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PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE _____

SHIPPER Arizona Flux Mines, Inc.

ADDRESS P. O. Box 26706 Tucson, Arizona 85726

MATERIAL Siliceous Fluxing Ore

DELIVERY F.O.B. Chino Mines Company smelter. Truck haulage is acceptable within smelter determined quantities.

SECTION I - ECONOMIC

PAYMENT

Payment for payable silver content to be made within 30 days after the date of the exchange of assays. In the case of the shipper not submitting an assay receipt, the Chino Mines Company assay results will be used for the settlement. If a sample is sent to an Umpire, settlement will be delayed until after receipt of the Umpire results.

Ore: Pay \$16.00 per dry standard ton for sized (minus 1/4") flux two weeks following receipt of material.

Silver: Deduct 25% of the silver content, and pay for 100% of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

CHARGES

Silica: Ore less than 75% SiO_2 will be charged at \$1.00 per unit (1 percentage point = 1 unit = 20 lbs.) fractions in proportion.

Alumina: Above 6 %, charge excess at \$1.00 per unit, fractions in proportion.

Economic - At any time Chino Mines Company net cost per ton flux exceeds \$6.80 before penalty deductions, based on 90% recovery of precious metals and example calculation described in appendix A, based on a minimum lot of 200 tons, then this excess amount shall be deducted from the next future shipments.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION II - NON-ECONOMIC

TERMS

Agreement will be in force from 'Effective Date' until terminated by Chino Mines Company. Termination will require thirty (30) days written notice to the Shipper by Chino Mines Company. All terms of this Contract are subject to review and re-negotiation.

Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 pounds.

QUANTITY

The Shipper will be advised by Chino Mines Company on a monthly basis as to the quantity and lot size. Delivery to be within the contracted calendar month. This contract is for 750 tons, but may be increased by mutual agreement between Chino Mines Company and Arizona Flux Mines, Inc.

WEIGHING, SAMPLING & ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted in accordance with standard practices at the Smelter after receipt of material. The Shipper shall have the right to be present, or have his representative present, at the weighing and sampling procedures.

If the Shipper so desires, and notifies the Chino Mines Company, prior to the receipt of the siliceous material, then he shall have the right to assay or cause to be assayed by a reputable and qualified assayer his quarter of the sample of his shipment. The Shipper, on receipt of his assay certificate, shall present same to the Chief Accountant of the Branch or his representative, who shall then present at that time the Smelter's assay certificate for comparison. If the variation between the two certificates do not exceed the following splitting limits:

Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable Umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
Metallurgical Labs, San Francisco
American Analytical, Tucson
Skyline Labs, Tucson

The Umpire's assay result shall be final, providing it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. Settlement shall be based on the assay nearest to the Umpire's. Cost of the Umpire analysis shall be borne by the party whose assay result is the furthest from the Umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the purchase price for the same, payment may be withheld for aforesaid material until such time as the dispute has been resolved by:

- a) Arbitration pursuant to the provisions of §§ 12-1501 et seq., Arizona Revised Statutes,

or,

- b) Mutual agreement among the parties by which the claims of all contesting parties are resolved and the Chino Mines Company, is released from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Chino Mines Company, hereunder, and that it will have good title to all siliceous material delivered to the Chino Mines Company, and the Shipper agrees to indemnify and hold the Chino Mines Company, from any and all claims, demands, obligations and liabilities of any kind whatsoever that may be asserted against the Chino Mines Company, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE

Either party herto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure cause beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Chino Mines Company, shall not be required to order, accept or receive any siliceous material hereunder during any period when the operations of the Chino Mines Company, are suspended or curtailed on account of any such cause.

Payment for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days which force majeure was in effect.

CHINO MINES COMPANY

by C. K. Vance
C. K. Vance
Title Manager, Chino Mines Company
Date 7-1-87

Accepted:

ARIZONA FLUX MINES, INC.
(Shipper)

by [Signature]
(Authorized Rep. For Shipper)

Title President and General Manager

Date 7/6/87

APPENDIX A

Example Calculations

Assumptions:

Silver = 3.0 oz/ton
 Silver = \$5.50 per oz
 Gold = 0.015 oz/ton
 Gold = \$400 per oz
 Silica = 74% SiO₂
 Al₂O₃ = 4%

I. Calculation of payments per ton due Ash Peak Mines:

	<u>Payments</u>	<u>Penalties</u>	<u>Net</u>	<u>Notes</u>
Ore	\$16.00	-	\$16.00	-
Silver	\$12.375	-	\$12.375	3 oz/ton x 0.75 x \$5.50
SiO ₂	-	<1.00>	<\$1.00>	(75%-74%) x \$1.00/ton
Al ₂ O ₃	-	0	-	within specification
Total	\$28.375	<\$1.00>	<u>\$27.375</u>	

II. Calculation of Net flux profit <cost> - excluding penalties:

	<u>Costs</u>	<u>Smelter Credits</u>	<u>Notes</u>
Ore:	<\$16.00>	-	
Silver:	<\$12.375>	\$14.850	credit = 3.0 x 0.9 x \$5.50
Gold:	-	\$ 5.40	credit = 0.015 x 0.9 x \$400
Totals	<\$28.375>	\$20.25	

Costs/ton = <28.375>

Credits/ton = 20.25

Net cost/ton = <\$8.125>

Allowed net costs/ton = <\$6.80>

Amount reduction on future shipment = (\$8.125 - 6.80) x tons
= \$1.325 x tons

PHELPS DODGE CORPORATION
2600 NORTH CENTRAL AVENUE
PHOENIX, AZ 85004

PHELPS DODGE CORPORATION
RAW MATERIALS DIRECTOR, D. K. FARQUHAR
WESTERN OPERATIONS, c/o MORENCI BRANCH
MORENCI, ARIZONA 85540

PURCHASE CONTRACT

DATE October 12, 1986

SHIPPER Arizona Flux Mines, Inc.

