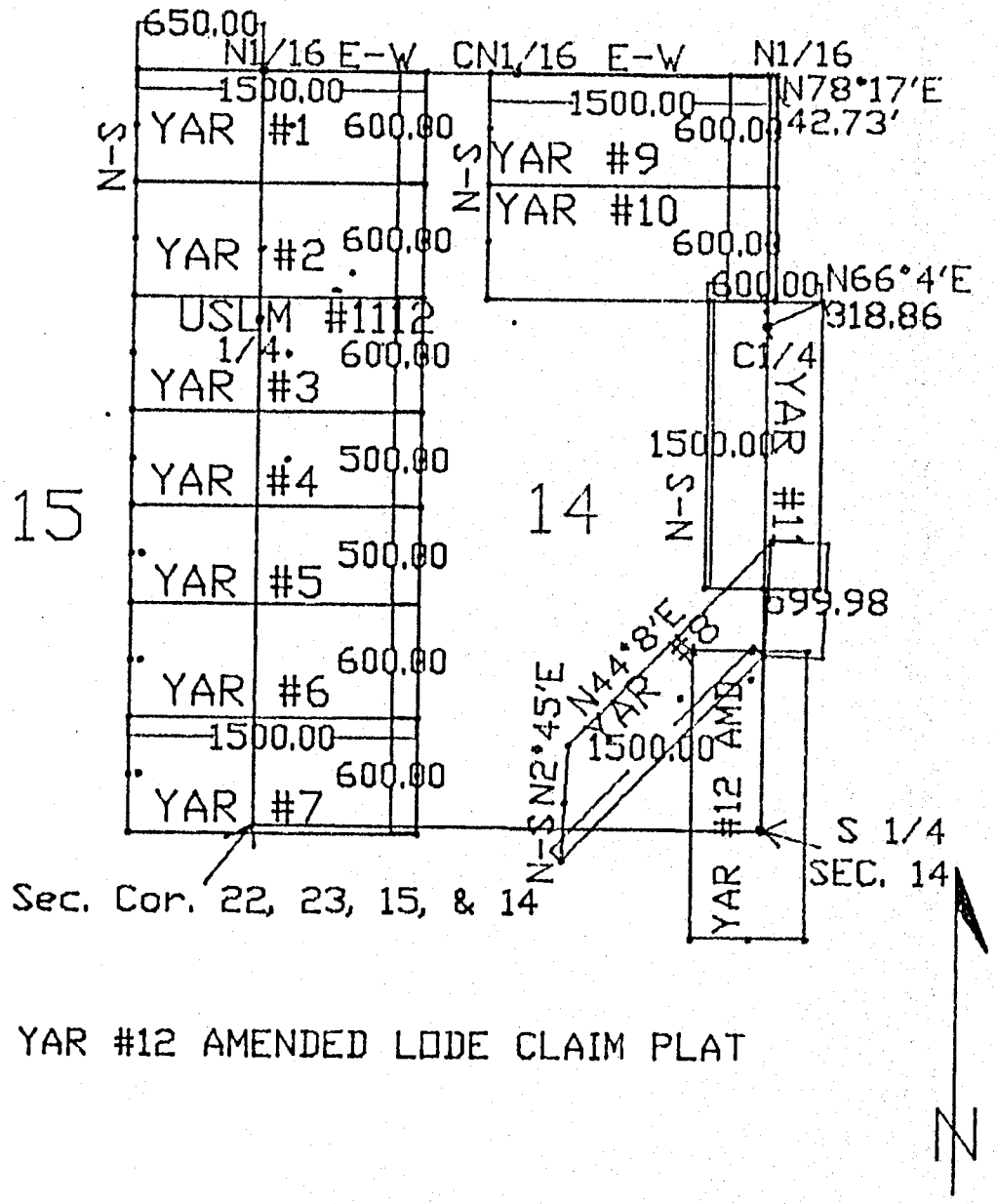
Joseph E. Shearer

Joseph E. Shearer

OK for Payment
James A. Sell
EA-0444
Yarnell Project

SECTION 14; T 10 N, R 5 W






YAR #12 AMENDED LODE CLAIM PLAT

Sections 14 & 15, T 10 N, R 5 W, G&SRB&M

Yarnell Mining District
Yavapai County, Arizona

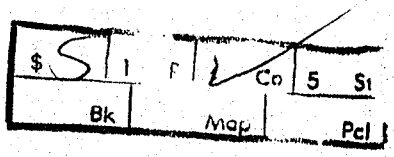
The Corner, End-Center and Location Mounments are 2"X2" wooden posts extending 4' above ground.

The bearings and distants between claim corners and to permanent monuments are as depicted on map.

SCALE: 1" = 1,000'

RUSH

**AMENDED**
**LOCATION NOTICE**
**LODE MINING CLAIM**




NOTICE IS HEREBY GIVEN that the YAR # 12 Lode Mining Claim, more fully described below, is hereby amended by ASARCO INCORPORATED, whose address is P.O. Box 5747, Tucson, Arizona 85703. This is an amendment of the YAR # 12 lode mining claim located on March 15, 1989, a copy of the location notice of which is of record in Docket 2131 at page 609 in the office of the Recorder of Yavapai County, Arizona.

The general course of this claim is from the north to the south and the claim is 1500 feet in length and 600 feet in width.

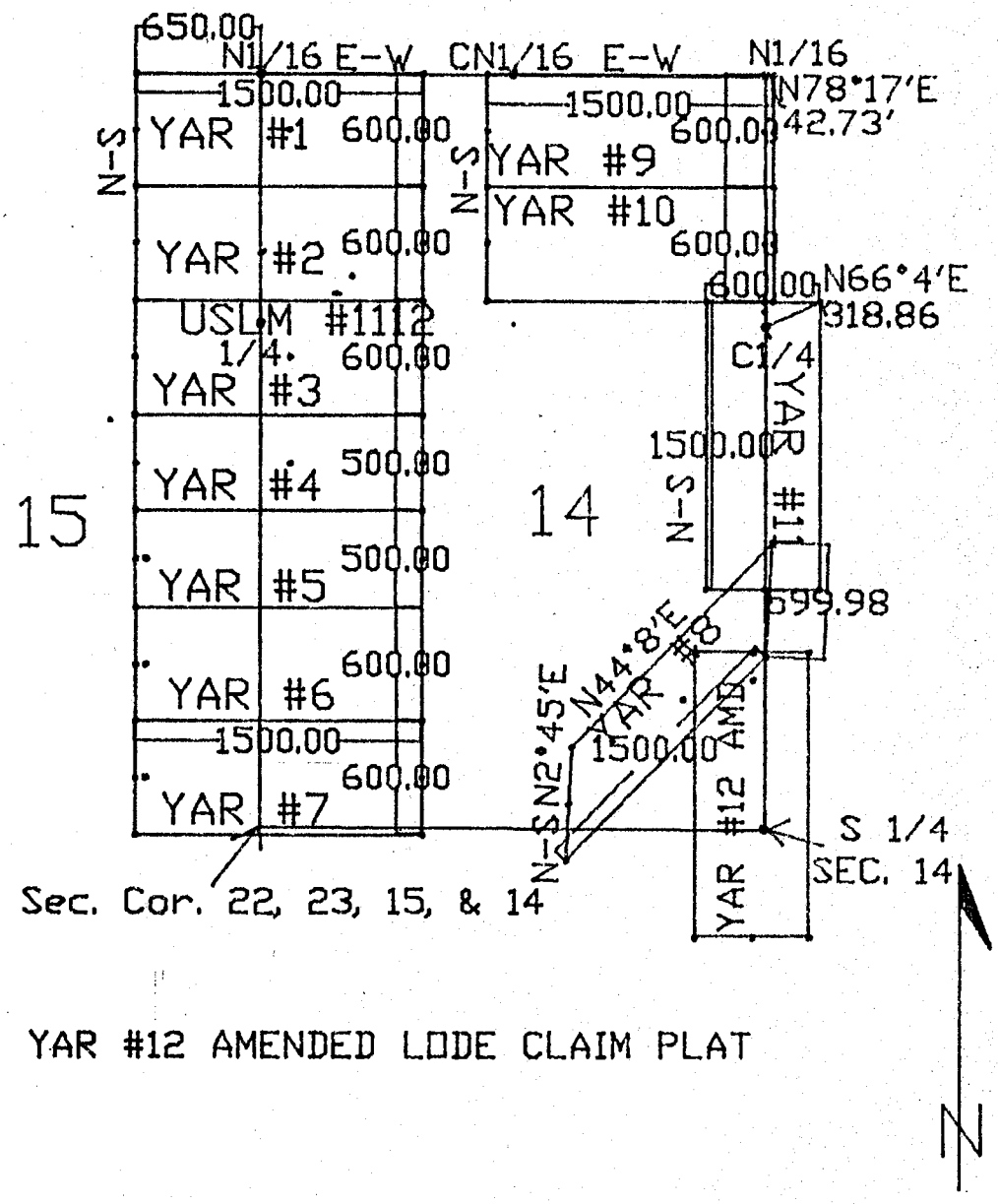
The location notice is posted on the centerline of the claim approximately 1350 feet in a northerly direction from the south end of the claim, and 150 feet in a southerly direction from the north end of the claim. The claim is marked by six posts, one at each corner and one at each center of the end line, making the claim in the form of a parallelogram.

The claim is located in Section 14 ; T 10 N, R 5 W, G&SRB&M, Yarnell Mining District, Yavapai County, Arizona. The claim encompasses portions of S1/2 / N1/2 section(s) in Section(s) 14 / 23. The northeast corner of this claim lies 969 feet, bearing N 14 DEGREES 10' E from the South 1/4 section Monument, of Section 14; T 10 N, R 5 W, G&SRB&M.

Any pre-existing valid mineral rights within the boundaries of this claim as of this date are not claimed by the claimant.

POSTED AND DATED ON THE GROUND this 29th day of March, 1989.

SIGNED: Joseph E. Shearer
JOSEPH E. SHEARER
Agent for ASARCO INCORPORATED




YAR #12 AMENDED LODE CLAIM PLAT

Sections 14 & 15, T 10 N, R 5 W, G&SRB&M

Yarnell Mining District
Yavapai County, Arizona

The Corner, End-Center and Location Mounments are 2"X2" wooden posts extending 4' above ground.

The bearings and distants between claim corners and to permanent monuments are as depicted on map.

SCALE: 1" = 1,000'

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

FAX TO: 604-681-7116
Attn: Christopher Moat

April 10, 1989

Mr. Christopher S. Moat
Norgold Resources Inc.
P.O. Box 12122
Vancouver, B.C. V6B-4N6
Canada

Yarnell Project
Progress Report

Dear Mr. Moat:

A first phase drilling program of 3030 feet of reverse circulation drilling was completed in nine holes. Assays results are being checked by a second laboratory. Preliminary evaluation of the drill information suggests a second phase of drilling will be started within thirty days.

Three samples of rotary drill cutting have been submitted to a laboratory for cyanide bottle roll test to obtain initial metallurgical data pertaining to gold recovery.

Sincerely yours,

W. L. Kurtz

WLK:mek

bl.cc: R.L. Brown
W.L. Kurtz
J.D. Sell

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703
1150 North 7th Avenue (602) 792-3010

1108

# GOLD RIVER EXPLORATION CO.

April 11, 1989

ASARCO Incorporated

APR 13 1989

SW Exploration

James D. Sell
ASARCO
Exploration Dept.
P.O. Box 5747
Tucson, AZ 85703

Dear Mr. Sell:

I have been advised by Michael Philpot of Norgold Resources Inc. that ASARCO has staked unpatented mining claims over pre-existing claims staked and recorded by us. It is my understanding that ASARCO considers the Y and Sun claims invalid. I have been advised by my claim staking crew that these claims were properly staked. Notices and corners were installed and end-center monuments were marked by rock mound and flagging. If these claims are invalid then I can honestly say that there are very few valid claims in the State of Arizona. An honest effort was made and I firmly believe that any judicial review will uphold the validity of these claims. In any case ASARCO does not have the right to arbitrarily invalidate these or any other claims....no law has been passed giving ASARCO this right. ASARCO has no legal right to stake over the top of the Y and Sun claims. You may have the right to contest the validity of the claims, a right given all U.S. citizens over a certain age, but invalidation is determined by the BLM and the judicial process.

In January an ASARCO representative was expressly told to discuss the status of the Y and Sun claims with me personally. If there was concern by ASARCO regarding these claims it should have been dealt with in a professional manner....not in such an underhanded manner as was done. You owed us the professional courtesy of proper communication and subsequent action by all parties concerned. ASARCO has attacked my professional integrity and without justification. It is no wonder that large mining concerns have such a poor reputation and rapport with the small miner.

Since ownership of these claims now rests with Norgold any conflicts of ownership or title lies between Norgold and ASARCO; however, I shall not allow our professional integrity to be damaged by ASARCO. If ASARCO does not apologize for this unprofessional manner of handling this situation I will have no choice but to vigorously pursue this matter further. I will appreciate your immediate attention to this obvious conflict.

Sincerely,

Don L. Jenkins

Don L. Jenkins

cc: Norgold Resources
Hill & Savoy
BLM

1385 Iron Springs Road • Suite 234 • Prescott • Arizona • 86301
P.O. Box 4106 • Prescott • Arizona 86302

772-0056

JDS


**SKYLINE LABS, INC.**
1775 W. Sahuaro Dr. • P.O. Box 50106
Tucson, Arizona 85703
(602) 622-4836


REPORT OF ANALYSIS

JOB NO. TAJ 573
April 11, 1989
YM-1 15-20 TO YM-7 185-190
PAGE 1 OF 1

ASARCO INCORPORATED
Attn: Mr. Mark Miller
Southwestern Exploration
P.O. Box 5747
Tucson, AZ 85703

Analysis of 17 Pulp Samples

| ITEM | SAMPLE NUMBER | FIRE ASSAY Au (oz/t) | TRIM |
|---|---|---|---|
| 1 | YM-1 15-20 | .035 | .041 |
| 2 | YM-1 80-85 | .060 | .094 |
| 3 | YM-2 145-150 | .030 | .027 |
| 4 | YM-2 175-180 | .145 | .124 |
| 5 | YM-2 218-221 | <.005 | |
| 6 | YM-3 121-123 | <.005 | .004 |
| 7 | YM-3 135-140 | .025 | .031 |
| 8 | YM-3 165-170 | .090 | .068 |
| 9 | YM-4 285-290 | .020 | .016 |
| 10 | YM-4 300-305 | .090 | .084 |
| 11 | YM-5 275-280 | .025 | .013 |
| 12 | YM-5 285-290 | .065 | .065 |
| 13 | YM-6 155-160 | .015 | .017 |
| 14 | YM-6 175-180 | .350 | .155 |
| 15 | YM-7 151-153 | <.005 | .004 |
| 16 | YM-7 165-170 | .030 | .034 |
| 17 | YM-7 185-190 | .010 | .02 |

William L. Lehmbeck
Manager 4/11/89

Charles E. Thompson
Arizona Registered Assayer No. 9427

William L. Lehmbeck
Arizona Registered Assayer No. 9425

James A. Martin
Arizona Registered Assayer No. 11122

| | Skylar | Triad | |
|---|---|---|---|
| 1 | .035 | .041 | +.006 |
| 2 | .03 | .027 | -.003 |
| 3 | .025 | .031 | +.006 |
| 4 | .020 | .016 | -.004 |
| 5 | .025 | .013 | -.012 |
| 6 | .015 | .017 | +.002 |
| 7 | .030 | .034 | +.004 |
| 8 | .010 | .02 | +.01 |
| | .02375 | .024875 | |

| | Skylar | Triad |
|---|---|---|
| 1 | .060 | .094 |
| 2 | .145 | .124 |
| 3 | .040 | .068 |
| 4 | .090 | .084 |
| 5 | .065 | .065 |
| 6 | .350 | .155 |
| | .133 | .0983 |
| | | OR |
| 1-5 | .09 | .087 |

# ASARCO

**Exploration Department**
Southwestern United States Division

April 11, 1989

Mr. Jerry L. Haggard
Evans, Kitchel & Jenckes, P.C.
2600 North Central Ave.
Phoenix, AZ 85004-3099

Yarnell Project

Dear Mr. Haggard:

Enclosed is some of the information you requested yesterday.

Please call if I can be of further help.

Very truly yours,

William D. Gay
Land Engineer, SWED

WDG:mek
encs.

cc: W.L. Kurtz
J.D. Sell

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

4/11/89

04/681-5564

Call moot

N½ NW¼ & E½ Sec. 14 & E½
10N 5W
NE¼ Sec 22

In lieu Selection #54 1922

Bradshaw Mayes pres

Have roughdraft, being reviewed

4:55 March 23 '89 to Kenny

1. Jenkins, Moses out of joint

2. Laytons - Victoria being sent.

E½ of Sec 14 T10N R5W
N½ of NW¼ " " " "

NE¼ of Sec. 22 " " "

JDS



LAW OFFICES

*Evans, Kitchel & Jenckes, P.C.*

2600 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85004-3099
(602) 234-2600

DENISON KITCHEL
JOHN F. BOLAND, JR.
OF COUNSEL

TELECOPIER 602-234-8856

SCOTTSDALE OFFICE
SUITE B-111
6991 EAST CAMELBACK ROAD
SCOTTSDALE, ARIZONA 85251-2467

TUCSON OFFICE
1 SOUTH CHURCH AVENUE
SUITE 530
TUCSON, ARIZONA 85701-1612

April 13, 1989

Mr. William L. Kurtz
Manager, U.S.A. Division
ASARCO Incorporated
Western District Exploration Department
P. O. Box 5747
Tucson, Arizona 85703

ASARCO Incorporated
APR 14 1989
SW Exploration

Re: Yarnell Project

Dear Mr. Kurtz:

This letter is to confirm the scope of our investigations into the title of properties involved in the proposed Norgold agreements and the Yarnell Project. We intend to examine title documents located at the Bureau of Land Management ("BLM") Arizona State Office and the Yavapai County Recorder's Office with regard to the unpatented mining claims included in the enclosed Exhibit One. In addition, we will examine the title documents located at the Yavapai County Recorder's Office with regard to the patented claims included in Exhibit One. We will also investigate county records regarding the patented Mother Lode claim and BLM and county records regarding the unpatented Victoria's claim.

The proposed Norgold agreements also mention certain unidentified Arizona state prospecting permits and/or state leases. If you wish us to investigate the status of those interests, please provide us with any information identifying the particular permits or leases, and the legal description of the involved state lands.

If there are additional matters you wish us to investigate, please let us know.

Sincerely,

H. Barry Holt

H. Barry Holt
For EVANS, KITCHEL & JENCKES, P.C.

HBH:sau
Enclosure
cc: James L. Woods, Esq. (w/Enc.)
Mr. William D. Gay (w/Enc.)

EXHIBIT ONE

The following described patented and unpatented lode mining claims situated in the Sections 14, 15, 22 and 23, Township 10 North, Range 5 West, G.& S.R.M., Yavapai County, Arizona:

Patented Claims

The Juniper, Edgar, Edmond and Triangle patented lode mining claims of U.S. Mineral Survey Numbers 1112, 1113, 1114 and 1115 respectively, the United States Patents to which are of record in the office of the Recorder of Yavapai County and the legal descriptions contained in which Patent are by this reference incorporated herein and made a part hereof.

Unpatented Claims

The following unpatented lode mining claims, the location notices of which are of record in the office of the Recorder of Yavapai County at the books or dockets and pages set forth below and the Bureau of Land Management serial numbers of which are set forth opposite the names of the respective claims, as follows:

| Claim Name | Book/Docket | Page | BLM Serial No. |
|---|---|---|---|
| Alvin J | 991 | 223 | A MC 33458 |
| Amended | 996 | 261 | |
| Katheryn B | 991 | 421 | A MC 33460 |
| Katheryn | 991 | 419 | A MC 33459 |
| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
| Sun #1 | 2079 | 476 | A MC 288941 |
| Sun #2 | 2079 | 478 | A MC 288942 |
| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

Meh:
Did WLK call/write
Holt on the Y-cleaner
& State House parade?

Jim

He did not have
me type any letter
to Mr Holt – Don't
know if he spoke with (one)

Hiem – maybe
Bill Gary might
know
Nope, WDG does
not know.

LAW OFFICES

*Evans, Kitchel & Jenckes, P.C.*

2600 NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85004-3099
(602) 234-2600

DENISON KITCHEL
JOHN F. BOLAND, JR.
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TUCSON OFFICE
1 SOUTH CHURCH AVENUE
SUITE 530
TUCSON, ARIZONA 85701-1612

April 13, 1989

Mr. William L. Kurtz
Manager, U.S.A. Division
ASARCO Incorporated
Western District Exploration Department
P. O. Box 5747
Tucson, Arizona 85703



Re: Yarnell Project

Dear Mr. Kurtz:

This letter is to confirm the scope of our investigations into the title of properties involved in the proposed Norgold agreements and the Yarnell Project. We intend to examine title documents located at the Bureau of Land Management ("BLM") Arizona State Office and the Yavapai County Recorder's Office with regard to the unpatented mining claims included in the enclosed Exhibit One. In addition, we will examine the title documents located at the Yavapai County Recorder's Office with regard to the patented claims included in Exhibit One. We will also investigate county records regarding the patented Mother Lode claim and BLM and county records regarding the unpatented Victoria's claim.

The proposed Norgold agreements also mention certain unidentified Arizona state prospecting permits and/or state leases. If you wish us to investigate the status of those interests, please provide us with any information identifying the particular permits or leases, and the legal description of the involved state lands.

If there are additional matters you wish us to investigate, please let us know.

Sincerely,

H. Barry Holt

H. Barry Holt
For EVANS, KITCHEL & JENCKES, P.C.

HBH:sau
Enclosure
cc: James L. Woods, Esq. (w/Enc.)
Mr. William D. Gay (w/Enc.)

