

CONTACT INFORMATION  
Mining Records Curator  
Arizona Geological Survey  
416 W. Congress St., Suite 100  
Tucson, Arizona 85701  
602-771-1601  
<http://www.azgs.az.gov>  
[inquiries@azgs.az.gov](mailto:inquiries@azgs.az.gov)

The following file is part of the A. F. Budge Mining Ltd. Mining Collection

#### **ACCESS STATEMENT**

These digitized collections are accessible for purposes of education and research. We have indicated what we know about copyright and rights of privacy, publicity, or trademark. Due to the nature of archival collections, we are not always able to identify this information. We are eager to hear from any rights owners, so that we may obtain accurate information. Upon request, we will remove material from public view while we address a rights issue.

#### **CONSTRAINTS STATEMENT**

The Arizona Geological Survey does not claim to control all rights for all materials in its collection. These rights include, but are not limited to: copyright, privacy rights, and cultural protection rights. The User hereby assumes all responsibility for obtaining any rights to use the material in excess of "fair use."

The Survey makes no intellectual property claims to the products created by individual authors in the manuscript collections, except when the author deeded those rights to the Survey or when those authors were employed by the State of Arizona and created intellectual products as a function of their official duties. The Survey does maintain property rights to the physical and digital representations of the works.

#### **QUALITY STATEMENT**

The Arizona Geological Survey is not responsible for the accuracy of the records, information, or opinions that may be contained in the files. The Survey collects, catalogs, and archives data on mineral properties regardless of its views of the veracity or accuracy of those data.

JCL  
02-28-90

### ASSIGNMENT AGREEMENT

BY THIS ASSIGNMENT AGREEMENT,

effective March 1, 1990 (the "Effective Date"),

by and between A.F. BUDGE (MINING) LIMITED, a Nevada corporation, and its wholly owned subsidiary, CLEARWATER MINING CORPORATION, an Arizona corporation (collectively "Budge"), whose address is 4301 North 75th Street, Suite 101, Scottsdale, Arizona 85251-3504,

and

ARIZONA ONTARIO EXPLORATIONS INC., an Arizona corporation ("AOEI"), whose address is 8433 N. Black Canyon Freeway, Suite 158, Phoenix, Arizona 85021,

Budge, in consideration of the agreements set forth herein, has granted certain rights to AOEI under the following terms and conditions:

1. Grant.

a. Assignment - Budge does hereby assign to AOEI (the "Assignee"), all of its right, title and interest in and under that certain Option and Lease Agreement effective July 1, 1984, by and between V.M.P., Inc., as "Lessor" and A.F. Budge (Mining) Limited, as amended by that certain First Amendment to Option and Lease Agreement effective February 1, 1985, a short form of which is recorded as document number 86-\_\_\_\_\_ of the Official Records of Maricopa County (the "Lease Agreement" herein), which Lease Agreement grants mineral development rights in certain patented and unpatented mining claims in Maricopa County (the "Property" herein), EXCLUDING SPECIFICALLY, any and all rights of Budge in the Townsite of Vulture City (including access thereto) as conveyed to Ben F. Dickerson, III, by the Superior Court of Arizona, Maricopa County Cause No. C578525, by that certain Quitclaim Deed to Unclaimed Townsite Lots, dated March 4, 1987, and recorded as document number 87-178337 of the Official Records of Maricopa County.

b. Reserved Rights of Budge - Budge hereby reserves and accepts from the foregoing grant and retains unto itself the right to enter upon the Property for the purpose of undertaking any and all activities required to reclaim or detoxify the heap leach area situated on the Property. Such right shall exist for a period measured by the lesser of one year from and after the Effective Date or the date that the Arizona Department of Environmental Quality has issued a decision or certification of detoxification of the heap leach.

c. Acceptance - The Assignee does hereby accept the foregoing assignment and does hereby assume all the obligations of Budge under the terms of the Lease Agreement. AOEI does hereby further agree to indemnify and hold Budge harmless from all claims, liabilities, obligations, costs and expenses of any nature whatsoever, including without limitation, reasonable attorneys' fees arising out of any default or asserted default on the part of Budge under the Lease Agreement assigned hereby after the date hereof; provided, however, that Budge shall indemnify AOEI and hold AOEI harmless from all claims, liabilities, obligations, costs and expenses of any nature whatsoever, including without limitation, reasonable attorneys' fees arising out of those matters disclosed in that certain letter of counsel for V.M.P. dated January 11, 1990.

2. Payments to Budge

a. Consideration for Assignment - As consideration for the assignment of the Lease Agreement, AOEI will pay to Budge Twenty-Five Thousand Dollars (\$25,000.00) upon execution and delivery of this Assignment Agreement.

b. Further Payments - If Budge or AOEI, or either of them, is successful in renegotiating the terms of the Lease Agreement with V.M.P. in accordance with the terms of that certain letter dated February 28, 1990, to counsel for V.M.P. prior to April 30, 1990 (or AOEI thereafter accepts a counteroffer made by V.M.P. prior to April 30, 1990), AOEI shall pay Budge One Million Dollars (\$1,000,000) as further consideration for the assignment, which amount shall be paid to Budge by four annual installments of \$250,000 each, beginning on the date of AOEI's "commencement of mineral production" from the Property (as defined in subsection g of Section 4 of the Lease Agreement as amended) plus interest at the rate of ten percent (10%) per annum on the unpaid balance from such mineral production date.

3. Reassignment

If, within four (4) years from and after the Effective Date hereof, AOEI, its successors or assigns, elects to terminate or otherwise abandon the Lease Agreement, AOEI shall give notice of such intention to Budge not later than thirty days prior to such contemplated action, and Budge shall have the right during such 30-day period, within which to notify AOEI of its desire to receive a reassignment of the Lease Agreement without further consideration to AOEI, its successors or assigns. Upon any election to receive a reassignment, AOEI shall promptly reassign the Lease Agreement to Budge without warranties except as to any claim of title by and through AOEI.

4. Title Matters

Budge represents and warrants to AOEI that to the best of its knowledge: (1) the unpatented mining claims subject to the Lease Agreement have been staked and maintained in accordance with federal and state mining laws, (2) there are no conflicting mining claims that overlap the mining claims subject to the Lease Agreement, (3) title to the Property is free and clear of all liens and encumbrances, (4) the Lease Agreement is in full force and effect, and that, except as to those matters disclosed in that certain letter of counsel for V.M.P. dated January 11, 1990, no event of default exists or has been asserted by V.M.P., and (5) Budge has the full right, power and capacity to enter into this Agreement upon the terms set forth herein. AOEI has previously been provided with title documents affecting the Property and the Lease Agreement and AOEI's acceptance of this Assignment and making the payment required by subsection a of Section 2 hereof shall constitute an approval of title.

5. Notices

Any notice, communication or payment required or permitted hereunder shall be effective when personally delivered or deposited, postage prepaid, certified or registered, in the United States mail to the addresses specified above. Either party may, by notice to the other given as aforesaid, change its mailing address for future notices.

6. Further Assurances

The parties agree to perform all acts and execute all documents that may be necessary to carry out the spirit and intent of this Assignment Agreement.

SIGNED this 28 day of Feb, 1990.

ARIZONA ONTARIO  
EXPLORATIONS INC.

By Stanley W. Holmes  
Stanley W. Holmes, President

A. F. BUDGE (MINING) LIMITED

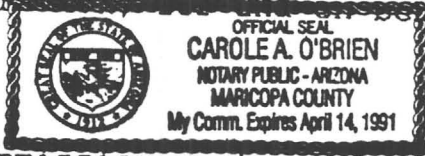
By Anthony F. Budge  
Anthony F. Budge, President

CLEARWATER MINING CORPORATION

By Anthony F. Budge  
Anthony F. Budge, President

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this 27 day of February, 1990, by Stanley W. Holmes, the President of Arizona Ontario Explorations Inc., an Arizona corporation, for and on behalf of the corporation.



Carole A. O'Brien  
Notary Public

My commission expires: \_\_\_\_\_

~~STATE OF ARIZONA~~  
Kingdom of England  
~~County of Maricopa~~  
Woking, Nottingham ) ss.

The foregoing instrument was acknowledged before me this 27 day of MARCH, 1990, by Anthony F. Budge, the President of A. F. Budge (Mining) Limited, a Nevada corporation, for and on behalf of the corporation.

Vicki Oddy  
Notary Public

My commission expires on death

~~STATE OF ARIZONA~~  
Kingdom of England  
~~County of Maricopa~~  
Woking, Nottingham ) ss.

The foregoing instrument was acknowledged before me this 27 day of MARCH, 1990, by Anthony F. Budge, the President of Clearwater Mining Corporation, an Arizona corporation, for and on behalf of the corporation.

Vicki Oddy  
Notary Public

My commission expires on death

0228900930.BUDGE.AOEI.ASSIGN.1

# RICHMONDS

SOLICITORS

35, Potter Street, Worksop, Nottinghamshire S80 2AG.  
Telephone: (0909) 474321 Fax: (0909) 483852 DX 12202

YOUR SEE

OUR SEE

PLEASE ASK FOR

*V. J. Oddy  
Notary Public*



# Vulture Mine Heap Leach

MAYA Bd No 100-

Prepared by	Initials	Date
Approved by		

## Revised Quotation & Suggested Cost Savings

3-23-88

Bid Item	Amount
101 Mill Wash Diversion Channel	17,674
102 Pad Earthwork	125,523
103 Pad Liner (incl PALCO Quote)	189,659
104 Pad Underliner & Shotcrete	2,602
<b>Total Bid</b>	<b>\$ 335,458</b>

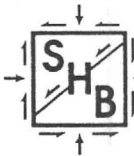
### Options

- 1) 30mil/40mil PVC liner system (40mil in areas exposed to sun) \$ 308,940<sup>00</sup>
- 2) 5 cell pad w/ 30mil/40mil system (earthwork revisions not incorporated, engineer must specify grades) \$ 298,785<sup>00</sup>
- 3) 30mil PVC liner for entire pad & pads \$ 300,004<sup>00</sup>
- 4) 5 cell PVC pad w/ 30mil system, same conditions as option #2 \$ 290,934<sup>00</sup>
- 5) Delete over liner in surge pond <\$4,088<sup>00</sup>>
- 6) Delete pad over liner in its entirety (no substitute system) <\$7,731<sup>00</sup>>

### Notes

- 1) Leak detection system cost is not great enough to replace it w/ a significantly more cost effective system
- 2) Changing earthwork balance will increase costs, as compaction costs are greater/cy than cut costs

NOT  
SCANNED



SERGEANT, HAUSKINS & BECKWITH CONSULTING GEOTECHNICAL ENGINEERS

APPLIED SOIL MECHANICS • ENGINEERING GEOLOGY • MATERIALS ENGINEERING • HYDROLOGY

B. DWAIN SERGENT, P.E.  
LAWRENCE A. HANSEN, PH.D., P.E.  
RALPH E. WEEKS, P.G.  
DARREL L. BUFFINGTON, P.E.  
DONALD VAN BUSKIRK, P.G.  
DALE V. BEDENKOP, P.E.

JOHN B. HAUSKINS, P.E.  
MICHAEL L. RUCKER, P.E.  
ROBERT W. CROSSLEY, P.E.  
JONATHAN A. CRYSTAL, P.E.  
PAUL V. SMITH, P.G.  
NORMAN H. WETZ, P.E.

GEORGE H. BECKWITH, P.E.  
ROBERT L. FREW  
JAMES H. CLARY, C.P.G.  
NICHOLAS T. KORECKI, P.E.  
GERALD P. LINDSEY, P.G.  
RONALD E. RAGER, P.G.

ROBERT D. BOOTH, P.E.  
SUANG CHENG, P.E.  
JAMES R. FAHY, P.E.  
MICHAEL HULPKE, P.G.  
DAVID E. PETERSON, P.G.  
ALBERT C. RUCKMAN, P.E.  
PAUL KAPLAN, P.E.

July 27, 1988

A.F. Budge (Mining) Ltd.  
7340 East Shoeman Lane  
Suite 111 "B" (E)  
Scottsdale, Arizona 85251-3335

SHB Job No. E88-41

Attention: Carole O'Brien  
Geologist & Mining Coordinator

Re: Heap Leach Facility  
Vulture Mine Project  
Approximately 14 miles South  
of Wickenburg, Arizona

Ladies and Gentlemen:

This letter is submitted pursuant to a meeting held at the above referenced project involving James R. Matt, P.E. of the Office of State Mine Inspector, State of Arizona, Ms. Carole O'Brien and Mr. Dale Allen of A.F. Budge (Mining) Ltd., and the undersigned. Specifically, this letter addresses the concerns expressed by Mr. Matt regarding the safety hazards posed by the existing pregnant and barren solution ponds at the site.

It was agreed to by all concerned parties that a lifeline and a pair of life preservers shall be installed around the perimeter of each of the pregnant and barren ponds. Each lifeline should consist of a nominal 1/2-inch diameter braided steel cable anchored to a series of steel posts embedded in concrete and completely encircling each pond. Each pond should require a total of eight posts, with one located at each pond corner and one at the midpoint of each

REPLY TO: 3232 W. VIRGINIA, PHOENIX, ARIZONA 85009

PHOENIX  
(602) 272-6848

TUCSON  
(602) 792-2779

ALBUQUERQUE  
(505) 884-0950

SANTA FE  
(505) 471-7836

SALT LAKE CITY  
(801) 266-0720

EL PASO  
(915) 778-3369



Heap Leach Facility  
Vulture Mine Project  
Approximately 14 Miles South  
of Wickenburg, Arizona  
SHB Job No. E88-41

Page 2

pond side. The life preservers should be installed at two diagonally opposite corners of each pond on hangers attached to the lifeline posts. A layout sketch and details of the recommended installation are attached.

Should any questions arise concerning this letter, please do not hesitate in contacting us.

Respectfully submitted,  
Sergent, Hauskins & Beckwith Engineers

By Nicholas J. LaFronza  
Nicholas J. LaFronza, E.I.T.

Reviewed by Lawrence A. Hansen  
Lawrence A. Hansen, Ph.D., P.E.

Copies: Addressee (3)

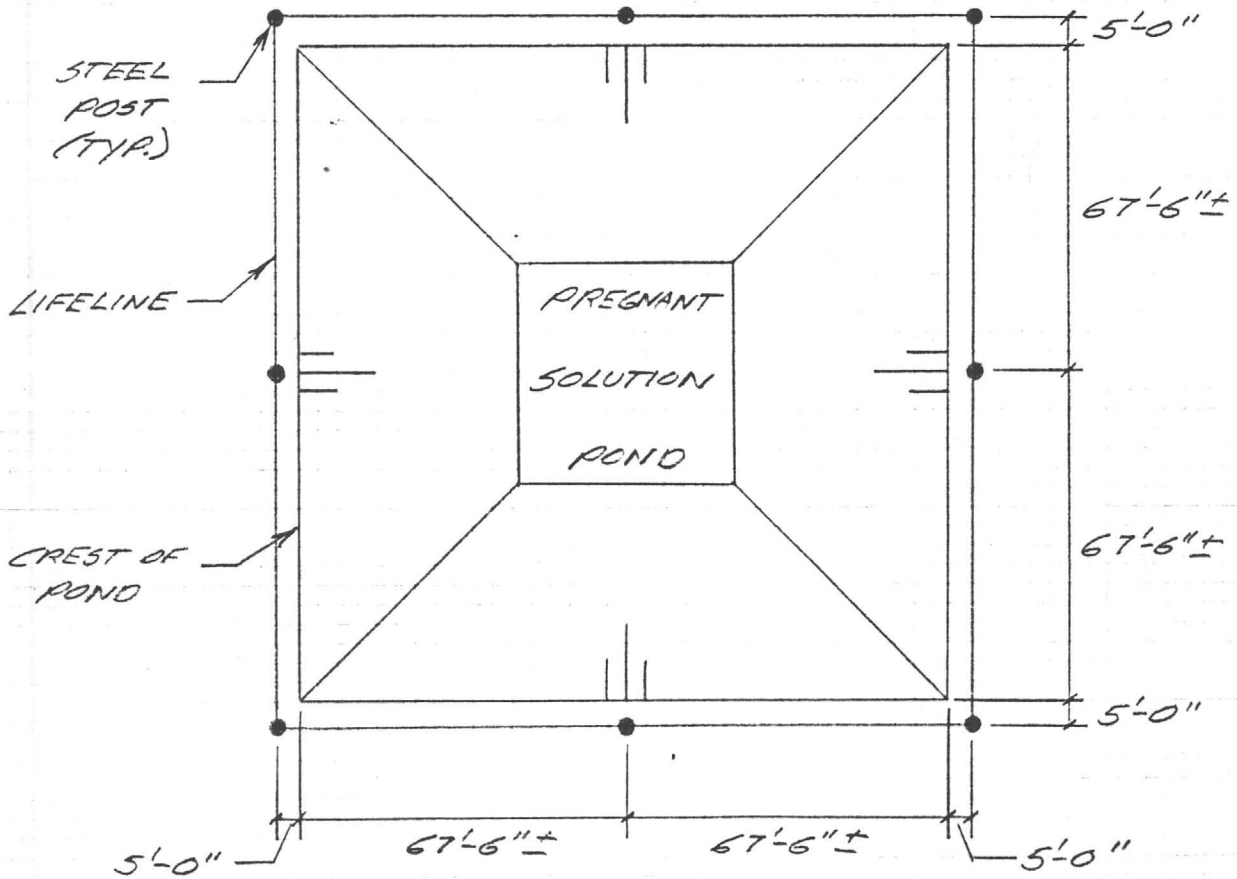
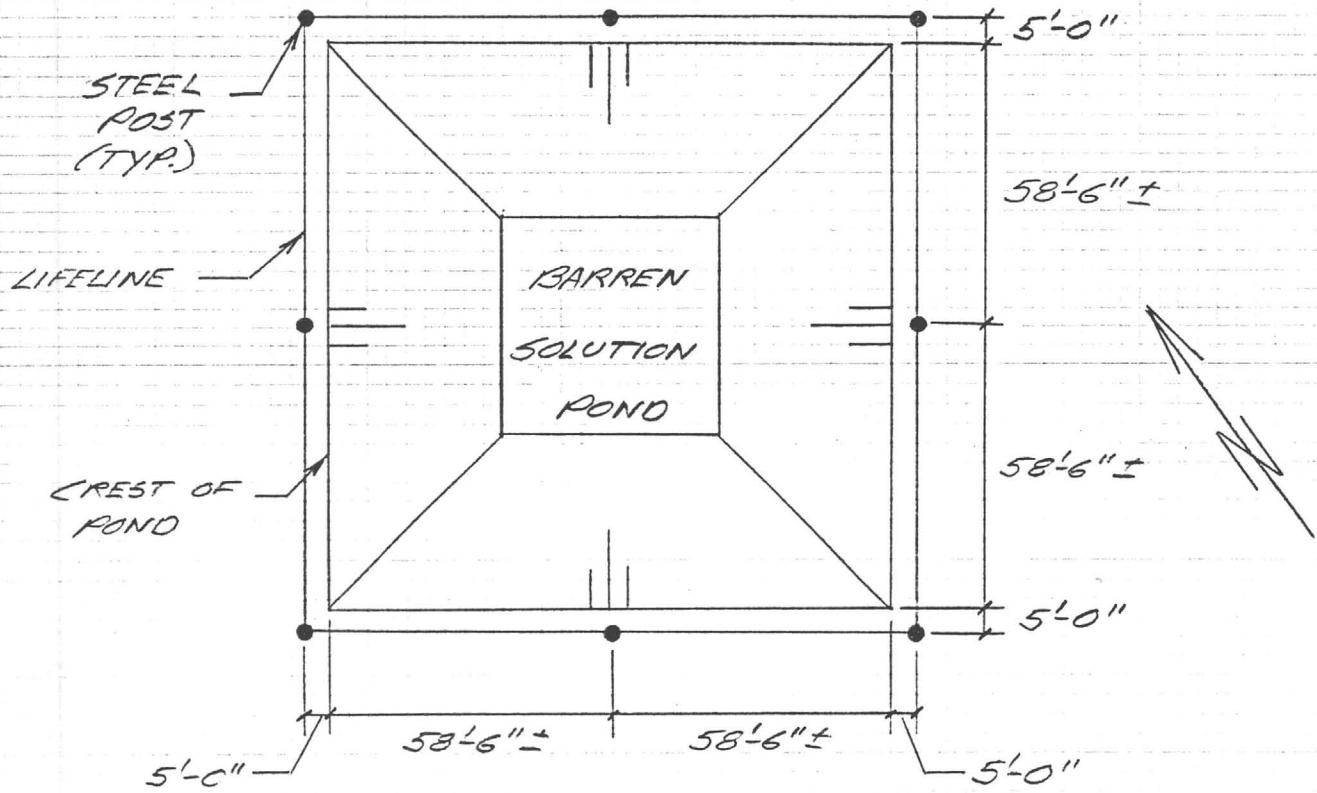