ADDRESS P. O. Box 26706 Tucson, Arizona 85726

MATERIAL Siliceous Fluxing Ore

DELIVERY F.O.B. Tyrone-Hidalgo smelter, Phelps Dodge Corporation in drop bottom cars S.P. Series 464 thru 467 or equivalent. Truck haulage is acceptable within smelter determined quantities.

SECTION I - ECONOMIC

PAYMENT

Payment to be made within 30 days after the date of the exchange of assays. In the case of the shipper not submitting an assay receipt, the Phelps Dodge assay results will be used for the settlement. If a sample is sent to an Umpire, settlement will be delayed until after receipt of the Umpire results.

Silver: Deduct 25% of the silver content, and pay for 100% of the balance at the weekly average Handy & Harmon quotation in Metals Week for the week ending Friday in which the shipment is received.

CHARGES

Silica: Ore less than 75% SiO₂ will be charged at \$1.00 per unit (1 percentage point = 1 unit = 20 lbs.) fractions in proportion.

Alumina: Above 6%, charge excess at \$1.00 per unit, fractions in proportion.

Above purchase terms are subject to the following non-economic section of this contract.

SECTION II - NON-ECONOMIC

TERMS

Agreement will be in force from 'Effective Date' until terminated by Phelps Dodge Corporation. Termination will require thirty (30) days written notice to the Shipper by Phelps Dodge. All terms of this Contract are subject to review and re-negotiation.

Basic weight units will be troy ounces, avoirdupois pounds and short dry tons. The word "unit" will mean "1 percentage point (1.0%)", or 20 pounds.

QUANTITY

The Shipper will be advised by Phelps Dodge on a monthly basis as to the quantity and lot size. Delivery to be within the contracted calendar month. This contract is for (see addendum) tons/month.

WEIGHING, SAMPLING & ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted in accordance with standard practices at the Smelter after receipt of material. The Shipper shall have the right to be present, or have his representative present, at the weighing and sampling procedures.

If the Shipper so desires, and notifies the Tyrone-Hidalgo branch, Phelps Dodge Corporation, prior to the receipt of the siliceous material, then he shall have the right to assay or cause to be assayed by a reputable and qualified assayer his quarter of the sample of his shipment. The Shipper, on receipt of his assay certificate, shall present same to the Chief Accountant of the Branch or his representative, who shall then present at that time the Smelter's assay certificate for comparison. If the variation between the two certificates do not exceed the following splitting limits:

Copper	=	0.15%
Silver	=	0.15 oz/ton
Gold	=	0.010 oz/ton
Lead	=	0.05%
Zinc	=	0.2%
Arsenic	=	0.4%
Antimony	=	0.4%
Bismuth	=	0.1%
Fluorine	=	0.005%
Chlorine	=	0.01%

then the settlement will be established on the average between the respective assays. In the case of the variation exceeding the splitting limits, a mutually acceptable Umpire shall be chosen from the following assayers:

Mountain States Research & Development, Tucson
Metallurgical Labs, San Francisco
American Analytical, Tucson
Skyline Labs, Tucson
North American Assay, Tempe

The Umpire's assay result shall be final, providing it is not higher than the highest result or lower than the lowest result of the Shipper and Smelter assay certificates. Settlement shall be based on the assay nearest to the Umpire's. Cost of the Umpire analysis shall be borne by the party whose assay result is the furthest from the Umpire's.

WITHHOLDING

If any third party should make claim to any of the siliceous material or the purchase price for the same, payment may be withheld for aforesaid material until such time as the dispute has been resolved by:

a) Arbitration pursuant to the provisions of SS 12-1501 et seq., Arizona Revised Statutes,

or,

b) Mutual agreement among the parties by which the claims of all contesting parties are resolved and the Tyrone-Hidalgo Branch, Phelps Dodge Corporation is released from any and all liability in connection with the purchase of and payment for said siliceous material.

WARRANTIES

The Shipper warrants that it has the right to mine and ship siliceous material to the Tyrone-Hidalgo Branch, Phelps Dodge Corporation, hereunder, and that it will have good title to all siliceous material delivered to the Tyrone-Hidalgo Branch, Phelps Dodge Corporation, and the Shipper agrees to indemnify and hold the Tyrone-Hidalgo Branch, Phelps Dodge Corporation, from any and all claims, demands, obligations and liabilities of any kind whatsoever that may be asserted against the Tyrone-Hidalgo Branch, Phelps Dodge Corporation, for or on account of siliceous material delivered hereunder, or the purchase thereof.

FORCE MAJEURE

Either party herto shall be excused from performance during any period such performance is prevented by governmental action, war, fire, flood or other force majeure cause beyond the control of such party, or by strike, lockout, or failure of transportation facilities, and the Tyrone-Hidalgo Branch, Phelps Dodge Corporation, shall not be required to order, accept or receive any siliceous material hereunder during any period when the operations of the Tyrone-Hidalgo Branch, Phelps Dodge Corporation are suspended or curtailed on account of any such cause.