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| Amended | 996 | 263 | |
| Pennsylvania No.1 | 1392 | 661 | A MC 134462 |
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| Sun 3-B | 2079 | 481 | A MC 288943 |
| Amended | 2091 | 499 | |
| Sun 6-B | 2079 | 486 | A MC 288946 |
| Amended | 2091 | 501 | |
| Sun 7-B | 2079 | 488 | A MC 288947 |
| Amended | 2091 | 502 | |
| Sun #8 | 2079 | 490 | A MC 288948 |
| Sun #9 | 2079 | 492 | A MC 288949 |
| Sun #10 | 2079 | 494 | A MC 288950 |
| Sun #11 | 2079 | 496 | A MC 288951 |
| Sun #12 | 2079 | 498 | A MC 288952 |
| Sun #13 | 2079 | 500 | A MC 288953 |
| Sun #14 | 2079 | 502 | A MC 288954 |
| Sun #15 | 2079 | 504 | A MC 288955 |

Y's
State Lease NE¼ 22 : N½ NW¼ 14 , E½ 14

SUBJECT TO:

1. As to the patented claims, the exceptions and reservations contained in the United States Patent thereto;

2. As to the unpatented claims, the paramount title of the United States;

3. As to the unpatented Sun claims, the patented Mother Lode mining claim of U.S. Mineral Survey No. 1201, the area included within which Mother Lode claim is expressly excluded herefrom;

4. As to the patented claims, taxes which may be a lien but which are not yet due and payable;

5. Existing roads, rights-of-way and easements and those of record; and

6. The rights of Santa Fe Railroad and Maricopa and Yavapai Counties each to maintain and have access to communication towers on the surface of the above-described claims.

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

April 14, 1989

Mr. Don L. Jenkins
Gold River Exploration Co.
P.O. Box 4106
Prescott, Arizona 86302

Dear Mr. Jenkins:

Mr. Sell has shown me your letter of April 11, 1989 concerning the claim activities at Yarnell. I formally apologize to you for the manner in which Asarco handled the location of what was thought to be open ground. In hindsight, we should have more closely involved both you and Norgold before acting, so that all parties were in agreement on how to handle the situation.

Again, please accept my apology.

Very truly yours,

W L Kurtz

W. L. Kurtz

WLK:mek

cc: Norgold Resources
R.L. Brown
J.D. Sell

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703
1150 North 7th Avenue (602) 792-3010

WLK

# GOLD RIVER EXPLORATION CO.

April 11, 1989

ASARCO Incorporated

APR 13 1989

SW Exploration

James D. Sell
ASARCO
Exploration Dept.
P.O. Box 5747
Tucson, AZ 85703

Dear Mr. Sell:

I have been advised by Michael Philpot of Norgold Resources Inc. that ASARCO has staked unpatented mining claims over pre-existing claims staked and recorded by us. It is my understanding that ASARCO considers the Y and Sun claims invalid. I have been advised by my claim staking crew that these claims were properly staked. Notices and corners were installed and end-center monuments were marked by rock mound and flagging. If these claims are invalid then I can honestly say that there are very few valid claims in the State of Arizona. An honest effort was made and I firmly believe that any judicial review will uphold the validity of these claims. In any case ASARCO does not have the right to arbitrarily invalidate these or any other claims....no law has been passed giving ASARCO this right. ASARCO has no legal right to stake over the top of the Y and Sun claims. You may have the right to contest the validity of the claims, a right given all U.S. citizens over a certain age, but invalidation is determined by the BLM and the judicial process.

In January an ASARCO representative was expressly told to discuss the status of the Y and Sun claims with me personally. If there was concern by ASARCO regarding these claims it should have been dealt with in a professional manner....not in such an underhanded manner as was done. You owed us the professional courtesy of proper communication and subsequent action by all parties concerned. ASARCO has attacked my professional integrity and without justification. It is no wonder that large mining concerns have such a poor reputation and rapport with the small miner.

Since ownership of these claims now rests with Norgold any conflicts of ownership or title lies between Norgold and ASARCO; however, I shall not allow our professional integrity to be damaged by ASARCO. If ASARCO does not apologize for this unprofessional manner of handling this situation I will have no choice but to vigorously pursue this matter further. I will appreciate your immediate attention to this obvious conflict.

Sincerely,

Don L. Jenkins

Don L. Jenkins

cc: Norgold Resources
Hill & Savoy
BLM

1385 Iron Springs Road • Suite 234 • Prescott • Arizona • 86301
P.O. Box 4106 • Prescott • Arizona 86302

772-0056

4/14

Russ Cour 298-1770

Paul Gilmore 326-5450 · (available)

✓ ~~Jim Loshey 323-2985~~ NO, trading

Charlie Miller 297-0224 / 888-8480 (yes)

Shearer 296 8837

Pat O'Hara, Prescott 1- 778-5321

Dick Ahern

Harold Downey 884-5845 (available)

Dieto Hohmann Las Cruces NM 505/523-9336 (available)

To

Date Time

**WHILE YOU WERE OUT**

M Corey Editing

of Tridal Mineral

Phone Winchester, AZ 602/684-3816

Area Code Number Extension

| | | | |
|---|---|---|---|
| TELEPHONED | ✓ | PLEASE CALL | |
| CALLED TO SEE YOU | | WILL CALL AGAIN | |
| WANTS TO SEE YOU | | URGENT | |
| RETURNED YOUR CALL | | | |

Message Expl in NV

consulting

Week - NV

Operator

AMPAD EFFICIENCY®

23-000 50 SHT. PAD.
23-001 250 SHT. DISPENSER BOX

Con-Met. 4/14/89

$250 - each

2#/ton Cy

phalovell ± 2 weeks

20% solid

500 grams.

10 mesh.

Skyline does not do bottle roll in-house Tucson (only in Denver). Tucson sends out to Con-Met who does test, then sends solid & tails to Skyline for Fire Assay result for Au-Ag.

| | | | Oz/t |
|---|---|---|---|
| YM-2 | 145-150' | ~~0.044~~ | 0.027 |
| YM-5 | 290-295' | ~~0.044~~ | 0.061 |
| YM-8 | 230'-235' | ~~0.027~~ | 0.044 |

FROM: W. L. KURTZ

4/18

TO: J. D. Sell

The N½ of NW¼
sec 14 Yarnell
is PRIVATE

Form 1370-41
(March 1984)

S.W. MINING DEPT.
APR 17 1989
TUCSON

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

T.E.S.
APR 17 1989

# RECEIPT AND ACCOUNTING ADVICE

NO. 1578180 02

Subject: MINING CLAIMS (30) BF/AZ APR 12 89 0 3 12 300.00
MC AMENDMENT (1) BF/AZ APR 12 89 0 4 12 5.00

Applicant:
ASARCO INC.
P. O. BOX 5747
TUCSON, AZ 85703

Remitter: JOSEPH E. SHEARER - CK #3805
6821 E. BAKER ST.
TUCSON, AZ 85710

Assignor:

| SERIAL NO. |
|---|
| AMC 294316 - 294345) YAR #1 - #30 |

*REFER TO THE ABOVE CASE SERIAL NUMBER IN ALL CORRESPONDENCE. PLEASE INFORM THIS OFFICE OF ANY CHANGE IN ADDRESS.*

NOTE: This notice is a receipt for monies paid the United States. If these monies are for required fees in connection with your application to lease, purchase, enter, or otherwise acquire an interest in public lands or resources, this receipt is not an authorization to utilize the land applied for and it does not convey any right, title, or interest in the land for which application is made.

cc: J.D. Sell
W.D. Gay
(4/18/89)

02

# ASARCO

**Exploration Department**
Southwestern United States Division

April 19, 1989

Mr. Hank Molz
Bureau of Land Management
2015 West Deer Valley Road
Phoenix, AZ 85027

Dear Mr. Molz:

With regard to File # 3809(027)26531, the unpatented claim is Pennsylvania #1 AMC # 134462 in Section 14, T10N, R5W. All other work will be performed on Patented claims. Thank you.

Respectfully,

Mark A. Miller
Geologist

MAM:mek

cc: J.D. Sell
W.D. Gay

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

MAM

# United States Department of the Interior

TAKE PRIDE IN AMERICA

BUREAU OF LAND MANAGEMENT
PHOENIX DISTRICT OFFICE
2015 WEST DEER VALLEY ROAD
PHOENIX, ARIZONA 85027

IN REPLY REFER TO:

3809 (027)
26531

March 24, 1989

Asarco Incorporated
Mr. Mark A. Miller
P.O. Box 5747
Tucson, Arizona 85703

MAR 2 7 1989

SW Exploration

Dear Mr. Miller:

This letter is in response to your Mining Notice(s) received by the BLM Phoenix District Office. The notice you have submitted is incomplete according to Federal regulation requirements as specified in 43 CFR subpart 3809-Surface Management.

In order to complete your Mining Notice(s), please submit in sufficient detail the following information as specified and as indicated with a check mark.

[X] A.M.C. Numbers and names of only those claim(s) where actual surface disturbance or work will take place. Pennsylvania # 139462

[ ] Map of sufficient detail showing the specific location where work will be done and where the work can be located on the ground.

[ ] Description of the proposed work or operation.

[ ] Type of equipment to be used.

[ ] Access routes and proposed road construction, if any.

[X] Other information

In the area of T. 10 N., R. 5 W., sec. 14., A.M.C. numbers are needed on only those unpatented claims where exploratory work is anticipated.

When this information is received we can begin to process your Notice, which will mean 15 days before you can commence work. If you have any questions, please contact Hank Molz, at 863-4464.

Sincerely,

Carole K. Hamilton

Carole K. Hamilton
Area Manager
Lower Gila Resource Area

Form 302 attached
of April 19, 1989

**ASARCO**

Southwestern Exploration Division

April 19, 1989

R.L. Brown
New York Office

Yarnell Project, Arizona
Progress and Recommendations

Nine vertical drill holes totaling 3030 feet of reverse circulation hammer drilling have been completed at the Yarnell Project, a gold property held by Norgold Resources, and in which Asarco can earn a 51% interest.

Gold mineralization is controlled by the Yarnell Fault a 35° northwesterly dipping structure in granitic rocks. The nine holes indicate true thicknesses of the >.04 oz/t gold vary from 12 feet to 85 feet of oxidized material that has a weighted average of .048 oz/t gold. Six of the hole encountered old stopes.

The attached report contains a map and two sections at a scale of one inch equals 200 feet indicating the progress to date and the proposed new drilling program. Though the sections suggest a moderate waste to ore ratio, the potential mineralized areas to the northeast, and southwest should have more favorable ratios. Also, two of eight holes had lower grade (80' @ .027 and 195' @ .021) sections on top of the plus .04 zone suggesting that a portion of the overburden may constitute low grade ore. Other holes had some scattered, narrow .01 to .02 assays suggesting that during stripping portions may be segregated and sent to a low grade leach pad. The probability of developing at least four million tons appears good and 6-8 million tons is a possibility.

Your approval of a $250,000 program detailed in attached report is requested. Form 302-MB is attached.

W. L. Kurtz

W. L. Kurtz

WLK:mek
Atts. Form 302-MB
Report

cc: J.D. Sell (w/atts.)
C.L. Snow (Form 302-MB att)

FORM 302-MB (9/79)

New York No. .....

## APPLICATION FOR SUPPLEMENTAL EXPLORATION APPROPRIATION

April 19, 1989 Originating Office Tucson

Application is hereby made for supplemental Appropriation to cover cost, in excess of original estimate, of work authorized by New York.

No. EA-0444-01 Yarnell Project, Yavapai County, AZ

| | |
|---|---|
| Present total Estimated Cost (Form 302-MA attached) | $340,000 |
| Amount previously authorized (date 3/1/89 & 1/25/89) | $ 90,000 |
| Balance for which Authorization is now requested | $ 250,000 |

ADDITIONAL WORK CONTEMPLATED:

10,000 feet of reverse circulation drilling
1200 feet of diamond drilling
Column leach tests
Mapping and surveying
Land payments

EXPLANATION OF INCREASED COST:

Initial drill program of 3030 feet in nine holes returned encouraging gold intercepts that may be amenable to an open-pit operation. Proposed drilling will test for extensions of mineralization on strike and test within and down dip of gold zone discovered in initial drilling.

Reviewed by C. L. Snow
ACC'T. MGR. OR CHIEF ACCN'T.

Recommended by W. L. Katz
SUPERVISOR

Approved by .....
CONTROLLER

Account Chargeable to .....
TO BE FILLED IN BY CONTROLLER

Approved by .....
VICE PRESIDENT

Approved by Advisory Committee

..... 19.....

Approved by Board of Directors

..... 19.....

.....
SECRETARY

PRINTED IN U.S.A.

JDS

**ASARCO**

Southwestern Exploration Division

April 18, 1989

R.L. Brown
New York Office

Yarnell Project, Arizona
Progress and Recommendations
for Additional Work

Just over 3,000 feet of reverse circulation drilling in nine holes have been completed and indicate a true thickness varying from 12 to 85 feet of oxidized material averaging .048 oz/t gold. Though the indicated stripping may be higher (4:1 to 6:1) than we would like two of the nine holes had lower grade (80' @ .027 and 195' @ .021) immediately on top of the + .04 zone. Also, several holes had scattered, narrow .01 and .02 zones that might be segregated during stripping and placed on a low grade leach pad thus reducing the over-all stripping ratio. The probability for developing four million tons looks good and six to eight remains a possibility.

A new $250,000 program is proposed consisting of 10,000 feet of reverse circulation drilling in 25 holes (see map attached) and 1200 feet of HQ diamond drilling in four holes to provide material for column leach tests; underground mapping and surveying to better determine the extent old workings; and surveying of drill collars.

Estimated costs are (land costs to 1 Oct. 89 only):

| | |
|---|---|
| 10,000 feet RC drilling, roads, site prep., assay, supervision | $150,000 |
| 1,200 feet HQ diamond drilling, assay, supervision | 30,000 |
| 4 six inch diameter column leach tests | 5,000 |
| Underground mapping, surveying of old workings | 7,000 |
| Survey drill holes (coordinates & elevation) | 3,000 |
| July 1, 1989 payment to Norgold | 15,000 |
| May-September payment to Western Building & Mining | 5,000 |
| Initial land payments for pending options | 10,000 |
| Claim, title, legal | 5,000 |
| | $230,000 |
| Plus contingency 10% | $250,000 |

Land Status: An agreement has been sent to Norgold for their signature. Basic terms of this agreement are:

Asarco payments to Norgold:

$10,000 paid January 30, 1989
$15,000 paid March 6, 1989

$15,000 due October 1, 1989
$20,000 due January 1, 1990
$20,000 due July 1, 1990
$25,000 due January 1, 1991
$25,000 due July 1, 1991
$25,000 due January 1, 1992; 1993; 1994 if Mining has not started

Underlying option payments due by Asarco to Western Building and Mining:

March 1 thru December 1989 $1,000 per month
$100,000 due 1 January 90
$100,000 due 1 January 91
$100,000 due 1 January 92
$150,000 due 1 January 93
plus an NSR royalty which can never exceed $175,000/year

Notice of intent to make 1 January payment to WBM must be given to Norgold by 1 October.

Work:

Asarco will drill 3,000 feet by 1 July 89 -- completed
Asarco will complete $250,000 of work for benefit of property by 1 July 90
Asarco present Norgold a bankable feasibility by 1 July 91

Within six months of receipt of bankable feasibility Norgold has a one-time election to either become a 49% JV partner with a final dilution of 15% net profits, or a 5% net profits interest until Asarco's payback, then 25% net profits interest.

Norgold in consultation with Asarco is negotiating to obtain other lands.

1. Santa Fe patented land (1.72 acres within the mineralized zone. Preliminary legal opinion by John Lacy is that no extralateral rights apply): Norgold has negotiated the purchase of the

mineral rights only for $10,000. A check and transfer agreement have been sent to Santa Fe's Los Angeles office and is awaiting final approval of Santa Fe's head office.

2. Layton's unpatented Victoria's and other claims: a purchase option for $250,000 with $2,500 on signing and $2,500 in 60 days has been negotiated and agreement in Layton's hands for signature. changed see

3. Heinztelman's patented Mother claim: a purchase option for $50,000 with $2,500 on signing has been negotiated and agreement in Heinztelman's hands for signature.

The attached land map depicts the current land status.

Two small communications towers (one Santa Fe and one Maricopa-Yavapai County) are located on top of Yarnell Hill. Both parties have stated that the towers can be moved to a new site at our expense. Maximum costs are estimated at $50,000 each.

A preliminary title search by Mr. Shearer, registered geologist, indicated that the patented and unpatented claims held by Western Building and Mining are valid and in good standing. Jerry Haggard of Evans, Kitchel & Jenckes is currently making a final land status appraisal.

Geology and Ore Deposit.

Mineralization at Yarnell Hill is controlled by the 35° northwesterly dipping Yarnell fault contained within a medium to coarse grained biotite quartz monzonite. Near the fault the quartz monzonite becomes hydrothermally altered with biotite being converted to chlorite and increasing amounts of clay and sericite forming in the feldspar.

Old mining exploited quartz veins within the most intense part ofthe fault zone which, where visible, attains widths up to five feet but is probably thicker in places as some of the old stopes attain true widths of fifteen feet.

Gold grades within the fault reach +1 oz. but a number of samples suggest the average grade is probably 0.3 oz./t. Asarco sampling and subsequent drilling has indicated that a zone of +0.04 oz./t gold mineralization varying in thickness from 12 to 85 feet exists sometimes above, sometimes below or sometimes both above and below the fault. This is the mineralization that may be amenable to open pitting and heap leaching.

The nine holes drilled indicate the fault zone with its associated gold

mineralization, is all oxidized.

Assays were done on five foot intervals by Triad. Assayers of Wickenburg, Arizona who checked the Asarco standard and subsequent check of 14 pulps by Skyline, Tucson were good:

| | Triad ave. | Skyline ave. |
|---|---|---|
| 8 pulps in .01 to .04 range: | .025 | .024 |
| 5 pulps in .06 to .15 range: | .087 | .090 |
| 1 pulp | .155 | .350 |

Three samples of assay rejects have been submitted to Skyline for a standard 24 hour cyanide bottle roll test to obtain preliminary metallurgical information. Data not yet received.

Using the area of the nine drill holes and the open cut and an average thickness of 60 feet at least 3 million tons of ±.05 have been indicated at somewhere around a 6:1 waste to ore ratio. The fact that two holes had 80' and 195'of .027 and .021 immediately on top of the .05 zone suggest erratic but potentially mineable zones of lower grade that will help reduce the w/o ration. In addition a number of holes had scattered .01 and .02 values that might form mineable low grade blocks during stripping that could be delivered to a leach pad during stripping.

The Yarnell fault continues northerly and southerly of the area drilled and though I think the zone fades out a 1/4 mile north and 1/4 mile south and may become thinner, important tonnage might be added in these directions as well as further down dip in the nine hole zone so that ultimate open pit potential might be between six and eight million tons.

Recommendations:

A 10,000 foot air hammer drill program is recommended and the 1"=200' Drill Progress Map shows the location of proposed holes along with estimated depth to the top of the Yarnell fault.

I would drill two or three holes to the northeast and two or three holes to the southwest at the "Indicated Ore Zone" first. These holes would determine where and how many additional holes might be drilled in these areas.

In addition to drilling the underground workings will be mapped and surveyed to help get a better figure on tons of material removed by previous mining.

Yarnell Project April 18, 1989

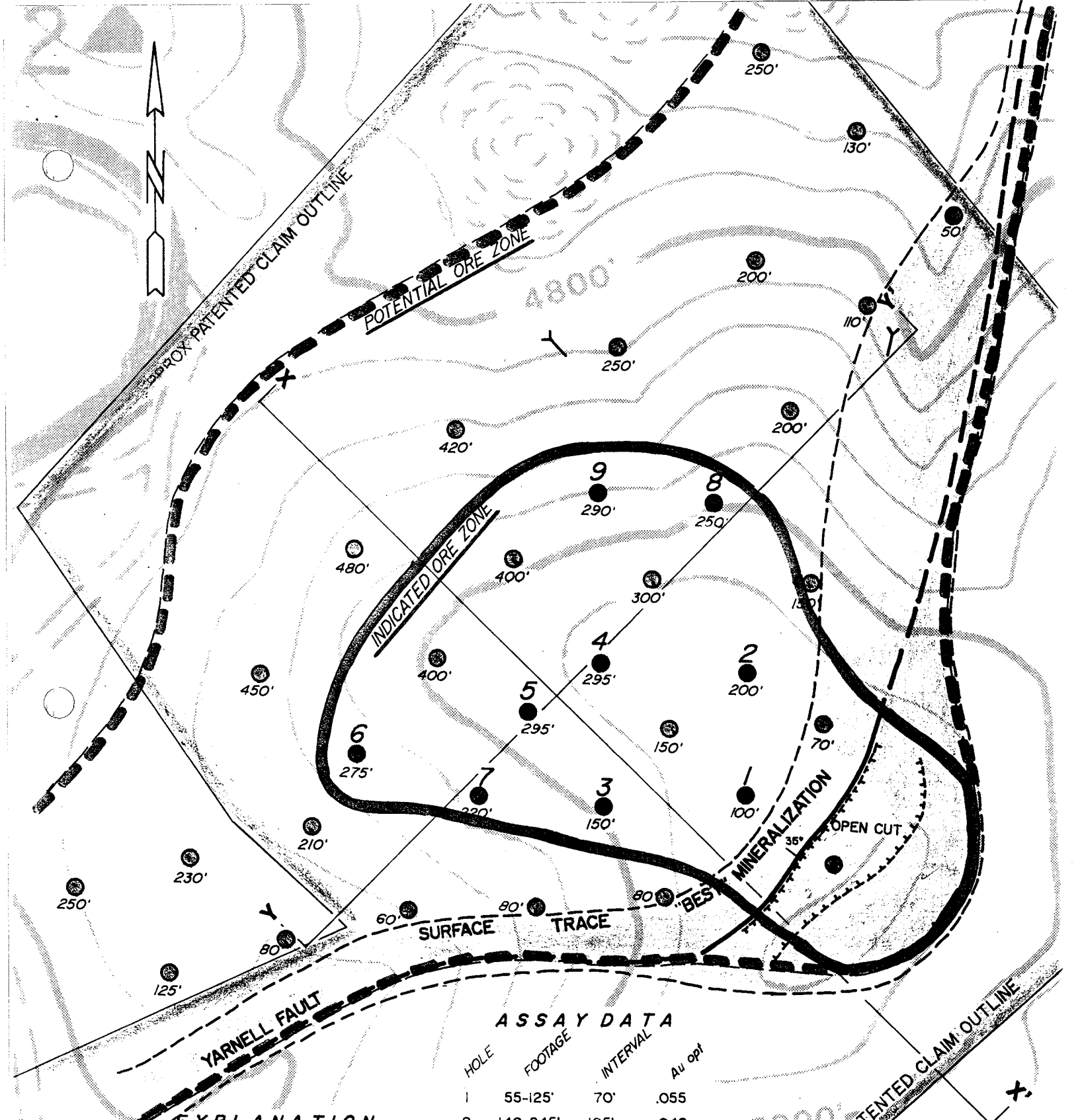
The drill collars will be surveyed in coordinates and elevations.