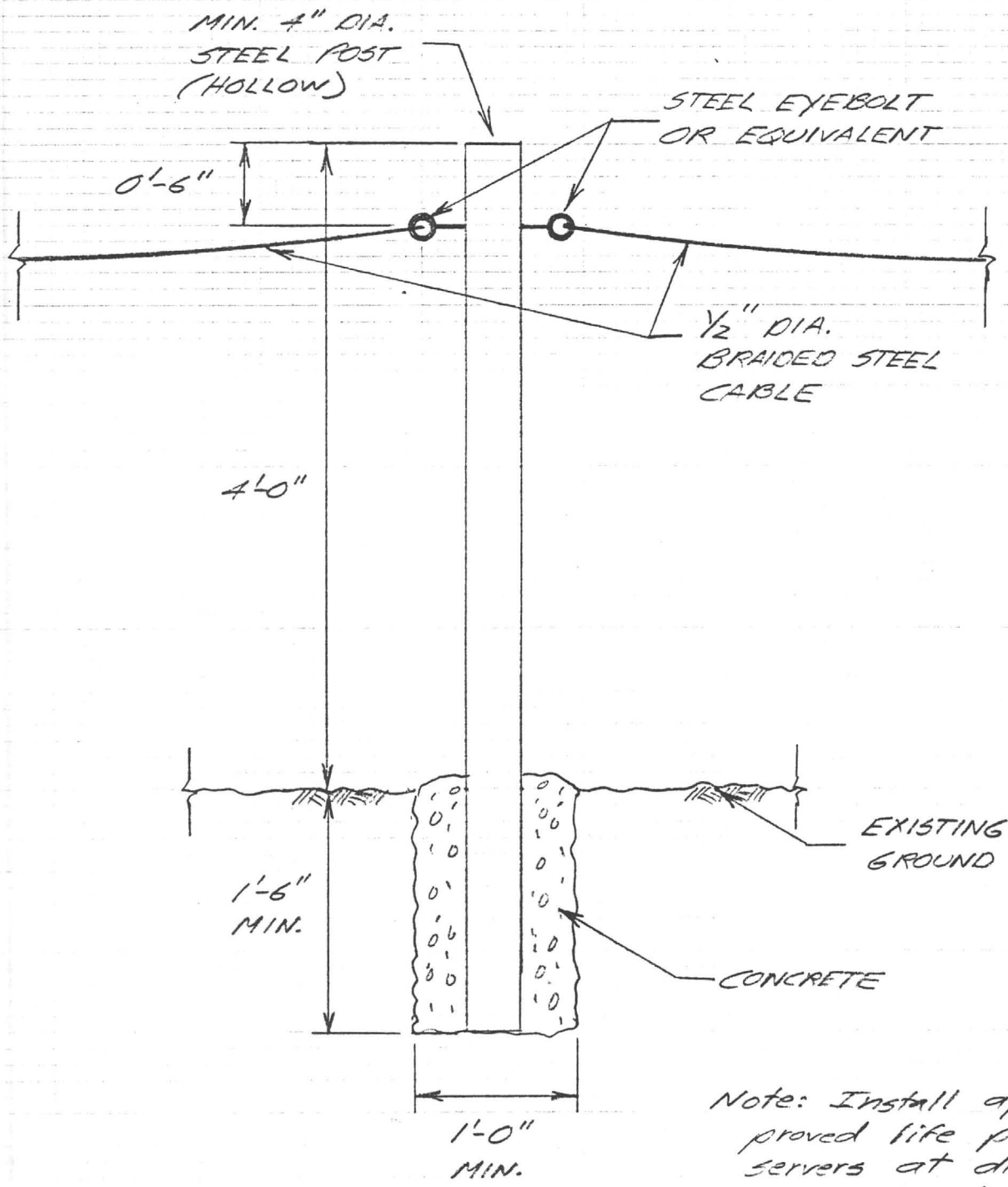
SERGENT, HAUSKINS & BECKWITH

CONSULTING GEOTECHNICAL ENGINEERS  
PHOENIX • TUCSON • ALBUQUERQUE • SANTA FE • SALT LAKE CITY • EL PASO • RENO

PLAN VIEW OF LIFELINE LOCATION

N.T.S.





MIN. 4" DIA.  
STEEL POST  
(HOLLOW)

STEEL EYEBOLT  
OR EQUIVALENT

0'-6"

1/2" DIA.  
BRAIDED STEEL  
CABLE

4'-0"

EXISTING  
GROUND

1'-6"  
MIN.

CONCRETE

1'-0"  
MIN.

Note: Install ap-  
proved life pre-  
servers at diag-  
nally opposite  
corners of each  
pond.

TYPICAL LIFELINE POST

DETAIL

N.T.S



SERGENT, HAUSKINS & BECKWITH

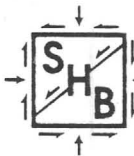
CONSULTING GEOTECHNICAL ENGINEERS  
PHOENIX • TUCSON • ALBUQUERQUE • SANTA FE • SALT LAKE CITY • EL PASO

Project Vulture Mine

Job No: ESB-41

Computed by: NJL Ckd. by: DAH

Date 7/88 Page      of



SERGEANT, HAUSKINS & BECKWITH CONSULTING GEOTECHNICAL ENGINEERS

APPLIED SOIL MECHANICS • ENGINEERING GEOLOGY • MATERIALS ENGINEERING • HYDROLOGY

B. DWAIN SERGENT, P.E.  
LAWRENCE A. HANSEN, PH.D., P.E.  
RALPH E. WEEKS, P.G.  
DARREL L. BUFFINGTON, P.E.  
DONALD VAN BUSKIRK, P.G.  
DALE V. BEDENKOP, P.E.

JOHN B. HAUSKINS, P.E.  
MICHAEL L. RUCKER, P.E.  
ROBERT W. CROSSLEY, P.E.  
JONATHAN A. CRYSTAL, P.E.  
PAUL V. SMITH, P.G.  
NORMAN H. WETZ, P.E.

GEORGE H. BECKWITH, P.E.  
ROBERT L. FREW  
JAMES H. CLARY, C.P.G.  
NICHOLAS T. KORECKI, P.E.  
GERALD P. LINDSEY, P.G.  
RONALD E. RAGER, P.G.

ROBERT D. BOOTH, P.E.  
SUANG CHENG, P.E.  
JAMES R. FAHY, P.E.  
MICHAEL HULPKE, P.G.  
DAVID E. PETERSON, P.G.  
ALBERT C. RUCKMAN, P.E.  
PAUL KAPLAN, P.E.

August 2, 1988

A. F. Budge (Mining) Ltd.  
7340 East Shoeman Lane  
Suite 111-B (E)  
Scottsdale, Arizona 85251-3335

SHB Job No. FC88-3796  
Report No. 4

Re: Vulture Mine Heap Leach  
15 Miles South of Wickenburg, Arizona

Gentlemen,

Transmitted herewith are the observations made during the final walk-through of the above referenced project on July 11, 12 and 13, 1988.

Should any questions arise concerning this report, please do not hesitate to call.

Respectfully submitted,  
Sergent, Hauskins & Beckwith Engineers

By Albert C. Ruckman  
Albert C. Ruckman, P. E.

Copies: Addressee (2)

REPLY TO: 3232 W. VIRGINIA, PHOENIX, ARIZONA 85009

PHOENIX  
(602) 272-6848

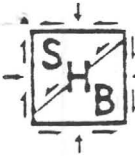
TUCSON  
(602) 792-2770

ALBUQUERQUE  
(505) 884-0850

SANTA FE  
(505) 471-7886

SALT LAKE CITY  
(801) 266-0700

EL PASO  
(915) 564-1017



**SERGEANT, HAUSKINS & BECKWITH CONSULTING GEOTECHNICAL ENGINEERS**

APPLIED SOIL MECHANICS • ENGINEERING GEOLOGY • MATERIALS ENGINEERING • HYDROLOGY

B DWAIN SERGENT, P.E.  
LAWRENCE A. HANSEN, PH.D., P.E.  
RALPHE WEEKS, P.G.  
DARRELL BUFFINGTON, P.E.  
DONALD VAN BUSKIRK, P.G.  
DALE V. BEDENKOP, P.E.

JOHN B. HAUSKINS, P.E.  
MICHAEL L. RUCKER, P.E.  
ROBERT W. CROSSLEY, P.E.  
JONATHAN A. CRYSTAL, P.E.  
PAUL V. SMITH, P.G.  
NORMAN H. WETZ, P.E.

GEORGE H. BECKWITH, P.E.  
ROBERT L. FREW  
JAMES H. CLARY, C.P.G.  
NICHOLAS T. KORECKI, P.E.  
GERALD P. LINDSEY, P.G.  
RONALD E. RAGER, P.G.

ROBERT D. BOOTH, P.E.  
SUANG CHENG, P.E.  
JAMES R. FAHY, P.E.  
MICHAEL HULPKE, P.G.  
DAVID E. PETERSON, P.G.  
ALBERT C. RUCKMAN, P.E.  
PAUL KAPLAN, P.E.

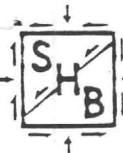
DAILY PROGRESS REPORT

Job No. FC88-3796 Report No. 34 Date July 11, 1988  
Project Vulture Mine Heap Leach  
Location 15 miles South of Wickenburg, Arizona  
Client A. F. Budge (Mining) Ltd.  
Contractor Maya  
Superintendent Floyd Willett  
Weather Sunny & Hot

Final walk-through on liner on leach pad area today. Also, the pregnant solution channel tie-in to pregnant pond.

HDPE liner on leach pad still has quite a few repairs left to be made. Field Liner Services was unable to make job today and will postpone line repairs and walk-through until tomorrow. However, the channel tie-in to the pregnant pond looks good with a 100 mil HDPE splash pad used instead of 80 mil. This was all that they had in stock.

SHB Representative Daniel R. Lewis



# SERGEANT, HAUSKINS & BECKWITH CONSULTING GEOTECHNICAL ENGINEERS

APPLIED SOIL MECHANICS • ENGINEERING GEOLOGY • MATERIALS ENGINEERING • HYDROLOGY

B DWAIN SERGENT, P.E.  
LAWRENCE A. HANSEN, PH.D., P.E.  
RALPH E. WEEKS, P.G.  
DARRELL BUFFINGTON, P.E.  
DONALD VAN BUSKIRK, P.G.  
DALE V. BEDENKOP, P.E.

JOHN B. HAUSKINS, P.E.  
MICHAEL L. RUCKER, P.E.  
ROBERT W. CROSSLEY, P.E.  
JONATHAN A. CRYSTAL, P.E.  
PAUL V. SMITH, P.G.  
NORMAN H. WETZ, P.E.

GEORGE H. BECKWITH, P.E.  
ROBERT L. FREW  
JAMES H. CLARY, C.P.G.  
NICHOLAS T. KORECKI, P.E.  
GERALD P. LINDSEY, P.G.  
RONALD E. RAGER, P.G.

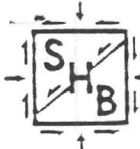
ROBERT D. BOOTH, P.E.  
SUANG CHENG, P.E.  
JAMES R. FAHY, P.E.  
MICHAEL HULPKE, P.G.  
DAVID E. PETERSON, P.G.  
ALBERT C. RUCKMAN, P.E.  
PAUL KAPLAN, P.E.

## DAILY PROGRESS REPORT

Job No. FC88-3796 Report No. 35 Date July 12, 1988  
 Project Vulture Mine Heap Leach  
 Location 15 miles South of Wickenburg, Arizona  
 Client A. F. Budge (Mining) Ltd.  
 Contractor Maya  
 Superintendent Floyd Willett  
 Weather Sunny and warm

Met with Larry Gutierrez of Field Liner Services and walked leach pad  
and repaired all visible leaks using the extruder. Walked the channel di-  
version area with Floyd and found the riprap in satisfactory condition.  
Channel looks good.

SHB Representative Daniel R. Lewis



**SERGEANT, HAUSKINS & BECKWITH CONSULTING GEOTECHNICAL ENGINEERS**

APPLIED SOIL MECHANICS • ENGINEERING GEOLOGY • MATERIALS ENGINEERING • HYDROLOGY

E DWAIN SERGENT, P.E. LAWRENCE A. HANSEN, Ph.D., P.E. RALPH E. WEEKS, P.G. DARRELL L. BUFFINGTON, P.E. DONALD VAN BUSKIRK, P.G. DALE V. BEDENKOP, P.E.	JOHN B. HAUSKINS, P.E. MICHAEL L. RUCKER, P.E. ROBERT W. CROSSLEY, P.E. JONATHAN A. CRYSTAL, P.E. PAUL V. SMITH, P.G. NORMAN H. WETZ, P.E.	GEORGE H. BECKWITH, P.E. ROBERT L. FREW JAMES H. CLARY, C.P.G. NICHOLAS T. KORECKI, P.E. GERALD P. LINDSEY, P.G. RONALD E. RAGER, P.G.	ROBERT D. BOOTH, P.E. SUANG CHENG, P.E. JAMES R. FAHY, P.E. MICHAEL HULPKE, P.G. DAVID E. PETERSON, P.G. ALBERT C. RUCKMAN, P.E. PAUL KAPLAN, P.E.
---	---	---	--

**DAILY PROGRESS REPORT**

Job No. FC88-3796 Report No. 36 Date July 13, 1988  
 Project Vulture Mine Heap Leach  
 Location 15 miles South of Wickenburg, Arizona  
 Client A. F. Budge (Mining) Ltd.  
 Contractor Maya  
 Superintendent Floyd Willett  
 Weather Sunny and warm

Met with Floyd Willett and Nick LaFronz and went over final drainage.  
 It was decided that the drainage would be best addressed when Budge has  
 everything in its place before proper drainage protection could be done.  
 Nick gave his final approval on project.

SHB Representative Daniel R. Lewis

To: Anthony F. Budge

From: Carole A. O'Brien

Date: July 5, 1988

Ordered small floral arrangment for P. LaHue from AFB

Will be leaving office at 8:45 to go to Vulture.

Following is a request in form of memo from Bob Hodder for \$500 for some oxygen isotope studies. These studies have a 50/50 chance of proving supergene theory of mineralization at UVX. The request was directed at me rather than Ron (maybe I am soft touch), because I am believed to be more appreciative of the merits of the science!

Crews at UVX broke into a drift that was not supposed to be there. It is not a surveying problem; just an old drift not mapped. Pete hired two miners; will be working back on 800 level tomorrow.

Have only been able to obtain wage data from Echo Bay's Congress operation so far. They are paying miners \$12.50/hr.; mechanics, \$12/hr.; and truck operators, \$10/hr. They are working on developing a bonus plan but have none as yet. Should have some wage data from Stan West by end of the week.

Will try to give you full report on activities at Vulture tomorrow when I return.