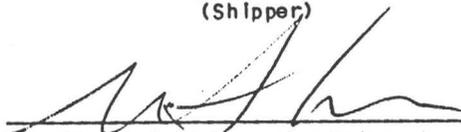
Payment for siliceous material sampled during a period when force majeure has been declared shall be extended by a period of time equivalent to the number of days which force majeure was in effect.

PHELPS DODGE CORPORATION

by 
Donald K. Farquhar
Title Raw Materials Director, Western Operations
Date September 30, 1986

Accepted:

ARIZONA FLUX MINES, INC.
(Shipper)

by 
(Authorized Rep. For Shipper)

Title President and General Manager

Date 10/2/86

Letter of Addendum
for
Arizona Flux Mines, Inc.
Siliceous Fluxing Contract
Dated: October 12, 1986

Section I. Economic provisions

- a. Payment: In addition to the contract terms, the sized (1/4 - 3/4 inch converter flux and minus 10 mesh flux) will be paid for at the rate of \$18.00 per dry standard ton two weeks following receipt of material.
- b. Charges: (minus 10 mesh flux only) For each percent above 10% which does not pass a Tyler 10 mesh screen, a charge of \$1.00 per unit, fractions in proportion, will be made.

Any time Phelps Dodge net cost per ton for flux exceeds \$8.80 before penalty deductions, based on 90% recovery of precious metals and example calculation, based on a minimum lot of 200 tons, then this excess amount shall be deducted from the next future shipments.

Example Calculations

Assumptions:

Silver = 3.0 oz/ton
Silver = \$5.50 per oz
Gold = 0.015 oz/ton
Gold = \$400 per oz
Silica = 74% SiO₂
Al₂O₃ = 4%
-10 mesh = 95%

I. Calculation of payments per ton due Ash Peak Mines:

	<u>Payments</u>	<u>Penalties</u>	<u>Net</u>	<u>Notes</u>
Ore	\$18.00	-	\$18.00	-
Silver	\$12.375	-	\$12.375	3 oz/ton x 0.75 x \$5.50
SiO ₂	-	<1.00>	<\$1.00>	(75%-74%) x \$1.00/ton
Al ₂ O ₃	-	0	-	within specification
-10 mesh	-	0	-	within specification
Total	\$30.375	<\$1.00>	<u>\$29.375</u>	

II. Calculation of Net flux profit <cost> - excluding penalties:

	<u>Costs</u>	<u>Smelter Credits</u>	<u>Notes</u>
Ore:	<\$18.00>	-	
Silver:	<\$12.375>	\$14.850	credit = 3.0 x 0.9 x \$5.50
Gold:	-	\$ 5.40	credit = 0.015 x 0.9 x \$400
Totals	<\$30.375>	\$20.25	

Costs/ton = <30.375>

Credits/ton = 20.25

Net cost/ton = <\$10.125>

Allowed net costs/ton = <\$8.80>

Amount reduction on future shipment = (\$10.125 - 8.80) x tons
= \$1.325 x tons

Section II. Non-Economic Provisions

1. Quantity

- a. Converter flux (sized 3/4" - 1/4") to be delivered at the rate of 1500 tons per month.
- b. Minus 10 mesh flux to be delivered at the rate of 1500 tons per month.

Accepted:

Phelps Dodge Corporation

by W.K. Fungular

Title Raw Materials Director

Date September 30, 1986

Accepted:

Shipper: Arizona Flux Mines, Inc.

by [Signature]

Title Pres.

Date 10/8/86

SAMPLE ANALYSIS REPORT

HIDALGO SMELTER

DATE June 26, 1988

	% Cu	oz/ton Au	oz/ton Ag	% SiO2	% Al2O3	% Fe	% CaO			
Ash Peak Fines(*) 6-25-88	0.05	0.025	5.69	72.1	4.5	3.2	6.7			
(*) Contains material from the following shipper's IDs:										
					47450	6011				
					47467	6013				
					47490	6014				
					47491	"				
					47513	6016				
					47529	"				
					47532	"				
					47589	6019				
					47612	6021				
					47631	6023				
					47632	"				
					47684	7001				
					47698	7003				
					47728	7005				
					47732	"				
					47733	"				
					47731	7021				
					47753	7007				
					47785	7009				
					47834	7012				
					47835	"				
					47850	7013				
					47880	7016				
					47927	7019				
					47971	7023				
					48014	7024				