Diamond drilling will be required to provide samples for column leach tests. Probably 1200 feet of drilling will be required.

W. L. Kurtz

W. L. Kurtz

WLK:mek
Maps Attached:
Land Status 1"=2,000'
Drill Progress 1"=200'
Cross section X-X', Y-Y' 1"=200'




## ASSAY DATA

| HOLE | FOOTAGE | INTERVAL | Au opt |
|---|---|---|---|
| 1 | 55-125' | 70' | .055 |
| 2 | 140-245' | 105' | .042 |
| 3 | 130-200' | 70' | .058 |
| 4 | 295-310' | 15' | .052 |
| 5 | 205-285' | 80' | .027 |
| | 285-355' | 70' | .056 |
| 6 | 150-180' | 30' | .041 |
| | 270-280' | 10' | .090 |
| 7 | 165-225' | 60' | .042 |
| 8 | 30-225' | 195' | .021 |
| | 225-275' | 50' | .041 |
| 9 | 275-290' | 15' | .013 |
| | 290-315' | 25' | .048 |

## EXPLANATION

5 / 295' — Completed drill hole depth to Yarnell Fault

210' — Proposed drill hole est. depth to Yarnell Fault

T. 10 N., R. 5 W., SEC. 14

**ASARCO Incorporated**

**YARNELL PROJECT**

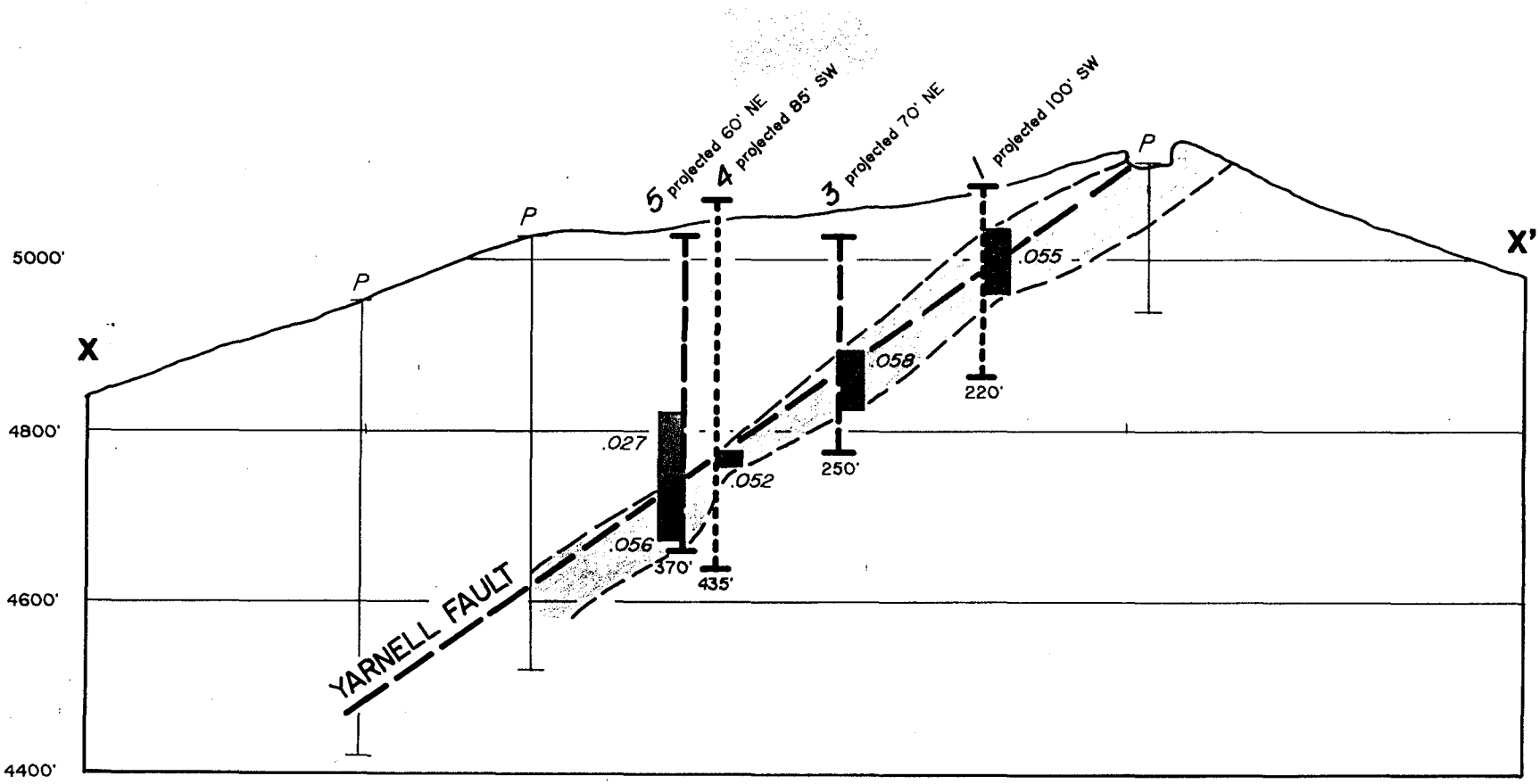
# DRILLING PROGRESS

**YAVAPAI CO. ARIZONA**

0 — 200'

contour interval 40'

mn6689 WLK/dam tuc 04-17-89




**LOOKING NORTHEAST**

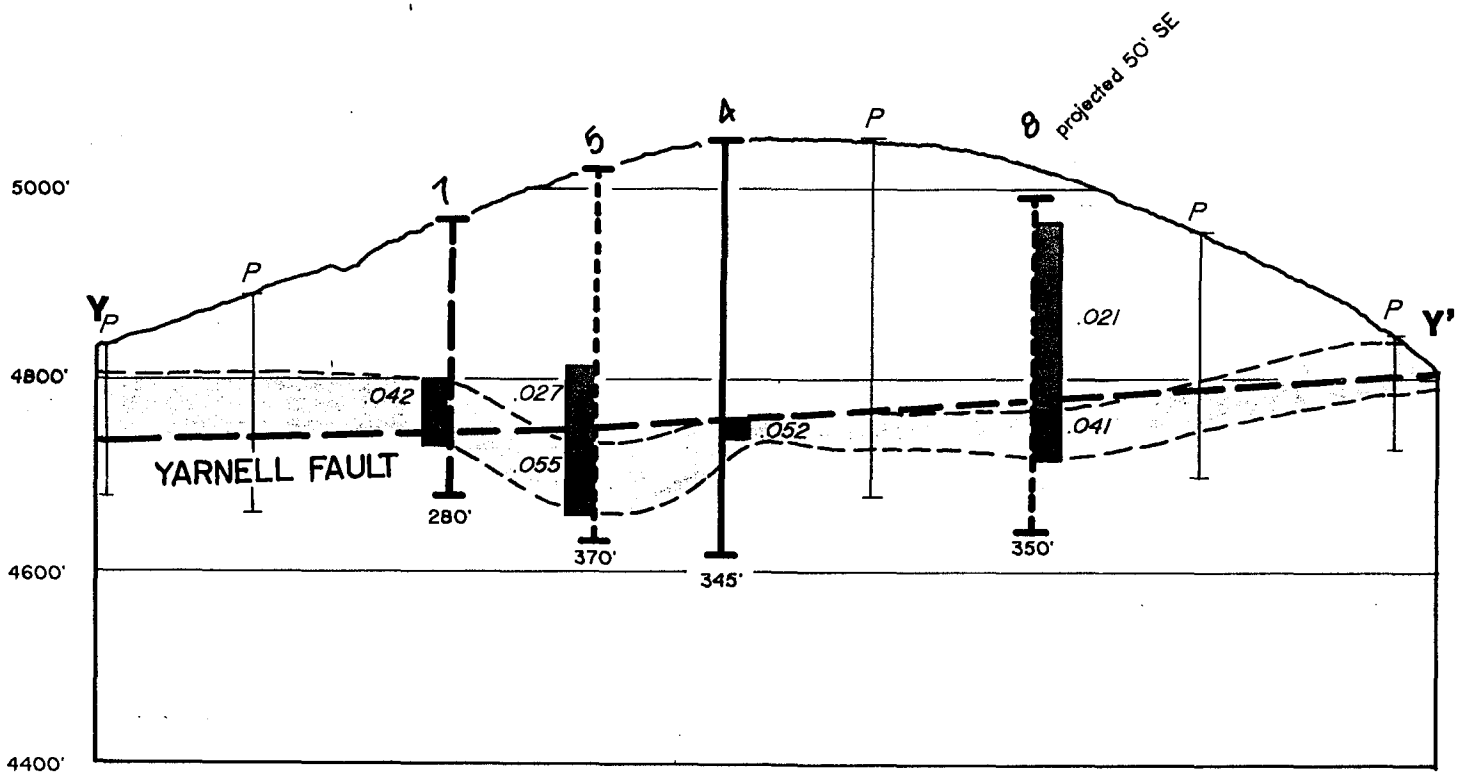
**ASARCO Incorporated**
**YARNELL PROJECT**

# SECTION X - X'

**YAVAPAI CO. ARIZONA**

0 200'

mn6688 WLK/dam tuc 04-06-89

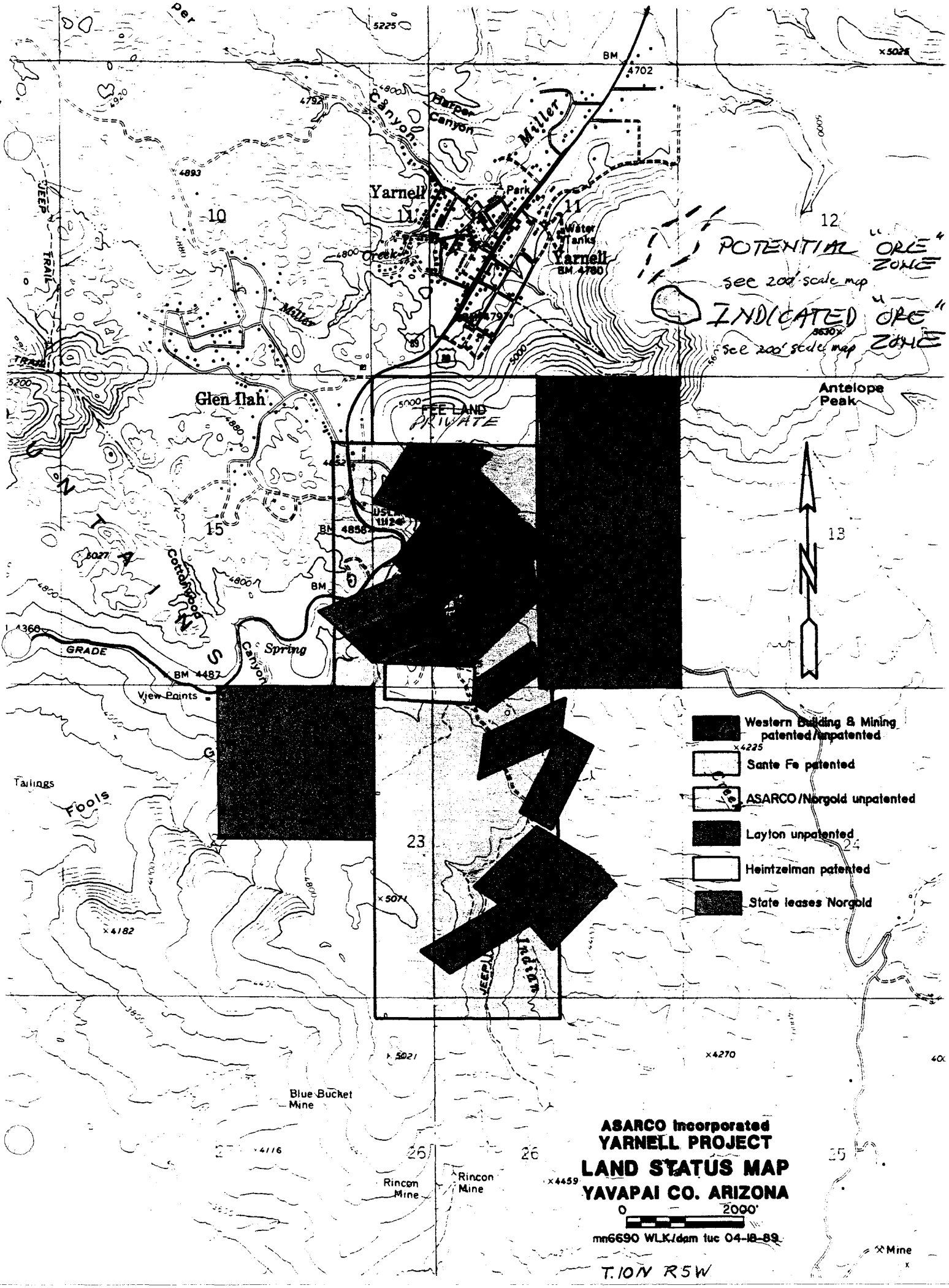


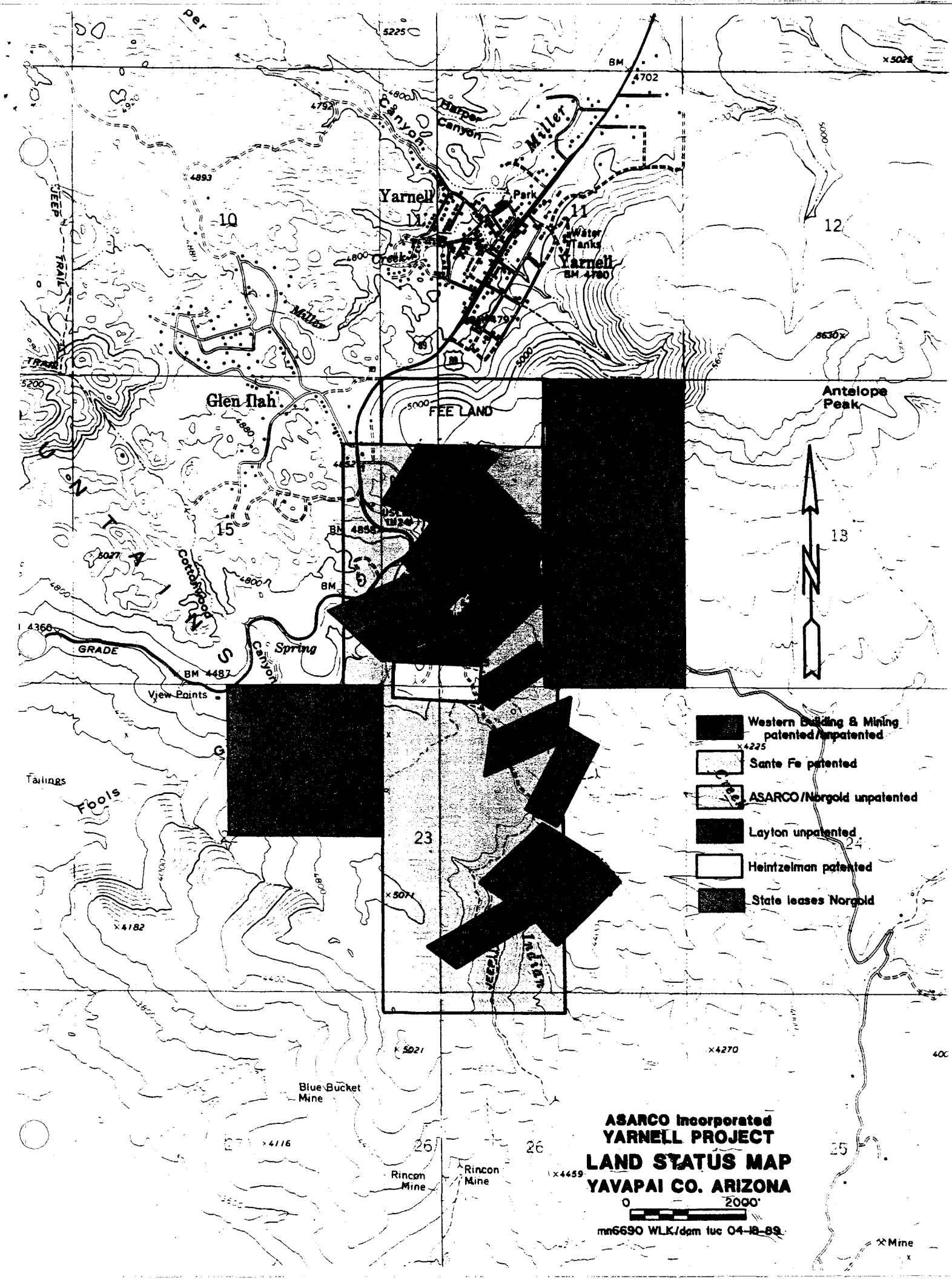

**LOOKING NORTHWEST**

**ASARCO Incorporated**
**YARNELL PROJECT**
**SECTION Y - Y'**
**YAVAPAI CO. ARIZONA**

0 200'

mn6687 WLK/dam fuc 04-06-89


Yarnell
Glen Ilah
Antelope Peak
Harper Canyon
Miller
Water Tanks
Park
Cottonwood Canyon
Spring
GRADE
View Points
Tailings
Fools
Blue Bucket Mine
Rincon Mine
Rincon Mine
Mine
JEEP TRAIL
FEE LAND
PRIVATE
POTENTIAL "ORE" ZONE
see 200' scale map
INDICATED "ORE" ZONE
see 200' scale map
Western Building & Mining patented/unpatented
Sante Fe patented
ASARCO/Norgold unpatented
Layton unpatented
Heintzelman patented
State leases Norgold
ASARCO Incorporated
YARNELL PROJECT
LAND STATUS MAP
YAVAPAI CO. ARIZONA
0 2000'
mn6690 WLK/dam tuc 04-18-89
T.10N R5W


Yarnell
Park
Water Tanks
Yarnell
BM 4780
Harper Canyon
Miller
Creek
Glen Ilah
FEE LAND
Antelope Peak
Cottonwood Canyon
Spring
GRADE
View Points
Tailings
Fools
Blue Bucket Mine
Rincon Mine
Rincon Mine
Western Building & Mining patented/unpatented
Sante Fe patented
ASARCO/Norgold unpatented
Layton unpatented
Heintzelman patented
State leases Norgold
ASARCO Incorporated
YARNELL PROJECT
LAND STATUS MAP
YAVAPAI CO. ARIZONA
0 2000'
mn6690 WLK/dam luc 04-18-89

# ASARCO

**Exploration Department**
Western USA

W. L. Kurtz
Manager

VIA TELECOPIER

April 19, 1989

Mr. Christopher Moat, President
Norgold Resources (US) Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings St.
Vancouver, B.C., V6B 4N6
Canada

Yarnell Project

Dear Mr. Moat:

As I discussed with Mr. Philpot, I am enclosing a drill hole location map and a copy of the Triad assays for the nine holes we have completed at Yarnell.

Please note the samples with the orange highlite are not from Yarnell.

Those footages that say "no return" represent open stopes plus varying distance below the stope until circulation was established.

YM-3 encountered a stope at 147' and from 147-160' muck was drilled for which we did obtain a sample.

Also enclosed is a copy of the 17 pulps checked by Skyline.

Very truly yours,

W.L. Kurtz

W.L. Kurtz

WLK:mek
encs.

cc: R.L. Brown (w/o encs.)
J.D. Sell (w/o encs.)

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703
1150 North 7th Avenue (602) 792-3010

JDS

Draft
Sent MAM many
Revisions

April 20, 1989

J.D. Sell

Yarnell Project
Yavapai Co., AZ

SUMMARY & CONCLUSIONS

Mapping, sampling and nine vertical reverse circulation hammer drill holes totaling 3022' have been completed. Mineralization appears to be related to the Yarnell Fault, a N40°-60°E 35°NW structure. Drilling has indicated a 12-85' true thickness zone of .04-.05 opt Au for a possibility of at least 4 mt of open pit potential. Based upon the current configuration of the deposit and the topography, an overall stripping ratio of ±3.4:1 might be expected with a 1:1 ratio in the stages of mining.

A 10,000' drilling program is recommended to further define and expand the indicated ore zone (WLK map attached). A few of the up-dip holes should be taken 1-200' deeper than the rest to check for any lower zones as indicated by mapping and rock chip sampling. Several core holes would aid in the understanding of the relationship of alteration and mineralization and a better understanding of structure. These holes should be drilled as needed. A proposed budget for 10,000' of RC drilling is attached.

INTRODUCTION

The Yarnell Mine is located in Yavapai County within one mile of the community of Yarnell (Attachment A). Topography is moderatly rugged with high ridges and deep valleys. Temperatures at Yarnell are similar to those of Prescott and usually 10-15° lower than Wickenburg. Gold mineralization was discovered at Yarnell in the 1890's and has been mined intermittently since. Total production would probably be 250,000 T at .1-.3 opt Au. The property was mined from 1940-42 by the Winslow Mining Company and a cyanide agitation mill was erected on the property. The mine was shut down in the 1940's by the Gold Mine Closure Act and was never reopened. A small heap leach operation attempted to operate in the early 1980's, but was unsuccessful and the property has been idle since.

PROPERTY

The Yarnell area consists of ~1236 acres which includes 5 patented claims and 51 unpatented mining claims (see attached land status map). Asarco has optioned the patented claims from Norgold Resources, a Vancouver Junior and has staked the unpatented claims as described above. A joint venture between Norgold and Asarco has been formed and first year terms are the following:

$10,000 to Norgold to 3/6/89 (done)
$15,000 to Norgold to continue option (done)
Complete 3,000' of drilling by 7/1/89 (completed by March 31, 1989)
$15,000 to Norgold by June 1, 1989
$9,000 to Al Roman (underlying land owner) by Dec. 31, 1989 @ $1,000/month.