DeCONCINI McDONALD BRAMMER YETWIN & LACY  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

EVO DeCONCINI (1901-1986)

JOHN R. McDONALD J. WM. BRAMMER, JR.  
RICHARD M. YETWIN JOHN C. LACY  
DINO DeCONCINI ROBERT M. STRUSE  
WILLIAM B. HANSON JOHN C. RICHARDSON  
DAVID C. ANSON JAMES A. JUTRY  
SPENCER A. SMITH MICHAEL R. URMAN  
DENISE M. BAINTON KAREN J. NYGAARD  
LUIS A. OCHOA SUSAN E. MILLER  
GARY F. URMAN

2525 EAST BROADWAY BOULEVARD, SUITE 200  
TUCSON, ARIZONA 85716-5303  
(602) 322-5000  
FAX: (602) 322-5585

August 2, 1988

3030 NORTH THIRD STREET, SUITE 200  
PHOENIX, ARIZONA 85012-3002  
(602) 241-0100  
FAX: (602) 241-8533

PLEASE REPLY TO TUCSON

Carole A. O'Brien  
A.F. Budge (Mining) Limited  
4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504

VIA FACSIMILE

Re: Vulture Mine Inspection; Proposed Response to  
Alleged Violation of R11-1-2231(b)

Dear Carole:

I have reviewed the proposed letter to the State Mine Inspector in response to the assertion of a violation of Ariz. Comp. Rules & Regs. R11-1-2231(b). I have enclosed a proposed redraft for your consideration. Please send me a copy of the letter as it is eventually transmitted.

Very truly yours,

  
John C. Lacy

bpm

Enclosure

0802881042.jc12.840127

August 2, 1988

James H. McCutchan  
State Mine Inspector  
1616 West Adams, Suite 411  
Phoenix, Arizona 85007-2627

Re: Health and Safety Inspection Report  
Date of Inspection: July 14, 1988  
Mine Location: Vulture Mine, 14 Mi. South of Wickenburg

Dear Mr. McCutchan:

We have reviewed the Health and Safety Inspection Report concerning the Vulture Mine made by James Matt and Angel Olvera, dated July 14, 1988. We appreciate the observations made by your team and I am enclosing a copy of a letter prepared by Sergeant, Hauskins & Beckwith, Consulting Geotechnical Engineers, addressing the safety issue related to the leaching ponds. The plan proposed by our consultants is being implemented.

The report cited a violation of Administrative Rules and Regs. R11-1-2231(b) and your representatives have suggested that an additional separate safety pond be constructed to receive run-off or overflow from the pregnant solution pond and the barren pond. The provisions of the applicable regulation states:

An overflow safety pond or similar solution retention area shall be constructed to receive and contain all potential overflow from the leach pad and pregnant solution pond.

In the case of the Vulture Mine operations, the barren and pregnant solution ponds were designed and sized to accommodate all potential overflow. Also, the diversion ditch to the northwest of the ponds was constructed to protect the operation in the event of any possible flooding during storms including the improbable 100 year flood event. The engineering of the ponds is such that at no time will the ponds be filled in excess of 50% of their capacity. Therefore, it is our position that the construction as engineered satisfies the regulation. We would certainly be willing to consider the construction of such an overflow pond at some time in the future if operations at the facility are expanded to such an extent that a specified capacity (75% for example) is exceeded.

Your comments and suggestions regarding other safety measures are very much appreciated. It is our intention to comply with all rules and regulations regarding the safety of our employees and the protection of the environment. Your comments related to the conflict between your regulations and our permit from the Department of Environmental Quality is disturbing, however, and I would appreciate your assistance in clarifying these specific items with DEQ. We will adopt whatever procedures as will be acceptable to all concerned using the best available technology for effectively controlling spills and "neutralizing" (not being used in the chemical definition sense) the cyanide.

Sincerely yours,

Carole A. O'Brien

bpm

0802881040.jcl2.840127

Call Carole: Tell her desire to hold old grid coordinates when tying in new work.  
 Ask for map she did + any notes on previous surveys.  
 Does she know of ties to Coast. Land Survey?

TP

1

VULTURE MINE

14  
 6  
 23  
 6  
 44  
 81  
 30 +  
 29  
 7  
 6  
 4  
 150  
 5

405 claims  
 x 20  
 8100 acres

13 - 59 miles (sections)  
 640 / 300 ac +  
 640  
 1900  
 1920

Will Need

- Transit
- Chain
- 3 Plumb bobs
- Bundt of bolts
- Chaining pins  
(red heads will do)
- Matches (for shooting stakes)
- Hammer (3 Lb)
- Sledge hammer
- Brush cutting tools
- Shovel
- Pick
- Rod
- Flagging
- Targets (?)
- Note book
- Nails - Clawhammer
- Pencils
- Eng. Calculator
- Marking Pen
- Iron Rods or Pipes

+ 10 Patented  
 x 20  
 200 acres

~~W~~ ~~W~~ ~~W~~

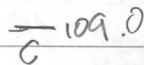
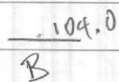
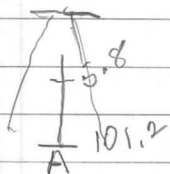
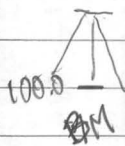
ali  aba

PT Elev H.I. Rod Elev  
 BM 100.0  
 A 5.0 105.0

PT Rod H.I.  
 BM Elev 100 5.0 105.0

R  
 Pt. H.I. Rod Elev  
 A 105.0 4.8 100.2  
 B

Pt.	Elev	+Rod	H.I.	Pt	-Rod	Elev
BM	100.0	5.2	105.2	A	4.0	101.2
<del>BA</del>	<del>101.2</del>	5.8	107.0	B	3.0	104.0
B	104.0	7.0	111.0	C	2.0	109.0
C	109.0	4.0	113.0	D	12.0	101.0



ali  aba

M E M O

TO: Ron Short, Carole O'Brien, Anthony Budge  
FROM: Don White  
DATE: July 21, 1988  
SUBJECT: Silver Queen submittal

I have studied the Silver Queen silver-bearing quartz vein at Carol's request, on behalf of Budge. Unless you're interested in the whys and wherefores, read no further, for there is nothing there of much potential.

I visited the property, ten unpatented claims south of Goodwin in the Bradshaw Mtns (see claim notices, map) in the company of two of the three claimants, on Sunday, July 10, 1988. The two claimants there were:

Ben Goldman; used car salesman  
Classic Auto Sales  
510 E. Dunlap  
Phoenix, AZ 85020  
(602-997-7207)

Jewell (Tex) Liles; realtor  
West USA Realty  
11022 N. 28th Dr.  
Suite 170  
Phoenix, AZ 85029  
(Res: 602-848-8118)

The third claimant is:

Brooks W. Copeland; retired miner, prospector  
130 S. Rush St.  
Prescott, AZ 86303

Mr. Goldman and Mr. Liles are both in their late 60's while Mr. Copeland must be late 80's. They have jointly held the claims some eight years and are getting too old to have much further interest in them. Ben Goldman says they're "asking \$150,000." for outright sale of the claims.

Goldman and Liles led me to the claims and showed me the highlights of the workings. They could produce no maps, no reputable assays (two certificates attached, both by "flukey", long-since-closed assay businesses) and clearly had no understanding of the geologic or economic (in)significance of what they were showing.

I stayed several hours after Goldman and Liles short visit so as to walk out the length of the vein, traverse in search of parallel veins, and to sample where appropriate. The attached sketch map shows sample sites by number, with assays and sample descriptions also attached.

The more determinative observations are:

- 1) There is no silver or gold to speak of.

Silver  
Queen

Ron Short, Carole O'Brien, Anthony Budge  
July 21, 1988  
Page 2

- 2) The vein is overall exceedingly narrow, prone to pinching out almost entirely within just a few feet. The greatest thickness is five feet at the N. adit.
- 3) There are offsets of the vein by post-mineral shears.
- 4) There are no decently mineralized parallel veins or structures.
- 5) The wall rock, though locally cut by thin quartz and calcite veinlets, is barren.

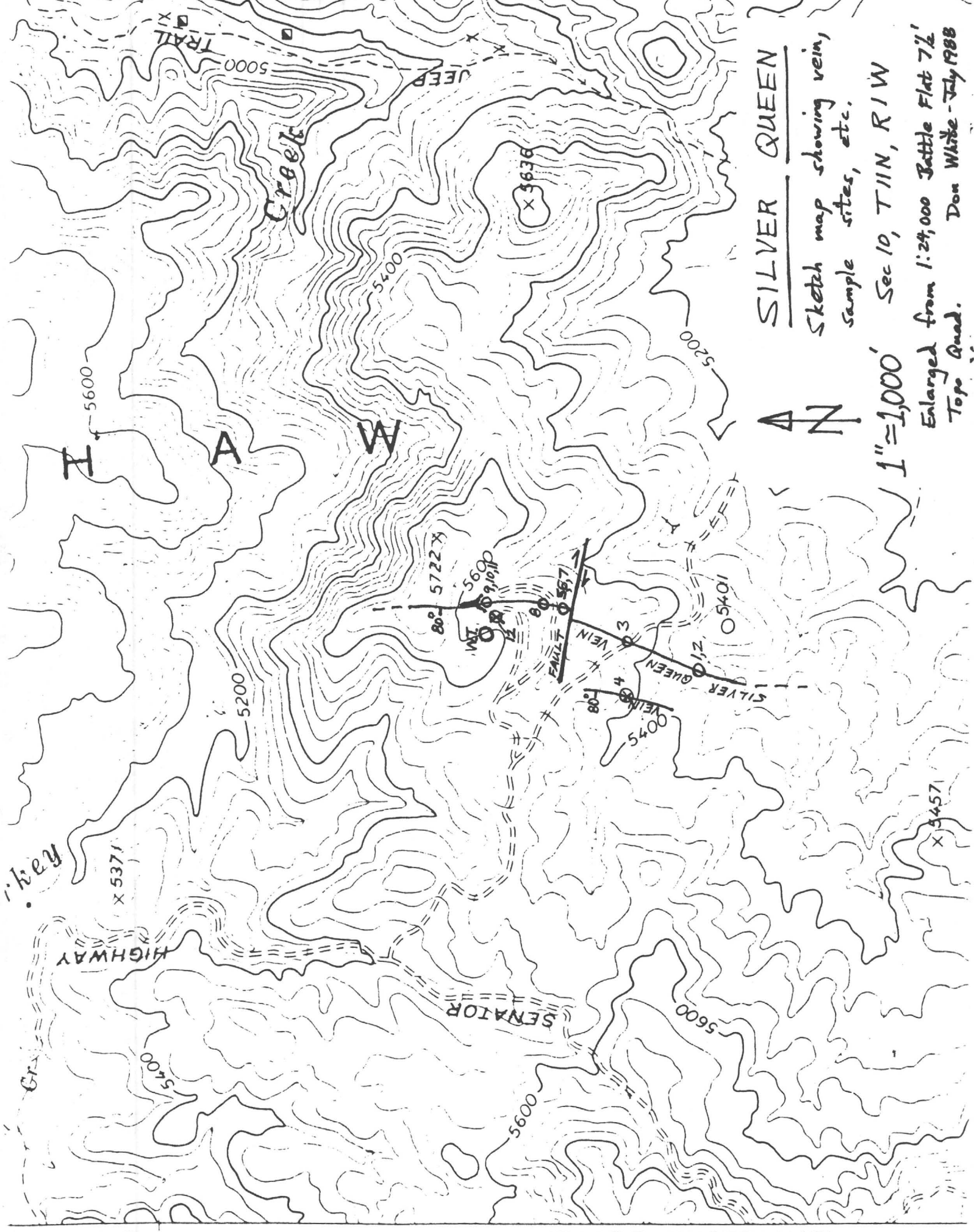
What little silver does occur is probably as argentiferous galena and associated with other sulfides (chalcopyrite, pyrite) in the quartz. Indeed high grade pockets could occur and probably have been found (tunnels caved now) but they would be very small and unlikely to pay for the lean intervals between.

No further interest is justified in the Silver Queen property.

DW:sk

Attachments





SILVER QUEEN  
 Sketch map showing vein,  
 sample sites, etc.  
 1" = 1,000' Sec 10, T11N, R1W  
 Enlarged from 1:24,000 Battle Flat 7 1/2'  
 Topo Quad. Don White - July 1988

LAB JOB #: AFB02779  
 Client name: A.F. Budge (Mining) Ltd.  
 Billing address: 4301 N. 75th St.  
 Suite #101  
 Scottsdale, AZ 85251-3504  
 Phone number: (602) 945-4360/778-3140

ATTN: Carole A. O'Brien  
 No. Samples: 12  
 Date Received: 07-10-88  
 Submitted by: Don White

INVOICE ATTACHED

ANALYTICAL REPORT

*Silver Queen Submitter*

*Rock sample assays*

Client ID	Lab ID	FA/AA Au oz/ton	Fire Assay Ag oz/ton	
AFB02779				
SQ-1	Fresh wt Qtz ± FeOx 2779-	1	0.002	0.85
SQ-2	Qtz ++ FeOx 2779-	2	0.003	<.10
SQ-3	Qtz + tourmaline 2779-	3	<.001	<.10
SQ-4	Qtz + tour. 2779-	4	<.001	1.86
SQ-5	Wh. bull Qtz. 2779-	5	<.001	<.10
SQ-6	Wall rock to SQ-5 2779-	6	0.003	<.10
SQ-7	Qtz ± tour ± FeOx 2779-	7	0.001	0.13
SQ-8	Qtz + tour + MnO <sub>2</sub> (?) 2779-	8	<.001	<.10
SQ-9	Qtz + tour ± CuO. 2779-	9	0.001	0.12
SQ-10	Wall rock to SQ-9 2779-	10	<.001	0.08
SQ-11	Qtz + FeOx + gal + CuO 2779-	11	0.006	0.63
SQ-12	Qtz + cpy + py + gal, 2779- + Fe Ox, CuO.	12	0.004	3.53

*See sketch map for location.*

*S. end of strike length tested. From ~1' thick vein in 10'x10'x10' pit just N. of creek. Vein pinches to ~1 inch down dip 10 ft.!*

*Same site as #1 but selected for most FeOx rich, gossanous surface*

*~1 ft. thick Qtz-tour oc. - N side of road.*

*~4 inch Qtz-tour vein ~500' W of main vein.*

*~4-inch Qtz vein ~30' W of main "*

*~1' either side of SQ-5 - hard with wall r*

*~2 ft thick main vein.*

*~2 ft main vein with Qtz, tour, + black, needle*

*costly (MnO<sub>2</sub>?) mineral.*

*5 ft thick - from collar of N. adit.*

*~1' either side of SQ-9 - schistose*

*wall rock*

*Hand-cobbed galena, copper oxide, + Fe oxide*

*rich samples of N. adit dump.*

*Hand-cobbed for rutile-rich rock off*

*old stockpile for shipping!*

*Don White  
 July, 1988*

# ROCKY MOUNTAIN GEOCHEMICAL LABORATORIES

519 North Washington Ave.

PRESCOTT, ARIZONA 86301

Phone: 445-4393

*Same address  
in '88 phone directory - Edwin A. Johnson*

*445-9693 in '88  
phone book  
(DCW)*

## CHEMICAL ANALYSIS CERTIFICATE

Date February 13, 1979

Page 1 of 1

Client Tex Lyles

Submitted by T. Lyles

Date Received 2/10/79

Report on 4 Rock Samples

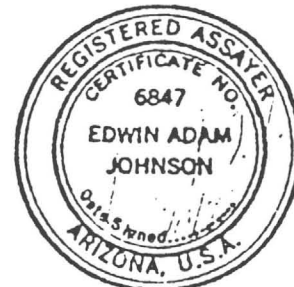
Analysis SILVER, GOLD

Remarks Atomic Absorption method used.

SAMPLE NO.	(Troy Oz. per Ton)	
	SILVER	GOLD
#1	0.18	0.01
#2 ✓	0.45	0.70 $\frac{3}{4}$
#3 ✓	51 ✓	0.01 $\frac{1}{2}$ spec 1% Pb ~ 0.5% Cu ~ 1% Zn
#4	0.30	0.07

*Lower adit*

4 samples @ \$ 3.50 ea. . . . \$ 14.00



All values are reported in parts per million unless specified otherwise. A minus sign (—) is to be read "less than" and a plus sign (+) "greater than." Values in parenthesis are estimates. This analytical report is the confidential property of the above mentioned client and for the protection of this client and ourselves we reserve the right to forbid publication or reproduction of this report or any part thereof without written permission. 10,000 ppm = 1% 34.3 ppm = 1 Troy Oz. per Ton

Hugh S. Thomas

Fred L. Copeland

# MONEY METALS ASSAY OFFICE

306 South Montezuma Street  
Prescott, Arizona 86301  
Telephone (602) 445-8206

*No longer in business!*

Custom Ore Assaying

10-9-80

Ariz. Reg. No. 8245

Mr. Ben Goldman  
Prescott, Ariz.

## Results of Determinations:

Silver Queen Schist:

Gold: 0.912 troy ounces per ton

*Lower edit*



STATE OF ARIZONA, County of Yavapai—20364  
 do hereby certify that the within instrument was filed and recorded at the request of Ben Goldman  
 on JUL 7 80 3 10 PM o'clock Book 1308 Official Records Page 741  
 Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. LEMMEY, County Clerk  
 By [Signature] Deputy

**NOTICE OF MINING CLAIM LOCATION**

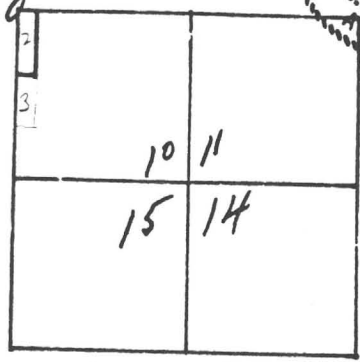
Plat of the Silver Queen #2



- Lode Claim
- Placer Claim
- Millsite

3 cash

MAP OF SECTIONS



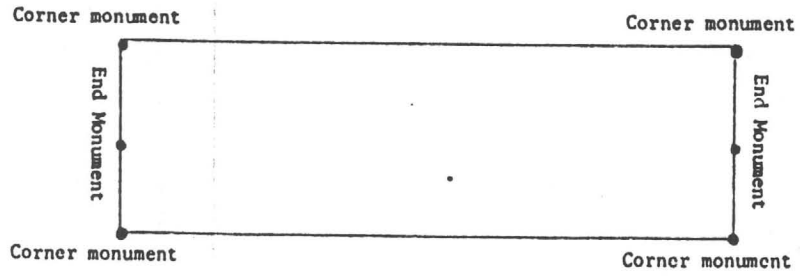
This Claim is 1500 feet in length and 600 feet in width, 300 feet on either side of the center line of the claim, forming a claim in the shape of a parallelogram. The general course of the claim is westerly to southerly.

