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ASARCO

Exploration Department

Frederick T. Graybeal
Chief Geologist

July 8, 1992

ASARCO Incorporated

JUL 13 1992

SW EXPLORATION

Mr. M.L. Warrick
Pacific Gold Mines, Inc.
946 Quivera
Laguna Beach, CA 92651

Stockton Hill District

Mohave Co., AZ

Dear Mr. Warrick:

Your letter of July 1, 1992 to Mr. Osborne was referred to the Exploration Department for review. I am forwarding the information you provided to Mr. James D. Sell, Manager, Southwestern Exploration Division, Tucson, Arizona for further review. If a field examination is warranted Mr. Sell will be in touch with you directly. His phone number is 602-792-3010.

Thank you for bringing this property to our attention.

Very truly yours,

F.T. Graybeal
F.T. Graybeal

FTG/mev

✓cc: J.D. Sell w/attach.

CVS&S Bull.

ASARCO Incorporated

JUL 13 1992

SW EXPLORATION

PACIFIC GOLD MINES, INC.

A New Approach

F. T. G.

JUL 8 1992

GUV

July 1, 1992

Mr. Richard J. Osborne
President
Asarco, Inc.
180 Maiden Lane
New York, NY 10038

Dear Mr. Osborne:

On June 22 I sent you an executive summary of our Ingot Silver project. I have enclosed further information about the project.

The mining claims of the Ingot Silver project comprise the majority of the Stockton Hill District. The largest mines of the district, now under control of Pacific Gold Mines, Inc., are the Cupel, Prince George, and Banner.

The upper portions of these mines were very rich, running several ounces of gold, and up to 3,000 ounces of silver per ton. These near-surface values are characteristic of a low-temperature or epithermal geological environment.

Deeper portions of the veins experienced decreases in gold and silver values. These precious metal tenor decreases were accompanied by corresponding increases in the base metals lead, zinc, and in some cases copper. These deeper ore zones are representative of a higher-temperature geological setting, resulting in mesothermal mineralization. Characteristic of this ore is depth persistence and lateral continuity.

In reading the following articles, one can recognize the very high values encountered in the early years, followed by lower precious metal values in the later years. The expectation of great depth persistence of the ore bodies and of the potential vast tonnages was recognized and can be identified in several of the articles.

If you have an interest in participating in this project, call me at 714/953-2731 or return the enclosed fax cover sheet to 714/953-6506 with your comments.

Sincerely,



M. L. "Bud" Warrick

8/11/17

Will Explore Prince George Mine at Depth

KINGMAN, Ariz., Aug. 11.—The Mohave County Miner says:

Preparation are being made to equip the strike of rich silver ore on the lower level of the Prince George mine with a hoist and small pumping outfit, to enable active mining and ore extraction from the rich ore uncovered in the west drift and the south crosscut is to be started at once.

ADG 9 1917
This ore find is in virgin ground several hundred feet from the bonanza stope of the Prince George mine, which produced a large tonnage of \$200 ore several years ago and is, apparently a distinct shoot of rich ore.

Where the foot wall cross-cut penetrated this ore it is 100 feet below the surface and the shaft is to be sunk to facilitate operations, which will connect with the raise from the lower level. Fourteen assays taken from the ore average 152 ounces of silver per ton, \$2.00 gold and about five percent lead or about \$130.00 per ton. The highest grade ore encountered assayed 542 ounces of silver and \$2.40 gold. The richer ore is 18 inches to 3 feet on the foot wall of the vein, which is 20 feet wide at this point and contains streaks of milling ore as well.

The deep tunnel will finally cut this portion of Prince George vein about 500 feet deep, but it has been decided not to wait for this development but to open up the ore direct by shaft and raise. The winze below the lower level of the Prince George on this ore is below permanent water level and for this reason, it is believed that the rich values are permanent, and the strike is of unusual importance.

The Prince George mine of the Arizona-Butte holdings is the first mine to be reached on the line of the deep tunnel. At 4200 feet the deep tunnel will be opposite the Cupel mine, famous for its rich silver-lead ores.