GEOLOGY & MINERAL POTENTIAL

The host rocks exposed in the Yarnell Mine area are Precambrian (1400 my) medium to coarse grained biotites granites/granodiorites locally with K-feldspar phenocrysts. Locally seen are diorite xenoliths up to several tens of feet in size. Gold mineralization occurs within a ±300' section of hydrothermally altered granites/granodiorites.

ALTERATION

Types of alteration vary from weak to intense (propolytic-->argillic) and appear to be related to the Yarnell Fault. Although the complete relationship is unclear in the open cut zone and also seen in the fcy adit. Argillic alteration (clay minerals) is present in close proximity to the Yarnell Fault and usually in the H.W. of the Fault structure. As one moves away from the fault (both laterally and vertically) alteration appears to be more quartz sericitic with grades into a propolytic (unaltered rocks on geologic map). However, the absence of biotite indicates that hydrothermal alteration is present. The alteration is a mappable feature and could be used as an exploration tool to understand the sub-surface environment.

MINERALIZATION

Mineralization seen in both the surface and drill holes is consistent and consists of iron oxides as pyrite pseudomorphs usually 1-2% locally up to 5%; maroon hematite staining usually in close proximity to pyrite casts (limonite) and specular hematite (usually 1-3%). There is also rare occurrences of copper oxides--as malachite usually associated with quartz veins.

Within the Au mineralized zone as seen in the underground mapping and surface mapping (on file at the Tucson Office) are abundant limonite filled fractures: both conformable and high angle on a N10°E 70°NW dip x N70°W vertical dip. From the results of the drilling it appears that specularite hematite in association with limonite in the 4-6% range is a good indicator of ore (+.02 opt Au). The existence of red hematite raises the grade even higher.

The Yarnell Fault appears to be the likely ore control on gold mineralization. This is a 6' thick N40-60°E 35°NW dipping structure. Grades encountered in sampling of the Yarnell Fault are .1-.5 opt Au. Continuity of the structure is very good and dip lengths of up to 800' are present and partially stoped. The Yarnell zone is a silicified, strongly argillic, gougy zone and has been referred to by some as an epithermal vein. However, this is subject to discussion based upon the drilling to date and current mapping and sampling mineralization appears to straddle the Yarnell Fault occurring in the H.W. and F.W. of the Fault zone (X-sec. X & Y). Drill holes should be taken 75-100' below the fault to guarantee that the entire mineralized section is tested.

There is also the indication that multiple staked zones may exist based upon rock chip sampling (sample #104, #105) on the SE side of the fault zone well below the FW where .01-.03 opt has been found in outcrop. One hole should be drilled to test this anomaly. Plan of Geologic, Sample, Assay and representative cross-sections are attached along with all assays. Underground mapping is filed at the Tucson office.

J.D. Sell April 20, 1989

## BUDGET

| | |
|---|---|
| 10,000' Drilling at $9.35/ft.<br>Direct Drill Costs | $ 93,500 |
| Assaying<br>2000 Assays @ $10.50/assay | 21,000 |
| Land Payments<br>Norgold Payment July 1, 1989 | 15,000 |
| Living Expenses | 2,000 |
| Salaries<br>1 Geologist for 2 months | 8,000 |
| Site Preparation<br>30 Sites @ $300/site | 9,000 |
| Supplies<br>Sample Bags - 200 Bags @ | 1,200 |
| 200 Chip Boxes @ $2.00/box | 400 |
| | $150,000 |
| Contingency | 15,000 |
| | $165,000 |

Mike Philpot. Telephone. 4/21/89

Victoria – Rim Rock.

1. 10 K up front 4/21/90 probably to be paid within 4/21/89

15 K. ~~Jan 1990~~ upon anniversary of signing.

25 K 1991

40 K 1992

60 K 1993

100 K 1994

and overrid 1% NSR. ~~$150,000~~

Victoria 1-5

1 Thunderhill
1 Hoskins
1 Rim Rock
2 Black Dike

**ASARCO**

Southwestern Exploration Division

JDS

April 21, 1989

J.D. Sell

DSC Drilling
Yarnell Project

I spoke to Mark Madison regarding drilling the next phase at Yarnell. He said that the first available rig will be May 8-May 15. I also mentioned that we would like to use the Samplax Hammer. If we use this hammer they want to go to an hourly rate and also want us to buy the hammer (approx. $10,000/hammer). The reason for this is that they have little confidence in the hammer and don't want to lose money on it. Incidentally, DSI (who markets the hammer) recently sent 14 new ones back to the manufacturer.

I also asked Mark to look at the possibility of discounting the current footage charge for ±10,000 of drilling.

Mark A. Miller

MAM:mek

cc: W.L. Kurtz

4/24

No need to type

M Ann

JOS

On your Yarnell report,

1) under costs to ASARCO, remember that ASARCO needs to notify Norwood Western Bldg by Oct 1 that we'll make the $100,000 payment to Western Bldg on Jan 1, 1980.

2. All assays, bach tests, including drill hole logs, and drill hole sections need to be attached.

Thus you should make out a Table of Contents and Attachments/Figures so you can put them in your text in correct order etc.

This report should be as complete as possible & having all the data in one report, so to speak.

Do not hesitate to use the data of WLK (April 15, 1979) ~~if you agree~~ after you have checked & concur, using your own words & paragraphs.

J

JDS

# ASARCO

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

April 24, 1989

Mr. M. Philpot, Director
Norgold Resources Inc.
920-625 Howe Street
Vancouver, B.C. V6C 2T6
Canada

Dear Mike:

Thank you for sharing the letter/report from your consultant F. Marshall Smith.

Mr. Smith's observations and comments are well taken and concur with many of our own.

Sincerely,

James D. Sell

JDS:mek

cc: F.T. Graybeal (w/copy)
W.L. Kurtz (w/copy)
M.A. Miller (w/copy)

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

JDS

SEARCHLIGHT CONSULTANTS INC.

4/12/89

Mr. Mike Philpot, Director
Norgold Resources Inc.
920-625 Howe Street
Vancouver, BC
V6C 2T6

Dear Mr. Philpot;

RE: Yarnel Mine, Yarnel AZ.

The brief visit to the Yarnel Mine and area has amended several of my earlier decisions about the cause and mineralization controls. As you are aware, my first visit to the area occurred in 1981 while evaluating many properties in the Wickenburg area for a client. At that time the concepts of epithermal controls and, in particular, the 'Buchanan Model' was not well understood.

My earliest conclusion was that the dyke in the floor of the large cut was the controlling feature. This dyke was related to mineralization of the higher temperature *mesothermal* type.

The current mapping and drilling on the property by Mark Miller, for ASARCO, has clearly defined an epithermal vein/fault complex similar to many of the large deposits in Arizona. The work by Mark is exemplary and far above average for the industry. Your company has been most fortunate in having a person of this quality to manage the work programme. The portion of Mark's work I particularly admire, is the detail mapping of the shape and character of the alteration around the vein/fault. This difficult job made it particularly easy to recognize the mineral and fault controls in the area.

The most significant feature of the area is the colour gossans and rock texture variations (called the *low pH zone*) in the hangingwall of the major veins and faults. The proximal alteration consists of a narrow argillic shell. There is a very thin yellow coloured "Fluor-Illite" shell capping at least part of the argillic zone. Above the Illite, at a sharp contact, is the shell that decreases in intensity away from the mineralization. This large alteration zone is usually called the quartz-sericite-pyrite zone. On this property the alteration is a quart-sericite zone close in and a sericite only zone for most of the alteration.

505-744 West Hastings Street, Vancouver, British Columbia Canada V6C 1A5
Phone (604) 684-2361 FAX (604) 684-1373

The interior shells have variable intensity, probably due to the proximity to the boiling zone in the vein. Near the maximum deposition of quartz and gold in the veins the alteration reaches the maximum intensity and size. The low pH shell that will best aid in the development of drill targets is the sericite alteration shell. This zone is many times larger than the related gold veins and is very easy to recognize on surface.

In the underground and the large cut on surface, the veins exposed give a clue to the paragenesis of the veins and the physical controls to mineralization. There is a possible dyke filling of the fault under (ie. before) the quartz filling. This dyke may represent the top of the *heat-engine* for this deposit. I have found dykes related to many of the epithermal vein deposits in Arizona and most are injected before the main mineralizing events.

In the cut zone the vein filling consists of at least two types of quartz and probably three stages of filling. The early stages consist of mottled white quartz with some copper oxide or silicates. The gold mineralization is usually the most coarse and the highest silver-to-gold ratios for the deposit.

Younger quartz is usually light green to red brown, very fine grained to amorphous with low gold values. The next stages of filling are darker green or creamy white and contain the best gold values. Gold to silver ratios will increase with each succeeding filling of the vein.

The last stage of filling on the Yarnel was not proven but is to be expected as the exploration follows the shoots to depth. The cut zone is clearly in the very top of a major gold bearing system.

The faulting system that controls the mineralization is clearly very complex and not a single stage event. Most of the large epithermal veins in Arizona are controlled by a three dimensional STEP fault system. This faulting consists of both steep risers and flatish stairs with warping both to the left (or right) and up dip. The result is that movement on the fault opens the system on one set of tears with mineralization on the stairs or the risers.

Another characteristic of these deposits is that the faults seldom happen singly. The faults are usually clustered along strike and often are stacked close together in an en-eschelon pattern.

The veinlets in the hanging and footwall of the various thick main openings are simple leakage along fractures into the relatively competent granite. These veinlets are usually called reidels as they are opened by strain of the walls in sympathy to the main faults twisting around corners. The reidels are probably forming in patches where the faults change dip (steepen) to the northwest and would consist of tears parallel to the main opening. There is probably an additional set related to the rotation to near vertical on the northeast side of each of the shoots.

In the underground traverse along the main tunnel the mining was clearly done on more than one vein. Near the portal to the west side of the adit is a shoot with a relatively steep northerly dip that does not intersect the tunnel. This vein is well into the hangingwall of the main vein to the south. This ceiling tear is similar to the main but rotates in dip so it does not intersect the adit.

Mineralization between the two mined out veins along the adit probably represents reidels related to another tear between the two and to the east and below the adit. The main vein alteration in the adit clearly points to increasing grade from the surface cut. The alteration intensity in the walls has increased and the width of the alteration is obviously much larger. This indicates that the grade and probably thickness of the higher grade mineralization will continue below the level.

The mapping by Mark Miller has shows the pitch of the shoots to be to the northwest (downdip). This lobe of alteration has a defined width that appears to reflect a cluster of vein faults in a stacked zone. To the northeast and southwest along the main tear zone Mark has indicated two additional zones similar in character to the Yarnel Mine zone. Each of these alteration patches probably represents an unexplored parallel series of stacked vein/faults.

I noted more than one of these Yarnel Mine zones of alteration scattered in both the far hangingwall and nearby in the footwall. The Yarnel Mine zone is clearly not the largest of these alteration zones. The discovery of the Yarnel is probably based on the exposure at surface of the stage one quartz filling as this filling produces relatively coarse gold that is easily panned. The other zones may have no gold exposed or later stage fillings of higher grade but very fine gold.

Sampling of these deposits is always a touchy issue. Some believe that the nature of the mineralization can best be tested with air drilling and simple chip sampling. Others prefer continuous core for geology in the early stages followed by reverse-air and chip sampling left to the drilling. Some prefer drilling to define geology and raising and bulk sampling used to determine the grade.

For me, the drilling must consist of part core drilling to define the geology of the deposit using face-discharge bits to keep the core recovery (and grade determination) at 100%. This is usually followed by reverse-air using water injection to keep gold losses to a minimum in coarse gold zones. I consider the underground zones a five foot diameter drill hole and continuously channel sample the zone, at least. As most of the gold is in fine veinlets in the quartz sericite and these veinlets are recessive (ie. not sticking out to be chipped off) the chip sampling will usually understate the grade of the zones.

The current campaign of air drilling may give a measure of the grade and location of the veinlet mineralization. I am worried that it will not return all of the stage one gold filling as this gold consists of visible gold in flat flakes. Also, the drilling to date has only tested near the portions previously mined. Most of the highgrade gold mineralization has been removed.

I am not yet convinced that the primary target for the property should be a large tonnage open-pit deposit. This is based on location and character of the deposit. If there was a large open-pit mine here the local townspeople would be considerably disturbed. The development could be slowed or impeded by the politics of location. Also, the previous mining was on narrow but good grade veins that clearly continue to depth. There are obviously more than one of these veins on the property and the current mapping appears to have defined significant targets for drill testing of parallel and unexplored zones.

If there can be a mine developed on the property of the large tonnage lowgrade type, then the highgrade vein mineralization could not reasonably be treated by heap leaching. This type of vein deposit must be milled. Gold extracted from veins by heap leaching is usually less than 40%, and milling recoveries should exceed 95%.

In conclusion, the Yarnel Mine property clearly has grown in merit and potential to be developed into a significant reserve of gold.

I believe by detail core and reverse-air (with water injection) drilling a significant reserve of both low-grade heap-leach mineralization and a smaller reserve of high-grade millable vein mineralization will be defined. The current mapping and drilling have significantly expanded the thickness and lateral extent of the known mineralization.

The underground sampling has probably understated the grade of the deposit as the style of sampling was not continuous channel or panel type. The reverse-air drilling at surface may also have understated the grade due to the character of the mineralization.

Yours truly,

F. Marshall Smith, P.Eng.
4/12/89

505-744 West Hastings Street, Vancouver, British Columbia Canada V6C 1A5
Phone (604) 684-2361 FAX (604) 684-1373

JDS

# ASARCO

**Exploration Department**
Southwestern United States Division

James D. Sell
Manager

CERTIFIED MAIL
RETURN RECEIPT

April 24, 1989

Mr. A.J. Roman, President
Western Building & Mining Co., Inc.
P.O. Box 4006
Reading, PA 19606

Western Building Monthly
Payment
Yarnell Project
Yavapai County, AZ

Dear Mr. Roman:

Enclosed is Asarco's check for $1,000 U.S. for the monthly payment of May 1, 1989, due Western Building as per Article 4 of the Norgold Resources, Inc. - Western Building and Mining Co., Inc. Agreement dated December 30, 1988.

Sincerely,

James D. Sell

James D. Sell

JDS:mek
Enc.

cc: W.L. Kurtz
C.L. Snow
C. Moat - Norgold

ASARCO Incorporated P. O. Box 5747 Tucson, Az 85703-0747
1150 North 7th Avenue (602) 792-3010

VOUCHER NO. 4-244 DATE Apr 1989

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

For Monthly Payment of 5/01/89 $1,000.00

DETACH BEFORE PRESENTING FOR PAYMENT

ASARCO

DOWNTOWN OFFICE
THE VALLEY NATIONAL BANK
TUCSON, ARIZONA

ASARCO INCORPORATED
TUCSON OFFICE
TUCSON, ARIZONA 85703

91-2/1221

No. 0030784

April 24, 1989

PAY The sum of $1,000 and 00 cts $1,000.00

TO THE ORDER OF

ASARCO INCORPORATED
TUCSON OFFICE

WESTERN BUILDING & MINING CO., INC.
P O Bx 4006
Reading, PA 19606

C L Thom

S K Myers

⑈030784⑈ ⑆122100024⑆ 2000⑈0673⑈

JD

Here are the assays + pulps on chair

If you want to check any?

All the Rusty .02 standard check on the money by Triad

4/25/89

Yarnell Proj
Layton Claims
Yavapai Co., AZ

File Note:

Probable Agreement per Philpot & Page telephone calls of 4/21 + 4/24. They are to FAX down the claim list and agreement as soon as clearly typed up. I requested the claim list asap.

Layton Agreement

1. $10K up front
2. 15K on 4/21/90, annivs. of signing (should have been signed this date).
3. 25K " 4/21/91
4. 40K " 4/21/92
5. 60K " 4/21/93
6. 100K " 4/21/94.
7. AND overrid of 1% NSR on ~~claim~~ production from claims
8. Claim List:
   Victoria 1 thru 5.
   & Kochina (1)
   & Treasure Hill (1)
   & Rim Rock (1)
   & Black Dike (2), ie, the northern two Black Dike claims
9. A first-right-of refusal on any Layton claims to the south in 22, 23, 24, 25, 26, & 27, within the next 2 years.

cc: WDGray

JMMcKee

No need to type

J.D. Sell 4/19/89

A few thoughts, re Rei Yarnell

1) Mary has copy of my report (Progress - Recommendations) and the SEA submitted.

2) FYI reports RCB will not begin drilling again until Norgold/Asarco agreement is signed. Norgold has the agreement but it lacks the exhibits — schedules which need to be carefully done to match Terry Haggards agreements. I am asking Bill Guy to do this but he may need help. I am giving him instructions to talk with Sell, Philpot, Moat, and Terry Haggard. Hopefully NORGOLD will sign w/o the Exhibits

3. The more I think about it the more I think Shelton ought to drill those MET + SLW holes if he is agreeable to 6 oz/foot

4. I think 10' assays in the "over burden" and five foot thru the zone

5. Guess ~~not need~~ NO need to collect double samples anymore. We have to core so that will provide MET samples.

6. Philpot sent down tech data re: Layton which I sent to Haggard: also State lease ~~enclosed~~ to Bill Guy; and Oct date: Layton: Heintzelman options.

7. Send FTG/RED results of MET from Skyline: notification of any options acquired Layton, Heintzelman

# NORGOLD RESOURCES INC

RECEIVED

APR 19 1989

EXPLORATION DEPARTMENT

17/04/89

Mr. Bill Kurtz
Manager Southwestern
Exploration Division
ASARCO Incorporated
1150 North 7 th Avenue
Tucson Az

RE: YARNELL PROJECT

Dear Bill,

On a recent visit to the project with Norgold's consultant Mr. Marshall Smith and geologist, Tench Page, we spent a day reviewing Asarco's work program with your project geologist , Mark Miller. Time was spent reviewing phase one drilling, geology, structure, sampling, (technique and procedure) and various potential geological models.

I would like to compliment Mr. Miller and Mr. Sells for their efforts in evaluating the Yarnell Property.
While we were not all in agreement on some points, I found our working relationship professionally stimulating. I think it is safe to say that the property has the characteristics of a gold deposit, and hopefully with the high caliber of ongoing evaluation, a future mine.

Recently, the issue of Asarco's restaking of the Y and Sun lode claims has come to my attention. I have discussed the matter with Mr. Don Jenkins who is distraught that he was not consulted in regards to any inefficiency in staking. Mr. Jenkins and his crew burton and taped each claim, putting in either a wood or PVC post for location notice. Most locations were documented by pictures. As the Y claims are in Mr. Jenkins name, I feel it would be advantageous if Asarco could contact Mr. Jenkins personally to resolve this point.

Sent to Haggard

I have enclosed for your perusal, the agreements we have sent to the Laytons ( Victoria 1-6 claim block ) and Heinselman ( Mother patented ). I have had the Laytons claims personally researched and there are a couple of loose ends that should be resolved i.e. the transfer of

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

# NORGOLD RESOURCES INC.

50% interest in the claims from West Beroy Inc. to the Laytons. This was not implemented and the Laytons claim all efforts to attain the transfer were unsuccessful. Perhaps Mr. Shearer may have a few suggestions to resolve this matter.

Please find enclosed a copy of the Brada Title Search on the Layton's mineral properties and more recent findings specifically relating to the Victoria and Rim Rock lode claims, compiled by Mr. Jenkins. I have also enclosed our filings with regards to the state leases.

sent to Haggard

copy sent to Haggard

I wish to close by thanking you again for the professional courtesy afforded Norgold on our project, and I look forward to a continuation of our excellent working relationship.

Sincerely,

Michael D. Philpot
Director

Adrian F.C.Hobkirk ( for M.D.Philpot )
Corporate Relations

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

# OPTION TO PURCHASE VICTORIA CLAIMS, ARIZONA

THIS AGREEMENT is made and dated for reference the _____ day of _____, 1989

BETWEEN:

NORGOLD RESOURCES (US) INC. a company duly incorporated under the laws of the State of Delaware and having an office at 2380 Harbour Centre, P.O. Box 12122, 555 West Hastings Street, Vancouver, British Columbia, V6B 4N6

(hereinafter referred to as "Norgold")

OF THE FIRST PART

AND:

MR. AND MRS. D. LAYTON, of Route 192, P. O. Box 13, Elko, Nevada, 89801

(hereinafter referred to as "Layton")

OF THE SECOND PART

WHEREAS:

A. Layton is the registered and beneficial owner of the unpatented lode claims known as the Victoria property (the "Property"), more particularly described in Schedule "A" hereto located in Yavapai County, Arizona; and

B. Norgold wishes to acquire an option to purchase the Property and Layton wishes to grant such option to Norgold on the terms contained herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

1. Layton hereby grants to Norgold the exclusive right and option to purchase the Property (the "Option") in consideration for Layton receiving a 2.5% net smelter royalty as described in Schedule "B" hereto, which royalty shall be extinguished upon Layton receiving the sum of $250,000 in accordance with the provisions of this Agreement. In order to maintain the option in good standing, Norgold shall make the following advance minimum royalty payments to Layton:

a) $2,500 upon the execution of this Agreement; 2500 60 days

b) ~~$2,500 within six months of the date of this Agreement~~;

c) ~~$5,000 within 18 months of the date of this Agreement~~; 10,000 1 Jan 90
20,000 1 Jan 91
40,000 1 Jan 92 until
250,000

for this they hopefully include all their claims in the area
Kurt [illegible]

d) $5,000 within 30 months of the date of this Agreement;

e) $7,500 within 42 months of the date of this Agreement;

f) $10,000 within 54 months of the date of this Agreement and $10,000 every 12 months thereafter until Layton has received $250,000, provided that upon the Property going into Commercial Production, Layton shall receive the greater of the foregoing advance minimum royalty amounts and a 2 1/2% net smelter royalty calculated as set out in Schedule "B" hereto.