This notice is posted at the west corner of the claim, which location monument is in Section 10, Township 11 N., Range 1 W.

The claim is in the Battle Flat mining district approximately 5 miles S.E. from Goodman, Arizona in Yavapai County.

Return to

Date posted 6 Day of June, 1980.  
 Locator Name Ben Goldman & Jewell Silver & Minerals  
 Locator Address 130 So. Rush Prescott, Ariz 86301



STATE OF ARIZONA, County of Yavapai

I do hereby certify that the within instrument was filed and recorded at the request of Ben Goldman on JAN 23 81-8 12 PM o'clock 2780 Book 1354 Official Records Page 809-810 Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PAUL G. JENNEY, County Recorder  
By Wendy Slupper Deputy



When recorded mail to:

Witness my hand

By

Fee: \$

### NOTICE OF MINING CLAIM LOCATION

- 1.  Location  Amendment  Relocation
- 2.  Placer  Lode  Millsite  Tunnel site

3. The name and address of the Locator is

Ben Goldman & Jewel Silen  
 Name R. W. Cleveland  
130 So. Rush  
 Address  
Prescott City Ariz. Zip 86301

4. The name of the claim is Silver Green #11.

5. The date of the location is 12-15-80

6. The claim is 1500 feet long and 602 feet wide. The distance from the Location monument to each end of the claim is 300 feet in a E. W. direction and 1500 feet in a N. S. direction.

7. The general course of the claim is from the north to the South

8. The location of the claim is in Section 10, Township 11. N., Range 1. W. G&SRB&M Subj. loc. 11 Mining District Yavapai County, Arizona.

9. If amending or relocating, the previous claim name was \_\_\_\_\_

\_\_\_\_\_ recorded in Docket \_\_\_\_\_, Book \_\_\_\_\_,

\_\_\_\_\_ Mining District, \_\_\_\_\_ County, Arizona.

10. The location of the claim with reference to a natural object or permanent monument is \_\_\_\_\_

Date 12-15-80

BOOK 1354 PAGE 809


Ben Goldman  
Signature

# MAP OF MINING CLAIM LOCATION

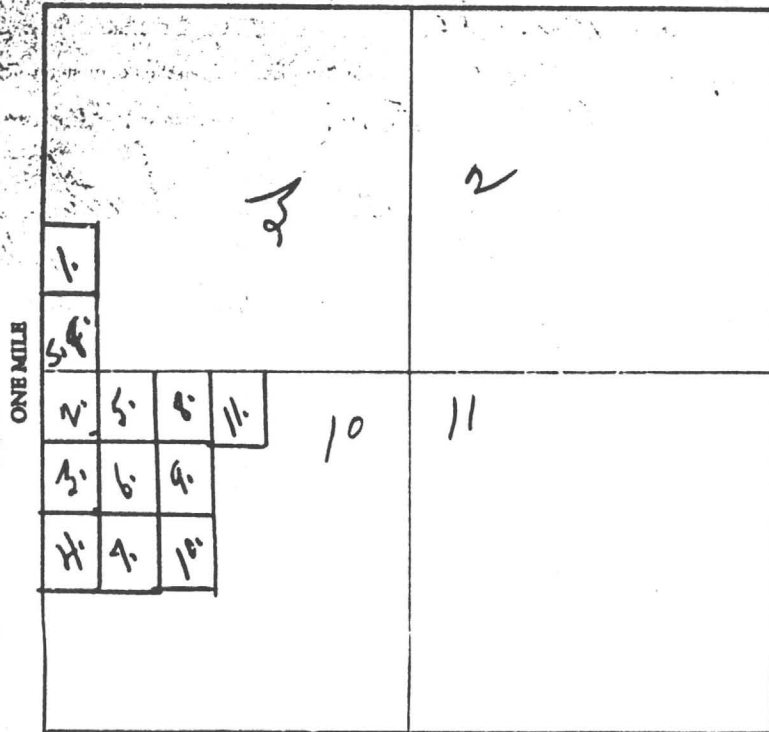
1. The name of the claim is Silver Queen #11
2. The \_\_\_\_\_ corner of the claim is \_\_\_\_\_ feet in a \_\_\_\_\_ direction to a survey monument or permanent natural object described as \_\_\_\_\_
3. The type of location monument is 2x2  
The type of corner and end monuments are 2x2
4. The bearing and distance between the corners of the claim are beginning at the N.E. corner of the claim, 600 feet in a Westly direction to the N.W. corner, then 1500 feet in a Southly direction to the S.W. corner, then 600 feet in a Westly direction to the S.E. corner, then 1500 feet in a Southly direction to the point of beginning.

## MAP

One inch = One thousand feet

North Arrow 

ONE MILE



Section 10 Range 1. W. Township 11. N. G&SRB&M

Date 12-15-80

BOOK 1354 PAGE 810

Tom Johnson  
Signature

M E M O

TO: Ron Short, Carole O'Brien, Anthony Budge  
cc: R.W. Hodder

FROM: Don White

DATE: July 18, 1988

SUBJECT: Copper Chief precious metal content

Further to our Verde-district reconnaissance memo (Hodder and White, June 29, 1988), I have come across Copper Chief analytical data in 1922 smelter laboratory reports (Clemenceau/U.V.X. smelter). They are attached.

The figures bear out our supposition that very desirable precious metal grades may occur in material spanning the range from "copper-silica ore" through Gold-Stope-like "gold-only ore." The Copper Chief material has historically been viewed, like the U.V.X. silica zone, as a true gossan after sulfide. The numbers do not necessarily bear that out and it may well represent as much transported supergene enrichment rather than strict in-situ leaching and residual enrichment. Either way, what was shipped to the UVX smelter in 1922 was .75 oz/t Au, 20. oz/t Ag, or better than \$400./s.t. rock at today's prices. And that was open pit!

It's that sort of target which Bob and I believe may be hidden by the Paleozoic and Tertiary cover along and east of the Verde fault zone. Of course the low grade halos, if open pitable, are attractive targets as well.

DW:sk



Copper Chief      Data from U.V.X. Smelter  
Lab Reports      1922.

Date + Notes	oz/t		Percent					
	Au	Ag	Cu	Invol	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Fe	S
5-1-22 H.S. *	0.86	37.60	1.3	31.3			29.1	1.1
7-19-22 Belt Sample	0.75	20.00	1.5	49.1			18.4	1.3
7-20-22 Lot # 430	0.75	21.25	1.8	49.0	44.0	4.6	18.1	1.3
7-25-22 Car 12552 Grab	0.70	24.00	1.7	43.1			20.0	1.6
" " 12521 Grab	0.70	24.10	1.8	44.6			19.6	1.5
7-26-22 Lot # 455	0.62	22.00	1.8	44.2	40.1	4.0	19.8	1.4
7-27-22 Repeat Car 12552	0.76	25.40						
" " Car 12521	0.76	24.30						
" " Lot 455	0.66	20.10						

\* H.S. ? = hand sample - ?

Don White  
July, 1988



**A.F. Budge (Mining) Limited**

November 28, 1989

Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

Dear Mr. Beal:

This letter is intended to address some of the concerns you have relayed to our lawyer, John Lacy, via Scott Donaldson. In regards to the Production Bonus, this matter was addressed in our letter of August 30, 1988, a copy of which is attached. The leak at our present operations, notification of which you received from the Department of Environmental Quality, is being controlled and hopefully, will not effect what little time we have remaining there.

It is anticipated that all leaching activities will be over by March of 1990. At that time our lease with you will expire when we give notice of termination. However, there are still some areas within the Vulture claim block that we feel warrant further investigation and exploration. Unfortunately, we cannot accomplish this work under the existing conditions of the lease. Such high risk exploration will require substantial funding.

When we first decided to start processing the tailings, gold was above \$430 and we anticipated recovering almost all of our costs including exploration funds expended 4 years ago. As you know, gold prices fell and only now are climbing above the \$400/ounce range. We will be lucky to recover our construction and pre-production costs from the operation. Needless to say, you have received advance royalties totalling over \$250,000 on gold which will not be recovered from the old tailings.

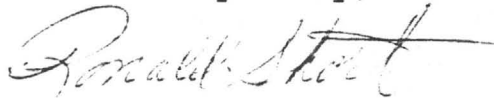
If we proceed with further exploration at the Vulture we must negotiate a new lease with reduced payments. Otherwise we will terminate within the next few months and no further payments will be due.

What we would like to propose is monthly payments of \$2,000 during the period of continued exploration. If this exploration results in finding an economic deposit, we would propose a buy-out of the Vulture property. We would need you to determine a reasonable buy-out price. If that price was \$1.0 million, we would pay this out over a 4-year period, from production, at the rate of \$250,000 per year.

L.W. Beal  
November 28, 1989  
Page 2

We would appreciate it if you would meet with us and discuss this further. I am usually at the company's operations in Jerome, but can arrange to be in Scottsdale on a day's notice. My telephone number at Jerome is 634-9034, or you can call the Scottsdale office and leave a message with Carole O'Brien as to when it would be convenient for us to meet.

Yours very truly,



Ronald R. Short  
General Manager

08-14-84  
JCL

### OPTION AND LEASE AGREEMENT

BY THIS OPTION AND LEASE AGREEMENT

effective as of the 1st day of July, 1984,

by and between V. M. P., INC., an Arizona corporation, whose address is Wickenburg, Arizona 85358 ("Lessor" herein),

and

A.F. BUDGE (MINING) LIMITED, a registered corporation (No. 1824873) under the laws of England ("Budge"), whose address is West Carr Road, Retford, Nottinghamshire, England DN22 7SW,

the Lessor, in consideration of the agreements set forth herein, has granted certain rights to Budge under the following terms and conditions:

1. Recitals

Lessor is the owner of certain mineral properties in Maricopa County, Arizona, more particularly described in Exhibit A. Budge desires to evaluate the mineral potential of Property and lease the Property if he deems development is feasible. It is the understanding of the parties that if Budge exercises its option, Budge shall form a subsidiary corporation authorized to transact business in Arizona, and that such corporation will constitute Budge for the further provisions of this Agreement.

2. Grant; Definitions

a. Grant - Lessor hereby grants to Budge the sole and exclusive option to enter into a lease with the Lessor, which lease shall lease and let the Property exclusively unto Budge, its successors and assigns. During the term of the option Budge shall have the right to conduct Mineral Exploration and upon exercise of its option, Budge shall thereafter have the right to conduct Mining Activities to produce, process and market Leased Substances during the term hereof.

b. Definitions - The words and phrases used in the above grant shall have the following meanings:

(1) The "Property" shall include that certain real property situated in Maricopa County, Arizona, more

particularly described in Exhibit A attached hereto.

(2) "Leased Substances" shall include, but without being limited to, all soil, sand and gravel, rock, ores, minerals and mineral rights in, upon and under the Property, excluding, however, coal, geothermal resources, oil, gas, and associated hydrocarbon gases.

(3) "Mineral Exploration" shall include those activities that Budge, in its sole judgment and discretion, may deem advisable for the purpose of ascertaining any facts relating to the occurrence of ores and minerals in and under the Property and the metallurgical and physical properties of such ores and minerals; including, but not limited to, surface trenching, excavations, geophysical and geochemical surveys, drilling, the sinking of shafts for bulk sampling, and further including the right to use the surface for access, to place and use facilities on the surface and to use water and other surface resources that may be useful or convenient in connection with such activities.

(4) "Mining Activities" shall include, in addition to those activities constituting Mineral Exploration, all activities related to the mineral development and mining of the Property including the right:

-- to mine (by open pit, strip, underground, solution mining or any other method, including any method hereafter developed), extract, mill, store, process, remove and market Leased Substances from the Property;

-- to place, construct, maintain, use, and remove such structures, facilities, equipment, roadways, haulageways and such other improvements on the surface or subsurface of the Property as Budge may deem necessary, useful or convenient for the full enjoyment of all of the rights herein granted;

-- to mix or commingle Leased Substances with any other ores produced off the Property, provided that Budge shall first weigh, sample, and assay the Leased Substances in accordance with recognized industry practice;

-- to conduct any mining upon the Property and Budge's mining of adjoining or nearby lands as a single mining operation as if the Property and all such other properties constituted a single tract of land, in which event Budge shall have the exclusive right to use structures, facilities, equipment,

roadways, haulageways, and all other appurtenances installed on the Property for the purpose of producing, removing, treating or transporting metals, ores, minerals or materials from adjoining or nearby property owned or controlled by Budge and the right to mine and remove Leased Substances from the Property through or by means of shafts, openings or pits which may be made in or upon adjoining or nearby property;

-- to use the surface of the Property to deposit waste, overburden, surface stripping and other materials from mining operations on the Property and adjoining properties being mined with the Property as a single mining operation; provided that materials from other lands may not be deposited on the Property if it would interfere with potential mining operations on the Property.

### 3. Term

Unless sooner terminated under the termination provisions hereinafter contained, the term of the option shall be for one year but may be further extended for an additional year by Budge. Thereafter, if the option is exercised, this Agreement shall be for an term of twenty (20) years commencing on the effective date of exercise of the option and for so long thereafter as Leased Substances are continuously produced from the Property. The term may be extended by reasons of force majeure, as specified in Section 11 hereof. <sup>since Production</sup> Operations shall be deemed continuous as long as mining, processing or marketing operations do not cease for a period of more than ninety (90) consecutive days or if the Property does not produce Three Hundred Fifty Thousand Dollars (\$350,000.00) in gross sales or stockpiled values of Leased Substances for any calendar year.

### 4. Payments to Lessor

a. Option Payments - Budge shall pay Lessor Six Thousand Five Hundred Dollars (\$6,500.00) per month in order to keep its option to lease in full force and effect. Such payment shall be payable monthly three months in advance. The first payment consisting of Nineteen Thousand Five Hundred Dollars (\$19,500.00) and representing the payment for the months of July, August, and September, 1984, shall be payable upon execution of this Agreement. Additionally, if Budge elects to extend its option for the second year, it shall pay Lessor a one-time bonus of Twenty-Five Thousand Dollars (\$25,000.00).

b. Advance Minimum Royalty - At such time Budge exercises its option to lease the Property, the option

payments (but not any bonus) made to Lessor under the provisions of subsection a above shall constitute an advance minimum royalty. Budge shall thereafter pay Lessor Six Thousand Five Hundred Dollars (\$6,500.00) per month as an advance minimum royalty payable in the same manner as set forth above. Such advance royalties shall be a credit insofar as they will go toward any monies due Lessor under the provisions of subsection c of this Section 4.

c. Production Royalty - If Budge mines and markets Leased Substances from the Property, Budge shall pay to Lessor a production royalty of a specified percentage of the "Net Returns" received by Budge from the sale or other disposition of Leased Substances. Such percentage shall be based on the price of gold as determined on the date of sale or other disposition of Leased Substances according to the Englehard buying price of industrial bullion on the date of sale as follows: If gold is \$400 or less, 6%; \$401 to \$600, 7%; \$601 to \$800, 8%; \$801 to \$1,000, 9%; \$1,001 to \$1,200, 10%; \$1,201 to \$1,400, 11%; \$1,401 or more, 12%. The term "Net Returns" shall mean the total dollar value received from the purchaser of Leased Substances, less:

(1) in the case of sale of raw ore or concentrates: (a) any weighing, sampling, penalty, processing or other charges assessed by the purchaser; (b) selling charges; (c) any sales, severance, gross production, privilege or similar taxes assessed on or in connection with the ore or measured by the value thereof; and (d) the cost of transportation from the Property to the purchaser.

(2) in the case of leaching or other solution mining techniques in addition to the deductions specified in (1) above, all processing and recovery costs incurred beyond the point at which the leaching reagents are applied to the ore being treated (including the cost of reagents) shall be deducted from the selling price.

If ores or concentrates are processed at a smelter or other facility owned, operated or controlled by Budge or treated on a toll basis for Budge, the selling price shall be computed in the above manner with deductions for all charges and items of cost equivalent to the deductions set forth above and in any case not more than would be available at the nearest purchaser otherwise willing to accept such Leased Substances.

d. Payment of Production Royalty - Production royalty paid to Lessor hereunder shall be due and payable within thirty (30) days after the end of each calendar quarter for those Leased Substances sold and a settlement sheet received during the applicable calendar quarter after first deducting any advance minimum royalty paid for the applicable annual

period under Section 4b hereof. All production royalty shall be accompanied by the settlement sheets or a similar statement showing the basis upon which the payment was computed.

e. Method of Making Payments - All payments required hereunder may be mailed or delivered to Lessor's address or to any single depository as Lessor may instruct. Upon making payment to the authorized agent or depository, Budge shall be relieved of any responsibility for the distribution of such payment to Lessor. The delivery or the deposit in the mail of any payment hereunder on or before the due date thereof shall be deemed timely payment hereunder.

f. Fractional Interest - All payments under this Agreement, unless specified otherwise, are based on a grant by Lessor of full undivided rights and title to the Property. If Lessor's interest in the Property or any compensable damage or improvement is less than such full interest, all payments made hereunder shall be paid in the same proportion thereof as the undivided rights and title actually owned by Lessor bear to the entire undivided rights and title to the Property, the areas included therein, or any compensable damages or improvements.

#### 5. Inspection

Lessor and its agents authorized in writing, at Lessor's risk and expense, may (1) enter upon the Property to inspect the same at such times and upon such notice to Budge as shall not unreasonably or unnecessarily hinder or interrupt the operations of Budge, and (2) inspect the accounts and records used in calculating production royalty paid to Lessor hereunder, which right may be exercised, at any reasonable time during a period of one (1) year from and after the date on which the applicable quarterly payment of production royalty was made. Lessor agrees to treat all information received hereunder as confidential and not to disclose the same without prior permission of Budge.