HELPS-DODGE CORPORATION
 RECEVE.DAT PRINT OUT

DATES: 16-May-88 THRU 30-Jun-88
 ASH PEAK FLUX

HIDALGO SMELTER
 11:50 AM
 18-Jul-88

REC	INEND DAY #	RECV DAY #	MAT. CODE	LOT NUMBER	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT	% H2O	SHIPPER'S ID NUMBER	FEE
1309	88137	88137	59	6011	80320	28710	51610	3.00	47450/3305	F
1384	88138	88138	59	6012	77010	28080	48930	0.90	47466/3306	C
1386	88138	88138	59	6013	77530	27570	49960	1.50	47467/3307	F
1387	88138	88138	59	6012	80390	30040	50350	0.90	47469/3308	C
1435	88139	88139	59	6014	76710	28220	48490	2.00	47490/3311	F
1436	88139	88139	59	6014	80850	30050	50800	2.00	47491/3312	F
1474	88140	88140	59	6015	78340	27420	50920	1.70	47506/3313	C
1475	88140	88140	59	6015	79650	28560	51090	1.70	47511/3314	C
1476	88140	88140	59	6016	75760	28200	47560	4.60	47513/3315	F
1477	88140	88140	59	6015	80290	29920	50370	1.70	47514/3316	C
1519	88141	88141	59	6016	77950	28030	49920	3.40	47529/3318/5220C	
1521	88141	88141	59	6016	79020	28570	50450	3.40	47532/3319	Week Ending 5/20/88
1522	88141	88141	59	6017	79220	30110	49110	2.50	47533/3320	C
1667	88145	88145	59	6018	76630	28010	48620	1.30	47587/3321	C
1668	88145	88145	59	6018	78660	27520	51140	1.30	47588/3322	C
1670	88145	88145	59	6019	79950	29930	50020	2.80	47589/3323	F
1671	88145	88145	59	6020	79800	30030	49770	1.00	47591/3324	C
1731	88146	88146	59	6021	79630	28590	51040	3.50	47612/3327	F
1789	88147	88147	59	6022	80080	29930	50150	1.10	47628/3328	C
1792	88147	88147	59	6022	75040	26700	48340	1.10	47630	C
1793	88147	88147	59	6023	79750	28640	51110	4.00	47631/3330	F
1794	88147	88147	59	6023	80710	30060	50650	4.00	47632/3329	Week Ending 5/27/88
1824	88148	88148	59	6024	78050	27640	50410	2.40	47649/3332	C
1826	88148	88148	59	6024	80270	30130	50140	2.40	47651/3334	C
1961	88151	88153	59	7001	81110	28760	52350	3.70	47684/3337	F
1985	88152	88153	59	7002	78480	27480	51000	1.60	47694/3338	C
1987	88152	88153	59	7002	80060	30000	50060	1.60	47697/3339	C
1988	88152	88153	59	7003	80470	30080	50390	7.80	47698/3340	F
2003	88153	88153	59	7004	77130	28040	49090	1.40	47711	C
2005	88153	88153	59	7004	79890	28650	51240	1.40	47714/3343	C
2017	88153	88153	59	7004	79790	29990	49800	1.40	47726/3344	C
2055	88154	88154	59	7005	80730	28610	52120	3.30	47728/3345	F
2057	88154	88154	59	7020	76920	28130	48790	3.30	47734/3340	F
2058	88154	88154	59	7005	75300	26860	48440	3.30	47732/3350	F
2059	88154	88154	59	7005	80920	29970	50950	3.30	47733/3349	F
2060	88154	88154	59	7021	78130	29500	48630	2.70	47731/3346	C
2072	88154	88154	59	7006	79250	28770	50480	2.70	47748/3351	C
2130	88155	88155	59	7007	72140	26660	45480	3.50	47753/3355	Week Ending 6/3/88
2300	88158	88158	59	7008	80170	30490	49680	1.60	47784/3356	C
2301	88158	88158	59	7009	80740	30180	50560	3.30	47785/3357	F
2303	88158	88158	59	7008	80660	28760	51900	1.60	47787/3350	C
2358	88160	88160	59	7010	79500	28600	50900	2.30	47821/3359	C
2368	88160	88160	59	7010	78930	29830	49100	2.30	47822/3360	C
2398	88161	88161	59	7011	78680	27390	51290	2.00	47832/3361	C
2399	88161	88161	59	7012	79250	28930	50320	5.20	47834/3363	F
2400	88161	88161	59	7012	80020	29790	50230	5.20	47835/3362	F
2402	88161	88161	59	7011	79150	28460	50690	2.00	47836/3364	C
2439	88162	88162	59	7013	75860	27810	48050	5.40	47850/3365	Week ending 6/10/88
2442	88162	88162	59	7014	76440	26870	49570	2.80	47854/3368	C
2449	88162	88162	59	7014	79710	28730	50980	2.80	47861/3369	C
2572	88165	88165	59	7015	79630	29880	49750	2.40	47881/3373	C

Ag = 6.617
 Au = 454.950

Ag 6.657
 Au 454.73

Ag 6.8925
 Au 457.663

Ag 7.201
 Au 459.9
 459.970

HELPS-DODGE CORPORATION

RECEIVE.DAT PRINT OUT

DATES: 16-May-88 THRU 30-Jun-88
ASH PEAK FLUX

HIDALGO SMELTER

11:50 AM
18-Jul-88

=====

REC	INBND DAY #	RECV DAY #	MAT. CODE	LOT NUMBER	GROSS WEIGHT	TARE WEIGHT	NET WEIGHT	% H2O	SHIPPER'S ID NUMBER	BED
5573	88165	88165	59	<u>7016</u>	79860	28460	<u>51400</u>	3.00	47880/3372	F
5667	88166	88166	59	7017	80850	29880	50970	2.70	47891/3374	C
5743	88168	88168	59	7018	77040	27800	49240	2.20	47928/3376	C
5744	88168	88168	59	<u>7019</u>	79660	29720	<u>49940</u>	<u>5.60</u>	<u>47927/3375</u>	<i>Wash Feeding 6/17/88</i>
5819	88172	88172	59	7022	77980	27210	50770	1.40	47970/3378	C
5820	88172	88172	59	<u>7023</u>	77710	28860	<u>48850</u>	<u>4.60</u>	<u>47971/3379</u>	F
5821	88172	88172	59	7022	79560	29880	49680	1.40	47972/3380	C
5924	88175	88175	59	<u>7024</u>	80030	28120	<u>51910</u>	<u>4.80</u>	<u>48014/3384</u>	<i>Wash Feeding 6/24/88</i>
5925	88175	88175	59	7025	80130	29560	50570	1.80	48013/3383	C
6039	88179	88179	59	7026	80340	29640	50700	3.80	48062/3390	F
6055	88179	88179	59	7027	80440	28260	52180	2.40	48079\3391	C

