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GSA

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Cordilleran Section

May 1985

SILVER EAGLE RESOURCES LTD.

"A Turnaround Situation"

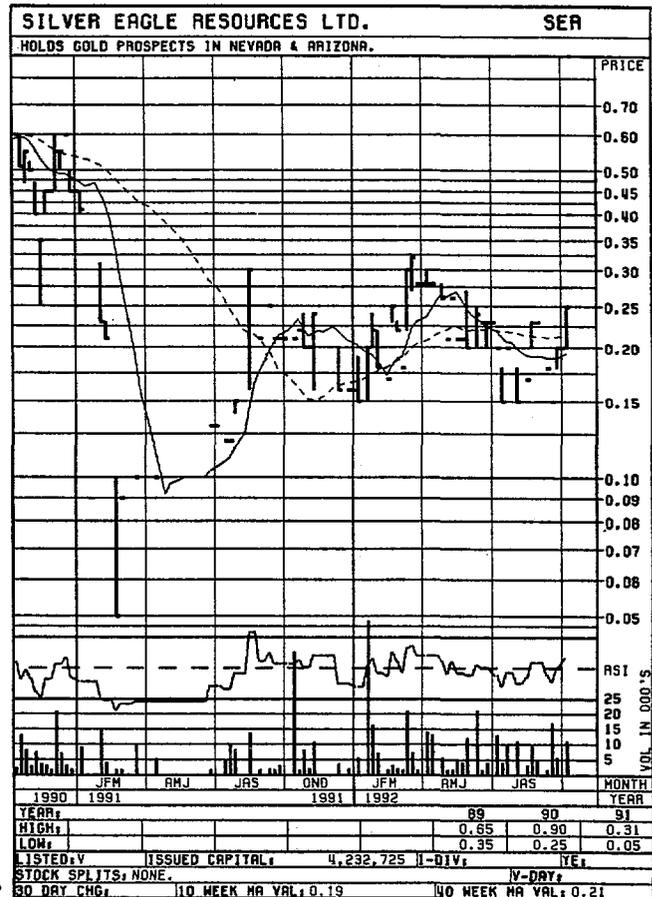
RECENT SHARE PRICE: \$0.29
 52 WEEK HIGH: \$0.32
 52 WEEK LOW: \$0.15
 FISCAL YEAR END: MARCH 31
 SYMBOL: SER
 LISTED: Vancouver
 SHARES OUTSTANDING: 3.90 million
 FULLY DILUTED: 4.27
 MARKET CAPITALIZATION: \$ 1.11 million
 MAJOR SHAREHOLDERS:
 Insiders hold 2.11 million shares

RECOMMENDATION:-

Silver Eagle resurfaces with a new management team, a new business plan, and new properties. Jon Broderick and Ted Slanker bring extensive exploration and finance experience to this company. The new business plan is to acquire, explore, and develop properties in western North America and Mexico and subsequently farm-out the viable properties. Silver Eagle has a promising property in the Carlin Trend area, a second in Nevada, and a third in Arizona. This is an opportunity for investors to participate in a turnaround mineral exploration situation created by a management team that understands how to manage the risks.

HIGHLIGHTS:-

- Silver Eagle's new business plan has been carefully prepared by new management to take advantage of its strengths and minimize Silver Eagle's need to raise funds.
- The business plan involves early stage exploration evaluation, farm out of properties of merit, and the immediate dropping of less interesting or unmarketable properties.



*Ser
initial
RUS Group*

Chart Courtesy of Independent Survey Company

- Funding will come from joint venture partners' payments, fees associated with the Mexican syndicate, and selling of treasury shares.
- Joint venture with Independence Mining Company/Minorco (USA) Inc. on the High Dollar property, in Nevada, is the first stage of new activity for Silver Eagle.
- Independence to spend \$75,000 at High Dollar in the first year and \$250,000 per annum by the fourth year.
- Mexican syndicate being formed to offer portfolio approach to exploration in this promising frontier.