#### 6. Obligations of Budge

a. Conduct of Operations - All work performed by Budge on the Property pursuant to this Agreement shall be done in a good and workmanlike manner and in compliance with all state or federal laws and regulations governing such operations.

b. Weights and Analysis - In all cases where ore or concentrates are stockpiled off the Property or commingled with ore or concentrates not mined from the Property, Budge shall measure ore, weigh other product, and take and analyze samples thereof, in accordance with sound mining and metallurgical practice, and keep accurate records thereof as a



basis for computing royalty payments, which records shall be available for inspection by Lessor in accordance with Section 5.

c. Protection from Liens - Budge shall pay all expenses incurred by it in its operations on the Property hereunder and shall allow no liens arising from any act of Budge to remain upon the Property; provided, however, that Budge shall not be required to remove any such lien as long as Budge is contesting in good faith the validity or amount thereof.

d. Indemnity - Budge shall indemnify Lessor against and hold Lessor harmless from any suit, claim, judgment or demand whatsoever arising out of negligence on the part of Budge in the exercise of any of its rights pursuant to this Agreement, provided that Lessor, or any one of them, or any person or instrumentality acting on its behalf, shall not have been a contributing cause to the event giving rise to such suit, claim, demand or judgment. Budge shall maintain insurance to support the indemnification required by this Agreement and provide Lessor with copies of such policies or a certificate of such insurance showing the amount of coverage.

e. Payment of Taxes - Budge shall pay all taxes levied against its improvements on the Property. In the event of commercial development of the Property, Budge shall pay all ad valorem taxes assessed against that amount of the Property used in such commercial development and shall, in addition, pay all taxes related to production of Leased Substances from the Property, subject to Budge's right to deduct the amount of such production-related taxes from the dollar value received from the purchaser of Leased Substances in the computation of Net Returns under the provisions of subsection c(1)(c) of Section 4. Lessor shall pay, before delinquency, all other taxes and assessments on the Property and improvements of Lessor thereon. In no event shall Budge be liable for any taxes levied or measured by income of Lessor, or for taxes applicable to or levied against or based upon advance or production royalty payments made to Lessor under this Agreement. Budge shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes or assessments, before it shall be required to pay the same. Budge shall have the right, at its sole discretion, to pay any delinquent property taxes, together with interest, penalties and charges, that are the responsibility of the Lessor, the payment of which shall be a credit against payments thereafter to be made by Budge under the provisions of Section 4. If this Agreement is terminated or otherwise expires, all ad valorem taxes that are Budge's responsibility shall be prorated as of the date Budge has removed its

improvements from the Property or Lessor agrees to their abandonment.

f. Work Requirements -

(1) Budge agrees to perform assessment work (unless excused, suspended or deferred) for the benefit of the unpatented mining claims included within the Property for each assessment year during which this Agreement continues in force beyond July 1 of the applicable assessment year. The work performed shall be of a kind generally accepted as assessment work, and Budge shall expend the total amount sufficient to meet the minimum requirements with respect to all of the unpatented claims. Lessor acknowledges and agrees that the mining claims included within the Property are one contiguous group and that development and exploration work on any one or more of the claims will be for the benefit of all of them. Lessor further agrees that if Budge acquires a right to explore areas adjacent to the Property by location, purchase, lease or option, Budge shall have the right to perform assessment work required hereunder pursuant to a common plan of exploration or development of all the areas, claims or groups of claims, whether performed on or off the Property.

(2) During the term of the option, Budge shall expend in the conduct of exploration ("Work") not less than Fifty Thousand Dollars (\$50,000.00). The nature, place and conduct of such Work shall be at the sole discretion of Budge, so long as such Work benefits the exploration, development or mining of the Property. The amount of the expenditures shall be determined by the direct cost to Budge of Work performed, the salaries, expenses and benefits burden of Budge's employees or consultants performing Work.

g. Improvements and Structures on the Property - Budge shall conduct all of its operations under this Agreement in such a way as to avoid, wherever possible, damage to any and all improvements on the Property. If any such improvements are destroyed or rendered non-usable by operations of Budge, Lessor shall be compensated for the reasonable value thereof. The value shall be the replacement cost for comparable improvements. Prior to conducting any activities that might damage or destroy an existing structure on the Property, Budge shall notify Lessor, and Lessor may elect within the following thirty-day period, to move such structure in which case Budge shall pay one-half of the cost of such move to a point designated by Lessor not more than one-half mile from the existing location of such structure.

h. Reclamation - At the conclusion of any operations contemplated under this Agreement, Budge shall undertake or

shall have completed those reclamation and land restoration measures as may be required by state or federal law and regulations for those lands disturbed or conditions created by activities of Budge under this Agreement. In any case, prior to the commencement of mining operations under this Agreement, Budge shall provide Lessor with a reclamation plan to be put into effect where portions of the Property are no longer needed for mining and production related activities permitted under this Agreement. Such plan shall include at a minimum (i) the segregation and saving of topsoil during exploration and mining operations, (ii) the measures that will be taken to control erosion, landslides, and water runoff, (iii) the isolation, removal or control of toxic materials, and (iv) the reshaping of the areas disturbed, application of the topsoil, and revegetation of disturbed areas, where reasonably practicable.

## 7. Title Matters

a. Representations and Warranties - Lessor represents and warrants to Budge that: (1) Insofar as the Property includes fee lands, the Lessor owns the entire undivided title to the Property, including the surface and mineral estate, and has the exclusive possession thereof; (2) insofar as the Property includes unpatented mining claims, the claims have been located and appropriate record made thereof in compliance with the laws of the United States and the laws of Arizona, the assessment work for the year ending September 1 prior to the effective date of this Agreement has been performed and appropriate record made thereof in compliance with applicable law, and there is no claim of adverse mineral rights affecting such claims; (3) with respect to the Property as a whole, except as specified in Exhibit A, Lessor's title or possessory right to the Property is free and clear of all liens and encumbrances, and (4) the Lessor has the full right, power and capacity to enter into this Agreement upon the terms set forth herein.

b. Title Documents - Upon written request of Budge at any time during the term hereof, Lessor shall promptly deliver to Budge all abstracts of title to and copies of all title documents affecting the Property which Lessor has in its possession.

c. Title Defects, Defense and Protection - If -- (1) in the opinion of counsel retained by Budge, Lessor's title to any of the Property is defective or less than as represented herein, or (2) title to any of the Property is contested or questioned by any person, entity or governmental agency -- and if Lessor is unable or unwilling to promptly correct the defects or alleged defects in title, Budge may attempt, with all reasonable dispatch, to perfect, defend or

initiate litigation to protect such title. In that event, Lessor shall take such actions as are reasonably necessary to assist Budge in its efforts to perfect, defend or protect such title. If title is less than as represented in this Section 4, then (and only then) the costs and expenses of perfecting, defending or correcting title (including, but without being limited to, the cost of attorney's fees and the cost of releasing or satisfying any mortgages, liens and encumbrances), shall be a credit against payments thereafter to be made by Budge under the provisions of Section 4, unless the encumbrance or dispute arises from Budge's failure to perform obligations hereunder (in which case such costs shall be borne by Budge).

d. Lesser Interest Provisions - If the rights and title granted hereunder are less than represented herein, Budge shall have the right and option, without waiving any other rights it may have hereunder, to reduce all payments to be made to Lessor hereunder in the proportion that the interest actually owned by Lessor bears to the interest as represented herein.

e. Amendment and Relocation of Mining Claims - Budge shall have the right to amend or relocate in the name of Lessor the unpatented claims which are subject to this Agreement which Budge, in its sole discretion deems advisable to amend or relocate. Where Budge has notified Lessor of such actions taken or to be taken, and Lessor has approved such actions, Budge shall not be liable to Lessor for any act (or failure to act) by it or any of its agents in connection with the amendment or relocation of such claims as long as such act (or omission) is not made in bad faith.

f. Patent Proceedings - Upon request of Budge at any time or times during the term of this Agreement, Lessor agrees to undertake to obtain patent to any or all of the unpatented mining claims which are subject to this Agreement. Budge shall prepare all documents and compile all data and comply in all respects with the applicable law, all at the expense of Budge. Lessor shall execute any and all documents required for this purpose and shall cooperate fully with Budge in the patent application proceedings subsequent thereto. If Lessor begins such proceedings and Budge thereafter requests Lessor to discontinue such proceedings, or if this Agreement is terminated while proceedings are pending, Budge shall have no further obligation with respect thereto except to pay any unpaid expenses accrued in such proceedings prior to its request to discontinue or prior to termination, whichever occurs first.

g. Change of Law - If the laws of the United States concerning acquisition of mineral rights on federally managed

lands is repealed, amended, or new legislation is enacted, Budge shall have the right to take whatever action it deems appropriate to preserve a right to explore for, develop, and mine Leased Substances. If Budge elects to take any action under the terms of this subsection, it shall first notify Lessor in writing setting forth the nature of the proposed action and an explanation thereof. Lessor agrees to cooperate with Budge and execute whatever documents are deemed necessary by Budge to accomplish such action. Nothing in this subsection shall impose any obligation upon Budge to take any action, or diminish the right of Lessor to take action it deems appropriate; provided, however, that if Lessor chooses to take any action, it will first inform Budge of the nature of such contemplated action.

h. General - Nothing herein contained and no notice or action which may be taken under this Section 7 shall limit or detract from Budge's right to terminate this Agreement in the manner hereinafter provided.

8. Termination; Removal of Property; Data

a. Termination by Lessor - If Budge defaults in the performance of its obligations hereunder, Lessor shall give Budge written notice specifying the default. If the default is not cured within thirty (30) days after Budge has received the notice, or if Budge has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Lessor may terminate this Agreement by delivering to Budge written notice of such termination, subject to Budge's right to remove its property and equipment from the Property, as hereinafter provided. If Budge in good faith disputes the existence of a default, Budge shall initiate appropriate action in a court of competent jurisdiction within the 30-day period and the time to cure shall run from the date of a final determination that a default exists. Lessor shall have no right to terminate this Agreement except as set forth in this subsection a of Section 8.

b. Termination by Budge - Budge shall have the right to terminate this Agreement at any time upon sixty (60) days prior written notice from Budge to Lessor. From and after the date of termination, all right, title and interest of Budge under this Agreement shall terminate, and Budge shall not be required to make any further payments or to perform any further obligations hereunder concerning the Property, except payment and obligations, the due dates for the payment or performance of which occur prior to the termination date, including the obligations related to damages to the surface and improvements thereon.

c. Removal of Property - Upon any termination or expiration of this Agreement, Budge shall have a period of six (6) months from and after the effective date of termination within which it must remove from the Property all of its machinery, buildings, structures, facilities, equipment and other property of every nature and description erected, placed or situated thereon, except supports placed in shafts, drifts or openings in the Property. Failure of Budge to so remove the same shall constitute an abandonment by Budge to Lessor of the same; provided, however, that Budge may still be required to remove such property upon notice from Lessor at any time during the six-month period and thirty (30) days thereafter. Lessor may also, within fifteen (15) days after such notice of termination by Budge, elect to purchase any structures placed on the Property by Budge. The purchase price shall be determined by an independent appraiser mutually satisfactory to the parties which appraisal shall be final. Lessor shall tender the amount of such appraisal in legal tender of the United States within thirty (30) days after completion of the appraisal.

d. Delivery of Data - If this Agreement is terminated, upon written request given by Lessor within thirty (30) days of said termination, Budge shall, within a reasonable time, furnish Lessor copies of all available noninterpretive exploration, development and mining data pertaining to the Property prepared by or for Budge.

e. Relinquishment of Record - If this Agreement is terminated or otherwise expires, Budge shall provide Lessor with a recordable document sufficient to provide notice that Budge no longer asserts rights to the Property under this Agreement.

## 9. Notices

Any notice or communication required or permitted hereunder shall be effective when personally delivered or deposited, postage prepaid, certified or registered, in the United States mail to the addresses specified above. In the case of notice to Budge, duplicate notice shall be given to DMEA Ltd., 4203 N. Brown Avenue, Suite F, Scottsdale, Arizona 85251. Either party may, by notice to the other given as aforesaid, change its mailing address for future notices.

## 10. Binding Effect; Assignment

Neither party shall assign its rights in this Agreement or the Property without the prior written consent of the other party, which consent shall not be unreasonably withheld. This provision shall not apply to mergers, transfers through operation of law, or sales and assignments

to subsidiaries of the parties, their corporate parents or subsidiaries of their corporate parents. A subsidiary shall be deemed any corporation or other entity in which the party or its parent owns or controls a majority of the stock or interest.

#### 11. Force Majeure; No Implied Covenants

If Budge is delayed or interrupted in or prevented from exercising its rights or performing its obligations, as herein provided, by reasons of "force majeure," then, and in all such cases, Budge shall be excused, without liability, from performance of its obligations set forth in this Agreement (except as to obligations set forth in Sections 4 and 6), but the provisions shall again come into full force and effect upon the termination of the period of delay, prevention, disability or condition. "Force majeure" includes all disabilities arising from causes beyond the reasonable control of Budge; including, without limitation, acts of God, accidents, fires, damages to facilities, labor troubles, unavailability of fuels, supplies and equipment, orders or requirements of courts or government agencies, the inability to obtain environmental clearance or operating permits that may be required by governmental authorities, or if the prevailing levels of operating costs in relation to prevailing levels of prices makes it economically impractical for Budge to conduct production operations. It is expressly agreed that no implied covenant or condition whatsoever shall be read into this Agreement relating to any time frame as the measure of diligence for prospecting, mining, or any operations of Budge hereunder.

#### 12. Boundary Protection

If Budge or Lessor locates mining claims after the effective date of this Agreement, any part of which claim is within one mile from the exterior boundaries of the Property (the "Area of Interest"), such claims shall become part of the Property (unless in the case of Lessor, Budge elects not to include such claims) and such additional claims shall constitute part of the Property as if described herein.

#### 13. Memorandum

The parties to this Agreement agree to execute and record a Memorandum of this Agreement in a form sufficient to constitute record notice to third parties of the rights granted hereunder, which may be recorded in the official records of Maricopa County, Arizona.

#### 14. Construction

a. Governing Law - This Agreement shall be construed by the internal laws but not the laws of conflict of the

State of Arizona.

b. Headings - The headings used in this Agreement are for convenience only and shall not be deemed to be a part of this Agreement for purposes of construction.

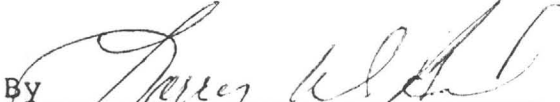
SIGNED, effective as of the date recited above.


LESSOR:

BUDGE:

V. M. P., INC.

A. F. BUDGE (MINING) LIMITED

By   
Larry W. Beal, President

By   
A. F. Budge, Chairman

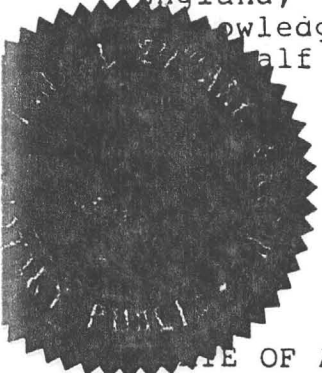


UNITED KINGDOM

)  
) ss.  
)

*[Handwritten signature]*

Before me, the undersigned officer, personally appeared A. F. Budge, known to me to be the Chairman of A. F. Budge (Mining) Limited, a registered corporation under the laws of England, this 2nd day of August, 1984, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.



*[Handwritten signature]*

Title: Notary Public

STATE OF ARIZONA

)  
) ss.  
)

County of Maricopa

The foregoing instrument was acknowledged before me this 31st day of August, 1984, by Larry w. Beal, the President of V. M. P., Inc., an Arizona corporation, for and on behalf of the corporation.

My commission expires:

My Commission Expires April 14, 1987

*Larry A. O'Brien*  
Notary Public

EXHIBIT A

The "Property" consists of those certain patented and unpatented mining claims situated in the Vulture Mining District, Maricopa County, Arizona, in Sections 24, 25, 26, 27, 34, 35, and 36, Township 6 North, Range 6 West, Sections 16, 17, 19, 20, 21, 28, 29, 30, 31, and 32, Township 6 North, Range 5 West, Sections 1, 2, and 12, Township 5 North, Range 6 West, and Sections 5, 6, and 7, Township 5 North, Range 5 West, G&SRM, and are more particularly described as follows:

Patented Lode Mining Claims:

<u>Name of Claim</u>	<u>Mineral Survey No.</u>
Canon City	1797
Gold Nugget	1797
Astor	2511
Conkling	2511
Custer	2511
Elmore	2511
Hamilton	2511
Jane Elmore	2511
Sheridan	2511
Sherman	2511
Talmage	2511
Van Buren	2511
Pit Gold	2522
Vulture Extension	3146

Unpatented Lode Mining Claims:

The names and place of record of the location notices of the unpatented lode mining claims in the official records of the Maricopa County Recorder and the authorized office of the Arizona State Office of the Bureau of Land Management are as follows:

<u>Name of Claim</u>	<u>Mrcpa Cty</u> <u>Book/Dkt</u>	<u>Rclds</u> <u>Page</u>	<u>BLM Serial No.</u> <u>A MC</u>
Central	35	386	71742
Vindicator #1	35	389	71743
Vulture South	35	59	71744
Desert #1	29	595	71745
Desert #5	29	598	71746
Desert #8	29	596	71747
Desert #9	29	597	71748
Reserve #1	1965	161	71749
Reserve #2	1965	162	71750
Reserve #3	1965	163	71751

<u>Name of Claim</u>	<u>Mrcpa Book</u>	<u>Cty</u>	<u>Rclds Page</u>	<u>BLM Serial No.</u> <u>A MC</u>
Rosa de Oro	29		591	71752
Rosa de Oro #2	29		592	71753
Thomas	29		593	71754
Vulture North	35		60	71755
J.S. Group 1 to 25 inclusive	7682		390-439	71756 to 71780 inclusive
Desert Group D-1A, 2, 3, 4, 5A, 6, 7, 8A, 9A, 10 to 142 inclusive, 144 to 155 inclusive	15828		475-781	160603 to 160756 inclusive
Vulture Group V-1 to 20 inclusive, V-25 to 81 inclusive, 81A, 82 to 89 inclusive, 90A, 91 to 174 inclusive	15828		79-419	160432 to 160602 inclusive
B-Lan Group 1 to 21 inclusive, 22, and 23	15952 16260		600-640 601-603	167064 to 167084 inclusive 170741 and 170742
Zen Group 1 to 21 inclusive	15952		544-584	167085 to 167105 inclusive
Alan Group 1 to 42 inclusive and 16025	15952 and 16025		451-509 518-540	167034 to 167063 inclusive 170729 to 170740 inclusive

**Unpatented Placer Mining Claims:**

The names and place of record of the location notices of the unpatented placer mining claims in the official records of the Maricopa County Recorder and the authorized office of the Arizona State Office of the Bureau of Land Management are as follows:

<u>Name of Claim</u>	<u>Mrcpa Book</u>	<u>Cty</u>	<u>Rclds Page</u>	<u>BLM Serial No.</u> <u>A MC</u>
V.M.P. Claims 1 to 13 inclusive, 18 to 38 inclusive	11693		739-776	77018 to 77051 inclusive
J.S. Group 1 to 16 inclusive	7685		387-402	71781 to 71796 inclusive

03-19-85  
JCL(2)

**FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT**

BY THIS FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

effective February 1, 1985,

by and between V. M. P., Inc., an Arizona corporation,  
whose address is Box 20202, Wickenburg, Arizona 85358  
("Lessor" herein),

and

A. F. BUDGE (MINING) LIMITED, a registered corporation  
under the laws of England, whose address is West Carr  
Road, Retford, Nottinghamshire, England DN22 7SW  
("Budge"),

the Lessor and Budge, in consideration of mutual promises and  
obligations, have modified their Option and Lease Agreement  
entered into effective July 1, 1984 (the "Agreement"), as  
follows:

1. Exercise of Option

By this Amendment Budge has exercised its option to  
lease the Property and the Agreement shall hereafter  
constitute a lease of the Property under the terms of the  
Agreement as modified by this Amendment.