11/1/17

RICH ORE IS FOUND IN THE PRINCE GEORGE

General Manager H. M. Crowther is showing some very rich ore from the winze that is being sunk on the Prince George mine by the Arizona Butte company. In the bottom of this winze the ore is four feet wide and the average across the whole width is 128 ounces silver. Streaks in the winze gave as high as 500 ounces silver.

The winze is below the old workings on the property and indicate permanency of the vein at that point. When the big tunnel reaches the ore bodies in the Prince George that property will be one of the largest producers in the state. The old ore shoot was more than 13 feet wide and had an average silver value of 230 ounces. Other, but lower grade, shoots have been opened throughout the 100 foot width of vein material in this property.

Mohave County Miner

8/19/27



PRINCE GEORGE MINE
Mohave County Miner

9/8/18

1/2/25

PRINCE GEORGE BEING
WORKED BY LEASERS

★ Leasers are now operating the old
★ Prince George, at Stockton Hill and
★ getting excellent results. The men
holding the lease are Ed. Perham,
Walter Fuller and Bill Tasse. These
men are at work in the old workings
and getting rich silver ore. From the
upper part of this ore body thousands
of dollars were taken in the years gone
by, the vein at that point being 13
★ feet wide and carrying values of
★ about 220 ounces silver as broken
★ down. Below this point the vein
★ faulted, the ore going down on each
★ side of the fault, but now coming in
★ across a wide area. The ore shows
★ rich in native and ruby silver. The
★ big tunnel is to get under this part
★ of the vein at a depth of about 600
★ feet, where crosscuts will be run from
★ wall to wall. When the bore reaches
★ the ore body the work of extraction
★ will be simplified, all waste and ores
★ being dropped down through a glory
★ hole into ore pockets.

The driving of the tunnel, which
will be under way about the first of
October, will reach the main ore bod-
ies of the property in about ten
months, after which all shipments will
be through the tunnel, cutting out the
haul from the top of the mountain and
saving a large unnecessary expense.



7/30/26

COMSTOCK MINE PUSHING WORK

The mining crews on the Prince George and Banner groups of mines, now under lease to the Comstock Silver Mines Company, under a sub-lease, are being augmented and within a short time it is proposed to have a rather large force at work. The tunnel of the Banner has been cleared of caved material, new tracks laid across the dumps and everything put in shape to economically handle the output from the tunnel. A crew of miners are at work stoping ore above the tunnel level, another crew is to be put on today to start drifting from a winze below the tunnel on a large shoot of ore, and others are to soon be in production at other points.

★ At the Prince George the crosscut to the north is being pushed ahead with two crews of miners, and the crosscut toward the foot-wall is also being carried toward its objective. A large tonnage of ore is now available in this property, and the tonnage of dump ore carrying pay values is found to be very large. This dump ore is being shipped to the Kingman sampler at the rate of a carload a day, and going forward to the Utah mills direct, sampling being done at the mine. Quite a number of cars have already gone forward from this source, and as soon as the two mines are ready to output this tonnage will be greatly increased. The mines

show many ore shoots that will pay handsomely when brought into production.

The corporation taking over the sub-lease is getting the properties shaped up for large production, the management contemplating the unwatering of the properties and the carrying out of new development through the ore bodies opened by the tunnel development. Smiley Jones, one of the best known mine managers in the county, is in charge of the company's operations, Frank Manson being general manager of the company affairs.

8/6/26

COMSTOCK SILVER SHIPS CAR DAILY

Crosscutting on Banner continues. Clearing up of tunnel level of Banner reveals new ore.

★ A constantly increasing force of miners are at work on the Prince George and Banner mines, for the Comstock Silver Mining company, at Stockton Hill, and in both properties bodies of excellent ore is being opened. In the Banner the work of crosscutting and the clearing out of the winze is going forward, as well as the opening of stopes in some of the old ground, where important ore bodies have been found intact. ★ On the Prince George stringers of ore are being picked up in the north crosscut, and the cleaning out of the old tunnel level is revealing excellent ore that was left when the big rich shoot was broken down.