2. Layton warrants and represents that:

a) they are the registered and beneficial owners of the Property free and clear of all liens, charges or encumbrances whatsoever; and

b) Layton has the full, right, title, power, capacity and authority to enter into this Agreement; and

c) No other firm, person or corporation has any interest in the Property that would conflict with the terms of this Agreement; and

d) All previous activities carried out on the Property have been conducted in accordance with the applicable laws and regulations and in entering into this option to purchase the Property and in concluding the purchase of the Property, Norgold will not assume liability for environmental or other problems that may presently exist on or with relation to the Property.

3. While the Option remains in good standing, Norgold shall:

a) maintain the Property in good standing by filing assessment work and paying all maintenance fees required by governmental authority at least 30 days in advance of the due date for any filing or payment; and

b) do all work on the Property in a prudent minerlike manner; and

c) not allow any liens, charges or encumbrances to be registered or threatened against the Property unless the same are being disputed by Norgold; and

d) allow Layton access to the Property for the purpose of inspecting operations thereon, provided always that such access shall be at the sole risk and expense of Layton; and

e) maintain the industry standard policies of liability insurance so as to protect the Property and Layton from personal injury claims; and

f) keep accurate books and records of account concerning its operation on the Property which books and records shall be available for the inspection of Layton at least once each year for the purpose of Layton making independent calculation of their net smelter royalty.

(b) If to Layton:

Mr. and Mrs. D. Layton
Route 192
P. O. Box 13
Elko, Nevada
89801

Notices sent by telefax or other similar means of recorded communication shall be deemed to be received on the day following the delivery for transmission. Written notices may also be delivered personally to the parties at the addresses shown above and shall be deemed to have been given on the day the same are delivered. Each party may change its address for service at any time by notice in writing to the other.

15. The parties acknowledge that while this is a binding Agreement, it is a preliminary agreement only and either party hereto may request that a more formal agreement be prepared and executed. The party wishing such formal agreement shall prepare the initial draft and deliver a copy to the other party. Both parties thereafter agree to use their best efforts to negotiate in good faith the terms of the formal agreement which will be based upon the terms hereof and to execute such formal agreement within 60 days of the first draft agreement. Until such time as a more formal agreement is entered into between the parties, this Agreement shall remain in full force and effect.

16. Time shall be essence of this Agreement.

17. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. It is expressly understood and agreed that this Agreement shall be assignable in whole or in part by either party without the consent of the other, however, neither party shall make such assignment without prior notice in writing to the other party and any assignee shall agree in writing with the non–assigning party to be bound by the terms of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first above written.

THE COMMON SEAL OF NORGOLD RESOURCES (US) INC. was hereunto affixed in the presence of: )

C/S

_____ )

SIGNED, SEALED AND DELIVERED in the presence of: )

_____ )

_____ )

_____ Layton

SIGNED, SEALED AND DELIVERED )
in the presence of: )
)
)
_____ )
)
)
_____ )

_____
_____ Layton

4919G

SCHEDULE "A"

DESCRIPTION OF THE VICTORIA PROPERTY

Load Mining Claims

| Claim Name | AMC # | Book | Page |
|---|---|---|---|
| Victoria #1 | 78215 | 924 | 918 |
| amended location notice | | 1287 | 764 |
| Victoria #2 | 98902 | 1287 | 765–766 |
| Victoria #3 | 98903 | 1287 | 767–768 |
| Victoria #4 | 98904 | 1287 | 769–770 |
| Victoria #5 | 244644 | 1751 | 484–485 |

Placer Claim

| Claim Name | AMC # | Book of Mines | Page |
|---|---|---|---|
| Rim Rock #1 | 82449 | 154 | 550 |

add this in
sec 23

4921G

SCHEDULE "B"

Definition of Net Smelter Royalty

1. For the purposes of the Agreement made the _____ day of _____, 1989 between Norgold Resources (US) Inc. ("Norgold") and Mr. and Mrs. D. Layton ("Layton") the following words and phrases shall have the following meanings, namely:

(a) "Net Smelter Royalty" shall mean the royalty payable to Layton (the "Royalty") calculated as 2.5% of the amount equal to the gross proceeds received by Norgold in any one year from the sale of Product from the mining operation on the Property, less successively:

(i) the cost of transportation of such Product to a smelter or other place of treatment, and

(ii) smelter and treatment charges;

(b) "Ore" shall mean any material containing a mineral or minerals of commercial economic value mined from the Property; and

(c) "Product" shall mean Ore mined from the Property and any concentrates or other materials or products derived therefrom, but if any such Ore, concentrates or other materials or products are further treated as part of the mining operation in respect of the Property, such Ore, concentrates or other materials or products shall not be considered to be "Product" until after they have been so treated.

2. For the purposes of calculating the amount of Royalty payable to Layton hereunder, if, after the Commencement of Commercial Production, Norgold sells any Product to one of its subsidiaries or affiliates, and if the sale price of such Product is not negotiated on an arm's-length basis, Norgold shall for the purposes of calculating Net Smelter Returns only and notwithstanding the actual amount of such sale price, add to the proceeds from the sale of such Product an amount which would be sufficient to make such sale price represent a reasonable net sale price for such Product as if negotiated at arm's length and after taking into account all pertinent circumstances including, without limitation, then current market conditions relating to Ore, concentrates or products similar to such Product.

3. Norgold shall by notice inform Layton of the quantum of such reasonable net sale price and, if Layton does not object thereto, within 60 days after receipt of such notice, said quantum shall be final and binding for the purposes of this Agreement.

4. Norgold may remove reasonable quantities of Ore and rock from the Property for the purpose of bulk sampling and of testing, and there shall be no Royalty payable to Layton with respect thereto unless revenues are derived therefrom.

5. Norgold shall have the right to commingle with ores from the Property, ore produced from other properties, provided that prior to such commingling, Norgold shall adopt and employ reasonable practices and procedures for weighing, determination of moisture content, sampling and assaying, as well as utilize reasonable accurate recovery factors in order to determine the amounts of products derived from, or attributable to Ore mined and produced from the Property. Norgold shall maintain accurate records of the results of such sampling, weighing and analysis as pertaining to ore mined and produced from the Property.

6. Layton's net smelter royalty shall be calculated every calendar quarter after the Commencement of Commercial Production and shall be paid to Layton within 30 days of the end of each calendar quarter. Payment shall be accompanied by a detailed accounting of the calculation of the net smelter royalty.

7. Layton shall be entitled to audit no more than once each year, the calculation of the royalty. Should such audit determine that Layton has been underpaid by in excess of 4%, the cost of such audit shall be paid by Norgold.

8. The term "Commencement of Commercial Production" when used in this Agreement shall mean the date when either:

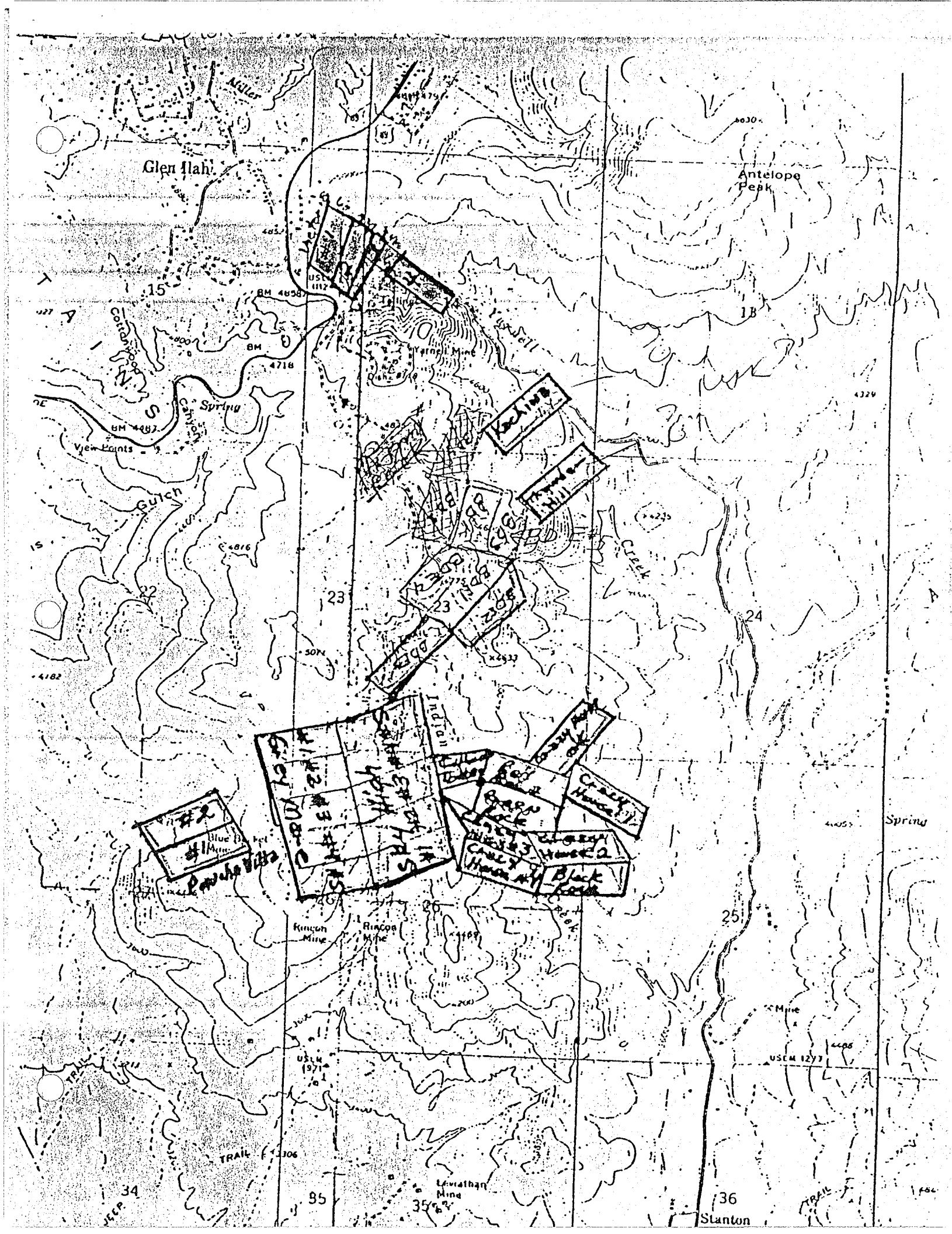
a) mill or other treatment facilities constructed on or near the Property for the purpose of processing Ore has operated for 30 out of 40 consecutive days at 75% of rated capacity; or

b) Ore has been shipped from the Property on a reasonably continuous basis for the purpose of commercial sale.

9. The Royalty shall terminate upon the receipt by Layton of an aggregate amount of $250,000 pursuant to the Agreement.

SCHEDULE "C"

MAP


Glen Ilah
Antelope Peak
Miller
Canyon
Spring
View Points
Gulch
Creek
Yerno Mine
Indian
Rincon Mine
Rincon Mine
Leviathan Mine
Stanton
Spring
Mine
TRAIL
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35
36

# OPTION TO PURCHASE MOTHER CLAIMS

THIS AGREEMENT made and dated for reference the _____ day of _____, 1989.

BETWEEN:

FORREST B. HEINTZELMAN, of
1315 Cedar Crest Blvd.
Allentown, P.A.
18104

(hereinafter called "Heintzelman")

OF THE FIRST PART

AND:

NORGOLD RESOURCES (US) INC., a company duly incorporated under the laws of the State of Delaware and having an office at 2380 Harbour Centre, P.O. Box 12122, 555 West Hastings Street, Vancouver, B.C., V6B 4N6;

(hereinafter referred to as "Norgold")

OF THE SECOND PART

WHEREAS:

A. Heintzelman is the registered and beneficial owner of the "Mother" patented mineral claim (MS #1201) located in Yavapai County, Arizona, U.S.A. (the "Property"); and

B. Norgold wishes to purchase and Heintzelman wishes to sell the Property on the terms contained herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. In consideration for the payment of $2,500 on the execution of this Agreement (the receipt whereof by Heintzelman is hereby acknowledged), Heintzelman hereby grants to Norgold the exclusive right and option to purchase the Property (the "Option").

2. In order to maintain the Option in good standing, Norgold shall make the following payments to Heintzelman:

a) $5,000 on or before six (6) months from the date of this Agreement; and
b) $5,000 on or before twelve (12) months from the date of this Agreement; and
c) $12,500 on or before twenty-four (24) months from the date of this Agreement; and
d) $12,500 on or before thirty-six (36) months from the date of this Agreement; and
e) $12,500 on or before forty-eight (48) months from the date of this Agreement.

3. Payments made by Norgold to Heintzelman from time to time pursuant to this Agreement shall be made by cheque delivered to the address set out above.

4. Upon the receipt by Heintzelman of a total of $50,000 from Norgold pursuant to the terms of this Agreement, the Option shall for all purposes be deemed to have been exercised and Norgold shall be the beneficial owner of the Property and shall be entitled to become the registered owner of the Property.

5. Forthwith upon the execution of this Agreement, Heintzelman shall deposit with a mutually agreeable escrow holder a quit claim assignment or transfer documents necessary to transfer title to the Property to Norgold (the "Escrow Documents") and; upon payment of $47,500 as provided in paragraph 2 hereof, the escrow holder shall turn the Escrow Documents over to Norgold and Norgold shall be entitled to register the same in order to become the registered owner of the Property. If this Agreement is terminated prior to the exercise of the Option, the escrow holder shall turn over the Escrow Documents to Heintzelman and Norgold shall have no further interest in the Property. The escrow holder shall be entitled to rely upon the sworn affidavit of Heintzelman or Norgold that either the Option has been exercised or that this Agreement has been terminated, as the case may be, in turning over the Escrow Documents provided that upon receiving the request from a party to receive the Escrow Documents accompanied by a sworn affidavit, the escrow holder shall send a copy of the affidavit to the other party together with a notice in writing advising the other party that the escrow holder intends to turn over the Escrow Documents thirty (30) days after the date of such notice. At the end of such 30 day period the escrowholder shall be entitled to deal with the escrow documents as set out in its notice. The cost of engaging the escrowholder shall be paid by Norgold. Norgold shall be entitled forthwith to register this Agreement against title to the Property in order to give third parties notice of the Option.

6. Prior to the exercise of the Option, Norgold shall have the exclusive right to enter upon and occupy the Property and to conduct mineral exploration, development and mining activities thereon. As the registered owner of the Property, Heintzelman shall fully co-operate with Norgold in the conduct of such activities on the Property.

7. Heintzelman warrants and represents that:

a) he is the registered and beneficial owner of the Property free and clear of all liens, charges or encumbrances whatsoever; and

b) he has the full, right, title, power, capacity and authority to enter into this Agreement; and

c) No other firm, person or corporation has any interest in the Property that would conflict with the terms of this Agreement; and

d) All previous activities carried out on the Property have been conducted in accordance with the applicable laws and regulations and in entering into this option to purchase the Property and in concluding the purchase of the Property, Norgold will not assume liability for environmental or other problems that may presently exist on or with relation to the Property.

8. Heintzelman agrees to indemnify and save Norgold harmless from and against any and all damages, claims or liabilities in the event that some or all of the warranties and representations of Heintzelman as set out herein are incorrect.

9. Norgold agrees to indemnify and save Heintzelman harmless from and against any and all damages, claims or liabilities arising from Norgold's operations carried out on the Property.

10. This Agreement may be terminated as follows:

a) By Heintzelman in the event of a breach of a term or condition of this Agreement by Norgold, provided that Heintzelman shall give notice in writing to Norgold setting out the details of the breach and allowing Norgold 30 days from the date of the notice to remedy the breach. In the event that the breach is not remedied within such 30 day period, this Agreement shall terminate and be null and void.

b) By Norgold, upon 30 days notice in writing to Heintzelman. In the event of the termination of this Agreement prior to the exercise of the Option, Norgold shall have a period of six months to remove from the Property anything brought to the Property by Norgold.

11. This Agreement shall be interpreted in accordance with the laws of the State of Arizona and the parties agree to submit to the jurisdiction of the Arizona courts with respect to the interpretation hereof.

12. All dollar amounts set out in this Agreement are United States dollars.

13. Unless otherwise provided herein, any notice, payment, or other communication to a party under this Agreement may be made, given or served by courier delivery or telefax addressed as follows:

(a) If to Norgold:

Norgold Resources (US) Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, British Columbia
V6B 4N6

Telefax Number:

with copy to
Rand Edgar & Sedun
Barristers & Solicitors
2200 –885 West Georgia Street
Vancouver, British Columbia
V6C 3E8

Telefax Number: (604) 681 – 7116

(b) If to Heintzelman:

Mr. Forrest B. Heintzelman
1315 Cedar Crest Boulevard
Allentown, Pennsylvania
18104

Notices sent by telefax or other similar means of recorded communication shall be deemed to be received on the day following the delivery for transmission. Written notices may also be delivered personally to the parties at the addresses shown above and shall be deemed to have been given on the day the same are delivered. Each party may change its address for service at any time by notice in writing to the other.

14. While this Agreement remains in good standing, Norgold shall have the exclusive right to enter upon and occupy the Property and to conduct mineral exploration, development and mining activities thereon. As the registered owner of the Property, Heintzelman shall fully co–operate with Norgold in the conduct of such activities on the Property.

15. The parties acknowledge that while this is a binding Agreement, it is a preliminary agreement only and either party hereto may request that a more formal agreement be prepared and executed. The party wishing such formal agreement shall prepare the initial draft and deliver a copy to the other party. Both parties thereafter agree to use their best efforts to negotiate in good faith the terms of the formal agreement which will be based upon the terms hereof and to execute such formal agreement within 60 days of the first draft agreement. Until such time as a more formal agreement is entered into between the parties, this Agreement shall remain in full force and effect.

16. Time shall be essence of this Agreement.

17. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. It is expressly understood and agreed that this Agreement shall be assignable in whole or in part by either party without the consent of the other, however, neither party shall make such assignment without prior notice in writing to the other party and any assignee shall agree in writing with the non–assigning party to be bound by the terms of this Agreement.

**IN WITNESS WHEREOF**, this Agreement has been executed by the parties hereto as of the day and year first above written.

THE COMMON SEAL OF NORGOLD RESOURCES (US) INC. was hereunto affixed in the presence of: )

C/S

_____ )

SIGNED, SEALED AND DELIVERED in the presence of: )

_____ )

_____ )

_____

Forrest B. Heintzelman

SECTION, TOWNSHIP AND RANGE MUST BE INCLUDED IN THE LEGAL DESCRIPTION

RESTORATION AND DAMAGE BOND

KNOW ALL MEN BY THESE PRESENTS: Bond No._____

That we, _____

As Principal, and _____

a corporation organized under the laws of the State of _____, with its principal office in the City of _____, and duly authorized to transact surety business in the State of Arizona, as Surety, are held and firmly bound unto the State of Arizona for the use and benefit (1) of the State of Arizona, and (2) of any lessee, under a lease issued or to be issued by the State of Arizona, covering the use of the surface of State Land hereinafter described, as Obligee, in the full penal sum of 1,000.00 Dollars, lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this _____ day of _____, 19___.

WHEREAS, the above bounden Principal is about to obtain from the State of Arizona a (Permit) (Lease) Number 08-96869, for a term of _____ years, covering the State land described as follows:

_____

_____

_____ And

WHEREAS, the Principal is required by law to file and maintain in force with the State Land Commissioner a bond conditioned as hereinafter set forth.

NOW, THEREFORE, it is the condition and obligation of this bond that if principal in conducting any mining exploration, development or operation fails to comply with the terms of the lease or permit, or otherwise by the end of the lease or permit fails to provide for the safety and protection of human life and livestock by the adequate fencing and/or other closing or filling of all shafts, prospect holes, adits, tunnels and other dangerous mine workings, insofar as it is reasonable, as determined by the Commissioner, or fails to restore the surface of the subject property as nearly as possible to its condition immediately prior to the issuance of this lease or permit then the above bounden surety shall promptly pay to the State of Arizona and lessee of the surface of State land covered by the aforesaid lease or permit or across which the principal exercises the right of ingress or egress, for any loss to the State of Arizona and lessee for damage or destruction caused by the principal, his agents or employees, to land surface, grasses, forage, crops and improvements upon such State lands resulting from principal's use and occupancy of the land under the lease or permit.

PROVIDED, regardless of the number of years this bond shall continue or be continued in force and of the number of premiums that shall be payable or paid, the Surety shall not be liable hereunder for a larger total amount, in the aggregate, than the penal sum of this bond.

PROVIDED FURTHER, the Surety named herein may cancel this bond and be relieved of any further liability hereunder by giving thirty (30) days notice, in writing, of its desire to do so to the Commissioner of the Land Department of the State of Arizona, Phoenix, Arizona.

SECTION, TOWNSHIP AND RANGE MUST BE INCLUDED IN THE LEGAL DESCRIPTION

RESTORATION AND DAMAGE BOND

KNOW ALL MEN BY THESE PRESENTS: Bond No._____

That we, _____

As Principal, and _____

a corporation organized under the laws of the State of _____, with its principal office in the City of _____, and duly authorized to transact surety business in the State of Arizona, as Surety, are held and firmly bound unto the State of Arizona for the use and benefit (1) of the State of Arizona, and (2) of any lessee, under a lease issued or to be issued by the State of Arizona, covering the use of the surface of State Land hereinafter described, as Obligee, in the full penal sum of 1,000.00 Dollars, lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this _____ day of _____, 19___.

WHEREAS, the above bounden Principal is about to obtain from the State of Arizona a (Permit) (Lease) Number 08-96868, for a term of _____ years, covering the State land described as follows:

_____

_____

_____And

WHEREAS, the Principal is required by law to file and maintain in force with the State Land Commissioner a bond conditioned as hereinafter set forth.

NOW, THEREFORE, it is the condition and obligation of this bond that if principal in conducting any mining exploration, development or operation fails to comply with the terms of the lease or permit, or otherwise by the end of the lease or permit fails to provide for the safety and protection of human life and livestock by the adequate fencing and/or other closing or filling of all shafts, prospect holes, adits, tunnels and other dangerous mine workings, insofar as it is reasonable, as determined by the Commissioner, or fails to restore the surface of the subject property as nearly as possible to its condition immediately prior to the issuance of this lease or permit then the above bounden surety shall promptly pay to the State of Arizona and lessee of the surface of State land covered by the aforesaid lease or permit or across which the principal exercises the right of ingress or egress, for any loss to the State of Arizona and lessee for damage or destruction caused by the principal, his agents or employees, to land surface, grasses, forage, crops and improvements upon such State lands resulting from principal's use and occupancy of the land under the lease or permit.

