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James Doyle Sell Mining Collection

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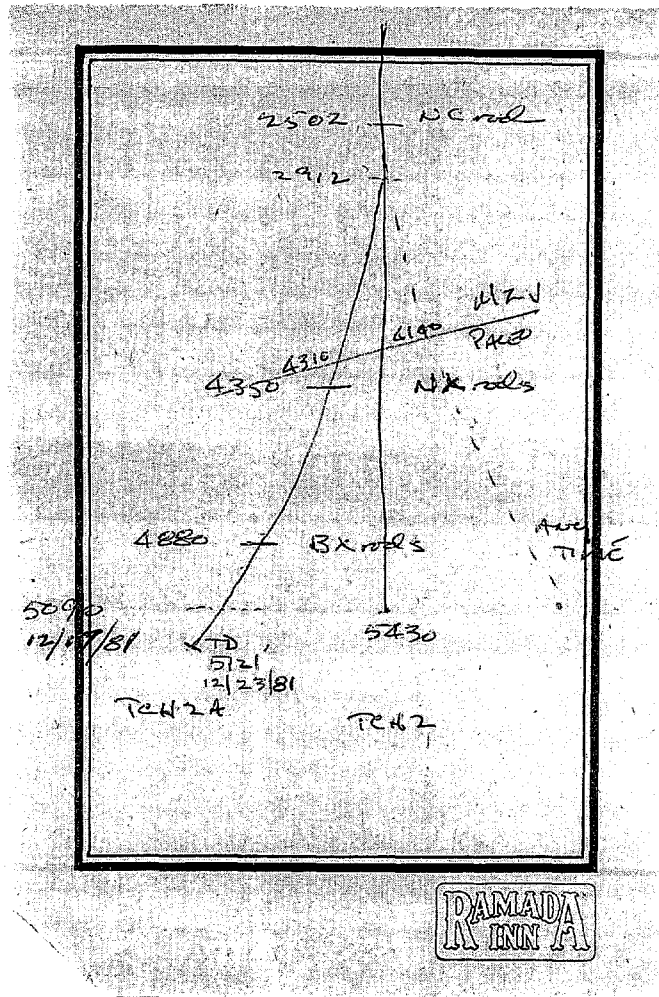
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ROYAL GOLD, INC.

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**** F A C S I M I L E T R A N S M I S S I O N ****

To: Jim Sell

From: Thomas A. Loucks

Pages Transmitted: 5 (Including this cover sheet)

Date: 05/07/92 Time: 02:00 PM

Fax Number (602) 792-3934 Operator _____

Jim -

Attached is a one pager on our Treasure King project in Mayer, Arizona, along with some of my thoughts on target types.

I would ignore the resource at the north end of the trend. What we have here is a raw exploration target that either has potential for higher grades where structures intersect the shear zone, or there may be potential for a massive sulfide beneath postmineral cover - probably a long shot, the latter idea.)

Royal would love some front end cash, but I have heard a lot about ASARCO's views on that in the last week! Why don't you have a look, let me know of your interest. The property needs physical work before Sept 1., so we won't be silly about terms if you would really get in there and explore. We would be honored to have ASARCO explore their way into this one.

It's located immediately southeast of Mayer, the highway lying just north of our northernmost claims.

If you want to go take a look, fine. We have lot's of data and should get a confidentiality agreement signed (no area of interest outside our claims).

ASARCO Inc.

MAY 7 1992

SW Exploration

*Mayer, Quad. G-8-996
in Clavator*

Jim:

I see three types of targets at TK:

- 1) Worst case - More of the same: each target having a 150,000-200,000 ton gold deposit averaging 0.046 opt gold in a tabular resource
- 2) Most likely case - stacked ore zones (now on end) confined to shear zone with grades enhanced at structural junctions. Someone needs to map out the surface volume of rock where the iron formation is deformed and gold-bearing (I think the iron formation always has a little gold, but at Treasure King the areas of interest are sheared, oxidized, bright red, and gold values can be dramatic - those areas need to be defined).
- 3) Another concept altogether - if gold/arsenic with iron formation is typical of distal edges of some massive sulfides (and Rayrock is drilling one several miles north on trend, and there are others to south), then could there be a blind massive sulfide deposit beneath thin postmineral cover (<200') covering the one mile span between the Treasure King and Main zone target areas.