Shipments of ore to the smelter are going on daily from the Prince George mine dumps, a car a day going out. These ores carry good values in silver, some of them carrying considerable lead as well. The development of this big vein is only a matter of a short time, as the present work is destined to open up large bodies of medium grade ore with possibility of getting into some high grade.

The tunnel is being continued from the Arizona Premier ground toward the Banner, a cross fracture having been entered last week, shows indications of ore bearing, values in silver and lead being in the broken vein filling. This tunnel will be continued until connection is made with the Banner and paralleling veins and the water from the upper part of the mine drained to allow of further operations in the old workings, where good ore was found at earlier dates.

STOCKTON HILL

Old Colony

Old Colony Mines Limited now concluding comprehensive development at Stockton Hill preliminary to production

Article circa 1929

continued

PACIFIC GOLD MINES, INC.

A New Approach

6/29 Jim Sell

TUCSM

SDU

G. Davis
lyk
Stobart Hill
Mohavee Co., AZ

June 22, 1992

Mr. Richard J. Osborne
President
Asarco, Inc.
180 Maiden Lane
New York, NY 10038

Dear Mr. Osborne:

We are seeking a venture partner for a mining project near Kingman, Arizona.

The recoverable metals in the 2,500,000 ton orebody consist of silver, lead, gold, zinc and copper. The total value of the orebody is between \$150 and \$600 million at current market prices. We estimate an operating return of \$8 to \$12 million annually before taxes. *40-120 PE*

The total investment required is approximately \$10 million.

I have enclosed an executive summary of our "Ingot Silver" project. A complete business plan is available for qualified, prospective partners.

If you have an interest in participating in this project, call me at 714/953-2731 or return the enclosed fax cover sheet to 714/953-6506 with your comments.

Sincerely,

Bud

M. L. "Bud" Warrick

G.D.V.

JUN 29 1992

ASARCO Inc.

JUL 1 1992

SW Exploration

RECEIVED

JUN 29 1992

EXPLORATION DEPT.

FAX RESPONSE

Please forward this Fax to:

M. L. "Bud" Warrick
Pacific Gold Mines, Inc.
946 Quivera
Laguna Beach, CA 92651
Fax # (714)953-6506

From:

Mr. Richard J. Osborne
President
Asarco, Inc.
180 Maiden Lane
New York, NY 10038

Dear Bud:

I have reviewed the Executive Summary of the Ingot Silver Project.

_____ I would like to discuss this project with you. Please call me at (Phone) _____.

_____ I have forwarded your letter to (Name) _____ who can be reached at (Phone) _____.

_____ I am not able to consider this project at the present time.

_____ (Other) _____.

Sincerely,

Mr. Richard J. Osborne, President

INGOT SILVER PROJECT

Executive Summary

June 1, 1992

EXECUTIVE SUMMARY

Confidentiality Statement

The information embodied in this documentation is strictly confidential and is supplied on the understanding that it will be held confidentially and not disclosed to third parties without the proper written consent of Pacific Gold Mines, Inc.

Contact:

Larry Loidolt; 946 Quivera; Laguna Beach, CA 92651; Telephone: 714/ 499-0041

Introduction

The exciting Ingot Silver Project involves development of a series of three mines in Arizona. They date back to the late 19th century. The mines have a history of high-grade production.

Early analysis shows there is potentially a \$150 million (net) orebody ready for development. Gross value per ton is in the dramatic range of \$228 to \$264 per ton. Net profit is estimated at \$45 to \$73 per ton. It will take 14 years to process the orebody. Richer ore is expected beneath the current orebody.

This project is being developed in stages. Each is designed to lessen the risk to investors.

In the first stage, the ore body was identified. Unique leases and claims were secured covering most of the prospective land.

Already completed, the second phase was the successful formation of a Limited Partnership. The funds, provided by the Limited Partners, have been used to independently verify the reserves and economics of production.

The next stage involves systematic drilling and tests. This will confirm the exact metallurgy and position of the ore body. This stage will take about 6 months and cost \$600,000.