PROVIDED, regardless of the number of years this bond shall continue or be continued in force and of the number of premiums that shall be payable or paid, the Surety shall not be liable hereunder for a larger total amount, in the aggregate, than the penal sum of this bond.

PROVIDED FURTHER, the Surety named herein may cancel this bond and be relieved of any further liability hereunder by giving thirty (30) days notice, in writing, of its desire to do so to the Commissioner of the Land Department of the State of Arizona, Phoenix, Arizona.

**ASARCO** Southwestern Exploration Division

JDS

April 25, 1989

FILE NOTE

Yarnell Project
Layton Claims
Yavapai County, AZ

Probable Agreement per Philpot and Page telephone calls of 4/21 and 4/24. They are to FAX down the claim list and agreement as soon as cleanly typed. I requested the claim list as soon as possible.

Layton Agreement:

1. $10K up front
2. $15K on 4/21/90, Anniversary of signing (should have been signed this date)
3. $25K on 4/21/91
4. $40K on 4/21/92
5. $60K on 4/21/93
6. $100K on 4/21/94
7. AND override of 1% NSR on production from claims
8. Claim List:
   - Victoria 1 thru 5
   - Kachina (1)
   - Treasure Hill (1)
   - Rim Rock (1)
   - Black Dike (2), i.e., the northern most Black Dike claim
9. A first-right of refusal on any Layton claims to the south in 22, 23, 24, 25, 26, and 27, within the next 2 years.

Nongold-to acquire claims after these payments.

but must give up 50% of Patented!

James D. Sell

JDS:mek

James D. Sell

cc: W.L. Kurtz
W.D. Gay

Canadian Gravity Recovery Inc.

CGR

#920 - 625 Howe Street
Vancouver, B.C., Canada, V6C-2T6
Fax:(604)685-8045 Phone:(604)685-8730

ASARCO Incorporated

APR 25 1989

SW Exploration

FACSIMILE TRANSMISSION

To: ASARCO Incorporated

ATTN: Bill Kurtz / Jim Sells

FROM: M. Philpot c/o NORGOLD

DATE: April 25/89

IF YOU DO NOT RECEIVE ALL 20 PAGES (INCLUDING COVER PAGE)
PLEASE FAX: (604) 685-8045 602 624 3369
OR PHONE: (604) 685-8730.
THANK-YOU.

**********

MESSAGE:

cc: W.D. Gay

# NORGOLD RESOURCES INC.

**Re: Land options entered into with Delbert and Priscilla Layton as of 4/21/89**
April 24, 1989

Negotiations with Delbert and Priscilla Layton have resulted in the signing of a draft agreement between Norgold Resources (US) Inc. (by Tench C. Page) and the Laytons concerning option of ten lode mining claims in the Yarnell area of Arizona. The general framework (faxed to Reno) for this agreement was adhered to although several changes (pre-approved by Norgold) were necessitated in order to arrive at an agreement with the Laytons that was considered to be in their interests by their legal counsel. These include the following:

1) Revised payment schedule:

| | | |
|---|---|---|
| April 21, 1989 | $ 10,000 US | paid 4/21/89 |
| April 21, 1990 | $ 15,000 US | |
| April 21, 1991 | $ 25,000 US | |
| April 21, 1992 | $ 40,000 US | |
| April 21, 1993 | $ 60,000 US | |
| April 21, 1994 | $ 100,000 US | |

2) A 1% continuing NSR royalty applicable to the claims optioned from the Laytons

3) The right to 50 % return of any land patented from their claims following cessation of Norgold's mining activities and Norgold's cooperation in their attempts to patent such land.

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

# NORGOLD RESOURCES INC.

The agreement has also been expanded to cover the following claims in addition to the Victoria #1 through #5, and Rim Rock #1 claims:

| Claim name | AMC # | Book | Page |
|---|---|---|---|
| Thunder Hill Lode Mining Claim | 78227 | 923 | 945 |
| | | 941 | 750 |
| | | 1252 | 162 |
| Black Dike No. 1 Lode Mining Claim | 74727 | 153 | 17 |
| | | 1063 | 712 |
| Black Dike Extension No. 5 Lode Mining Claim | 118942 | 1339 | 56 |
| Kachina Doll No. 1 Lode Mining Claim | not required; recorded as Arizona State Mineral Lease #11-31009 Book 937; Page 596. | | |

Norgold also retains a 30 day right of first refusal for a period of two years concerning the option/sale etc. of Leyton's other claims in the Yarnell area.

A record search indicates that the Rim Rock #1 (AMC #82449; Book 154, Page 550) is a lode mining claim (not a placer claim as previously believed) and all reference to this claim (ie. Page 1 and Schedule "A", etc.) should reflect this.

Sincerely,

Tench C. Page

Tench C. Page
Exploration Manager
Norgold Resources (US) Inc.

cc: M. Philpot, C. Moat, W. Kurtz, J. Sell, M. Miller

2380 Harbour Centre, P.O. Box 12122, 555 W. Hastings Street, Vancouver, B.C. V6B-4N6

(604) 681-5566

**NORGOLD RESOURCES INC.**
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, B.C.
V6B 4N6

TP Pak
21 Llk

April ~~20~~, 1989

Mr. and Mrs. D. Layton
Route 192
P.O. Box 13
Elko, Nevada
U.S.A. 89801

Dear Mr. and Mrs. Layton

Re: Option to Purchase the Victoria 1 through 5 Lode Mining Claims, the two northernmost Black Dike Lode Claims, the Thunder Hill Lode Claim, the Kachina Doll Lode Claim, and Rim Rock #1 Placer Claim, Yavapai County, Arizona (the "Property")

This letter will summarize the terms of the option agreement between yourselves and Norgold Resources (US) Inc. ("Norgold") dated for reference April 20, 1989. You have represented to Norgold that you own the Property free and clear of all liens, charges or encumbrances and you have agreed to grant to Norgold the exclusive option to purchase the Property in consideration for the following advance royalty payments and continuing royalty:

a) ~~$2,500 upon the execution of this Agreement;~~ April 21, 1989 - $10,000
b) ~~$2,500 on or before July 1, 1989;~~ April 21, 1990 - $15,000
c) ~~$10,000 on or before January 1, 1990;~~ April 21, 1991 - $25,000
d) ~~$20,000 on or before January 1, 1991;~~ April 21, 1992 - $40,000
e) ~~$40,000 on or before January 1, 1992;~~ April 21, 1993 - $60,000
f) ~~$75,000 on or before January 1, 1993;~~ April 21, 1994 - $100,000.00
g) ~~$100,000 on or before January 1, 1994~~, provided that upon the Property going into Commercial Production, Layton shall receive the greater of the foregoing advance minimum royalty amounts and a ~~2.5%~~ 1% net smelter royalty. This 1% NSR to the Laytons will continue after the advance mining royalty has been paid and as long as there is commercial production from these claims.

TP Pak Llk

While this agreement remains in effect, Norgold will keep the Property in good standing, keep it free of liens and encumbrances, do all work on the Property in a prudent, miner-like manner, keep the property insured, keep accurate books and records of account concerning its operations which records shall be open for your inspection, and have the exclusive right to use and occupy the Property for exploration and mining purposes.

The option to purchase the Property will be exercised upon your receipt of $250,000 from Norgold and after this agreement is signed, you shall deposit a signed bill of sale with an escrow agent and, after you have received $250,000, the escrow agent shall give the bill of sale to Norgold and thereafter Norgold shall own the Property subject only to the above royalty payments.

You shall indemnify Norgold against environmental or other claims associated with the Property up to the present time and Norgold shall indemnify you with respect to such claims that may result from Norgold's work on the Property.

You may terminate this agreement if it is breached by Norgold upon 30 days' notice to Norgold in the event that the breach is not remedied within such 30 day period. Norgold may terminate this agreement upon 30 days' notice to you.

You have also agreed to grant Norgold the exclusive right of first refusal for 24 months from the date of this agreement to purchase other mineral claims owned by you as outlined ~~in red~~ in the map attached hereto as schedule "A".

cooperate with P.A.L. Well TCP

Norgold acknowledges that you intend to attempt to have the Property patented and Norgold shall ~~not object to~~ such application and shall render reasonable assistance in your efforts. Upon Norgold determining that it no longer requires the Property for exploration or mining purposes, 50% of the land area contained within the Property shall be quit claimed by Norgold to you.

P.A.L. TCP Well patented

after P.A.L. Well TCP

The foregoing is a summary of the essential terms of the agreement dated for reference the ~~20th~~ 21st day of April, 1989, between us, a copy of which has been given to you today for your review. Norgold's intention with respect to this Property is more fully set out in such agreement. Please indicate your acceptance of the foregoing by executing this letter in the place provided below in order to form a binding agreement. Until the aforesaid more formal agreement dated April ~~20~~, 1989, is signed, this agreement shall remain in force and be binding on us.

21 TCP P.A.L. Well

Yours very truly,

**NORGOLD RESOURCES (US) INC.**

Per: [signature]
Exploration Manager on behalf of Christopher Moat President of Norgold Resources (US) Inc.

**AGREED AND ACCEPTED** this 21st day of April, 1989.

[signature]
Mr. D. Layton

[signature]
Mrs. D. Layton Priscilla A. Layton

[signature]
Witness

:vb/0731V
Encls.

# OPTION TO PURCHASE VICTORIA CLAIMS, ARIZONA

THIS AGREEMENT is made and dated for reference the ~~20th~~ 21st day of April, 1989

**BETWEEN:**

NORGOLD RESOURCES (US) INC. a company duly incorporated under the laws of the State of Delaware and having an office at 2380 Harbour Centre, P.O. Box 12122, 555 West Hastings Street, Vancouver, British Columbia, V6B 4N6

(hereinafter referred to as "Norgold")

OF THE FIRST PART

**AND:**

MR. AND MRS. D. LAYTON, of Route 192, P. O. Box 13, Elko, Nevada, 89801

(hereinafter referred to as "Layton")

OF THE SECOND PART

**WHEREAS:**

A. Layton is the registered and beneficial owner of the unpatented lode claims known as the Victoria property (the "Property"), more particularly described in Schedule "A" hereto located in Yavapai County, Arizona; and

B. Norgold wishes to acquire an option to purchase the Property and Layton wishes to grant such option to Norgold on the terms contained herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties agree as follows:

1. Layton hereby grants to Norgold the exclusive right and option to purchase the Property (the "Option") in consideration for Layton receiving a ~~2.5%~~ 1% net smelter royalty as described in Schedule "B" hereto, which royalty shall ~~be extinguished upon Layton receiving the sum of $250,000~~ continue as long as there is commercial production from the claims, in accordance with the provisions of this Agreement. In order to maintain the option in good standing, Norgold shall make the following advance minimum royalty payments to Layton:

~~a) $2,500 upon the execution of this Agreement;~~

~~b) $2,500 on or before July 1, 1989;~~

~~c) $10,000 on or before January 1, 1990;~~

April 21, 1989 — $10,000.00
April 21, 1990 — $15,000.00
April 21, 1991 — $25,000.00
April 21, 1992 — $40,000.00
April 21, 1993 — $60,000.00
April 21, 1994 — $100,000.00

~~d) $20,000 on or before January 1, 1991;~~

e) $40,000 ~~on or before~~ January 1, 1992; paid TIP LLL

~~f) $75,000 on or before January 1, 1993;~~ paid LLL TIP

~~g) $100,000 on or before January 1, 1994~~ APRIL 81, provided that upon the Property going into Commercial Production, Layton shall receive the greater of the foregoing advance minimum royalty amounts and a ~~2.5%~~ 1.5% net smelter royalty calculated as set out in Schedule "B" hereto. 1% Net Smelter Royalty has been paid LLL

THIS 1% NSR to the Laytons will continue after the advance mining royalty paid and as long as there is commercial production from these claims. paid LLL TIP

2. Layton warrants and represents that:

a) they are the registered and beneficial owners of the Property free and clear of all liens, charges or encumbrances whatsoever; and

b) Layton has the full, right, title, power, capacity and authority to enter into this Agreement; and

c) No other firm, person or corporation has any interest in the Property that would conflict with the terms of this Agreement; and

d) All previous activities carried out on the Property have been conducted in accordance with the applicable laws and regulations and in entering into this option to purchase the Property and in concluding the purchase of the Property, Norgold will not assume liability for environmental or other problems that may presently exist on or with relation to the Property.

3. While the Option remains in good standing, Norgold shall:

a) maintain the Property in good standing by filing assessment work and paying all maintenance fees required by governmental authority at least 30 days in advance of the due date for any filing or payment; and

b) do all work on the Property in a prudent minerlike manner; and

c) not allow any liens, charges or encumbrances to be registered or threatened against the Property unless the same are being disputed by Norgold; and

d) allow Layton access to the Property for the purpose of inspecting operations thereon, provided always that such access shall be at the sole risk and expense of Layton; and

e) maintain the industry standard policies of liability insurance so as to protect the Property and Layton from personal injury claims; and

f) keep accurate books and records of account concerning its operation on the Property which books and records shall be available for the inspection

of Layton at least once each year for the purpose of Layton making independent calculation of their net smelter royalty.

4. Upon the request of Norgold after the execution of ~~this~~ the Option to purchase Agreement, Layton shall execute Quit Claims, Bills of Sale or other title documents necessary to transfer title to the Property to Norgold (the "Escrow Documents"), which Escrow Documents shall be delivered to a mutually agreeable escrowholder. If this Agreement is terminated prior to the exercise of the Option the escrowholder shall turn over the Escrow Documents to Layton. Upon Layton receiving $250,000 pursuant to the terms of this Agreement, the Option shall for all purposes be deemed to be fully exercised and thereafter Norgold shall be the beneficial owner of the Property free of any claim except for the continuing NSR Royalty from Layton and the escrowholder shall turn over the Escrow Documents to Norgold and Norgold shall be entitled to register the same in order to become the registered owner of the Property. A party wishing to take possession of the Escrow Documents, shall deliver to the escrowholder an Affidavit stating that it is entitled to the same pursuant to the terms of this Agreement and the escrowholder shall send a copy of such Affidavit to the other party hereto along with a notice in writing stating the intention of the escrowholder to turn over the Escrow Documents 30 days from the date of the notice. Norgold shall be entitled forthwith to register this Agreement against title to the Property in order to give third parties notice of the Option.

5.1 Layton agrees to indemnify and save Norgold harmless from and against any and all damages, claims or liabilities in the event that some or all of the warranties and representations of Layton as set out herein are incorrect.

5.2 Norgold agrees to indemnify and save Layton harmless from and against any and all damages, claims or liabilities arising from environmental or other damages that may result from Norgold's activities on the Property.

6. Layton acknowledges that Norgold shall undertake a title review forthwith upon the execution of this Agreement and in the event that within 90 days of the date of this Agreement Norgold determines that the title of Layton to the Property is not as represented in this Agreement, Norgold shall be entitled to forthwith terminate this Agreement and its initial payment of ~~$2,500~~ $10,000.00 shall be refunded. The escrowholder shall not return the Escrow Documents to Layton until such refund is made.

7. This Agreement may be terminated as follows:

a) By Layton in the event of a breach of a term or condition of this Agreement by Norgold, provided that Layton shall give notice in writing to Norgold setting out the details of the breach and allowing Norgold 30 days from the date of the notice to remedy the breach. In the event that the breach is not remedied within such 30 day period, this Agreement shall terminate and be null and void.

b) By Norgold, upon 30 days notice in writing to Layton. In the event of the termination of this Agreement prior to the exercise of the Option, Norgold shall have a period of six months to remove from the Property anything brought to the Property by Norgold.

8. With respect to filing and recording assessment work on the Property, should exploration work valued in excess of the amount that may be credited against assessment work for the Property be done, Norgold shall cooperate with Layton in applying such excess amount of assessment work as assessment work that may be credited against other properties in the area owned by Layton, subject to compliance with applicable laws and regulations.

9. In consideration for Norgold entering into this Agreement, Layton hereby grants to Norgold the exclusive right of first refusal for 24 months from the date hereof to enter into an agreement for the purchase of other mineral claims owned by Layton as outlined in red on the map attached hereto as Schedule "C". During such 24 month period, Layton agrees to negotiate with Norgold in good faith, should Norgold wish to purchase all or part of such mineral claims and in addition, should Layton wish to sell all or part of such property to a third party, the property shall first be offered to Norgold and notice in writing setting out full particulars of the sale price. Should Norgold decline to purchase such property within 30 days of the receipt of the notice from Layton, Layton shall be free to sell the property on terms not more favourable than those set out in the notice for a period of six months. Should Layton continue to wish to sell such property thereafter, it shall again be offered to Norgold pursuant to the terms of this Agreement.

10. While this Agreement remains in good standing, Norgold shall have the exclusive right to enter upon and occupy the Property and to conduct mineral exploration, development and mining activities thereon. As the registered owner of the Property, Layton shall fully co-operate with Norgold in the conduct of such activities on the Property.

11. This Agreement shall be interpreted in accordance with the laws of the State of Arizona and the parties agree to submit to the jurisdiction of the Arizona courts with respect to the interpretation hereof.

12. All dollar amounts set out in this Agreement are United States dollars.

13. Norgold acknowledges that any portion of mineral claims presently owned by Norgold that may currently overlap mineral claims held by Layton will not take precedence over the underlying Layton mineral claims.

14. Unless otherwise provided herein, any notice, payment, or other communication to a party under this Agreement may be made, given or served by courier delivery or telefax addressed as follows:

(a) If to Norgold:

Norgold Resources (US) Inc.
2380 Harbour Centre
P.O. Box 12122
555 West Hastings Street
Vancouver, British Columbia
V6B 4N6

Telefax Number: (604) 685-8045

with copy to
Rand Edgar & Sedun
Barristers & Solicitors
2200 -885 West Georgia Street
Vancouver, British Columbia
V6C 3E8

Telefax Number: (604) 681 - 7116

(b) If to Layton:

Mr. and Mrs. D. Layton
Route 192
P. O. Box 13
Elko, Nevada
89801

Notices sent by telefax or other similar means of recorded communication shall be deemed to be received on the day following the delivery for transmission. Written notices may also be delivered personally to the parties at the addresses shown above and shall be deemed to have been given on the day the same are delivered. Each party may change its address for service at any time by notice in writing to the other.

15. The parties acknowledge that while this is a binding Agreement, it is a preliminary agreement only and either party hereto may request that a more formal agreement be prepared and executed. The party wishing such formal agreement shall prepare the initial draft and deliver a copy to the other party. Both parties thereafter agree to use their best efforts to negotiate in good faith the terms of the formal agreement which will be based upon the terms hereof and to execute such formal agreement within 60 days of the first draft agreement. Until such time as a more formal agreement is entered into between the parties, this Agreement shall remain in full force and effect.

16.1 Norgold acknowledges that Layton intends to attempt to have the Property patented and as long as such activity does not interfere with Norgold's exploration, development or mining activities on the Property, Norgold shall ~~not object to a~~ render reasonable assistance in regard to the patent application and shall reasonably co-operate with Layton in his efforts to have the Property patented.

16.2 In the event that Layton is successful in having the Property patented, and upon Norgold determining that it no longer requires the Property for exploration or mining purposes, Norgold shall transfer title and quit claim to Layton 50% of the land area contained in the ~~Property~~ patented as determined subsequent to the same being surveyed.

17. Time shall be essence of this Agreement.

18. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. It is expressly understood and agreed that this Agreement shall be assignable in whole or in part by either party without the consent of the other, however, neither party shall make

such assignment without prior notice in writing to the other party and any assignee shall agree in writing with the non-assigning party to be bound by the terms of this Agreement.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first above written.

THE COMMON SEAL OF NORGOLD RESOURCES (US) INC. was hereunto affixed in the presence of:

C/S

SIGNED, SEALED AND DELIVERED in the presence of:

Paul C. Pope

Margaret M. O'Brien

D. C. Layton

SIGNED, SEALED AND DELIVERED in the presence of:

Paul C. Pope

Margaret M. O'Brien

Priscilla A. Layton

4919G

# SCHEDULE "A"

## DESCRIPTION OF THE VICTORIA PROPERTY

**Load Mining Claims**

| Claim Name | AMC # | Book | Page |
|---|---|---|---|
| Victoria #1<br>amended location notice | 78215 | 924<br>1287 | 918<br>764 |
| Victoria #2 | 98902 | 1287 | 765-766 |
| Victoria #3 | 98903 | 1287 | 767-768 |
| Victoria #4 | 98904 | 1287 | 769-770 |
| Victoria #5 | 244644 | 1751 | 484-485 |

**Placer Claim**

| Claim Name | AMC # | Book of Mines | Page |
|---|---|---|---|
| Rim Rock #1 | 82449 | 154 | 550 |

Lode Claims

Black Dike
Black Dike 1
Thunder Hill
The Kachina Doll

Mufico northwest Black Dike claims

P.G.L.
Lee L. Top

4921G

# SCHEDULE "B"

## Definition of Net Smelter Royalty

1. For the purposes of the Agreement made the ~~20th~~ 21st day of April, 1989 between Norgold Resources (US) Inc. ("Norgold") and Mr. and Mrs. D. Layton ("Layton") the following words and phrases shall have the following meanings, namely:

(a) "Net Smelter Royalty" shall mean the royalty payable to Layton (the "Royalty") calculated as ~~2.5%~~ 1% of the amount equal to the gross proceeds received by Norgold in any one year from the sale of Product from the mining operation on the Property, less successively:

(i) the cost of transportation of such Product to a smelter or other place of treatment, and

(ii) smelter and treatment charges;

(b) "Ore" shall mean any material containing a mineral or minerals of commercial economic value mined from the Property; and

(c) "Product" shall mean Ore mined from the Property and any concentrates or other materials or products derived therefrom, but if any such Ore, concentrates or other materials or products are further treated as part of the mining operation in respect of the Property, such Ore, concentrates or other materials or products shall not be considered to be "Product" until after they have been so treated.