To: Stanley Dempsey
Edwin Peiker

April 2, 1992

From: Thomas A. Loucks

Re: Treasure King Update

Royal Gold's two recent exploration programs at Treasure King have led to the discovery of three new gold-bearing sites on the property. These programs entailed reconnaissance mapping and geochemical sampling as part of 1989-1990 and 1990-1991 assessment work requirements. All three areas have stronger and broader gold geochemistry and alteration patterns than does Treasure King, so we can be hopeful that our requirement of more tons for a successful project may have been identified. Recognition of the newest zone has led Richard Nielson, our consulting geologist, to conclude that we may have a Malartic-type shear zone target located along the Shylock Fault, a major Arizona tectonic feature which passes through the mineralized area at Treasure King.

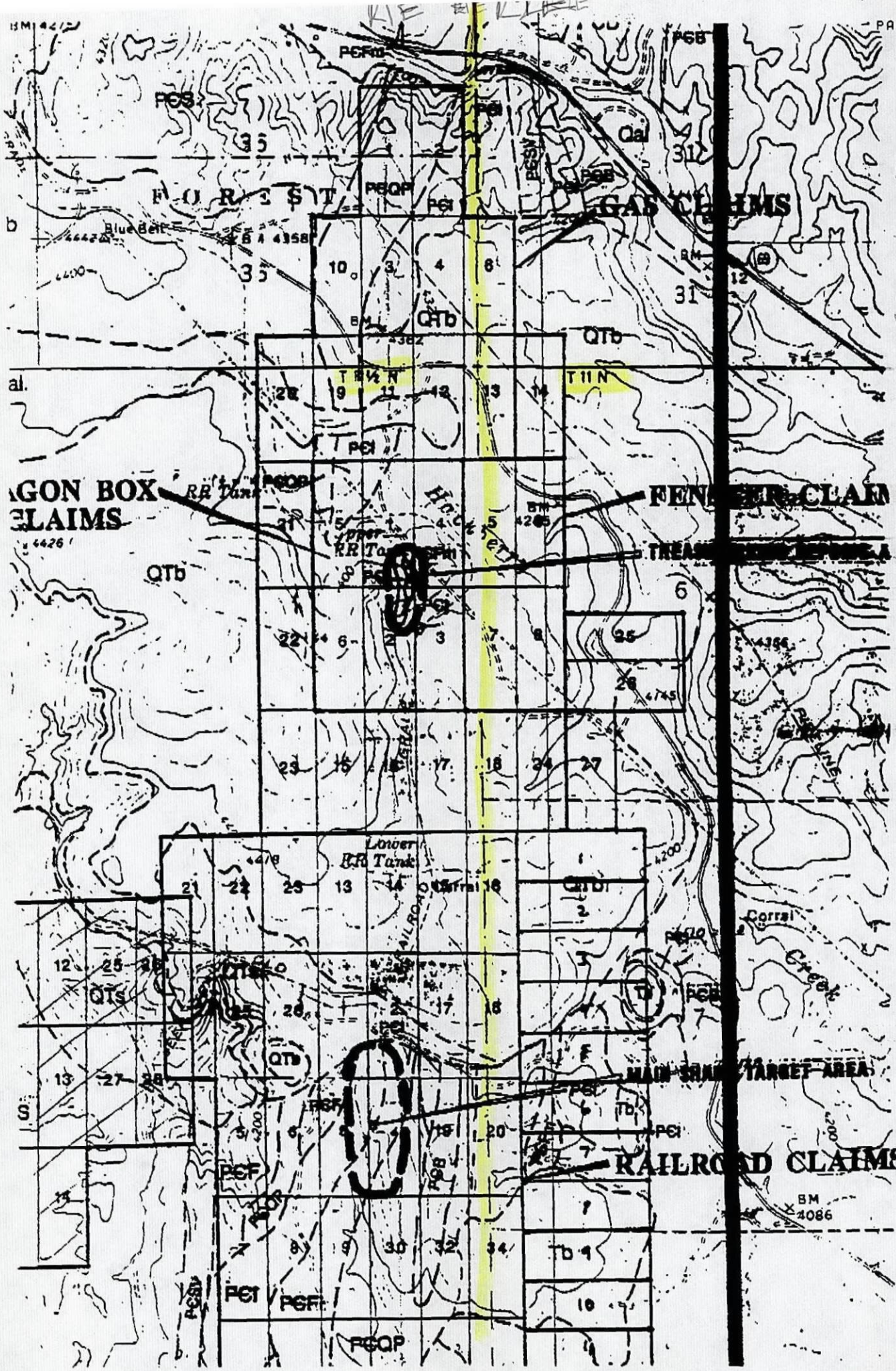
We need to identify a partner with capital to test these new areas. As many U.S. companies are concentrating on Carlin-type models, I suggest we focus our marketing efforts on those who will be more likely to understand the greenstone-terrane/shear zone model applicable here. Rayrock is very active with geophysics and a major drilling program on strike immediately north of us.