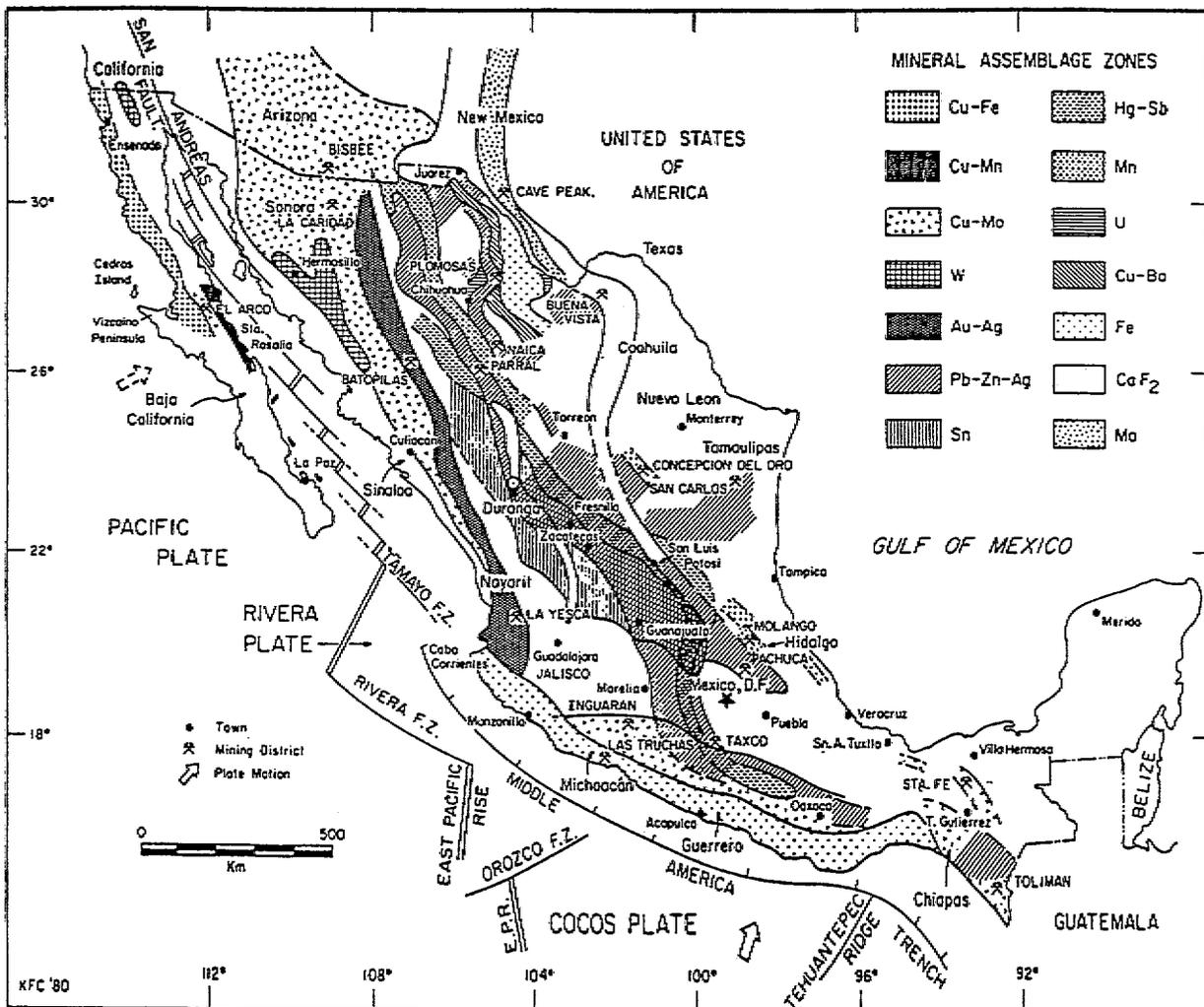
THE PLAN

Silver Eagle has been listed on the VSE since February, 1989. In early 1992 a management change brought a new business focus to Silver Eagle. The new business plan is to acquire, explore, and develop mineral properties in the western United States, Canada and Mexico with an emphasis on precious metals. Minimal early stage exploration work will be carried out, on new properties, to determine whether or not to proceed with further exploration. Viable properties, as determined by this work, will be farmed-out or joint ventured to third parties. Silver Eagle has two properties in Nevada, one of which is in the Carlin Trend area, and a third in Arizona. The High Dollar property in Nevada was recently joint ventured with Independence Mining Company (Independence).