About 3 months into the confirmation stage, property development will begin with the rehabilitation and extension of an existing 2,000 foot tunnel. Another 1,000 feet to will bring the tunnel to the heart of the ore body. This extension will require \$1,200,000.

A final investment for construction of processing facilities will require \$8,200,000. Production will begin during the 4th quarter of 1993, 18 months from now.

Forecasts show that the mine will return the original investment every year well into the twenty-first century.

Management has the experience to make this project happen. A business plan has been prepared to show their skill and analysis of the situation.

PROJECT DATA

Property Ownership

The majority of the property is under lease or claim. A full description of the leases is included in the business plan exhibits. There you will also find a topographical map with overlays of the veins and land parcels under control.

A few more parcels may be acquired after the orebody is confirmed.

Ore Reserves

There are three primary veins on the subject property. Ore reserves are estimated at \$148 million. The important elements are gold, silver, lead, copper, and zinc.

In the earlier stages of development, blended ores from two of the three orebodies will probably have a gross value per ton of \$264. Net profit is estimated at \$73 per ton.

The total volume of the blended orebody is estimated at over 1,250,000 tons. At the proposed production rate of 500 tons per day, this combined orebody will last about seven years. Net profit from this orebody should be \$92 million or about \$13 million per year.

A second blend of ore coming from lower levels of all three mines should last an additional seven years and produce a net profit of \$45 per ton which equates to \$8 million per year.

Mining and extraction methods

Preliminary mining and extraction methods have been developed by a licensed mining engineer and metallurgist. The beginning step is the completion of a tunnel into the first orebody. All mining will be contracted.

Conceptual flow sheets have been developed for the crushing, flotation and filtering circuits.

Infrastructure

A detailed description of the infrastructure is scheduled for completion during the confirmation phase of the project. Few problems are expected since the mine site is relatively close to town with existing roads in place. Water, housing, or power should not present problems.

Environmental and Safety Compliance

A local engineering company has prepared a proposal for environmental compliance. Company principals have considerable experience in mine safety programs.

Commercial considerations

There are no unreasonable financial burdens which could dramatically alter the economics of this project. Further details can be found in the business plan.

Project management

The personnel that will be engaged by the Company are qualified professionals, highly experienced at working in an integrated organizational framework. They have been selected over many years not only for their ability to function well as a team, but also for their aptitudes in forecasting and solving potential problems before they arise.

Pacific Gold Mines, Inc. has assembled several consultants who will be Technical Directors to the Company. These persons will advise and direct the Company, as needed, in their particular area of expertise.

In addition to these professionals, the Company will also use the capabilities of qualified, seasoned personnel as Project Managers and Administrators. Narrative resumes of the company's key consultants are included in the business plan.

Risk analysis

A risk analysis is scheduled to be completed during the confirmation stage of this project.

Project Economics

A preliminary economic study has been completed which shows that the probable orebody will provide 14 years of production. The first seven years should produce a net of \$13 million per year. The next seven years should produce a net of \$8 million per year.

Market Assumptions

A preliminary market analysis shows that the prices of the end products are holding steady or growing in the future.

ENTITY DATA**Business History**

The organization is a Limited Partnership formed during 1991. It is registered in the States of California and Arizona. Larry Loidolt/Pacific Gold Mines is the General Partner.

Most of the activity to date has been directed at a preliminary analysis of the orebody. Additionally, leases have been signed and claims registered covering more than all of the subject orebody.

A strategic management and financial plan has been developed to carry out the project.

All necessary filings are current and the company is solvent. There are no current or expected litigations.

Financial Data

The current investment infusion required is \$600,000 to complete the confirmation stage of the project. In the long term, this project will require \$10 million during the next 18 months to complete. Included in this estimate is \$2.5 million of working capital required during the early stages of production.

Investor Payback

Preliminary estimates show that investors will begin to receive income in the form of dividends beginning in 1994.

Forecasts show that the mine will return the original investment every year well into the twenty-first century.