*Ag 7.078
Au 450.33*

*Ag 7.07
Au 449.
442.080*

* * T O T A L S * *

Total net weight (tons) = 1,554.5000

Total net dry weight = 1,512.4468

Total loads = 62

PHELPS DODGE CORPORATION
 HIDALGO SMELTER
 ASH PEAK FLUX
 SILVER PAYMENT WORKSHEET

Date Received	Lot No.	Weight Pounds	% Moisture	Dry Pounds	Dry Tons	Settle Silver	Silver Ounces	Payment
5-16-88	6011	51,610	3.00	50,062	25.03	5.69	142.42	
5-17-88	6013	49,960	1.50	49,211	24.61	5.69	140.03	
5-18-88	6014	99,290	2.00	97,304	48.65	5.69	276.82	
5-19-88	6016	47,560	4.60	45,372	22.69	5.69	129.11	
5-20-88	6016	100,370	3.40	96,957	48.48	5.69	275.85	
5-24-88	6019	50,020	2.80	48,619	24.31	5.69	138.32	
5-25-88	6021	51,040	3.50	49,254	24.63	5.69	140.14	
5-26-88	6023	101,760	4.00	97,690	48.85	5.69	277.96	
6-1-88	7001	52,350	3.70	50,413	25.21	5.69	143.44	
6-1-88	7003	50,390	7.80	46,460	23.23	5.69	132.18	
6-2-88	7005	151,510	3.30	146,510	73.26	5.69	416.85	
6-2-88	7021	48,630	2.70	47,317	23.66	5.69	134.63	
6-3-88	7007	45,480	3.50	43,888	21.94	5.69	124.84	
6-6-88	7009	50,560	3.30	48,892	24.45	5.69	139.12	
6-9-88	7012	100,550	5.20	95,321	47.66	5.69	271.19	
6-10-88	7013	48,050	5.40	45,455	22.73	5.69	129.33	
6-13-88	7016	51,400	3.00	49,858	24.93	5.69	141.85	
6-16-88	7019	49,940	5.60	47,143	23.57	5.69	134.11	
6-20-88	7023	48,850	4.60	46,603	23.30	5.69	132.58	
6-23-88	7024	51,910	4.80	49,418	24.71	5.69	140.60	
		<u>1,301,230</u>		<u>1,251,747</u>	<u>625.90</u>		<u>3,561.37</u>	<u>\$16,497.55</u>

Dollar Reduction of Future Payments

0.00

Total Due

\$16,497.55

Silver \$/oz.	\$6.617
Silver \$/oz.	\$6.657
Silver \$/oz.	\$6.893
Silver \$/oz.	\$7.201
Silver \$/oz.	\$7.078
Silver \$/oz.	\$7.072

METALS WEEK	MAY 20
METALS WEEK	MAY 27
METALS WEEK	JUNE 3
METALS WEEK	JUNE 10
METALS WEEK	JUNE 17
METALS WEEK	JUNE 24

26.35
 3,765.41 Underpayment
 20,257.96
 1462.03 Weight
 19,795.93 Overpayment

SHIPPER: ASH PEAK FLUX
 PRICES: METALS WEEK :

MAY 20	Ag	=	\$6.617
MAY 27	Ag	=	\$6.657
JUNE 3	Ag	=	\$6.893
JUNE 10	Ag	=	\$7.201
JUNE 17	Ag	=	\$7.078
JUNE 24	Ag	=	\$7.072

DRY TONS:

MAY 16-20	169.46
MAY 24-27	97.79
JUNE 1-3	167.30
JUNE 6-10	94.84
JUNE 13-17	48.50
JUNE 20-24	48.01
Totals	625.90

DRY POUNDS:

MAY 16-20	338,906
MAY 24-27	195,563
JUNE 1-3	334,588
JUNE 6-10	189,668
JUNE 13-17	97,001
JUNE 20-24	96,021
Totals	1,251,747

Payable Silver:

MAY 16-20	964.23	X	75%	723.17	X	\$6.617 =	\$4,785.22
MAY 24-27	556.42	X	75%	417.32	X	\$6.657 =	2,778.10
JUNE 1-3	951.94	X	75%	713.96	X	\$6.893 =	4,920.97
JUNE 6-10	539.64	X	75%	404.73	X	\$7.201 =	2,914.46
JUNE 13-17	275.96	X	75%	206.97	X	\$7.078 =	1,464.93
JUNE 20-24	273.18	X	75%	204.89	X	\$7.072 =	1,448.98
Totals	3,561.37						\$18,312.66

Less Penalties:

Silica	-	75.0%	-	72.1%	2.9%
x>75.0%					
Alumina	-	4.5%	-	6.0%	0.0%
x<6.0%					

18.1511 tons X 2000 (lbs./ton) /20 lbs = 1815.11 X

Penalties applicable: \$1.00 per unit
 One unit = 20 lbs. ----- \$1.00

TOTAL PAYMENT:

\$1,815.11

 \$16,497.55

PHELPS DODGE CORPORATION

HIDALGO SHELTER

CONTRACT PAYMENT FORM

NET COST CALCULATION

Shipper: ASH PEAK

PRICES: METALS WEEK :

