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BVO PROPERTY

RK WHEEL & FRAME ALIGNMENT

1608 E. Flower St. Phoenix, AZ 85016

BOB FANCHER

Co-Owner

(602) 277-9729

(Little Horn Mts.)
BVO Property near Salome, AZ. 3/23/89
owner - George W. Morgan (Electrical Eng. & Mining Eng.)
1210 N. 35TH Street (2 BLOCKS SOUTH OF
Phoenix, AZ 85008 McDOWELL)
(602) 275-6104

PAST WORK -

RAY GOLD (Canadian) 11,000 feet of core drilling
Homestake 10,000 feet of Reverse Circ.

4 zones of interest.

1) 500,000 tons of drill indicated ore aver.
0.15 Au / ton. ^{and 1.95 Ag/T} Homestake work has
indicated gold is encapsulated and needs
a fine grind w/ probable vat leach.

2) 1,300,000 tons aver. 0.03 Au/T (Bromo Met)
not much more said than this

3+4) Some drilling but need additional
drilling.

Financial Requirements -

No work commitments

100,000 down - \$50,000 at signing of agreement
50,000 60 Days later.

Starting 90 days later (after signing of agreement?)
\$8,500 / month escalating with time.

BVO PROPERTY - SOLOME, AZ

ASSUMPTIONS:

177,000 TONS - UG RESERVES

0.284 Au/T

2.86 Ag/T

MILL RECOVERY 75% - 200 MESH GRIND

Au RECOVERY 86%

Ag RECOVERY 31%

Au PER OUNCE = \$400⁰⁰Ag PER OUNCE = \$6⁰⁰

500 TON PER DAY MILL

MILLING COST PER TON = \$15⁰⁰MINING COST PER TON (UG) = \$25⁰⁰

RECOVERABLE VALUE

$$\text{Au} = 0.284 \text{ Au/T} \times 400^{\text{00}} / \text{ounce} = \$11360$$

$$\$11360 \times 86\% \text{ RECOVERY} = \$9770 / \text{TON}$$

$$\text{Ag} = 2.86 \text{ Ag/T} \times 6^{\text{00}} / \text{ounce} = \$1716 / \text{TON}$$

$$\$1716 \times 31\% \text{ RECOVERY} = \$532 / \text{TON}$$

TOTAL RECOVERABLE VALUE / TON

\$10302

$$177,000 \text{ TON} \times \$10302 / \text{TON} = \$1,823,540$$

COSTS :

MILL CONSTRUCTION 500 TON/DAY FRANK MILLSAPS EST.	\$8,000,000
MILLING COST/TON EST. \$15 ⁰⁰ RS 177,000 x 15 ⁰⁰	2,655,000
MINING EQUIPMENT & DEVELOPMENT COST. EST. RS	1,500,000
MINING COST/TON \$25 ⁰⁰ U.G. 177,000 x 25 ⁰⁰	4,425,000
ACQUISITION COST 1 ST YEAR	200,000
10% ROYALTY	<u>1,800,000</u>
TOTAL COST	\$18,580,000

RECOVERABLE \$ 18,234,540

BREAK EVEN SCENARIO - NEED ANOTHER
200,000 TONS OF RESERVE AT SAME GRADE
TO BE FEASIBLE.

#2

BVO PROPERTY - SOLAME, AZ

ASSUMPTIONS:

500,000 TONS - UG RESERVES

0.15 Au/T

1.95 Ag/T

MILL RECOVERY 75% - 200 MESH GRIND

Au RECOVERY 86%

Ag RECOVERY 31%

Au/OUNCE \$400⁰⁰Ag/OUNCE \$6⁰⁰

500 TON/DAY MILL

MILLING COST PER TON \$15⁰⁰MINING COST PER TON \$25⁰⁰

RECOVERABLE VALUE

$$\text{Au} = 0.15 \text{ Au/T} \times \$400^{00}/\text{ounce} = \$60^{00}/\text{T}$$