2. For the purposes of calculating the amount of Royalty payable to Layton hereunder, if, after the Commencement of Commercial Production, Norgold sells any Product to one of its subsidiaries or affiliates, and if the sale price of such Product is not negotiated on an arm's-length basis, Norgold shall for the purposes of calculating Net Smelter Returns only and notwithstanding the actual amount of such sale price, add to the proceeds from the sale of such Product an amount which would be sufficient to make such sale price represent a reasonable net sale price for such Product as if negotiated at arm's length and after taking into account all pertinent circumstances including, without limitation, then current market conditions relating to Ore, concentrates or products similar to such Product.

3. Norgold shall by notice inform Layton of the quantum of such reasonable net sale price and, if Layton does not object thereto, within 60 days after receipt of such notice, said quantum shall be final and binding for the purposes of this Agreement.

4. Norgold may remove reasonable quantities of Ore and rock from the Property for the purpose of bulk sampling and of testing, and there shall be no Royalty payable to Layton with respect thereto unless revenues are derived therefrom.

5. Norgold shall have the right to commingle with ores from the Property, ore produced from other properties, provided that prior to such commingling, Norgold shall adopt and employ reasonable practices and procedures for weighing, determination of moisture content, sampling and assaying, as well as utilize reasonable accurate recovery factors in order to determine the amounts of products derived from, or attributable to Ore mined and produced from the Property. Norgold shall maintain accurate records of the results of such sampling, weighing and analysis as pertaining to ore mined and produced from the Property.

6. Layton's net smelter royalty shall be calculated every calendar quarter after the Commencement of Commercial Production and shall be paid to Layton within 30 days of the end of each calendar quarter. Payment shall be accompanied by a detailed accounting of the calculation of the net smelter royalty.

7. Layton shall be entitled to audit no more than once each year, the calculation of the royalty. Should such audit determine that Layton has been underpaid by in excess of 4%, the cost of such audit shall be paid by Norgold.

8. The term "Commencement of Commercial Production" when used in this Agreement shall mean the date when either:

a) mill or other treatment facilities constructed on or near the Property for the purpose of processing Ore has operated for 30 out of 40 consecutive days at 75% of rated capacity; or

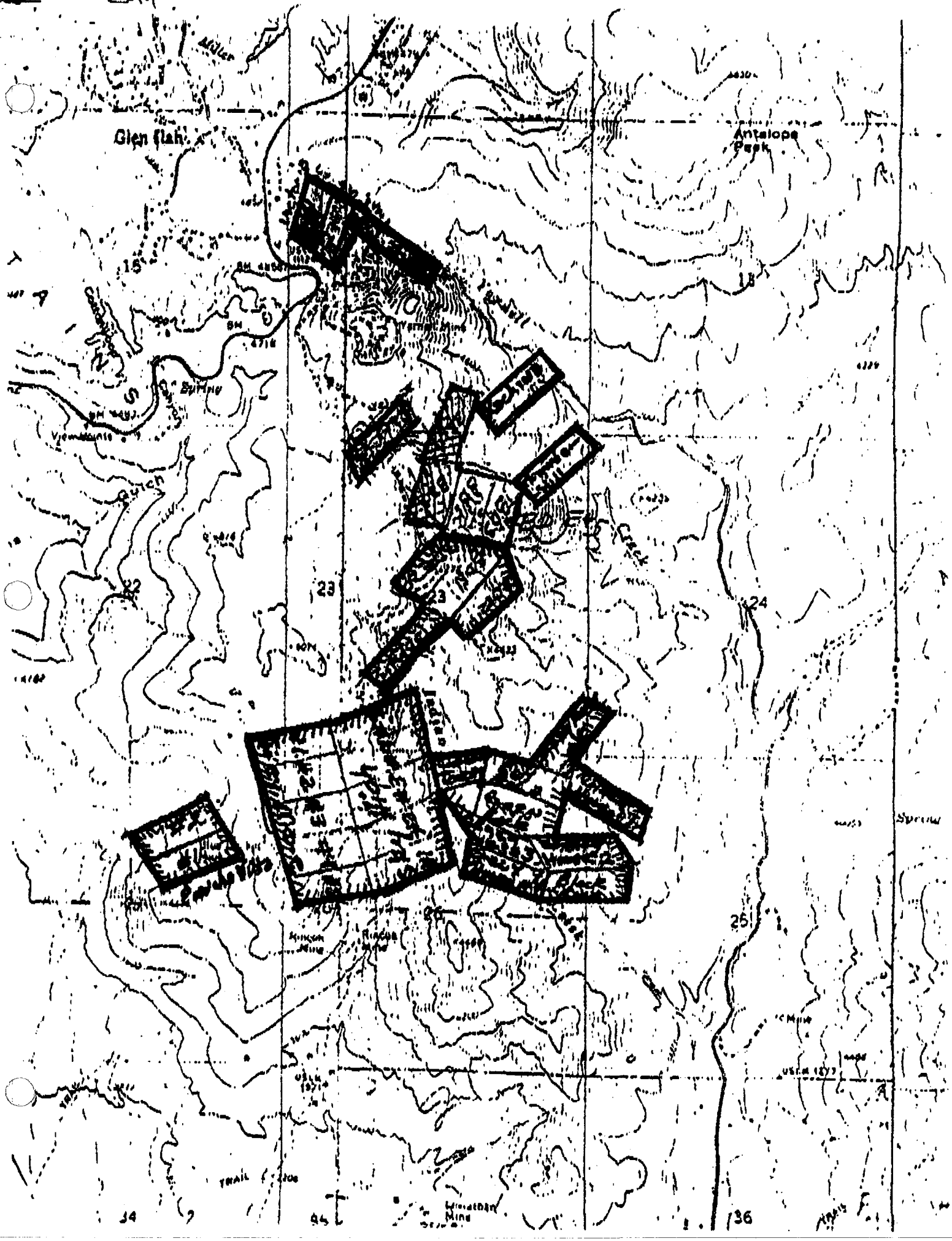
b) Ore has been shipped from the Property on a reasonably continuous basis for the purpose of commercial sale.

~~9. The Royalty shall terminate upon the receipt by Layton of an aggregate amount of $250,000 pursuant to the Agreement.~~

MLL PGL TP

4920G

LAYTON'S MAP OF CHINA



STATE OF ARIZONA, County of Yavapai ss. 20451
I do hereby certify that the within instrument was filed and recorded at the request of Margaret Titus on Oct 28 A.D. 1974 at 9:35 o'clock A. M. Book 937 Official Records Page 596 Records of Yavapai County, Arizona.
WITNESS my hand and official seal the day and year first above written.
PATSY C. JENNEY, County Recorder
By Barbara J. Chapman Deputy

INDEXED

H-31009

# Notice of Mining Location

TYPE "A" - LODE CLAIM
On State Lands Only

TO ALL WHOM IT MAY CONCERN:

This Mining Claim, the name of which is the KRISHNA Dolly #1 Mining Claim, situate on lands belonging to the State of Arizona, and in which there are valuable mineral deposits, was entered upon and located for the purpose of exploration and lease by Margaret E. Titus, and Bud Reins and Frank Yellowhorse

(Locator must insert either "a citizen of the United States" or "who has declared his intention of becoming a citizen of the United States.")

the undersigned, on the 23rd day of October, 1974.

The length of this claim is 1,500 feet, and the claim 300 feet, in an Easterly direction and 1200 feet in a Westerly direction from the center of the discovery shaft, at which this notice is posted, lengthwise of the claim, together with 300 feet in width of the surface grounds, on each side of the center of said claim. The general course of the lode deposit and premises is from the EAST to the WEST.

The claim is situated and located in the Walker Mining District, in Yavapai County, in the State of Arizona, about 1200 feet in a Northerly direction from the Quarter section marker of Sections 14/13 in Township 10 N Range 5 West Section 14 ~~23/24~~

Located in the SE ¼ of Section 14 Township 10 N Range 5 W

The surface boundaries of the claim are marked upon the ground as follows: Beginning at A Stone monument with a painted white post

at a point in an Easterly direction 300 feet from the discovery shaft (at which this notice is posted), being in the center of the EAST end line of said claim; thence North 300 feet to a white post being the Northeasterly corner of said claim; thence West 1500 feet to a white post, being at the Northwesterly corner of said claim; thence South 300 feet to a white post at the center of the ~~East~~ West end of said claim; thence 300 feet to a white post being at the Southwesterly corner of said claim; thence ~~East~~ EAST 1500 feet to a white post at the Southeasterly corner of said claim; thence North 300 feet to the place of beginning.

Dated and posted on the grounds this 23rd day of October 1974.

Margaret E. Titus
Bud Reins
Frank Yellowhorse

BOOK 937 PAGE 590

11-31007

KACHINA DOLL No. 1
20.661 Ac.

SEC. 14 TWP. 10N RGE. 5W
2-6-45
ARIZONA STATE LAND DEPT.

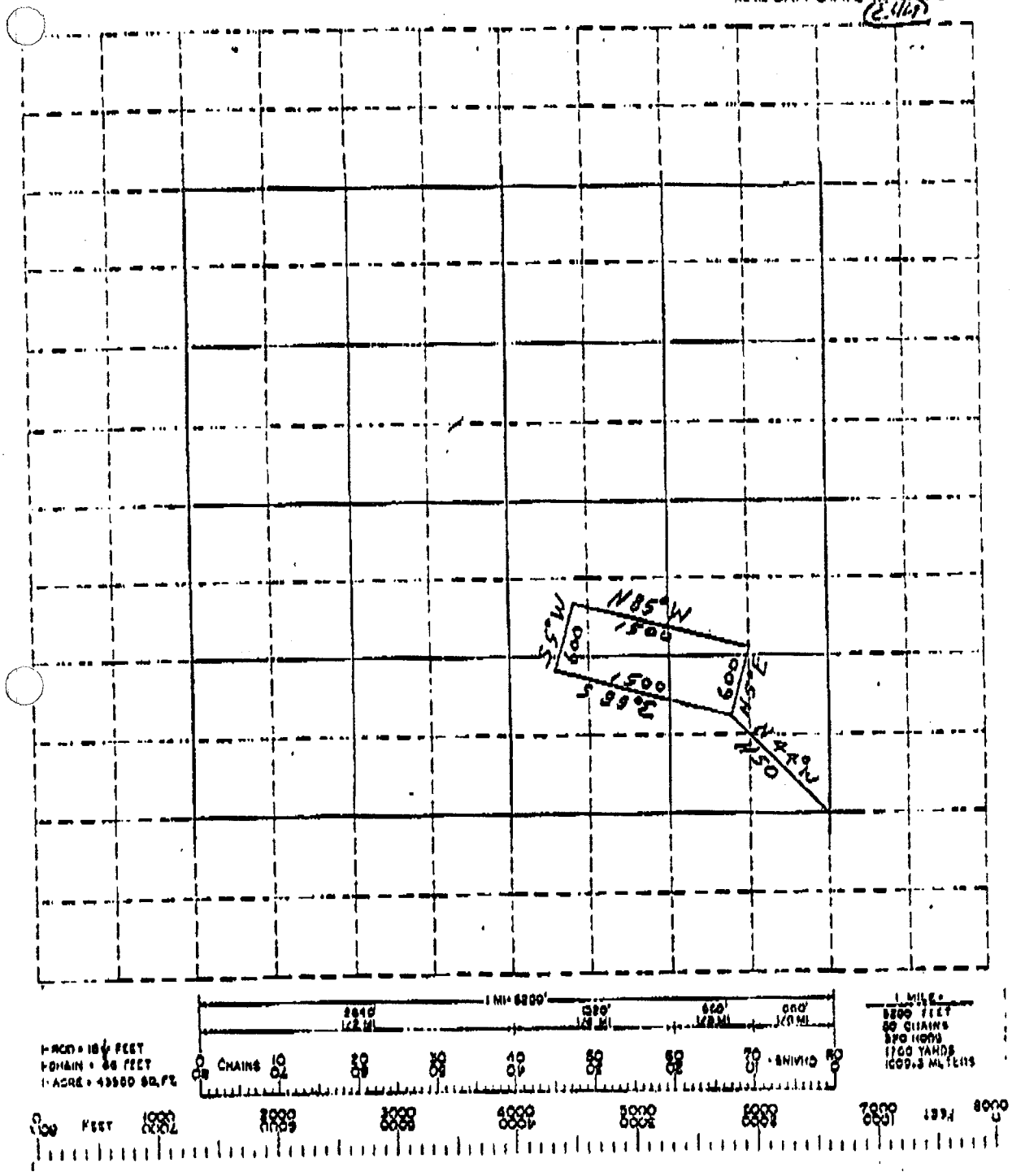
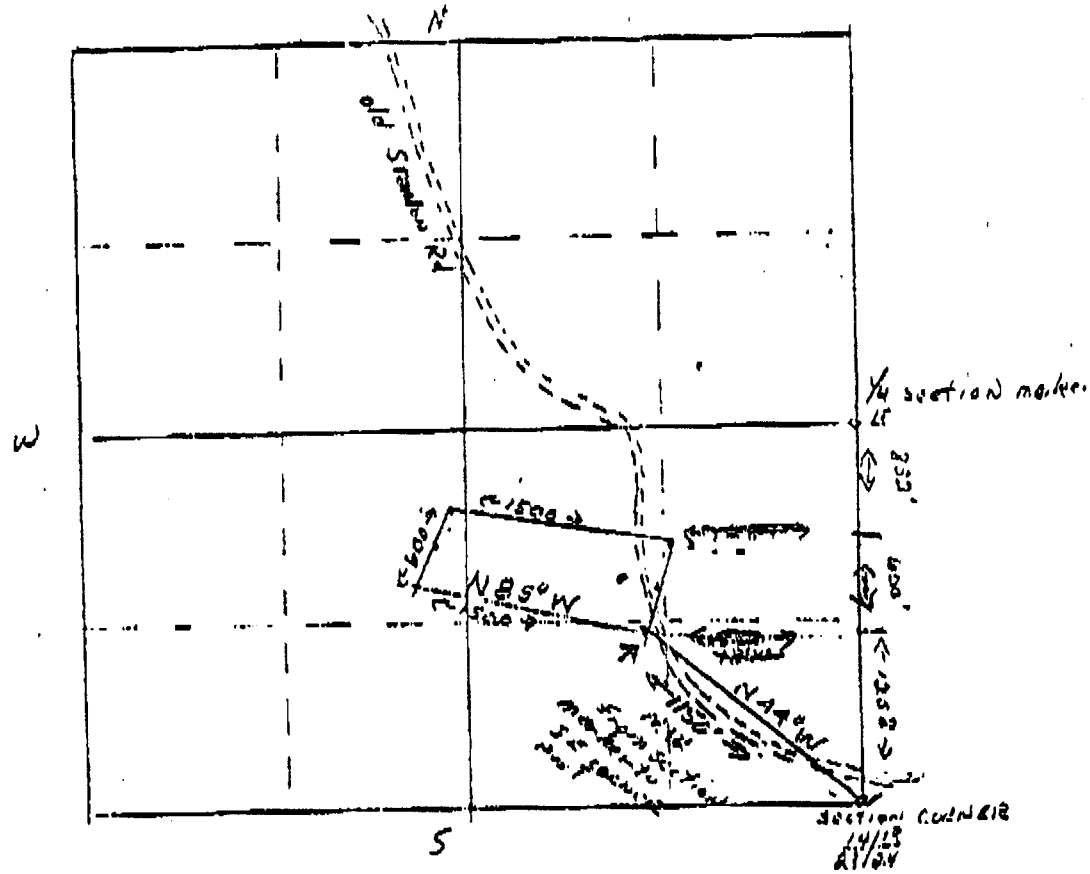



EXHIBIT H

Sec. 14 / T.W. R.N.O. 2'OE SW




The northern most line lays 5° North of West
The proposed interest and egress will
be on old Stanton Rd.

THE SE CORNER OF THIS CLAIM IS 1150' N 44° W
FR THE SE section corner Sec 14.
The side lines of this claim runs N 85°
W.

Margaret Sitton

EXHIBIT H

M-31004

SEC. TWP. RGE.

N

ARIZONA STATE LAND DEPT.

Ingress and Egress would be on the old Stanton road, with a foot trail up to the mine

W

E

Discovery

1800 ft

1500 ft

1200 ft

14 18
23 24

S

This discovery is approximately 1500 ft. in a northwesterly direction from the section marker of 14/13 23/24 west of old Stanton road

1 MI = 5280'

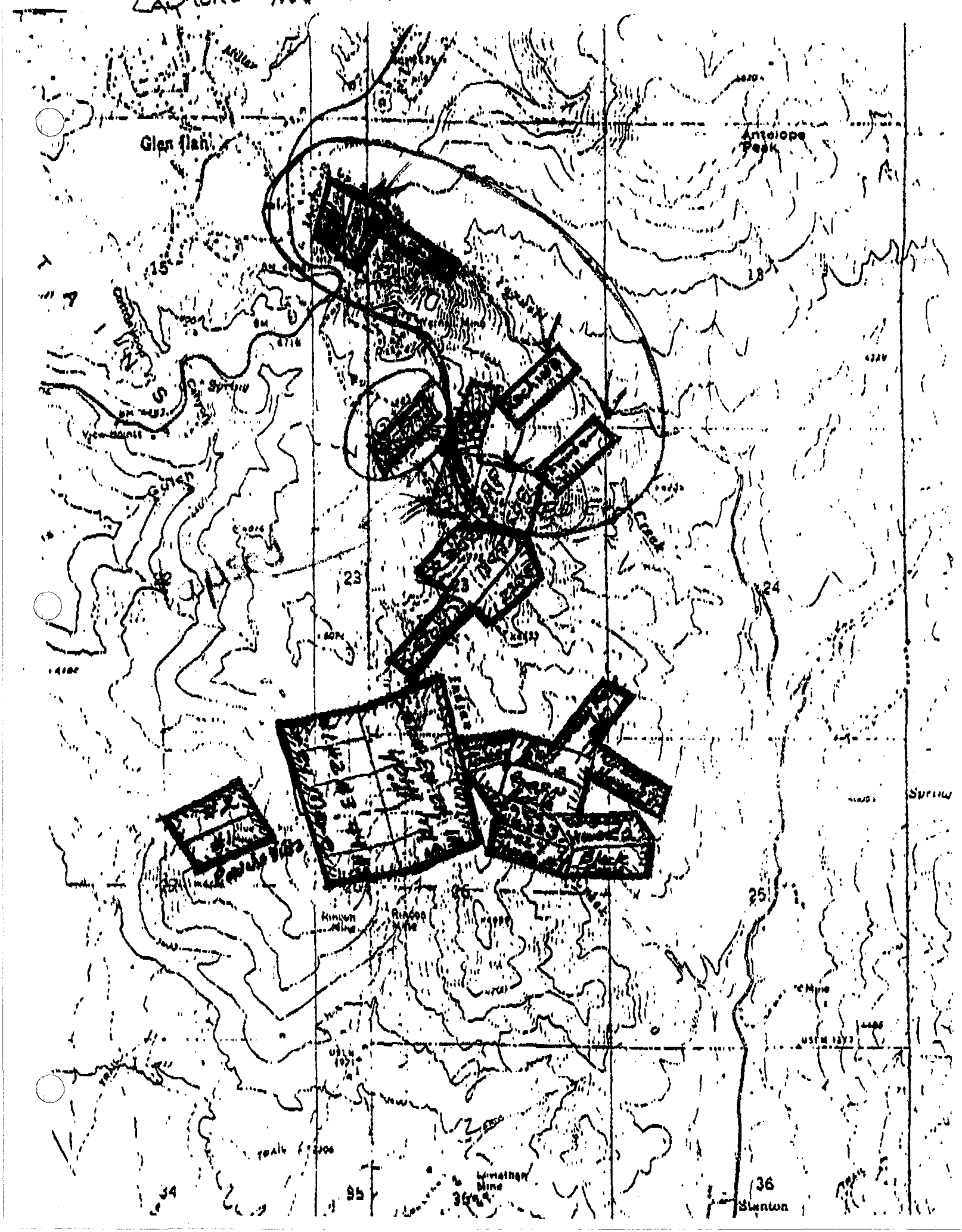
1 MILE = 5280 FEET, 80 CHAINS, 320 RODS, 1760 YARDS, 1609.3 METERS

1:800 = 10 FEET
1 CHAIN = 66 FEET
1 ACRE = 43560 SQ. FT.

CHAINS 0 10 20 30 40 50 60 70 80

KM FEET 1000 2000 3000 4000 5000 6000 7000 8000

EXHIBIT H


Glen Ilah
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Stanton

**ASARCO**

**Southwestern Exploration Division**

JDS

April 28, 1989

W.L. Kurtz

Preliminary Results
Yarnell Project
Metcon Research Inc.
24-hr. bottle roll tests
Yavapai County, Arizona

The Metcon bottle roll NaCN leach tests covering a 24-hour leach, have been completed by Metcon. The attached result sheets were FAXED to Asarco.

As a preliminary suggestion, the 60% recovery on Test 2, and the 70% recovery on Test 3 are in the interesting range and suggest that heap leaching will be one of the options. The low 23% recovery on Test 1 is unexplained at the moment, since the Metcon calculated head of 0.092 opt gold vs. 0.027 opt gold from Triad is quite different.

Tom Henderson reviewed the results and recommended a longer leach period. I have authorized Metcon to redo the tests using the 24 hr., 48 hr., and 72 hr. intervals. This procedure will generate an extraction curve and point out the pros and cons based on the three samples.

Table 1 shows the head assays and % leach recovery on the three samples.

Table 1. 24-hr. NaCN Leach Test Results

| Hole, Interval | Calc. Head | | Triad | % Leach | |
|---|---|---|---|---|---|
| | Au | Ag | Au Only | Au | Ag |
| YM-2, 145-150 | 0.092 | 0.010 | 0.027 | 23.54 | 48.92 |
| YM-5, 290-295 | 0.062 | 0.010 | 0.061 | 59.57 | 49.00 |
| YM-8, 230-235 | 0.050 | 0.456 | 0.044 | 70.00 | 1.36 |

As noted, the Metcon calculated head for sample YM-2, at 0.092 opt gold is considerably higher than Triad at 0.027 opt gold. The first impression is a "nugget" problem which is also suggested by the low % leach figure. The longer leach tests will aid in understanding the problem.