MAY 20	Ag	=	\$6.617	MAY 20	Au	=	454.950
MAY 27	Ag	=	\$6.657	MAY 27	Au	=	454.730
JUNE 3	Ag	=	\$6.893	JUNE 3	Au	=	457.663
JUNE 10	Ag	=	\$7.201	JUNE 10	Au	=	459.970
JUNE 17	Ag	=	\$7.078	JUNE 17	Au	=	450.330
JUNE 24	Ag	=	\$7.072	JUNE 24	Au	=	449.080

DRY TONS RECEIVED:

MAY 16-20 169.46
MAY 24-27 97.79
JUNE 1-3 167.30
JUNE 6-10 94.84
JUNE 13-17 48.50
JUNE 20-24 48.01

Totals -----
----- 625.90

PAYABLE SILVER:

MAY 16-20	964.23	X	75% =	723.17	X	\$6.617 =	\$4,785.22
MAY 24-27	556.42	X	75% =	417.32	X	\$6.657 =	\$2,778.10
JUNE 1-3	951.94	X	75% =	713.96	X	\$6.893 =	\$4,920.97
JUNE 6-10	539.64	X	75% =	404.73	X	\$7.201 =	\$2,914.46
JUNE 13-17	275.96	X	75% =	206.97	X	\$7.078 =	\$1,464.93
JUNE 20-24	273.18	X	75% =	204.89	X	\$7.072 =	\$1,448.98
	<u>3,561.37</u>						

SILVER COST PER TON:

MAY 16-20	\$4,785.22	/	169.46 =	\$28.24	/ ton
MAY 24-27	\$2,778.10	/	97.79 =	\$28.41	/ ton
JUNE 1-3	\$4,920.97	/	167.30 =	\$29.41	/ ton
JUNE 6-10	\$2,914.46	/	94.84 =	\$30.73	/ ton
JUNE 13-17	\$1,464.93	/	48.50 =	\$30.20	/ ton
JUNE 20-24	\$1,448.98	/	48.01 =	\$30.18	/ ton

CREDIT CALCULATIONS:

SILVER							
MAY 16-20	5.690	ounces/ton	X	90% =	5.121 X	\$6.617 =	33.89 / ton
MAY 24-27	5.690	ounces/ton	X	90% =	5.121 X	\$6.657 =	34.09 / ton
JUNE 1-3	5.690	ounces/ton	X	90% =	5.121 X	\$6.893 =	35.30 / ton
JUNE 6-10	5.690	ounces/ton	X	90% =	5.121 X	\$7.201 =	36.88 / ton
JUNE 13-17	5.690	ounces/ton	X	90% =	5.121 X	\$7.078 =	36.25 / ton
JUNE 20-24	5.690	ounces/ton	X	90% =	5.121 X	\$7.072 =	36.22 / ton

CREDIT CALCULATIONS:

GOLD							
MAY 16-20	0.025	ounces/ton	X	90% =	0.0225 X	\$454.95 =	10.24 / ton
MAY 24-27	0.025	ounces/ton	X	90% =	0.0225 X	\$454.73 =	10.23 / ton
JUNE 1-3	0.025	ounces/ton	X	90% =	0.0225 X	\$457.66 =	10.30 / ton
JUNE 6-10	0.025	ounces/ton	X	90% =	0.0225 X	\$459.97 =	10.35 / ton
JUNE 13-17	0.025	ounces/ton	X	90% =	0.0225 X	\$450.33 =	10.13 / ton
JUNE 20-24	0.025	ounces/ton	X	90% =	0.0225 X	\$449.08 =	10.10 / ton

	Costs	Credits	Net Cost
MAY 16-20	18.00	0.00	
Silver	28.24	33.89	
Gold	0.00	10.24	
Total	\$46.24	\$44.13	\$2.11
			\$8.80
			(\$6.69)

Dollar Reduction of Dollar Reduction of Future Payments
 (\$6.69)X 169.46 = (\$1,133.69)

	Costs	Credits	Net Cost
MAY 24-27	18.00	0.00	
Ore	28.41	34.09	
Silver	0.00	10.23	
Gold			
Total	\$46.41	\$44.32	\$2.09
			\$8.80
			(\$6.71)

Dollar Reduction of Future Shipments Dollar Reduction of Future Payments
 (\$6.71)X 97.79 = (\$656.17)

	Costs	Credits	Net Cost
JUNE 1-3			
Ore	18.00	0.00	
Silver	29.41	35.30	
Gold	0.00	10.30	
Total	\$47.41	\$45.60	\$1.81
Contract Net Cost Per Ton			\$8.80
			(\$6.99)

Dollar Reduction of Future Shipments
Dollar Reduction of Future Payments
(\$6.99)X 167.3 = (\$1,169.43)

		Costs	Credits	
JUNE 6-10	Ore	18.00	0.00	
	Silver	30.73	36.88	
	Gold	0.00	10.35	
	Total	\$48.73	\$47.23	\$1.50
	Contract Net Cost Per Ton			\$8.80

				(\$7.30)

Dollar Reduction of Future Shipments
Dollar Reduction of Future Payments
(\$7.30)X 94.84 = (\$692.33)

		Costs	Credits	Net Cost
JUNE 13-17	Ore	18.00	0.00	
	Silver	30.20	36.25	
	Gold	0.00	10.13	
	Total	\$48.20	\$46.38	\$1.82
	Contract Net Cost Per Ton			\$8.80

				(\$6.98)

Dollar Reduction of Future Shipments
Dollar Reduction of Future Payments
(\$6.98)X 48.5 = (\$338.53)

		Costs	Credits	
JUNE 20-24	Ore	18.00	0.00	
	Silver	30.18	36.22	
	Gold	0.00	10.10	
	Total	\$48.18	\$46.32	\$1.86
	Contract Net Cost Per Ton			\$8.80

				(\$6.94)

Dollar Reduction of Future Shipments
Dollar Reduction of Future Payments
(\$6.94)X 48.01 = (\$333.19)

fb

CHINO MINES COMPANY SMELTER
SHIPPER: ARIZONA FLUX MINES, INC.