2. Term

The provisions of Section 3 of the Agreement are hereby  
deleted and the following substituted therefor:

Unless sooner terminated under the termination provi-  
sions hereinafter contained, this Agreement shall be for  
a term that shall remain in force for so long as Budge  
makes the payments specified in subsections a or b of  
Section 4 and performs annual work as required by  
subsection f(1) of Section 6.

3. Payments to Lessor

Subsection a of Section 4 is hereby deleted; subsection  
b of Section 4 is hereby deleted and the following substitu-  
ted therefor, and a new subsection g of Section 4 is hereby  
added as follows:

b. Advance Minimum Royalty - Budge shall pay  
Lessor an Advance Minimum Royalty based on the average

Handy and Harmon quoted buying price for industrial gold bullion for the two-month period preceding the due date of the applicable payment as published in the Wall Street Journal. The amount payable shall be calculated based on the following scale:

<u>H&amp;H Price/Ounce</u>	<u>Monthly Payment</u>
Less than \$266.99	\$2,500.00
\$267.00 to \$299.99	\$3,000.00
\$300.00 to \$333.99	\$3,500.00
\$334.00 to \$366.99	\$4,000.00
\$367.00 to \$399.99	\$4,500.00
\$400.00 to \$433.99	\$5,000.00
\$434.00 to \$466.99	\$5,500.00
\$467.00 and above	\$6,000.00

Such Advance Minimum Royalty payments shall be payable monthly in advance on or before the fifth day of the month. \_\_\_\_\_ percent (\_\_\_\_%) of all Advance Minimum Royalties paid under this provision shall be a credit insofar as they will go toward any monies due Lessor under the provisions of subsection c of this Section 4.

g. Production Bonus - If Budge elects to commence mineral production on the Property, Lessor shall be paid a one-time bonus of Seventy-Five Thousand Dollars (\$75,000.00). The decision to commence production shall occur when Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before thirty (30) days after Budge's announcement to its stockholders that any necessary financing has been secured and that production will commence.

#### 4. Termination

The provisions of subsection b of Section 8 are hereby modified to eliminate the requirement of sixty days' notice for termination by Budge. The effective date of any termination shall be upon the giving of notice as provided by Section 9, subject specifically however, to the obligation to perform assessment work if the Agreement is terminated after July 1 of any year.

#### 5. Notice

The address for duplicate notices to Budge is hereby changed to DMEA Ltd., 7340 E. Shoeman Lane, Suite 111 "B"(E), Scottsdale, Arizona 85251.

6. Ratification

Except as specifically modified herein, the Option and Lease Agreement remains in full force and effect.

SIGNED, effective as of the date recited above.

LESSOR:

V. M. P., INC.

BUDGE:

A. F. BUDGE (MINING) LIMITED

By \_\_\_\_\_  
Larry W. Beal, President

By \_\_\_\_\_  
A. F. Budge, Chairman

UNITED KINGDOM )  
 ) ss.  
 )

Before me, the undersigned officer, personally appeared A. F. Budge, known to me to be the Chairman of A. F. Budge (Mining) Limited, a registered corporation under the laws of England, this \_\_\_\_\_ day of \_\_\_\_\_, 1985, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.

\_\_\_\_\_  
Title:

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of March, 1985, by Larry W. Beal, the President of V. M. P., Inc., an Arizona corporation, for and on behalf of the corporation.

My commission expires: \_\_\_\_\_ Notary Public  
\_\_\_\_\_

3,5-56



A.F. Budge (Mining) Limited

4301 N. 75th Street, Suite 101  
Scottsdale, AZ 85251-3504

Date: 3-21-90

Time: \_\_\_\_\_

To: John Lacy

FAX # \_\_\_\_\_

From: Carole A. O'Brien.

Comments/Remarks: 1st Amendment, as requested

Total number pages including cover: 5

Please call (602) 945-4630 if all pages are not received.

Origination FAX # 602-949-1737





**A.F. Budge (Mining) Limited**

P.O. Box 143  
Clarkdale, AZ 86324  
(602) 634-7712

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

P.O. Box 20878  
Wickenburg, AZ 85358  
Mobile (602) 376-9056

August 30, 1988

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

Re: Production Bonus; Option and Lease Agreement  
Dated July 1, 1984, as Amended by First  
Amendment to Option and Lease Agreement  
Effective February 1, 1985

Dear Mr. Beal:

You recently inquired about the payment of a production bonus arising out of the current efforts of A.F. Budge (Mining) Limited to commence a reprocessing operation on mineral tailings near the Vulture Mine site.

Under the terms of subsection g of Section 4 of the referenced agreement as amended, if Budge elects to commence mineral production on the property, V.M.P. is to be paid a one-time production bonus of \$75,000. The commencement of production occurs when:

. . . Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before 30 days after Budge's announcement to its stockholders that production will commence.

The activities that we are presently completing concerns the permitting of activities to reprocess mine tailings from the Pit Gold patented mining claim and from within portions of the old Vulture City Townsite.

L.W. Beal  
August 30, 1988  
Page 2

The payment of the production bonus is contingent upon "a full-scale development of the Property" and the reprocessing of the tailings is not a "mining operation" in the strict sense of the word although V.M.P. is certainly entitled to royalties on metal values recovered from the tailings. Further, if such processing were considered full-scale mining, such a construction might cause considerable problems in the long-range development of the Property because once "production" commences, the term is fixed on the continuation of production. As you know, the reprocessing of the tailings is a relatively short-term activity, and we both hope that the long-term value from the Property will be from mining of ore from under the Property. It thus seems clear to us that the intent of the parties was that the full-scale production would constitute a mining operation and not a short-term reprocessing operation of the mine tailings.

I look forward to our continued association and hope that our activities can turn up mineralization sufficient to undertake full-scale mining operation of the V.M.P. property in the near future.

Very truly yours,

  
Anthony F. Budge  
President

AFB:ca



**A.F. Budge (Mining) Limited**

P.O. Box 143  
Clarkdale, AZ 86324  
(602) 634-7712

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

P.O. Box 20878  
Wickenburg, AZ 85358  
Mobile (602) 376-9056

August 30, 1988

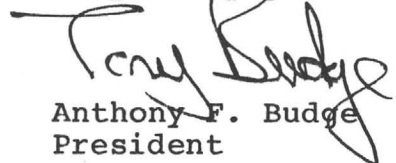
Mr. John Osborne  
P.O. Box 1869  
Wickenburg, AZ 85358

Dear Mr. Osborne:

A.F. Budge (Mining) Limited has determined that given the current state of development of the property, your services are no longer necessary. This notice is effective as of September 1, 1988.

We have appreciated your past assistance and knowledge of the Vulture property and if your particular knowledge of the property can be utilized in the future, we will be sure to call.

Very truly yours,



Anthony F. Budge  
President

AFB:ca

DeCONCINI McDONALD BRAMMER YETWIN & LACY  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

EVO DeCONCINI (1901-1986)

JOHN R. McDONALD     J. WM. BRAMMER, JR.  
RICHARD M. YETWIN     JOHN C. LACY  
DINO DeCONCINI     ROBERT M. STRUSE  
WILLIAM B. HANSON     JOHN C. RICHARDSON  
DAVID C. ANSON     JAMES A. JUTRY  
SPENCER A. SMITH     MICHAEL R. URMAN  
DENISE M. BAINTON     KAREN J. NYGAARD  
LUIS A. OCHOA     SUSAN E. MILLER  
GARY F. URMAN

2525 EAST BROADWAY BOULEVARD, SUITE 200  
TUCSON, ARIZONA 85716-5303  
(602) 322-5000  
FAX: (602) 322-5585

August 26, 1988

3030 NORTH THIRD STREET, SUITE 200  
PHOENIX, ARIZONA 85012-3002  
(602) 241-0100  
FAX: (602) 241-8533

PLEASE REPLY TO TUCSON

Carole O'Brien  
A.F. Budge (Mining) Limited  
4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504

VIA FACSIMILE

Re: **Vulture Mine Agreements; Memorandum of Understanding  
Related to John and James Osborne**

Dear Carole:

By your facsimile transmission on August 26, 1988, you asked whether or not A. F. Budge (Mining) Limited was still obligated to retain the services of Mr. John Osborne pursuant to a Memorandum of Understanding that was executed between V.M.P., Inc. and A. F. Budge (Mining) Limited shortly after execution of the Option and Lease Agreement effective July 1, 1984.

You may recall that under the terms of the Option and Lease Agreement, A. F. Budge was permitted a certain period of time to evaluate the Vulture Mine property to determine whether or not it wanted to enter into a lease. The provisions of Section 3 of that Agreement regarding the term states as follows:

Unless sooner terminated under the termination provisions hereinafter contained, the term of the option shall be for one year but may be further extended for an additional year by Budge. Thereafter, if the option is exercised, this Agreement shall be for a term of twenty (20) years commencing on the effective date of the exercise of the option and for so long thereafter as Leased Substances are continuously produced from the Property. . . .

By a First Amendment to Option and Lease Agreement effective February 1, 1985, Budge elected to exercise its option to enter

DECONCINI McDONALD BRAMMER YETWIN & LACY  
A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW

Carole O'Brien  
August 26, 1988  
Page 2

into a lease. Thus, as of February 1, 1985, the option period terminated.

By the terms of the Memorandum of Understanding, Budge paid John and James Osborne for services rendered during the period February 1, 1984, to June 30, 1984, and agreed to pay them \$750.00 per month during the term of the option plus \$8.00 per hour for any services performed in connection with the activities undertaken by A. F. Budge.

This obligation, however, existed only during the term of the option, which option was terminated by exercise under the specific terms of the First Amendment to the Agreement. Thus, the applicable portion of the Memorandum of Understanding as of today is the final paragraph providing that:

If Budge exercises its option, the parties shall negotiate in good faith to achieve a reasonable use of services that might be provided by John and James Osborne, provided, however, that the decision to use or not use such services shall be within the sole discretion of Budge.

Therefore, my view is that A. F. Budge, in continuing to use the services of Mr. Osborne for a period long after the exercise of the option, was operating under the terms of this last paragraph and may now use its sole discretion to terminate such services because such services no longer serve any useful purpose.

I suggest that a termination letter follow generally the outline I have attached to this letter.

Very truly yours,



John C. Lacy

bpm

Enclosure

0826880320.jc12.840127

August 26, 1988

Mr. John Osborne

Dear Mr. Osborne:

A. F. Budge (Mining) Limited has determined that given the current state of development of the property, your services are no longer necessary. This notice is effective as of September 1, 1988.

We have appreciated your past assistance and knowledge of the Vulture property and if your particular knowledge of the property can be utilized in the future, we will be sure to call.

Very truly yours,

Carole O'Brien

bpm

0826880330.jc12.840127

MEMORANDUM OF UNDERSTANDING

by and between V.M.P., Inc.

and

A.F. BUDGE (MINING) LIMITED

Both parties agree there exists a certain option and lease agreement, effective July 1, 1984, between V.M.P., Inc., Lessor, and A.F. Budge (Mining) Limited, Lessee, relating to the Vulture Mine Property.

For purpose of convenience not related to the terms of the option and lease, A.F. Budge (Mining) Limited agrees to pay Three Thousand Dollars (\$3000.00) to each James and John Osborne representing payment for services rendered to Lessor for the period from February 1, 1984 to June 30, 1984. Budge further agrees to pay Seven Hundred Fifty Dollars (\$750.00) per month each to such individuals on behalf of Lessor during the term of the option plus Eight Dollars (\$8.00) per hour for any services performed in connection with activities undertaken by Lessee.

All parties agree that James and John Osborne are not to be considered employees or as having any relationship to Budge.

Budge further agrees to furnish the Osborne Brothers with appropriate amounts of fuel during the term of the option. Budge may, as part of this requirement, provide an alternate electric power source that may reduce fuel requirements.

During the term of the option Budge may conduct an evaluation of the water well and pumping system on the Property and if such equipment can be refurbished at a reasonable cost, within Budge's sole discretion, Budge shall have the right and authority to do so, including the right to salvage existing equipment and using the proceeds for replacement equipment.

Any amounts paid under the above provisions shall constitute "Work" as contemplated by subsection f(2) of Section 6 of the Agreement.

If Budge exercises its option, the parties shall negotiate in good faith to achieve a reasonable use of services that might be provided by John and James Osborn, provided, however, that the decision to use or not use such services shall be within the sole discretion of Budge.





*DMEA Ltd.*  
Mineral Exploration Advice

*Ben F. Dickerson III*  
Registered & Certified Geologist  
*Carole A. O'Brien*  
Geologist & Associate

4203 N. Brown Avenue, Suite F  
Scottsdale, AZ 85251  
(602) 945-4630

RECEIPT OF CHECK

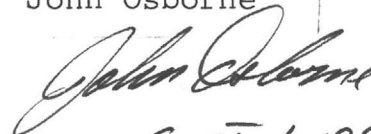
I have received Check No.1172 in the amount of Four Thousand Five Hundred dollars (\$4,500.00) in accordance with terms of an agreement between A. F. Budge (Mining) Ltd. and Larry Beal on the Vulture Mining Property.

Said check covers the following:

Payment as agreed for period from Feb. 1984 to July, 1984  
@ \$3,000.00

Payment for July and August, 1984 @ \$750.00/mo

John Osborne



Date: Sept. 4, 1984

**DMEA Ltd.**

Mineral Exploration Advice

*Ben F. Dickerson III*  
Registered & Certified Geologist  
*Carole A. O'Brien*  
Geologist & Associate

4203 N. Brown Avenue, Suite F  
Scottsdale, AZ 85251  
(602) 945-4630

RECEIPT OF CHECK

I have received Check No. 1173 in the amount of Four Thousand Five Hundred dollars (\$4,500.00) in accordance with terms of an agreement between A. F. Budge (Mining) Ltd. and Larry Beal on the Vulture Mining Property.