I had not supplied Metcon with a head assay on the samples, but had told them to run one if they desired. Metcon's normal procedure is to calculate the head assay. The head assay is calculated (Test 1, YM-2 example) by taking the "Assay" column of leach residue (= 0.070 opt) and adding in the "CONTENT" column of 24 hrs. leach solution (= 0.022 opt) to equal 0.092 opt gold calculated head assay.

As noted, YM-2 had a large difference in Metcon vs. Triad, but YM-5, and YM-8 are very good to good.

Metcon will run a head assay on the pulps as well as rerun a 24 hr. through 72 hour test on the three samples.

James D. Sell

JDS:mek
Att.

cc: R.L. Brown/F.T. Graybeal
M.A. Miller
T.D. Henderson

*K D Engineering Co., Inc.*
*1844 W. Grant Road, Suite 106*
*Tucson, Arizona 85745*
*Tel: (602) 573-0063*
*Facsimile: (602) 882-5141*
*Telex 284623 KDE UR*

# FAX MESSAGE

DATE: 27 April, 1989 TIME: 2:30 P.M.

TO: Mr. James D. Sell
ASARCO
Tucson, AZ
Ref: YAR project

FAX NUMBER: 792-3934

FROM: Metcon Research Inc.: Eugenio Parillo

# OF PAGES INCLUDING THIS SHEET: 5

IF ALL PAGES ARE NOT RECEIVED, PLEASE CALL IMMEDIATELY: 602-573-0063

COMMENTS:

Conditions:

1. A 500 gram sample of minus 10 mesh ore was combined with 1000 ml of distilled water and 1.5 grams of lime.

2. The slurry was agitated on a bottle roll apparatus until the pH stabilized, then 1.0 gram of sodium cyanide was added.

3. Cyanide leaching was conducted for 24 hours. Solids and liquid were separated by filtration.

4. Cyanide and lime consumptions were determined by titration of the combined filtrate and wash liquors.

5. Samples were assayed for gold and silver and metallurgical calculations were performed.

METCON RESEARCH INC.
1844 West Grant Road., Suite 106
Tucson, Arizona 85745
Phone: (602) 623-1327

# BOTTLE ROLL NaCN LEACH TEST

CLIENT: ASARCO

DATE: 04/27/89

TEST No.: 1

PROJECT No: M-175

FEED: YM - 2 (145-150)A

CONDUCTED BY: E.I./A.M.

| SAMPLE DESCRIP. | METALL. PRODUCT | ASSAYS (OPT) | | CONTENT (OPT) | | DISTRIBUTION % | |
|---|---|---|---|---|---|---|---|
| Res./Sol. | gram/ml | Au | Ag | Au | Ag | Au | Ag |
| Preg+Wash | 1000 | | | | | | |
| 2 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 6 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 24 hrs. | 1360 | 0.008 | 0.002 | 0.022 | 0.00 | 23.54 | 48.92 |
| 48 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 72 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| Leach Res | 497 | 0.070 | 0.005 | 0.070 | 0.01 | 76.46 | 51.08 |
| Calc.Head | | 0.092 | 0.010 | | | | |
| HeadAssay | | 0.027 | Trace | | | | |

| SAMPLE DESCRIP. | METALL. PRODUCT | NaCN lb/ton | NaCN lb/ton | CaO lb/ton | CaO lb/ton | SOLUTION pH |
|---|---|---|---|---|---|---|
| Preg+Wash | mls | sol.conc. | consump. | sol.conc. | consump. | |
| 0 hrs. | 1000 | 2.00 | | 3.00 | | 12.20 |
| 2 hrs. | 0 | | | | | |
| 6 hrs. | 0 | | | | | |
| 24 hrs. | 1360 | 1.30 | 0.47 | 0.46 | 4.78 | 11.60 |
| 48 hrs. | 0 | | | | | |
| 72 hrs. | 0 | | | | | |

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# BOTTLE ROLL NaCN LEACH TEST

CLIENT: ASARCO

DATE: 04/27/89

TEST No.: 2

PROJECT No: M-175

FEED: YM - 5 (290-295)A

CONDUCTED BY: E.I./A.M.

| SAMPLE DESCRIP. | METALL. PRODUCT | ASSAYS (OPT) | ASSAYS (OPT) | CONTENT (OPT) | CONTENT (OPT) | DISTRIBUTION % | DISTRIBUTION % |
|---|---|---|---|---|---|---|---|
| Res./Sol. | gram/ml | Au | Ag | Au | Ag | Au | Ag |
| Preg+Wash | 1000 | | | | | | |
| 2 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 6 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 24 hrs. | 1370 | 0.013 | 0.002 | 0.037 | 0.00 | 59.57 | 49.00 |
| 48 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 72 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| Leach Res | 499 | 0.025 | 0.005 | 0.025 | 0.01 | 40.43 | 51.00 |
| Calc.Head | | 0.062 | 0.010 | | | | |
| HeadAssay | | 0.041 Triad | | | | | |

| SAMPLE DESCRIP. | METALL. PRODUCT | NaCN lb/ton | NaCN lb/ton | CaO lb/ton | CaO lb/ton | SOLUTION pH |
|---|---|---|---|---|---|---|
| Preg+Wash | mls | sol.conc. | consump. | sol.conc. | consump. | |
| 0 hrs. | 1000 | 2.00 | | 3.00 | | 12.10 |
| 2 hrs. | 0 | | | | | |
| 6 hrs. | 0 | | | | | |
| 24 hrs. | 1370 | 1.38 | 0.22 | 0.50 | 4.64 | 11.70 |
| 48 hrs. | 0 | | | | | |
| 72 hrs. | 0 | | | | | |

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# BOTTLE ROLL NaCN LEACH TEST

CLIENT: ASARCO
DATE: 04/27/89
TEST No.: 3
PROJECT No: M-175
FEED: YM - 8 (230-235)A
CONDUCTED BY: E.I./A.M.

| SAMPLE DESCRIP. | METALL. PRODUCT | ASSAYS (OPT) | | CONTENT (OPT) | | DISTRIBUTION % | |
|---|---|---|---|---|---|---|---|
| Res./Sol. | gram/ml | Au | Ag | Au | Ag | Au | Ag |
| Preg+Wash | 1000 | | | | | | |
| 2 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 6 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 24 hrs. | 1320 | 0.013 | 0.002 | 0.035 | 0.01 | 70.00 | 1.36 |
| 48 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| 72 hrs. | | | | 0.000 | 0.00 | 0.00 | 0.00 |
| Leach Res | 495 | 0.015 | 0.450 | 0.015 | 0.45 | 30.00 | 98.64 |
| Calc.Head | | 0.050 | 0.456 | | | | |
| HeadAssay | | 0.044 | Trial | | | | |

| SAMPLE DESCRIP. | METALL. PRODUCT | NaCN lb/ton | NaCN lb/ton | CaO lb/ton | CaO lb/ton | SOLUTION pH |
|---|---|---|---|---|---|---|
| Preg+Wash | mls | sol.conc. | consump. | sol.conc. | consump. | |
| 0 hrs. | 1000 | 2.00 | | 3.00 | | 12.20 |
| 2 hrs. | 0 | | | | | |
| 6 hrs. | 0 | | | | | |
| 24 hrs. | 1320 | 1.40 | 0.31 | 0.50 | 4.73 | 11.50 |
| 48 hrs. | 0 | | | | | |
| 72 hrs. | 0 | | | | | |

10/12/88

# ASARCO

October 1988

**Technical Services Center**
M.O. Varner
Director
D.E. Holt
Engineering Manager
D.A. Robbins
Environmental Sciences Manager
M.G. King
Research Manager

FILE MEMO

## CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW PRECIOUS METALS PROSPECTS

### INTRODUCTION

A checklist of metallurgical tests to be used in evaluating new precious metals prospects follows. As with any checklist, this list should serve as a guide which must be tailored in terms of emphasis and timing to meet the needs of individual prospects and be sensitive to sample availability. It is of extreme importance that the samples selected for testing be representative of major ore types and expected grades, particularly for composites used in design level tests.

It should also be noted that process route selection is not determined solely on the basis of metallurgical response, which includes crushing and grinding parameters, leach extractions and reagent consumptions, gravity and/or flotation response, solid/liquid separation behavior, etc., and associated economics; but is closely tied to ore reserves (operating capacity) and average ore grade. Since ore reserve and grade estimates evolve as the drilling program progresses and testing proceeds in parallel with the drilling program, alternative processing routes, if they cannot be clearly eliminated based on initial bottle roll leach response and mineralogy, must often be pursued (with regard to test work) in parallel.

### TEST PROGRAM

Table 1 (attached) lists the suggested tests (Column 1) along with the type of sample needed (Column 2), the information sought from the test (Column 3), and the relative timing of the test (Column 4). This table presupposes that reliable precious metal assays (e.g., fire assays) have been performed on each standard length (e.g., 5 ft.) of initial drill material. Such assays usually are a

standard support tool for the exploration work, and are not classified as a "metallurgical" test. The exploration personnel further use these assays to identify the intervals of drill hole that are to be considered as ore, and they also identify by eye the various ore types as a function of depth. On this basis, they can also determine the drill hole intervals to be composited for testing.

The tests in Table 1 guide the selection of a metallurgical process to one of three major categories, i.e., heap leaching, milling without prior treatment (i.e., agitation leach or carbon-in-pulp), or special treatment of refractory ores that resist direct cyanide leaching (e.g., pressure leaching or roast/leach). The test results also help define processing details and equipment selection.

Some detail is given in Table 1 to characterize or differentiate some of the tests, but these details are not meant to alleviate the need for systematic procedures. Such procedures are disseminated in the open literature, and in brochures of commercial laboratories that perform specialized tests.

CONCLUSIONS

The test procedures tabulated in Table 1 should serve as a useful checklist when evaluating a gold prospect. Economic evaluations will be more accurate if this checklist is used in conjunction with the flow sheet development and design criteria definition.

Jonathan Jackson

Jonathan Jackson

JJ:pr
Attachment

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to define general processing direction) | | | |
| 1. Bottle roll tests<br>- 0.3-1.0 Kg samples; freshly ground nominal 99% minus 100 mesh & 80% minus 200 mesh; 30 to 50% solids; ambient temperature; 2 gpl NaCN; maintain pH at 10.5 to 11.5 with CaO; 48 to 72 hours; take solution samples at intermediate times for initial look at kinetics<br>- detailed chemical analysis of final pregnant solution<br>- bottles must be open to the atmosphere | Initial drill material (composites of single ore types within each drill hole) | - Determine cyanide leachability of ore & variability of response<br>- Determine preliminary consumption of lime & cyanide<br>- Determine preliminary leach retention time<br>- Identify cyanicides & solubilized elements of environmental concern | As soon as material becomes available from the drilling program. To be completed prior to ±30% feasibility study & prior to beginning tests to define specific processing route |
| 2. Mineralogical examination & chemical analysis of ore | Initial drill material (composites of single ore types within each drill hole) | - Determine particle size, mineralogy & mineralogical associations of gold & silver values<br>- Determine presence of carbonaceous material, cyanicides, clays, & other minerals that might influence leaching & processing | As soon as prospect appears potentially profitable & material becomes available. Degree & detail dictated by the results of Test 1. |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to determine heap leach amenability & heap leach parameters) | | | |
| 3. Coarse ore bottle roll tests<br>- 4 Kg sample; 72 hrs with intermediate solution samples at 24 & 48 hours; ambient temperature; pH 10.5 to 11.5 with lime; 40-50% solids; 2 gpl maintained NaCN (free cyanide) or 5 gpl initial NaCN not maintained<br>- Vary size from minus 2 in. to minus 1/4 in.<br>- Assay screen size analysis of leach residue | Core material (individual ore type composites) | - Determine crush size range for subsequent column leach tests<br>- Determine heap leach amenability | As soon as (but only if) Test 1 shows promising cyanide leachability |
| 4. Crush to minus 3/4 in., study visually, & screen to determine the quantity of fines | Core material (individual ore type composites) | - Determine need for agglomeration in column leach tests | Along with Test 3 |
| 5. Percollation rate tests in small 2 in. diameter columns on minus 1/4 inch crush material; 1 Kg portions; agglomerate with various levels of cement, cure 24 hrs. & run 4, 24 hr. leach cycles; ore height in column should not drop more than 10% with optimum cement level. Real acidic ores will consume more cement. These tests are required for ores containing a lot of clay &/or fines | Core material (individual ore type composites) | - Determine optimum cement addition for agglomeration at 1/4 in. or coarser crush size. For 1/4 in. size in larger column leach test use indicated amount of cement per ton of ore. For coarser than 1/4 inch material in larger column leach test use about 1/3 the amount of cement per ton of ore used for the 1/4 inch material | Along with Test 3 & as Test 4 & & Test 2 indicate |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 6. Small column percolation leach tests.<br>- Up to 12 in. diameter & 6 ft. high<br>- Particle size(s) determined by results of Test 3<br>- Kinetic sampling<br>- Agglomerate as indicated by Tests 4 & 5<br>- Preferred method of running these tests is continuous application of leach solution maintained at minimum 0.5 gpl free cyanide, passage of effluent through activated carbon with daily AA assays of column effluent & carbon bottle effluent & periodic fire assay of loaded carbon | Core material (composites of individual ore types) | Determine amenability of ore to heap leaching.<br>Determine:<br>- Extraction extent & kinetics<br>- Reagent consumption<br>- Optimum particle size<br>- Hg loading on carbon<br>Determine crusher requirements for ±30% feasibility study.<br>Determine type of subsequent and/or scale-up leach tests | As soon as Test 3 gives positive definitive results & agglomeration requirements are known<br>Before ±30% feasibility study |
| 7. Cyanide cure column leach tests. These types of tests are run on ores at relatively fine crush size & which require agglomeration. The total amount of cyanide consumed in tests under 6 above is added to the agglomeration moisture & the agglomerated ore cured for a minimum of 24 hrs.<br>The columns are then rinsed with alkaline solution containing no cyanide | Core material (composites of individual ore types) | Determine if kinetic response can be improved by agglomerating with high strength cyanide solutions | Depends on results of Test 6 |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 8. Flood leach tests | Large rocks (6 in. to 14 in.) from single ore type | - Determine need for primary crushing & particle size for Test 10 | As soon as Test 3 indicates that very coarse material may readily leach |
| 9. Percolation leach tests in 55 gal. drum on material crushed to minus 4 in. | Bulk sample of single ore type | - Determine particle size for large scale verification test (No. 10)<br>- Determine number of crusher stages | As soon as Test 3 indicates that coarse material may readily leach |
| 10. Large column (4 to 5' diameter) or field heap test.<br>- Choose mode & crush size on the basis of test results from Tests 6 to 9 | Run of mine bulk ore sample | - Verification of heap leach extraction and reagent requirements at projected operating particle syze | At the conclusion of Tests 6,7,8 and 9 as run |
| 11. Impact test, twin pendulum test. Note: sag mill testing may be justified for certain ores, but is not treated in this test program checklist. | Run of mine ore bulk sample. Cross section of ore types. | - Determine if ore can be crushed effectively in conventional crushers<br>- Size rod mills & crushers<br>- Used in conjunction with Bond work index tests (No. 13) | As soon as crushing is considered. Before ±30% feasibility study |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| (Tests to determine agitation leach amenability & agitation leach parameters) | | | |
| 12. Bond Work Index. The work index for a particular ore may or may not be fairly constant over a reasonable range of grinds. Generally the work index at 100 mesh can be used in energy calculations with respective size reduction ratios over a range of grinds (65 to 200 mesh). If fine grinding is required for adequate leach extractions & solid/liquid separations & classification as required are feasibile at that grind, then a confirmatory bond work index test(s) at the finer grind should be done | Ore sample composites of each major ore type | - Determine ore variability<br>- Determine energy requirements for grinding<br>- Size ball mill | As soon as milling is considered. Before ±30% feasibility study. |
| 13. Agitation leach tests.<br>- 0.3 to 1.0 Kg freshly ground samples; 30 to 50% solids, maintain pH at 10.5 to 11.5 with lime. Maintain 2 gpl NaCN free cyanide equivalent 24 to 48 hours unless extended leach times are indicated by Test #1; air sparge; pre-aerate as indicated by Tests 1 & 2.<br>- Vary grind<br>- Do carbon-in-leach if preg-robbing a possibility | Core material (composite of all material of given ore type) | - Determine reagent consumption as a function of grind & overall<br>- Determine retention time & optimum grind<br>- Determine if preg-robbing is a problem | As soon as Test 1 is completed & milling is considered.<br>All results to be completed prior to ±30% feasibility study. Results used in ±10% feasibility study. |

Note on agitation leach tests and kinetics sampling: There are various ways to obtain kinetic data from agitation leach tests. Discrete tests to specific times (e.g., 6,12,24,48 hrs.) on representative splits of each sample can be run, or samples can be taken at each specified time on one possibly larger scale test. In the interest of cost and time savings, and to permit replication, it is recommended that kinetics be determined by sampling single tests at specified times. Taking of slurry samples is not recommended, especially if there is any coarse gold. Any solids which happen to be taken with sampling should be returned to the leach reactor. At each sampling point careful inventory must be kept of the total solution volume from which the sample was taken. It is generally recommended that agitation leach tests be run at 2 gpl NaCN maintained free cyanide equivalent with cyanide addition and pH adjustment as required at each sampling point. All tests should be air sparged or solutions should be analyzed for dissolved oxygen to insure oxygen starvation is not a problem (4 to 6 ppm dissolved oxygen should be maintained). Agitation must be sufficient to suspend solids. Gold and silver extractions should be based on the total solubilized gold and silver amounts at each sampling point, and the calculated head for each test determined as the sum of all solubilized precious metal values and the previous metal content of the leach residues as determined by replicate fire assays.

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 14. Design level agitation leach tests at optimum grind & other optimum conditions as determined by Test 14. Run tests as in 14 and in accordance with the note above. These are essentially confirmatory tests | Representative composites of each ore type | Confirm and/or determine design criteria for leaching | Immediately after Test #14. To be completed prior to ±10% feasibility study. |
| 15. Gravity beneficiation tests using various devices such as lab tables, dam bowls, larger tables, spirals, etc., depending on the amount of sample available. If it appears that gravity will be in the flowsheet, continuous large scale tests are recommended. Agitation leach tests are conducted on gravity tails in accordance with procedures discussed above | Representative composites of each ore type. Individual core hole composites may also be run to determine variability of response | - Define economic incentive for gravity beneficiation<br>- Determine optimum grind for gravity separation<br>- Determine gravity recoveries & nature of gravity concentrate<br>- Select type & size of gravity equipment<br>- Determine leach parameters on gravity tails<br>- Produce gravity concentrate for Test 18 | As soon as milling considered & coarse gold detected.<br>All tests to be completed before ±30% feasibility study |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 16. Flotation tests<br>- Vary grind, pH & reagents to optimize flotation response<br>- Conduct agitation leach tests on flotation tailings if flotation feed is ore | Representative composites of each ore type. Individual core hole composites may also be run to determine variability of response.<br>May also be considered for gravity tailings. | - Determine potential for conant rating gold by flotation<br>- Determine flotation parameters & optimize<br>- Upgrade gravity tailings | In conjunction with gravity tests. If gold is liberated & not too coarse or fine to float, or is associated with sulfides. |
| 17. Intensive cyanidation of gravity &/or flotation concentrates<br>- Multi-stage high cyanide concentration (> 5 gpl) agitation leaches<br>- May investigate regrind prior to leach<br>- May increase leach temperature | Gravity &/or flotation concentrates | - Determine amenability of concentrates to intensive cyanidation<br>- Determine reagent requirements | Depends on results of Tests 16 & 17 |
| 18. Solid-liquid separation tests thickening & filtration.<br>- The effect of pH on thickening should be investigated.<br>- Contamination of samples with drilling aids or other reagents which would affect the electrical double layer must be avoided | Tailings from agitation leach tests or ore ground to probable process size | - Determine need for thickening & flocculation.<br>- Select flocculant type & determine required dosage.<br>- Size thickeners.<br>- Determine percent solids in underflow.<br>- Determine need for filter aid & dosage.<br>- Size filtration equipment. | As soon as material is available.<br>As soon as filtration is considered. |

TABLE 1: CHECKLIST OF METALLURGICAL TESTS TO APPLY TO NEW GOLD AND SILVER PROSPECTS

| TEST | SAMPLE | PURPOSE | TIMING |
|---|---|---|---|
| 19. Carbon adsorption-desorption<br>- Equilibrium carbon loading/ stripping isotherms<br>- Continuous CIP mini-plant tests<br><br>(Tests to determine processing route & parameters for difficult & refractory ores) | Pregnant leach solution from Tests 14 & 15 | - Establish carbon loading & kinetics<br>- Size carbon adsorption & stripping equipment<br>- Determine presence of interfering substances in leach solution | If & when carbon columns or CIP considered |
| 20. Flotation for refractory sulfide ores<br><br>Vary grind, pH & reagent dosage & mix | Representative composites of sulfide ore types | - Determine potential of concentrating gold in sulfide concentrate<br>- Determine flotation parameters<br>- Optimize grind for flotation<br>- Produce concentrate for Tests 22 & 23 | As soon as Test 1 indicates ore is not amenable to direct cyanidation |
| 21. Roast/bottle roll or agitation leach tests on calcines<br><br>May regrind calcines | Representative drill core composites or concentrates from Test 21 | - Determine optimum roast temperature & time.<br>- Determine $SO_2$ handling needs.<br>- Determine leach parameters & reagent consumptions | As soon as Tests 1 & 2 identify promise in such a test, & when concentrates are available from Test 21 |
| 22. Pressure leaching tests | Representative drill core composites or concentrates from Test 21 | - Determine leach temp., pressure & time<br><br>Determine pressure leach costs | As soon as Tests 1 & 2 identify promise in such a test, & when concentrates are available from Test 21 |

NOTE: For refractor ores, improved and innovative technology may suggest additional test programs to investigate processing routes such as alternative lixiriants to cyanide (e.g., agueous thioureu, chlorine, etc.), bio-leaching, oxidative & hydrothermal pre-treatments, very fine grinding, etc. In these cases appropriate tests should be considered anc carried out.