ASH PEAK CONVERTER FLUX

WEEK 07/15	SILVER PAYMENT	Lot 65-68C
WEEK 07/22	SILVER PAYMENT	Lot 69-74C
WEEK 07/29	SILVER PAYMENT	Lot 75-80C
WEEK 08/05	SILVER PAYMENT	Lot 81-87C
WEEK 08/12	SILVER PAYMENT	Lot 88-89C

SILVER
PAYMENT

\$3,587.95
\$5,688.24
\$4,852.25
\$3,669.96
\$1,056.60

\$18,855.00

ASH PEAK FLUX FINES

WEEK 07/15	SILVER PAYMENT	Lot 30-31F
WEEK 07/22	SILVER PAYMENT	Lot 32-34F
WEEK 07/29	SILVER PAYMENT	Lot 35-37F
WEEK 08/05	SILVER PAYMENT	Lot 38F

\$1,063.52
\$1,685.88
\$1,562.70
\$481.46

\$4,793.56

TOTAL PAYMENT

\$23,648.56

IND MINES COMPANY SMELTER
 UPPER: ARIZONA FLUX MINES, INC.

DATE	TRUCK	NET	%H2O	DRY	TONS	SETTLEMENT ASSAYS:					PAYMENT:			PENALTIES:				NET PAYABLE:				
						OZ/TON GOLD	OZ/TON SILVER	% SI02	% AL2O3	OZS GOLD	OZS SILVER	LESS 25%	OZS PAYABLE SILVER	SILVER PAYMENT	SI02 UNITS	AL2O3 UNITS	TOTAL UNITS		COST			
H PEAK CONVERTER FLUX and/or +1/4", -3/4")																						
ek 07/11/88 - 07/15/88																						
-Jul-88	65 C	51,240	2.38	50,020	25.0100	0.035	6.830	76.30	3.80	0.875	170.82	42.71	128.11			0	0	0	\$0.00	913.03		
	66 C	50,760	3.58	48,943	24.4715	0.035	6.830	76.30	3.80	0.857	167.14	41.79	125.35			0	0	0	\$0.00	893.36		
-Jul-88	67 C	50,480	2.73	49,102	24.5510	0.035	6.830	76.30	3.80	0.859	167.68	41.92	125.76			0	0	0	\$0.00	896.29		
-Jul-88	68 C	49,840	2.69	48,499	24.2495	0.035	6.830	76.30	3.80	0.849	165.62	41.41	124.21			0	0	0	\$0.00	885.24		
EK 07/15		202,320		196,564	98.282						TOTAL	503.43	\$3,587.95						\$0.00	\$3,587.95		
													H&H/OZ=									
													\$7.127									
ek 07/18/88 - 07/22/88																						
-Jul-88	69 C	54,200	2.06	53,083	26.5415	0.035	6.830	76.30	3.80	0.929	181.28	45.32	135.96			0	0	0	\$0.00			
	70 C	50,400	2.66	49,059	24.5295	0.030	6.850	75.50	5.00	0.736	168.03	42.01	126.02			0	0	0	\$0.00			
	71 C	49,880	4.12	47,825	23.9125	0.030	6.850	75.50	5.00	0.717	163.8	40.95	122.85			0	0	0	\$0.00			
-Jul-88	72 C	49,940	3.27	48,307	24.1535	0.030	6.850	75.50	5.00	0.725	165.45	41.36	124.09			0	0	0	\$0.00			
-Jul-88	73 C	48,020	3.09	46,536	23.2680	0.030	6.850	75.50	5.00	0.698	159.39	39.85	119.54			0	0	0	\$0.00			
	74 C	49,860	2.83	48,449	24.2245	0.030	6.850	75.50	5.00	0.727	165.94	41.49	124.45			0	0	0	\$0.00			
EK 07/22		302,300		293,259	146.6295						TOTAL	752.91	\$5,688.24						\$0.00	\$5,688.24		
													H&H/OZ=									
													\$7.555									
ek 07/25/88 - 07/29/88																						
-Jul-88	75 C	50,000	2.67	48,665	24.3325	0.025	6.240	77.00	4.50	0.608	151.83	37.96	113.87			0	0	0	\$0.00			
	76 C	51,640	1.75	50,736	25.3680	0.025	6.240	77.00	4.50	0.634	158.3	39.58	118.72			0	0	0	\$0.00			
	77 C	49,840	1.98	48,853	24.4265	0.025	6.240	77.00	4.50	0.611	152.42	38.11	114.31			0	0	0	\$0.00			
-Jul-88	78 C	49,200	2.32	48,059	24.0295	0.025	6.240	77.00	4.50	0.601	149.94	37.49	112.45			0	0	0	\$0.00			
	79 C	50,140	2.80	48,736	24.3680	0.025	6.240	77.00	4.50	0.609	152.06	38.02	114.04			0	0	0	\$0.00			
	80 C	50,580	2.86	49,133	24.5665	0.025	6.240	77.00	4.50	0.614	153.29	38.32	114.97			0	0	0	\$0.00			
EK 07/29		301,400		294,182	147.0910						TOTAL	688.36	\$4,852.25						\$0.00	\$4,852.25		
													H&H/OZ=									
													\$7.049									
ek 08/01/88 - 08/05/88																						
2-Aug-88	81 C	51,000	3.10	49,419	24.7095	0.020	5.280	77.6	4.8	0.494	130.47	32.62	97.85	670.27		0	0	0	\$0.00			
2-Aug-88	82 C	50,480	2.15	49,395	24.6975	0.020	5.280	77.6	4.8	0.494	130.4	32.60	97.80	669.92		0	0	0	\$0.00			
4-Aug-88	83 C	49,700	2.80	48,308	24.1540	0.020	5.280	77.6	4.8	0.483	127.53	31.88	95.65	669.92		0	0	0	\$0.00			
4-Aug-88	84 C	50,580	2.62	49,255	24.6275	0.020	5.280	77.6	4.8	0.493	130.03	32.51	97.52	669.92		0	0	0	\$0.00			
4-Aug-88	85 C	47,900	3.22	46,358	23.1790	0.020	5.280	77.6	4.8	0.464	122.39	30.60	91.79	669.92		0	0	0	\$0.00			
4-Aug-88	86 C	51,240	2.99	49,708	24.8540	0.020	4.200	77.5	3.5	0.497	104.39	26.10	78.29	669.92		0	0	0	\$0.00			
4-Aug-88	87 C	49,260	3.70	47,437	23.7185	0.020	4.200	77.5	3.5	0.474	99.62	24.91	74.71	669.92		0	0	0	\$0.00			
EK 08/05		350,160		339,880	169.9400						TOTAL	535.76	\$3,669.96						\$0.00	\$3,669.96		
													H&H/OZ=									
													\$6.850									
ek 08/08/88 - 08/12/88																						
0-Aug-88	88 C	50,760	0.91	50,298	25.1490	0.020	4.200	77.5	3.5	0.503	105.63	26.41	79.22			0	0	0	\$0.00			
1-Aug-88	89 C	50,860	1.88	49,904	24.9520	0.020	4.200	77.5	3.5	0.499	104.8	26.20	78.60			0	0	0	\$0.00			
EK 08/12		101,620		100,202	50.1010						TOTAL	157.82	\$1,056.60						\$0.00	\$1,056.60		
													H&H/OZ=									
													\$6.695									