$$\$60^{00}/\text{T} \times 86\% = \$51^{60}/\text{T}$$

$$\text{Ag} = 1.95 \text{ Ag/T} \times \$6^{00}/\text{ounce} = \$11^{20}$$

$$\$11^{20} \times 31\% = \$3^{63}/\text{T}$$

$$\text{TOTAL RECOVERABLE VALUE/T} = \$55^{23}/\text{T}$$

$$500,000 \text{ TONS} \times \$55^{23} = \$27,615,000$$

COSTS

MILL CONSTRUCTION @ 500 T/DAY MILL

FRANK MILLSAPS EST. \$ 8,000,000

MILLING COST/TON EST. 15⁰⁰/T RS

500,000 x \$15⁰⁰/T 7,500,000

CAPITAL AND DEVELOPMENT COST

OF UG MINE RS 2,500,000

MINING COST/TONS EST. RS

500,000 T. x 25⁰⁰/T 12,500,000

ACQUISITION COST 1ST YEAR 200,000

10% ROYALTY 2,760,000

TOTAL COST \$ 33,460,000

RECOVERABLE VALUE . 27,615,000

0.615 AU/T IS TOO LOW OF A GRADE TO MINE UG.
NEEDS TO BE OPEN PITABLE.

George & Anna Morgan 275-6004
Bob Fawcner 277-9729

500,000 Tons @ 0.15 Au/T & 1.95 Ag/T
80% recovery Au & Ag w/ vat leach method
1000 T/D. @ \$400.00 Au @ \$6.00 Ag

500,000 x 0.15 Au/T = 75,000 Au ounces
75,000 x 80% = 60,000 recoverable Au ounces
60,000 x \$400.00/ounce = \$24,000,000

500,000 x 1.95 = 975,000 Ag ounces
975,000 Ag ounces x 80% = 780,000 recoverable Ag ounces.

780,000 x \$6.00 = \$4,680,000

Total Est. Recoverable Value = \$28,680,000

10% royalty \$2,868,000

Option payments

\$200,000

\$25,612,000

Est. Capital

Est Mining & Milling @ \$25.00/T 12,500,000

\$18,500,000

Est. Profit \$7,112,000

Wendy
Assumptio

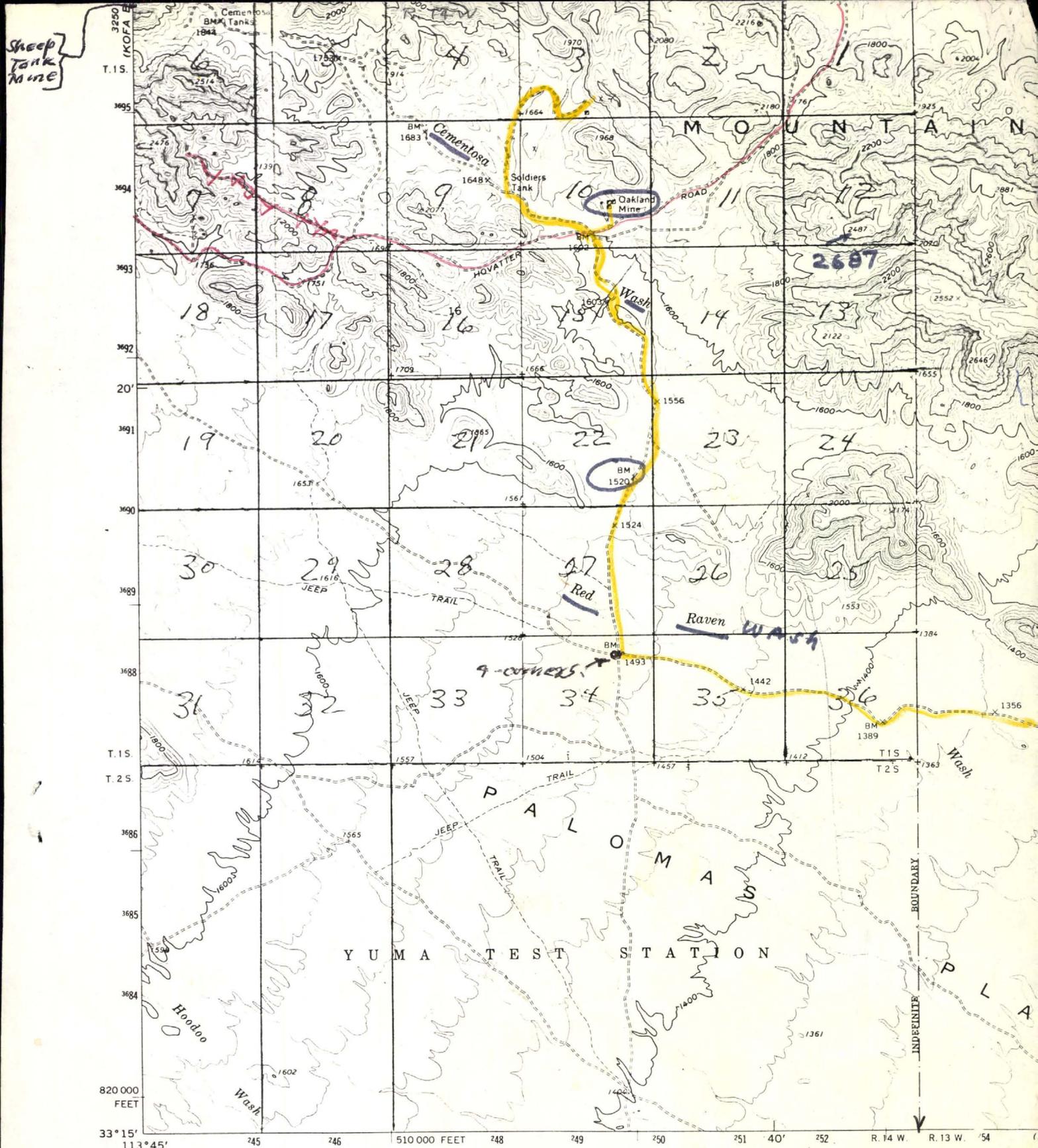
LITTLE HORN MTS.