Management is organizing a syndicated venture in Mexico. The syndication partners will be small- to medium-sized mining companies whose objective is to be involved in exploration in Mexico, but who lack prior experience and/or financial capabilities to establish a presence in Mexico. The objective is to give the partners exposure to several properties rather than each company having a single property with only one chance to find a significant ore deposit.

Exploration activity in Mexico has increased dramatically with the new government regulations regarding foreign ownership. Foreign owners are now allowed to effectively hold 100% of their acquisitions in Mexico for about 11 years before attracting Mexican ownership of at least 51%. Mexico has always

MEXICO



Distribution of mineral-deposit assemblages throughout Mexico and adjacent areas of the southwestern United States as determined by K.F. Clark, et al. (Geol. Soc. of America Bulletin, V.93, P. 533-544, 1982).

had a highly prospective geological environment and a long history of profitable mining. In recent years the world's major mining companies have avoided the country due to the onerous ownership regulations. Also, the country's infrastructure left a lot to be desired from a multinational corporation's point of view. This is changing rapidly and a large number of exploration companies, including junior and midsize companies, have now actively returned to the country.

Although historically there has been considerable prospecting conducted by the local population, there has been little or no systematic exploration activity. This presents an opportunity for Silver Eagle to gain control of properties and conduct systematic exploration so that the properties can be marketed to major mining companies. Junior exploration companies will have an advantage over the large multinationals as they will be able to act quickly and be able to handle the lack of infrastructure by working closely with the Mexican nationals. Silver Eagle's experience in Mexico, along with its understanding of the Mexican legal framework, and the aspirations of the local landholders, should ensure that this company is one of the successful new explorationists in Mexico.

Raising capital for Silver Eagle will not be as demanding as for other junior exploration companies as its thrust is to fund only the initial property acquisitions and preliminary geological assessments. As a property shows merit, it will be joint ventured, otherwise it will be dropped. Funding for acquisition and preliminary exploration will come from initial payments made to the company from joint venture partners, from the Mexican syndicate's activities, and from selling treasury shares to parties that wish to be involved in this type of high value added diversified exploration play.

MANAGEMENT

Sound management is the key to every successful company. Recent additions to the management team include *Jon P. Broderick as vice president of exploration and Ted E. Slanker, Jr. as vice president finance.*

Mr. Broderick has over 28 years of experience in the mining industry as a mineral exploration geologist with a strong background

in exploration program design, project management, and property acquisition. He was recently project manager for the Reese River Resources project near Battle Mountain, Nevada. Mr. Slanker is a management and financial public relations consultant for publicly held companies in the North American gold mining industry. In addition he writes a financial marketing letter (Market Update) and a financial newsletter (The Slanker Report).

These gentlemen will compliment: *Mr. J. Paul Sorbara a geologist and director* with 15 years of experience in Mexico and western Canada in exploration acquisition and marketing of resource properties; *Mr. Michael D. Lindeman a director* with 35 years of managing his own aggregate hauling company in California plus experience as a resource/mining director; *Mr. Craig D. Thomas an attorney and director* with 15 years experience acting for public Canadian mining companies; *Dr. Robert G. Reeves* with 40 years of experience with the U.S. Geological Survey and as a consulting geologist/professor and corporate secretary.

For a junior resource company this is certainly a very experienced and diversified management team.

PROPERTIES

Silver Eagle controls three properties in the western United States; the High Dollar property in the Carlin Trend area of north-central Nevada, the Fit Prospect in Pershing County, Nevada and the RUS prospect in western Arizona. This year further evaluation will be done on these properties.

HIGH DOLLAR PROPERTY, Nevada

Recently joint ventured with Independence in the Carlin Trend area, this property consists of 46 lode claims covering all of Section 20 and one-third of Section 8. Section 20 is on Mary's Mountain eight miles west of the town of Carlin, while Section 8 is two miles from Newmont's, Maggie Creek - Gold Quarry operation. Silver Eagle leases this property under favourable terms which includes a 3% net smelter royalty on production and advance minimum royalty payments of \$1,000 per month for 2 years, increasing to \$2,000 per month thereafter. These payments are

creditable against production royalties.