Received check
 for \$670.27
 8-10-13-88

CHINO MINES COMPANY SMELTER
 SHIPPER: ARIZONA FLUX MINES, INC.

DATE	TRUCK	NET	#H2O	DRY	TONS	OZ/TON GOLD	SETTLEMENT ASSAYS:			OZS AL2O3 GOLD	PAYMENT:		OZS PAYABLE SILVER	SILVER PAYMENT	PENALTIES:			NET PAYABLE:
							OZ/TON SILVER	% S102	%		OZS SILVER	LESS 25%			S102 UNITS	AL203 UNITS	TOTAL UNITS	
ASH PEAK FLUX FINES (Minus 10 mesh)																		
Week 07/11/88 - 07/15/88																		
11-Jul-88	30 F	50,440	5.67	47,580	23.7900	0.050	5.420	68.00	4.00	1.19	128.94	32.24	96.70		7	0	7	\$166.53
13-Jul-88	31 F	51,220	3.87	49,238	24.6190	0.050	5.420	68.00	4.00	1.231	133.43	33.36	100.07		7	0	7	\$172.33
WEEK 07/15		101,660		96,818	48.4090							TOTAL	196.77	\$1,402.38				\$338.86
														H&H/OZ = \$7.127				\$1,063.52
Week 07/18/88 - 07/22/88																		
20-Jul-88	32 F	49,260	4.53	47,029	23.5145	0.050	5.420	68.00	4.00	1.176	127.45	31.86	95.59		7	0	7	\$164.60
	33 F	51,360	5.3	48,638	24.3190	0.050	5.420	68.00	4.00	1.216	131.81	32.95	98.86		7	0	7	\$170.23
22-Jul-88	34 F	49,000	5.05	46,526	23.2630	0.050	5.420	68.00	4.00	1.163	126.09	31.52	94.57		7	0	7	\$162.84
WEEK 07/22		149,620		142,193	71.0965							TOTAL	289.02	\$2,183.55				\$497.67
														H&H/OZ = \$7.555				\$1,685.88
Week 07/25/88 - 07/29/88																		
25-Jul-88	35 F	50,500	5.26	47,844	23.9220	0.050	5.420	68.00	4.00	1.196	129.66	32.42	97.24		7	0	7	\$167.45
	36 F	50,000	5.06	47,470	23.7350	0.050	5.420	68.00	4.00	1.187	128.64	32.16	96.48		7	0	7	\$166.15
	37 F	51,660	5.1	49,025	24.5125	0.050	5.420	68.00	4.00	1.226	132.86	33.22	99.64		7	0	7	\$171.59
WEEK 07/29		152,160		144,339	72.1695							TOTAL	293.36	\$2,067.89				\$505.19
														H&H/OZ = \$7.049				\$1,562.70
Week 08/01/88 - 08/05/88																		
11-Aug-88	38 F	48,540	4.83	46,196	23.0980	0.050	5.420	68.00	4.00	1.155	125.19	31.30	93.89		0	0	7	\$161.69
														\$643.15				\$481.46
														H&H/OZ = \$6.850				
																		Penalty \$ 1,503.41