QUADRANGLE

ARIZONA-YUMA CO.

15 MINUTE SERIES

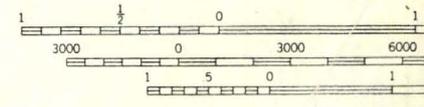
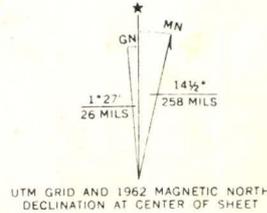
N3315-W11330/15



Sheep Tank Mine

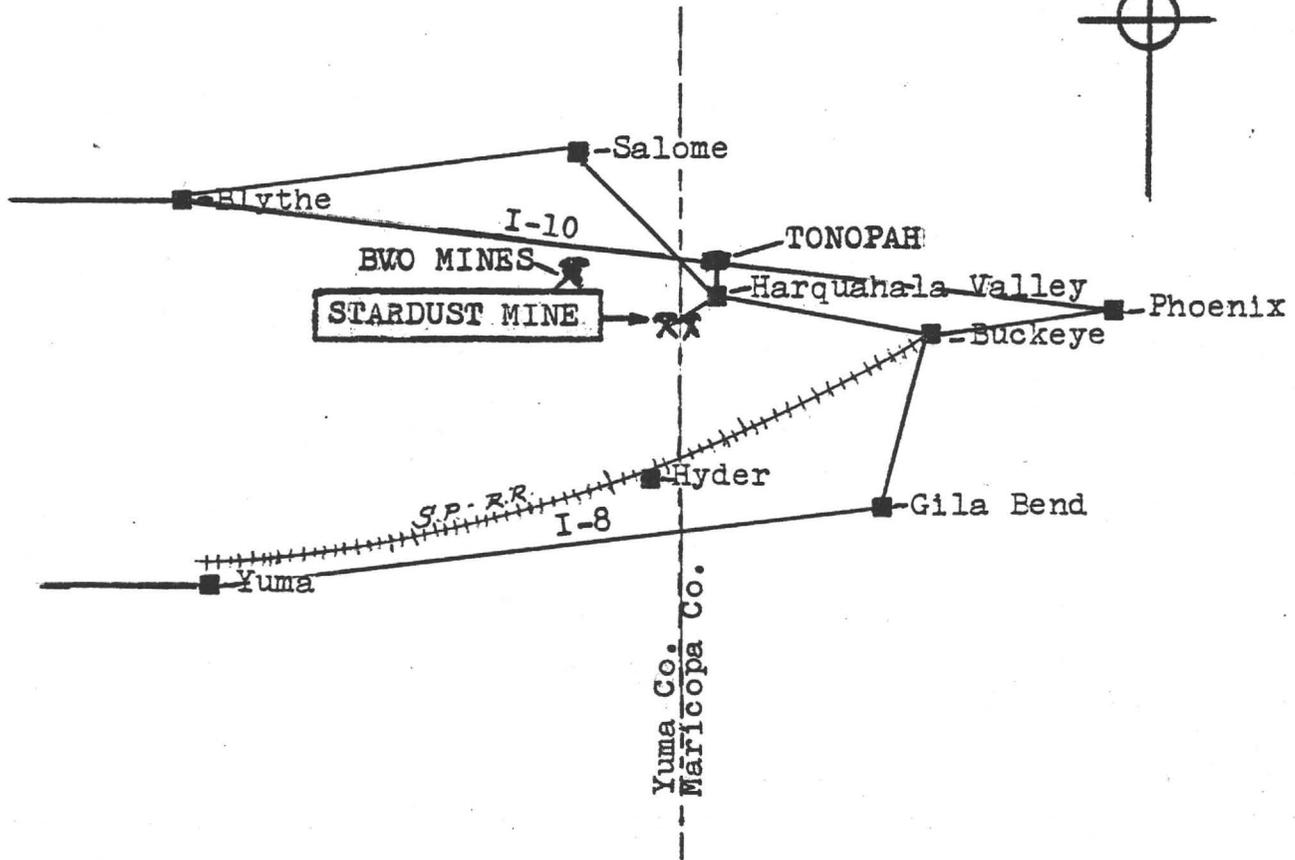
ENGESSER PASS
3250 III

Mapped, edited, and published by the Geological Survey
Control by USGS and USC&GS
Topography by photogrammetric methods from aerial
photographs taken 1956 and 1960. Field checked 1962
Polyconic projection. 1927 North American datum
10,000-foot grid based on Arizona coordinate system, west zone
1000-meter Universal Transverse Mercator grid ticks,
zone 12, shown in blue
Where omitted, land lines have not been established



OAKLAND

CONT...
DOTTED LINES
DATU...
THIS MAP COMPLIES W
FOR SALE BY U. S. GEOLOGICAL SURVEY.
A FOLDER DESCRIBING TOPOGRAPH



LOCATION MAP

FOR

STARDUST MINING PROPERTY

YUMA & MARICOPA COUNTIES, ARIZONA

Scale; 1 inch = 28 miles

Prepared by, George W. Morgan

George W. Morgan, P. E.

July 26, 1986

Aug 4 - 86

VOID

PRICE AND TERMS
B. V. O. GOLD AND SILVER MINING PROPERTY

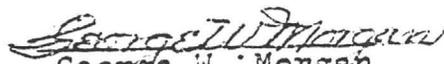
1. Full purchase price -----\$5,000,000
2. Buyout price -----\$2,500,000
3. Down payment for rental, use and occupancy of the property is \$100,000.00 to be paid as follows;
 - (a) \$50,000.00 on the date the agreement is executed.
 - (b) \$50,000.00 sixty days after the agreement is executed.

MINIMUM MONTHLY RENTAL PAYMENTS

4. 90-days after the agreement is executed, lessee shall start paying \$8,500.00 per month for a period of six months or 180 days.