Gold mineralization at Treasure King is characterized as a Precambrian greenstone setting. Host rocks are highly deformed, siliceous metavolcanics altered by amphibolite facies metamorphism to quartz sericite and chlorite schists. Abundant gold-bearing iron formation lies interbedded with the volcanic rocks.

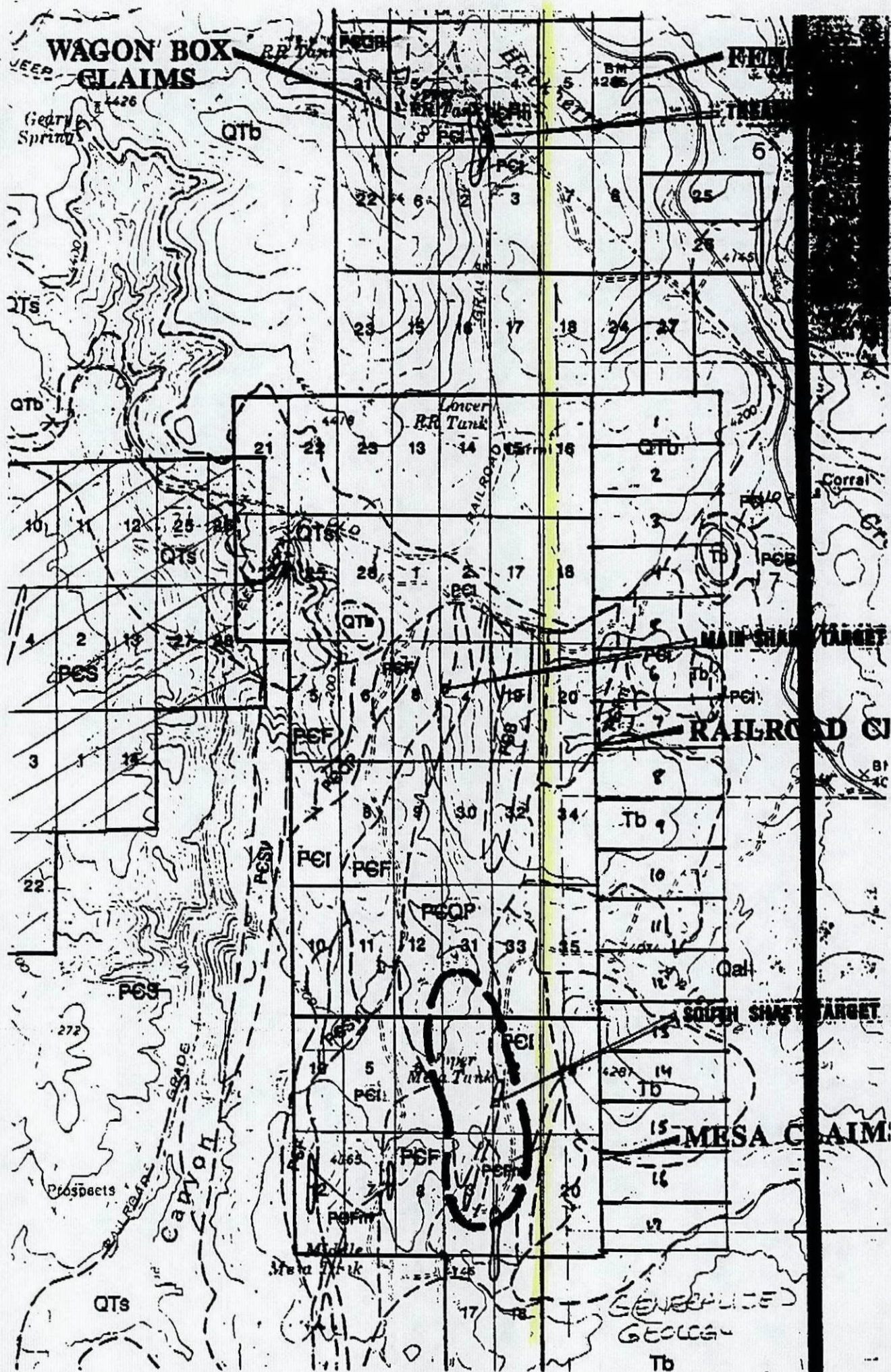
Drilling at Treasure King has defined a 152,000 ton gold deposit averaging 0.046 opt gold in a tabular resource open to the north, south, and at depth. This resource is too small to recover costs of putting a mine into production, although work to date suggests the "ore" would yield an operating profit. More tons are needed.