Said check covers the following:

Payment as agreed for period from Feb. 1984 to July, 1984  
@ \$3,000.00

Payment for July and August, 1984 @ \$750.00/mo

James Osborne

*James Osborne*

Date: 9/4/84



**Merrill Lynch Cash Management Account®**

**BEN F. DICKERSON III**  
6648 E. JEAN DR.  
SCOTTSDALE, AZ 85254

1172

September 1 19 84

$\frac{25-80}{440}$

Pay to the order of ----- John Osborne ----- | \$ 4,500.00

----- Four Thousand Five Hundred ----- 00/100 **Dollars**



paid on behalf of A.F. Budge (Mining) Ltd., per

For memo of understanding: obligations to 9-01-84

⑈001172⑈ ⑆044000804⑆ 317579002⑈



**Merrill Lynch Cash Management Account®**

**BEN F. DICKERSON III**  
6648 E. JEAN DR.  
SCOTTSDALE, AZ 85254

1173

September 4 19 84

$\frac{25-80}{440}$

Pay to the order of ----- James Osborne ----- | \$ 4,500.00

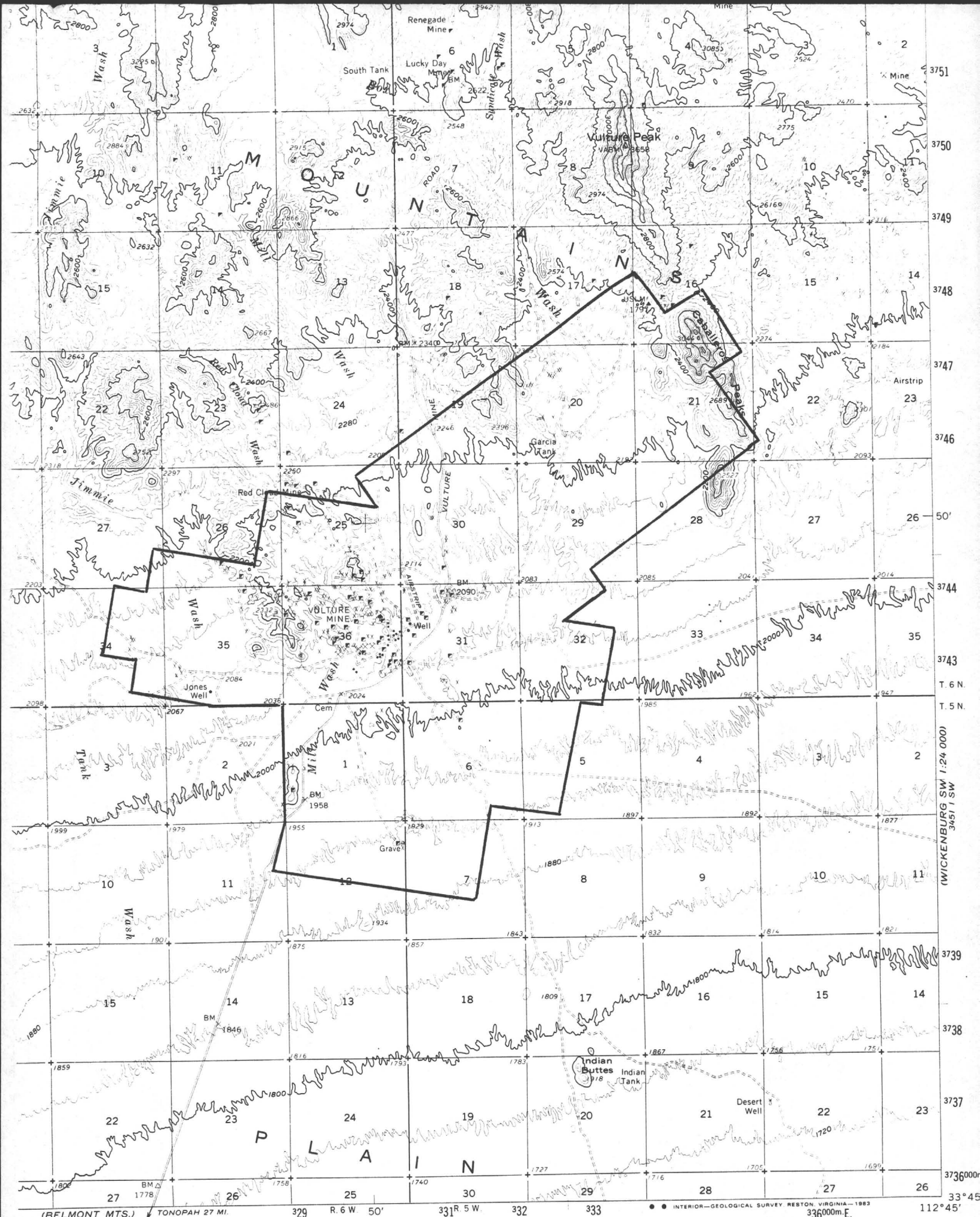
----- Four Thousand Five Hundred ----- 00/100 **Dollars**



paid on behalf of A.F. Budge (Mining) Ltd.

For per memo of understanding: obligations to 9-01-84

⑈001173⑈ ⑆044000804⑆ 317579002⑈

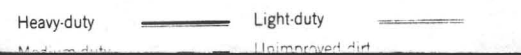


(BELMONT MTS.)  
 3451 III  
 SCALE 1:62500



INTERIOR—GEOLOGICAL SURVEY, RESTON, VIRGINIA—1983  
 336000m.E.

ROAD CLASSIFICATION



(WICKENBURG SW 1:24 000)  
 3451 I SW

03-19-85  
JCL(2)

**FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT**

BY THIS FIRST AMENDMENT TO OPTION AND LEASE AGREEMENT

effective February 1, 1985,

by and between V. M. P., Inc., an Arizona corporation, whose address is Box 20202, Wickenburg, Arizona 85358 ("Lessor" herein),

and

A. F. BUDGE (MINING) LIMITED, a registered corporation under the laws of England, whose address is West Carr Road, Retford, Nottinghamshire, England DN22 7SW ("Budge"),

the Lessor and Budge, in consideration of mutual promises and obligations, have modified their Option and Lease Agreement entered into effective July 1, 1984 (the "Agreement"), as follows:

1. Exercise of Option

By this Amendment Budge has exercised its option to lease the Property and the Agreement shall hereafter constitute a lease of the Property under the terms of the Agreement as modified by this Amendment.

2. Term

The provisions of Section 3 of the Agreement are hereby deleted and the following substituted therefor:

Unless sooner terminated under the termination provisions hereinafter contained, this Agreement shall be for a term that shall remain in force for so long as Budge makes the payments specified in subsections a or b of Section 4 and performs annual work as required by subsection f(1) of Section 6.

3. Payments to Lessor

Subsection a of Section 4 is hereby deleted; subsection b of Section 4 is hereby deleted and the following substituted therefor, and a new subsection g of Section 4 is hereby added as follows:

b. Advance Minimum Royalty - Budge shall pay Lessor an Advance Minimum Royalty based on the average

Handy and Harmon quoted buying price for industrial gold bullion for the two-month period preceding the due date of the applicable payment as published in the Wall Street Journal. The amount payable shall be calculated based on the following scale:

<u>H&amp;H Price/Ounce</u>	<u>Monthly Payment</u>
Less than \$266.99	\$2,500.00
\$267.00 to \$299.99	\$3,000.00
\$300.00 to \$333.99	\$3,500.00
\$334.00 to \$366.99	\$4,000.00
\$367.00 to \$399.99	\$4,500.00
\$400.00 to \$433.99	\$5,000.00
\$434.00 to \$466.99	\$5,500.00
\$467.00 and above	\$6,000.00

Such Advance Minimum Royalty payments shall be payable monthly in advance on or before the fifth day of the month. \_\_\_\_\_ percent (\_\_\_\_%) of all Advance Minimum Royalties paid under this provision shall be a credit insofar as they will go toward any monies due Lessor under the provisions of subsection c of this Section 4.

g. Production Bonus - If Budge elects to commence mineral production on the Property, Lessor shall be paid a one-time bonus of Seventy-Five Thousand Dollars (\$75,000.00). The decision to commence production shall occur when Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before thirty (30) days after Budge's announcement to its stockholders that any necessary financing has been secured and that production will commence.

#### 4. Termination

The provisions of subsection b of Section 8 are hereby modified to eliminate the requirement of sixty days' notice for termination by Budge. The effective date of any termination shall be upon the giving of notice as provided by Section 9, subject specifically however, to the obligation to perform assessment work if the Agreement is terminated after July 1 of any year.

#### 5. Notice

The address for duplicate notices to Budge is hereby changed to DMEA Ltd., 7340 E. Shoeman Lane, Suite 111 "B"(E), Scottsdale, Arizona 85251.

6. Ratification

Except as specifically modified herein, the Option and Lease Agreement remains in full force and effect.

SIGNED, effective as of the date recited above.

LESSOR:

V. M. P., INC.

BUDGE:

A. F. BUDGE (MINING) LIMITED

By \_\_\_\_\_  
Larry W. Beal, President

By \_\_\_\_\_  
A. F. Budge, Chairman

UNITED KINGDOM )  
 ) ss.  
 )

Before me, the undersigned officer, personally appeared A. F. Budge, known to me to be the Chairman of A. F. Budge (Mining) Limited, a registered corporation under the laws of England, this \_\_\_\_\_ day of \_\_\_\_\_, 1985, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.

\_\_\_\_\_  
Title:

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of March, 1985, by Larry W. Beal, the President of V. M. P., Inc., an Arizona corporation, for and on behalf of the corporation.

My commission expires: \_\_\_\_\_ Notary Public  
\_\_\_\_\_

3,5-56



JCL  
02-28-90

### ASSIGNMENT AGREEMENT

BY THIS ASSIGNMENT AGREEMENT,

effective March 1, 1990 (the "Effective Date"),

by and between A.F. BUDGE (MINING) LIMITED, a Nevada corporation, and its wholly owned subsidiary, CLEARWATER MINING CORPORATION, an Arizona corporation (collectively "Budge"), whose address is 4301 North 75th Street, Suite 101, Scottsdale, Arizona 85251-3504,

and

ARIZONA ONTARIO EXPLORATIONS INC., an Arizona corporation ("AOEI"), whose address is 8433 N. Black Canyon Freeway, Suite 158, Phoenix, Arizona 85021,

Budge, in consideration of the agreements set forth herein, has granted certain rights to AOEI under the following terms and conditions:

1. Grant.

a. Assignment - Budge does hereby assign to AOEI (the "Assignee"), all of its right, title and interest in and under that certain Option and Lease Agreement effective July 1, 1984, by and between V.M.P., Inc., as "Lessor" and A.F. Budge (Mining) Limited, as amended by that certain First Amendment to Option and Lease Agreement effective February 1, 1985, a short form of which is recorded as document number 86-\_\_\_\_\_ of the Official Records of Maricopa County (the "Lease Agreement" herein), which Lease Agreement grants mineral development rights in certain patented and unpatented mining claims in Maricopa County (the "Property" herein), EXCLUDING SPECIFICALLY, any and all rights of Budge in the Townsite of Vulture City (including access thereto) as conveyed to Ben F. Dickerson, III, by the Superior Court of Arizona, Maricopa County Cause No. C578525, by that certain Quitclaim Deed to Unclaimed Townsite Lots, dated March 4, 1987, and recorded as document number 87-178337 of the Official Records of Maricopa County.

b. Reserved Rights of Budge - Budge hereby reserves and accepts from the foregoing grant and retains unto itself the right to enter upon the Property for the purpose of undertaking any and all activities required to reclaim or detoxify the heap leach area situated on the Property. Such right shall exist for a period measured by the lesser of one year from and after the Effective Date or the date that the Arizona Department of Environmental Quality has issued a decision or certification of detoxification of the heap leach.

c. Acceptance - The Assignee does hereby accept the foregoing assignment and does hereby assume all the obligations of Budge under the terms of the Lease Agreement. AOEI does hereby further agree to indemnify and hold Budge harmless from all claims, liabilities, obligations, costs and expenses of any nature whatsoever, including without limitation, reasonable attorneys' fees arising out of any default or asserted default on the part of Budge under the Lease Agreement assigned hereby after the date hereof; provided, however, that Budge shall indemnify AOEI and hold AOEI harmless from all claims, liabilities, obligations, costs and expenses of any nature whatsoever, including without limitation, reasonable attorneys' fees arising out of those matters disclosed in that certain letter of counsel for V.M.P. dated January 11, 1990.

2. Payments to Budge

a. Consideration for Assignment - As consideration for the assignment of the Lease Agreement, AOEI will pay to Budge Twenty-Five Thousand Dollars (\$25,000.00) upon execution and delivery of this Assignment Agreement.

b. Further Payments - If Budge or AOEI, or either of them, is successful in renegotiating the terms of the Lease Agreement with V.M.P. in accordance with the terms of that certain letter dated February 28, 1990, to counsel for V.M.P. prior to April 30, 1990 (or AOEI thereafter accepts a counteroffer made by V.M.P. prior to April 30, 1990), AOEI shall pay Budge One Million Dollars (\$1,000,000) as further consideration for the assignment, which amount shall be paid to Budge by four annual installments of \$250,000 each, beginning on the date of AOEI's "commencement of mineral production" from the Property (as defined in subsection g of Section 4 of the Lease Agreement as amended) plus interest at the rate of ten percent (10%) per annum on the unpaid balance from such mineral production date.

3. Reassignment

If, within four (4) years from and after the Effective Date hereof, AOEI, its successors or assigns, elects to terminate or otherwise abandon the Lease Agreement, AOEI shall give notice of such intention to Budge not later than thirty days prior to such contemplated action, and Budge shall have the right during such 30-day period, within which to notify AOEI of its desire to receive a reassignment of the Lease Agreement without further consideration to AOEI, its successors or assigns. Upon any election to receive a reassignment, AOEI shall promptly reassign the Lease Agreement to Budge without warranties except as to any claim of title by and through AOEI.

4. Title Matters

Budge represents and warrants to AOEI that to the best of its knowledge: (1) the unpatented mining claims subject to the Lease Agreement have been staked and maintained in accordance with federal and state mining laws, (2) there are no conflicting mining claims that overlap the mining claims subject to the Lease Agreement, (3) title to the Property is free and clear of all liens and encumbrances, (4) the Lease Agreement is in full force and effect, and that, except as to those matters disclosed in that certain letter of counsel for V.M.P. dated January 11, 1990, no event of default exists or has been asserted by V.M.P., and (5) Budge has the full right, power and capacity to enter into this Agreement upon the terms set forth herein. AOEI has previously been provided with title documents affecting the Property and the Lease Agreement and AOEI's acceptance of this Assignment and making the payment required by subsection a of Section 2 hereof shall constitute an approval of title.

5. Notices

Any notice, communication or payment required or permitted hereunder shall be effective when personally delivered or deposited, postage prepaid, certified or registered, in the United States mail to the addresses specified above. Either party may, by notice to the other given as aforesaid, change its mailing address for future notices.

6. Further Assurances

The parties agree to perform all acts and execute all documents that may be necessary to carry out the spirit and intent of this Assignment Agreement.

SIGNED this 28 day of Feb, 1990.

ARIZONA ONTARIO  
EXPLORATIONS INC.

By Stanley W. Holmes  
Stanley W. Holmes, President

A. F. BUDGE (MINING) LIMITED

By Anthony F. Budge  
Anthony F. Budge, President

CLEARWATER MINING CORPORATION

By Anthony F. Budge  
Anthony F. Budge, President

STATE OF ARIZONA )  
County of Maricopa ) ss.

The foregoing instrument was acknowledged before me this 28<sup>th</sup> day of February, 1990, by Stanley W. Holmes, the President of Arizona Ontario Explorations Inc., an Arizona corporation, for and on behalf of the corporation.



Carole A. O'Brien  
Notary Public

My commission expires: \_\_\_\_\_

Kingdom of England  
~~STATE OF ARIZONA~~ )  
WORKSOP Nottingham ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of MARCH, 1990, by Anthony F. Budge, the President of A. F. Budge (Mining) Limited, a Nevada corporation, for and on behalf of the corporation.

Victor J. Oddy  
Notary Public

My commission expires at death



Kingdom of England  
~~STATE OF ARIZONA~~ )  
WORKSOP Nottingham ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 6<sup>th</sup> day of March, 1990, by Anthony F. Budge, the President of Clearwater Mining Corporation, an Arizona corporation, for and on behalf of the corporation.

Victor J. Oddy  
Notary Public

My commission expires on death

0228900930.BUDGE.AOEI.ASSIGN.1



*R*  
**RICHMONDS**  
— SOLICITORS —

35, Potter Street, Worksop, Nottinghamshire S80 2AG.  
Telephone: (0909) 474321 Fax: (0909) 483852 DX 12202

YOUR REF:

OUR REF:

PLEASE ASK FOR:

Vicary Oddy  
Notary Public





**A.F. Budge (Mining) Limited**

November 28, 1989

Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

Dear Mr. Beal:

This letter is intended to address some of the concerns you have relayed to our lawyer, John Lacy, via Scott Donaldson. In regards to the Production Bonus, this matter was addressed in our letter of August 30, 1988, a copy of which is attached. The leak at our present operations, notification of which you received from the Department of Environmental Quality, is being controlled and hopefully, will not effect what little time we have remaining there.

It is anticipated that all leaching activities will be over by March of 1990. At that time our lease with you will expire when we give notice of termination. However, there are still some areas within the Vulture claim block that we feel warrant further investigation and exploration. Unfortunately, we cannot accomplish this work under the existing conditions of the lease. Such high risk exploration will require substantial funding.

When we first decided to start processing the tailings, gold was above \$430 and we anticipated recovering almost all of our costs including exploration funds expended 4 years ago. As you know, gold prices fell and only now are climbing above the \$400/ounce range. We will be lucky to recover our construction and pre-production costs from the operation. Needless to say, you have received advance royalties totalling over \$250,000 on gold which will not be recovered from the old tailings.

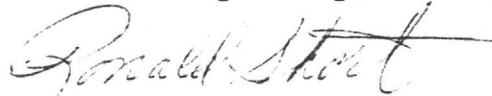
If we proceed with further exploration at the Vulture we must negotiate a new lease with reduced payments. Otherwise we will terminate within the next few months and no further payments will be due.

What we would like to propose is monthly payments of \$2,000 during the period of continued exploration. If this exploration results in finding an economic deposit, we would propose a buy-out of the Vulture property. We would need you to determine a reasonable buy-out price. If that price was \$1.0 million, we would pay this out over a 4-year period, from production, at the rate of \$250,000 per year.

L.W. Beal  
November 28, 1989  
Page 2

We would appreciate it if you would meet with us and discuss this further. I am usually at the company's operations in Jerome, but can arrange to be in Scottsdale on a day's notice. My telephone number at Jerome is 634-9034, or you can call the Scottsdale office and leave a message with Carole O'Brien as to when it would be convenient for us to meet.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Ronald R. Short". The signature is written in dark ink and is positioned above the typed name.

Ronald R. Short  
General Manager



**A.F. Budge (Mining) Limited**

November 28, 1989

Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

Dear Mr. Beal:

This letter is intended to address some of the concerns you have relayed to our lawyer, John Lacy, via Scott Donaldson. In regards to the Production Bonus, this matter was addressed in our letter of August 30, 1988, a copy of which is attached. The leak at our present operations, notification of which you received from the Department of Environmental Quality, is being controlled and hopefully, will not effect what little time we have remaining there.

It is anticipated that all leaching activities will be over by March of 1990. At that time our lease with you will expire when we give notice of termination. However, there are still some areas within the Vulture claim block that we feel warrant further investigation and exploration. Unfortunately, we cannot accomplish this work under the existing conditions of the lease. Such high risk exploration will require substantial funding.

When we first decided to start processing the tailings, gold was above \$430 and we anticipated recovering almost all of our costs including exploration funds expended 4 years ago. As you know, gold prices fell and only now are climbing above the \$400/ounce range. We will be lucky to recover our construction and pre-production costs from the operation. Needless to say, you have received advance royalties totalling over \$250,000 on gold which will not be recovered from the old tailings.

If we proceed with further exploration at the Vulture we must negotiate a new lease with reduced payments. Otherwise we will terminate within the next few months and no further payments will be due.