5. 270-days after the agreement is executed and thereafter, lessee shall pay \$9,000.00 per month.

PRODUCTION ROYALTY

8. A production royalty of 10% of net smelter returns shall be paid on the value of all ores and minerals removed from the Verdstone 534,500 ton drill-indicated ore deposit. A net smelter return of 7 $\frac{1}{2}$ % shall be paid on the value of all ores and minerals removed from any newly discovered ore deposits on the four semi-tested exploration gold and silver target zones, and all other areas of the mining property.
9. When production royalties in any one month exceed the minimum monthly rental payment, the minimum rental payment will not be owing to lessors.
10. All payments made to lessors by lessees shall be credited to the full purchase price of the property.


George W. Morgan
March 4, 1989
Phoenix, Arizona.

DATA COVERING THE MORGAN GOLD & SILVER LODE PROPERTY IN WESTERN ARIZONA

GROUP NO.	CLAIMS	LARGEST DEPOSIT IN GROUP (FT)			TONNAGE	GRADE-OPT		KNOWN STRIKE LENGTH	GOLD CUNCE GROSS
		LGTH.	W.	DP.		Au	Ag		
1	64	1000	250	100	250,000	0.15	1.00	4500 ft.	37,500
2	23	500	250	50	260,000	0.05	5.00+	1500 ft.	13,000
3	20	250	50	150	75,000	0.18	1.00	3750 ft.	13,500
4	19	300	50	120	80,000	0.16	1.00	2000 ft.	12,800
5	7	150	50	15	9,000	0.15	1.00	1500 ft.	1,350
	<u>133</u>				<u>674,000</u>				<u>78,150</u>

TONNAGE: Calculations are based on 12.5 cubic feet of ore per ton in place.