Gold mineralization at the new sites is hosted by the same favorable geologic unit as that which hosts Royal's Treasure King deposit. The gold content in outcrop has returned assays exceeding 0.3 ounces gold per ton at several locations on large samples and in general exceeds levels observed at Treasure King (the grade at Malartic is 0.12 oz gold/ton). These values were independently confirmed by a potential farm-in partner in February. Further, because gold-bearing, hydrothermally altered rocks at each of the new sites extend over areas broader than Treasure King, the exploration potential looks quite favorable.

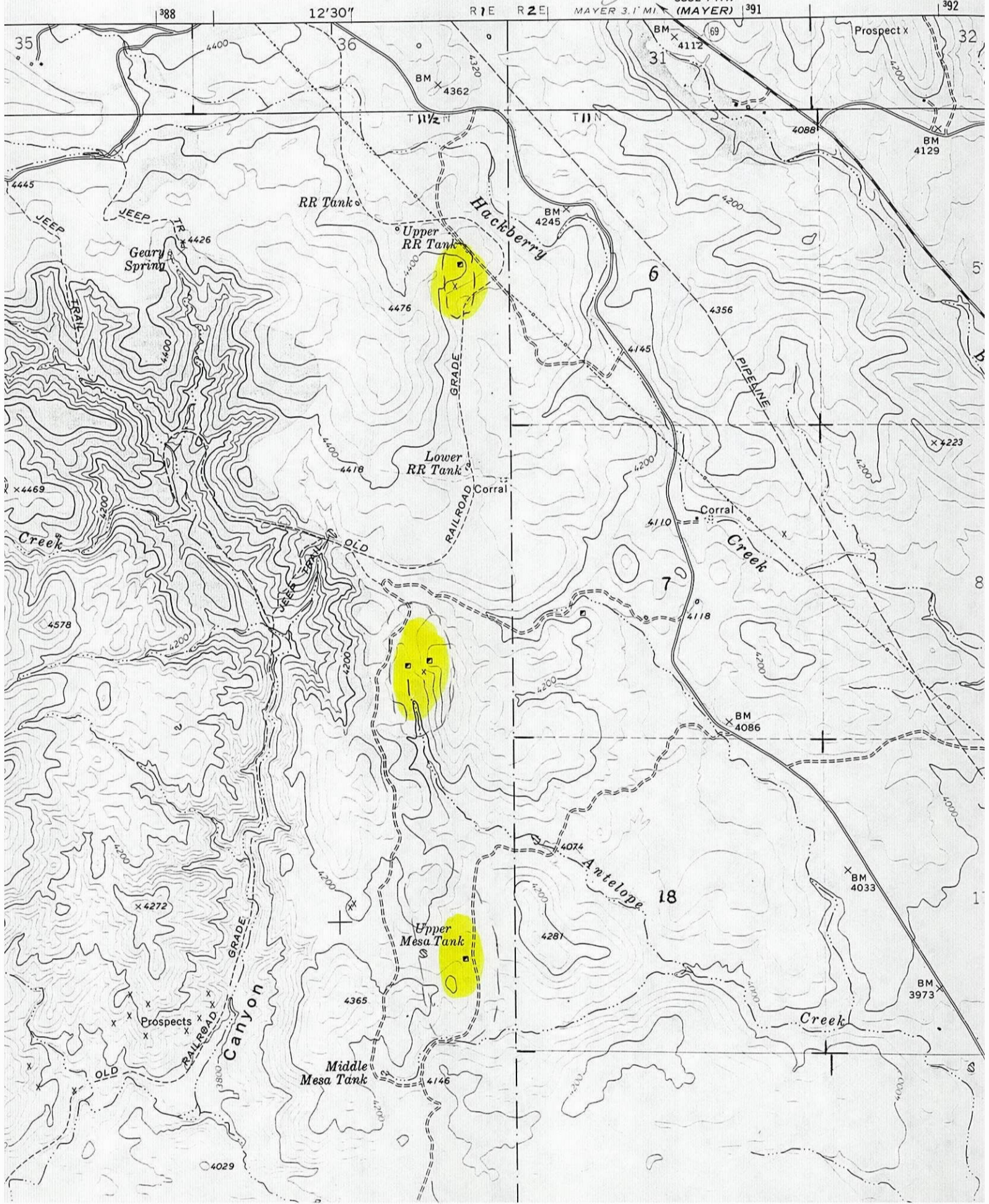
Nielsen's analogy to Malartic is significant because it means the broader mineralized zones located along the shear zone east and south of Treasure King may indeed have much larger potential.



clab - way



Coaton Quad 7 1/2'
Yavapai Co. AZ



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