Silver Eagle has entered into an assignment and Royalty Agreement with Independence, a wholly-owned subsidiary of Minorco (U.S.A.) Inc., on this property. Terms of the agreement provide Silver Eagle with a 2% Net Smelter Returns royalty on future production. Independence must maintain the underlying agreement with the property owners, make advance royalty payments to Silver Eagle consisting of \$10,000 on signing, \$15,000 after six months, \$30,000 on the first anniversary escalating to \$100,000 per annum by the seventh anniversary. Independence is obligated for minimum exploration and maintenance expenditures starting at \$75,000 in the first year and increasing to \$250,000 per annum in the fourth and subsequent years.

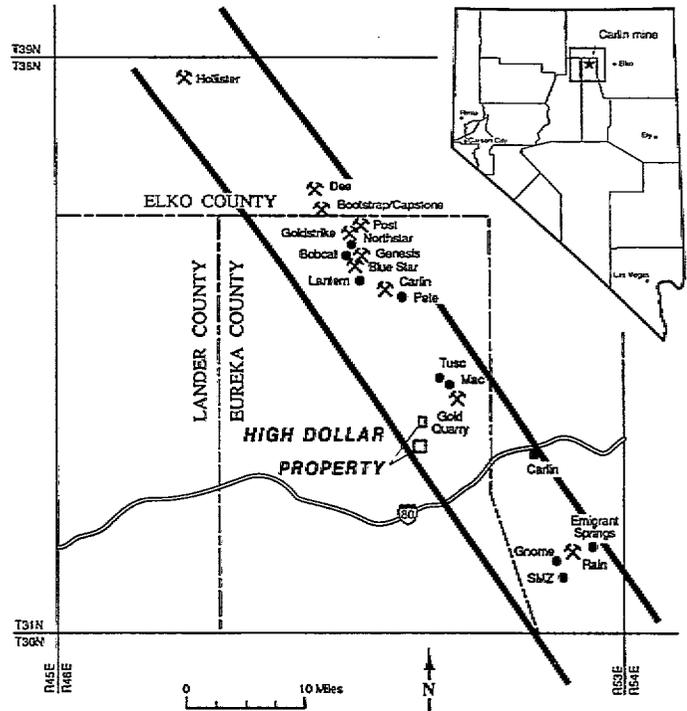
This is a major step forward for Silver Eagle; not only does it increase assets and provide cash flow but it also exemplifies management's ability to execute its business plan.

FIT PROSPECT, Nevada

This property consists of 12 unpatented lode mining claims in Pershing County, 20 miles northeast of Lovelock in the Spring Valley mining district. Spring Valley is known for its gold and mercury. Placer gold operations have been in production in recent years. The property is under the control of SER through a mining lease agreement with the owners, who receive an 8% net return royalty on production. To maintain the property, Silver Eagle must pay annually on May 1st advance royalties of, \$2,000 in 1993, \$5,000 in 1994 and \$10,000 per annum thereafter. To date this property has never been drilled; however, considerable geological surface work has been completed. This is an epithermal gold system with very strong pathfinder element association, hosted by a major range front fault system.

RUS PROSPECT, Arizona

The RUS prospect consists of 28



unpatented lode claims owned by former employees of Labradex Corporation. Labradex retains a 5% net profit production royalty payable after payback of development costs and any financing. In addition there is a 4% net smelter return royalty to the underlying owners. These royalty payments commence in May of 1992 at \$10,000, \$12,000 in 1993, \$18,000 in 1994, and \$24,000 per annum thereafter. Located about 50 miles NW of Phoenix, this property has received considerable drilling with numerous ore grade interceptions.

CONCLUSION

Silver Eagle provides the investor with an opportunity to participate in a turn-around situation. The new management team has already demonstrated its ability to implement its new business plan by joint venturing the High Dollar property with Independence. Silver Eagle has two other properties on which it is working and is currently establishing the ground work for a Mexican exploration syndication.

JDS

ASARCO

Exploration Department
Southwestern United States Division

March 13, 1990

Mr. Richard Miller
P.O. Box 538
Dolores, Colorado 81323

Dear Mr. Miller:

Yes, the packet and ore samples from your God's Gift claims has arrived in Tucson.

From your assay packet, it appears you have an excellent gold-bearing quartz vein which would be interesting if you have the tonnage needed which Asarco is looking for.

Are you related to Hugo Miller (deceased), former assayer-ore buyer in Nogales?

Sincerely,



James D. Sell

JDS:mek

cc: W.L. Kurtz