ORE DEPOSITS: The 5 main ore deposits are located about one mile apart.

SHAFTS & DRIFTS: A total of 19 shafts ranging from 25 to 250 feet deep have been sunk on high-angle faults. 1,000 feet of drifts were driven in shafts.

CONTIGUITY: ALL CLAIMS IN EACH GROUP ARE CONTIGUOUS. GROUPS ARE TIED TOGETHER

ELEVATION: 1200 to 1600 feet. Terrain is hilly.

TYPE OF DEPOSITS: Hydrothermal, Epithermal and Stockworks.

ROCKS IN AREA: Are a mixture of granitic, metamorphic and volcanic ranging in age from Tertiary to pre Cambrian. Country rock strikes northwesterly.

HOST ROCKS: Are andesite, granodiorite, rhyolite, schist, quartz-latite, quartz and altered limestone.

MINERALIZATION: Occurs in quartz veins, shear zones, disseminated, and brecciated areas and altered limestone.

TESTING: To date the property has been tested by sinking 19 shafts, driving 1000 feet of drifts, taking hundreds of channel, chip, bulk and grab samples, drilling hundreds of one inch holes, four to 10 feet deep in mineralized areas with Cobra rock drills and sampling and assaying the drill cuttings. Several thousand lineal feet of 8 foot wide open cuts thru the overburden to mineralized bedrock were made with D-8 and D-6 Cats. Hundreds of one inch, 4 to 10 foot deep Cobra drill holes were sunk in the exposed mineralized bedrock. Drill cuttings were coned and quartered several times and assayed with good results.

SUBSURFACE GEOPHYSICAL SURVEYS: Subsurface Geophysical electrical surveys were conducted on several claims by the writer and co-owners. The writer is a registered professional electrical engineer. Many good anomalies were found.

FREE-MILLING GOLD: Occurs on several claims. Some is bright visible gold and will run about 910 + fine. Gold assays run as high as 9 opt. Silver chloride ore runs as high as 25 opt. Silver sulfides will assay 300 opt.

OVERBURDEN: Ranges from 0 to 10 feet of non marine detrital material.

OPEN-PIT: Most of the ores can be mined by the open-pit method.

LEACHING: Ores are amenable to heap, pad and vat cyanide leaching methods.

RECOVERY BY LEACHING: Gold = 85 to 90%; Silver 50 to 60%.

WATER: A drilled well for mining and domestic use is located on the property.

ROADS: There are about 20 miles of work roads on the claims, useable all year

CLIMATE: Winters are mild, no snow or ice. Summers are hot. Rain about 7 in.

HISTORY: The property was acquired by the writer and co-owners in the 1950's and 1960's. Some claims were located later as more new mineralization was found. Small quantities of high-grade ore were shipped and sold from some of the claims prior to our ownership. No shipping records are available.

TARGET ZONES: For exploration of gold and Silver, 12 partly tested zones exist on the property for drilling and other exploratory work.

OTHER MINES IN AREA: The writer and co-owners own other mining properties N-W of this one (now under lease). They have a large reserve of drill-indicated gold and silver ore, and are about ready to be mined. The two properties are similar in many respects.

Both properties are located in two of the best mineralized zones in Arizona "The Texas Lineament and the Wasatch-Jerome Orogen". Many large mines have been found in these zones.

Prepared by *George W. Morgan*
George W. Morgan

Phoenix, Arizona. February 12, 1989.

PRICE & TERMS FOR MORGAN GOLD & SILVER MINING PROPERTY CONSISTING
OF 133 CONTIGUOUS LODE CLAIMS WITH FIVE TESTED ORE DEPOSITS

1. Full purchase price----- \$2,500,000
2. Buyout price ----- \$1,500,000
3. Down payment for use and occupancy of property for first 12-month period. To be paid when agreement is executed.-- \$24,000
4. Minimum monthly rental payments for second 12-month period and thereafter ----- \$3,000/ Mo.
5. A production royalty of 7.5% of net smelter returns is to be paid on all minerals removed from the five existing, tested ore deposits. A production royalty of 5% of net smelter returns is to be paid on all minerals found by Lessees and removed from all other areas of the property.
6. When production royalties in any one month exceeds the minimum monthly rental payment, the minimum monthly rental payment will not be owing to Lessors and may be credited against the production royalty for such month.
7. All payments made to Lessors will be credited to the full purchase price.


George W. Morgan

February 12, 1989