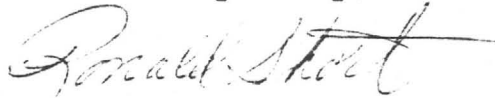
What we would like to propose is monthly payments of \$2,000 during the period of continued exploration. If this exploration results in finding an economic deposit, we would propose a buy-out of the Vulture property. We would need you to determine a reasonable buy-out price. If that price was \$1.0 million, we would pay this out over a 4-year period, from production, at the rate of \$250,000 per year.



L.W. Beal  
November 28, 1989  
Page 2

We would appreciate it if you would meet with us and discuss this further. I am usually at the company's operations in Jerome, but can arrange to be in Scottsdale on a day's notice. My telephone number at Jerome is 634-9034, or you can call the Scottsdale office and leave a message with Carole O'Brien as to when it would be convenient for us to meet.

Yours very truly,

A handwritten signature in cursive script that reads "Ronald R. Short". The signature is written in dark ink and is positioned above the typed name and title.

Ronald R. Short  
General Manager

MEMORANDUM OF UNDERSTANDING

by and between V.M.P., Inc.

and

A.F. BUDGE (MINING) LIMITED

Both parties agree there exists a certain option and lease agreement, effective July 1, 1984, between V.M.P., Inc., Lessor, and A.F. Budge (Mining) Limited, Lessee, relating to the Vulture Mine Property.

For purpose of convenience not related to the terms of the option and lease, A.F. Budge (Mining) Limited agrees to pay Three Thousand Dollars (\$3000.00) to each James and John Osborne representing payment for services rendered to Lessor for the period from February 1, 1984 to June 30, 1984. Budge further agrees to pay Seven Hundred Fifty Dollars (\$750.00) per month each to such individuals on behalf of Lessor during the term of the option plus Eight Dollars (\$8.00) per hour for any services performed in connection with activities undertaken by Lessee.

All parties agree that James and John Osborne are not to be considered employees or as having any relationship to Budge.

Budge further agrees to furnish the Osborne Brothers with appropriate amounts of fuel during the term of the option. Budge may, as part of this requirement, provide an alternate electric power source that may reduce fuel requirements.

During the term of the option Budge may conduct an evaluation of the water well and pumping system on the Property and if such equipment can be refurbished at a reasonable cost, within Budge's sole discretion, Budge shall have the right and authority to do so, including the right to salvage existing equipment and using the proceeds for replacement equipment.

Any amounts paid under the above provisions shall constitute "Work" as contemplated by subsection f(2) of Section 6 of the Agreement.

If Budge exercises its option, the parties shall negotiate in good faith to achieve a reasonable use of services that might be provided by John and James Osborn, provided, however, that the decision to use or not use such services shall be within the sole discretion of Budge.

SIGNED, effective as of the date recited above.

LESSOR:

LESSEE:

V.M.P., INC.

A.F. BUDGE (MINING) LIMITED

By \_\_\_\_\_  
Larry W. Beal, President

By \_\_\_\_\_  
A.F. Budge, Chairman

UNITED KINGDOM )  
 ) ss.  
 )

Before me, the undersigned officer, personally appeared A.F. Budge, known to me to be the Chairman of A.F. Budge (Mining) Limited, a registered corporation under the laws of England, this \_\_\_\_\_ day of \_\_\_\_\_, 1984, and acknowledged that he executed the foregoing document for and on behalf of the corporation with full authority to do so.

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1984, by Larry W. Beal, the President of V.M.P., Inc., an Arizona corporation, for and on behalf of the corporation.

\_\_\_\_\_  
Notary Public

My commission expires:  
\_\_\_\_\_



**A.F. Budge (Mining) Limited**

P.O. Box 143  
Clarkdale, AZ 86324  
(602) 634-7712

4301 North 75th Street  
Suite 101  
Scottsdale, AZ 85251-3504  
(602) 945-4630  
FAX (602) 949-1737

P.O. Box 20878  
Wickenburg, AZ 85358  
Mobile (602) 376-9056

August 30, 1988

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Mr. Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

Re: Production Bonus; Option and Lease Agreement  
Dated July 1, 1984, as Amended by First  
Amendment to Option and Lease Agreement  
Effective February 1, 1985

Dear Mr. Beal:

You recently inquired about the payment of a production bonus arising out of the current efforts of A.F. Budge (Mining) Limited to commence a reprocessing operation on mineral tailings near the Vulture Mine site.

Under the terms of subsection g of Section 4 of the referenced agreement as amended, if Budge elects to commence mineral production on the property, V.M.P. is to be paid a one-time production bonus of \$75,000. The commencement of production occurs when:

. . . Budge commits to the expenditure of funds for a full-scale development of the Property based on the conclusions of a feasibility study and shall not include a pilot plant, bulk sampling or other large volume metallurgical or mine testing. The production bonus shall be paid on or before 30 days after Budge's announcement to its stockholders that production will commence.

The activities that we are presently completing concerns the permitting of activities to reprocess mine tailings from the Pit Gold patented mining claim and from within portions of the old Vulture City Townsite.

L.W. Beal  
August 30, 1988  
Page 2

The payment of the production bonus is contingent upon "a full-scale development of the Property" and the reprocessing of the tailings is not a "mining operation" in the strict sense of the word although V.M.P. is certainly entitled to royalties on metal values recovered from the tailings. Further, if such processing were considered full-scale mining, such a construction might cause considerable problems in the long-range development of the Property because once "production" commences, the term is fixed on the continuation of production. As you know, the reprocessing of the tailings is a relatively short-term activity, and we both hope that the long-term value from the Property will be from mining of ore from under the Property. It thus seems clear to us that the intent of the parties was that the full-scale production would constitute a mining operation and not a short-term reprocessing operation of the mine tailings.

I look forward to our continued association and hope that our activities can turn up mineralization sufficient to undertake full-scale mining operation of the V.M.P. property in the near future.

Very truly yours,

  
Anthony F. Budge  
President

AFB:ca

DECONCINI McDONALD BRAMMER YETWIN & LACY

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EVO DECONCINI (1901-1986)

JOHN R. McDONALD  
RICHARD M. YETWIN  
DINO DECONCINI  
WILLIAM B. HANSON  
DAVID C. ANSON  
SPENCER A. SMITH  
DENISE M. BAINTON  
PHILIP R. WOOTEN  
SUSAN E. MILLER  
MARK D. LAMMERS  
CHRISTINA URIAS  
GREGORY W. HUBER

J. WM. BRAMMER, JR.  
JOHN C. LACY  
ROBERT M. STRUSE  
JOHN C. RICHARDSON  
JAMES A. JUTRY  
MICHAEL R. URMAN  
KAREN J. NYGAARD  
LUIS A. OCHOA  
GARY F. URMAN  
WAYNE E. YEHLING  
RONALD M. STOLL

September 28, 1992

2525 EAST BROADWAY BOULEVARD, SUITE 200  
TUCSON, ARIZONA 85716-5303  
(602) 322-5000  
FAX: (602) 322-5585

2901 NORTH CENTRAL AVENUE, SUITE 1644  
PHOENIX, ARIZONA 85012-2736  
(602) 241-0100  
FAX: (602) 241-0220

PLEASE REPLY TO TUCSON

RECEIVED OCT 2 1992

Mr. Ron Short  
Ms. Carol O'Brien  
A.F. Budge (Mining) Limited  
4301 North 75th Street  
Suite 105  
Scottsdale, AZ 85251-4630

Re: V.M.P. v. Clearwater Mining Company - Vulture Mine  
Property

Dear Carol and Ron:

Enclosed is a copy of an order issued by the court in the above-referenced case. As you will see, the court has scheduled the case for dismissal unless something happens to move the case along.

We do not intend to do anything in response to the order unless and until the Plaintiff or its counsel decide to pursue the matter. We will keep you apprised of any developments in this regard as they occur.

Very truly yours,

  
Michael R. Urman

las  
enclosure  
9209281145.mru1.900419

OFFICE DISTRIBUTION

APPEALS	
BONDS Refund	
Forfeiture	
CHANGE OF VENUE	
JURY FEES	
REMANDS	
SENTENCING	

RECORDS SECTION  
**SUPERIOR COURT OF ARIZONA**  
 MARICOPA COUNTY

RECEIVED  
 SEP 18 '92  
 PROCESSED  
 SEP 21 '92

SEP 18 1992  
 3  
 9/18/92  
 CENTRAL AVE. STE. 1044  
 PHOENIX, ARIZONA 85012-2735

COURT ADMINISTRATION

C BROWN

Div. CV91-26975 Date  
 NO. \_\_\_\_\_

Judge or Commissioner

Deputy Clerk

V M P INC

W SCOTT DONALDSON

VS

CLEARWATER MINING CORP  
 A F BUDGE MINING LIMITED

MICHAEL R URMAN ✓

JUDGE STICHT

Pursuant to Rule 5(e), Uniform Rules of Practice,  
 IT IS ORDERED PLACING this case on the Inactive Calendar  
 on OCTOBER 19, 1992, for dismissal of all unad-  
 judicated claims on DECEMBER 21, 1992, without  
 further notice unless before then one of the following actions  
 occurs:

1. A proper motion to set and certificate of readiness is filed. (A proper motion to set and certificate of readiness cannot be filed without adherence to the schedule for the listing of witnesses and exhibits required by Rule 5(a), Uniform Rules of Practice.)
2. A final judgment is entered. (Filing an affidavit and entry of default or setting a default hearing will not prevent this matter from being dismissed.)

NOTE: If a party desires to avoid dismissal by continuing the case on the Inactive Calendar pursuant to Rule 5(e)(2), Uniform Rules of Practice, such a motion must demonstrate good cause for the continuance and be granted prior to the dismissal date set above.

DMSBY&L - TUCSON  
 92 SEP 28 AM 9:16

DECONCINI McDONALD BRAMMER YETWIN & LACY

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EVO DECONCINI (1901-1986)

JOHN R. McDONALD J. WM. BRAMMER, JR.  
RICHARD M. YETWIN JOHN C. LACY  
DINO DECONCINI ROBERT M. STRUSE  
WILLIAM B. HANSON JOHN C. RICHARDSON  
DAVID C. ANSON JAMES A. JUTRY  
SPENCER A. SMITH MICHAEL R. URMAN  
DENISE M. BAINTON DAVID F. GAONA  
KAREN J. NYGAARD FRANCES J. HAYNES  
PHILIP R. WOOTEN LUIS A. OCHOA  
SUSAN E. MILLER GARY F. URMAN  
MARK D. LAMMERS WAYNE E. YEHLING  
CHRISTINA URIAS RONALD M. STOLL  
GREGORY W. HUBER

2525 EAST BROADWAY BOULEVARD, SUITE 200  
TUCSON, ARIZONA 85716-5303  
(602) 322-5000  
FAX: (602) 322-5585

February 25, 1992

2901 NORTH CENTRAL AVENUE, SUITE 1644  
PHOENIX, ARIZONA 85012-2736  
(602) 241-0100  
FAX: (602) 241-0220

RECEIVED FEB 27 1992

PLEASE REPLY TO TUCSON

Carole O'Brien  
A.F. Budge (Mining) Limited  
4301 North 75th Street, Suite 105  
Scottsdale, Arizona 85251-4630

Re: V.M.P., Inc. v. Clearwater Mining Corp.

Dear Carole:

Enclosed herewith are some discovery requests that were served on us by the Plaintiff in the above-referenced litigation. The specific information requested is listed on page 8 of the document and consists of information concerning recovery of precious metals from the tailings pile located on the Vulture Mine Townsite. Please review this and give either John Lacy or myself a call so that we might discuss an appropriate response.

Very truly yours,

  
Michael R. Urman

las  
enclosure

9202251525.mru1.900419



W. Scott Donaldson  
Attorney At Law  
301 West Indian School Road, Suite 102  
Phoenix, Arizona 85013-3214  
(602)264-1351  
State Bar No. 005708

Attorney for Plaintiff

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA

V.M.P., INC., an Arizona Corporation,  
Plaintiff,  
vs.  
CLEARWATER MINING CORPORATION,  
an Arizona Corporation, as  
nominee of A.F. BUDGE (MINING)  
LIMITED, a foreign Corporation,  
Defendants.

NO. CV 91-26975

PLAINTIFF'S REQUEST FOR  
PRODUCTION, INSPECTION  
AND COPYING OF  
DOCUMENTS AND TANGIBLE  
THINGS

TO: Clearwater Mining Corporation, an Arizona Corporation,  
as nominee of A.F. Budge (Mining) Limited, a foreign Corporation,  
and its attorney, Michael R. Urman:

PLEASE TAKE NOTICE that, pursuant to Rule 34, Ariz.R.  
Civ.P., you are hereby requested to produce for inspection,  
copying and photographing on March 20, 1992 at the law office of  
W. Scott Donaldson, 301 West Indian School Road, Suite 102,  
Phoenix, Arizona 85013-3214, the following described documents  
and tangible things:

SEE ATTACHED EXHIBIT "A"

INSTRUCTIONS FOR USE

1. In producing the documents designated below you are requested to furnish all documents known or available to you regardless of whether a document is currently in your possession, custody, or control, or that of your attorneys, employees, agents, investigators, or other representatives, or is otherwise available to you.
2. If, for any reason, you are unable to produce in full any document requested:
  - a. Produce each such document to the fullest extent possible;
  - b. specify the reasons for your inability to produce the remainder; and
  - c. State in detail whatever information, knowledge, or belief you have concerning the whereabouts and substance of each document not produced in full.
3. If any document requested was at one time in existence, but is no longer in existence, please state for each document as to which that is the case:
  - a. The type of document;
  - b. The type of information contained therein;
  - c. The date upon which it ceased to exist;
  - d. The circumstances under which it ceased to exist;
  - e. The identity of all persons having knowledge of the circumstances under which it ceased to exist; and

- f. The identity of all persons having knowledge or who had knowledge of the contents thereof.
4. For each document requested which you are unable to produce and which was at any time within your possession, custody or control, or to which you had access at any time, specify in detail:
  - a. The nature of the document and any copy thereof;
  - b. The author of the document;
  - c. All receipts of the document and any copy thereof;
  - d. A summary of the information contained in the document;
  - e. The date on which you lost, relinquished, or otherwise ceased to have possession, custody, control of, or access to the document;
  - f. Identify all persons having knowledge of the circumstances whereby you lost, relinquished, or otherwise ceased to have possession, custody, or control of, or access to the document; and
  - g. Identify all persons who have or have had knowledge of the contents of the document, in full or in part.
5. In the event you seek to withhold or do withhold any document, in whole or in part, on the bases that it is not subject to discovery, produce a list of all such documents and, as to each such document, state:
  - a. The name of each author, writer, sender or initiator of each such document;

- b. The name of each recipient, addressee or party to whom such document was sent or intended to be sent;
- c. The name of each and every person who received a copy of the document;
- d. The date of the document or, if no date appears on the document, the date the document was prepared;
- e. The title of the document, or if it has no title, then such other description of the document and its subject matter as shall be sufficient to identify the document; and
- f. The grounds claimed for withholding the document from discovery (e.g., attorney-client privilege, work product, or any other grounds), and the factual basis for such a claim.

6. In accordance with Rule 34(b), Ariz.R.Civ.P., as to each document produced, you are requested to designate the paragraph and sub-paragraph of this request to which each such document is responsive.

7. If you dispute the propriety of Instructions 2, 3, 4 and/or 5, supra, as being outside the scope of Rule 34 or otherwise objectionable, then consider such instructions as interrogatories posed pursuant to Rule 33, Ariz.R.Civ.P., and answer them accordingly.

8. This Request is a continuing one, and requires that you produce all responsive documents and tangible objects whenever you obtain or become aware of them, even if they are not in your


possession or available to you on the date you first produce documents pursuant to this Request.

#### DEFINITIONS

1. Defendants, you" or "your" means the Defendants in the above-captioned matter, and the past and present employees, representatives, agents and attorneys of Defendants.
2. "Any", "each" and "a" shall be read to be all inclusive, and to require the production of each and every document (as hereinafter defined) responsive to the particular request for production in which such terms appears.
3. "And" and "or" and any other conjunctions or disjunctions used herein shall be read both conjunctively and disjunctively so as to require the production of all documents (as hereinafter defined) responsive to all or any part of each particular request for production in which any conjunction or disjunction appears.
4. "Person" means an individual, firm, corporation, association, organization or any other entity.
5. The term "document" includes all electronic media or other tangible forms in which information is stored and includes all written or graphic matter of every kind and description, however produced or reproduced, WHETHER DRAFT OR FINAL, original or reproduction, including, but not limited to, letters, correspondence, memoranda, notes, films, transcripts, contracts, agreements, licenses, memoranda of telephone conversations or personal conversations, microfilm, telegrams, books, newspaper articles, magazines, advertisements, periodicals, bulletins,

circulars, pamphlets, statements, notices, reports, rules, regulations, directives, teletype messages, minutes of meetings, interoffice communications, reports, financial statements, ledgers, books of account, proposals, prospectuses, offers, orders, receipts, working papers, desk calendars, appointment books, diaries, time sheets, logs, movies, tapes for visual or audio reproduction, recordings or materials similar to any of the foregoing, however denominated, and including writings, drawings, computations (both in existence and stored in memory components), and other compilations from which information can be reasonably usable form. THE TERM "DOCUMENTS" INCLUDES ALL COPIES OF A DOCUMENT WHICH CONTAINS ANY ADDITIONAL WRITING, UNDERLINING, NOTES, DELETIONS, OR ANY OTHER MARKINGS OR NOTATIONS, OR ARE OTHERWISE NOT IDENTICAL COPIES OF THE ORIGINAL.

DATED this 19<sup>th</sup> day of February, 1992.



W. Scott Donaldson  
Attorney for Plaintiff

Original of the foregoing  
delivered this 19<sup>th</sup> day of  
February, 1992 to:

Clerk of Superior Court  
201 West Jefferson  
Phoenix, Arizona

Copies of the foregoing  
mailed this 19 day of  
February, 1992 to:

Michael R. Urman  
Deconcini, McDonald, Brammer,  
Yetwin & Lacy, P.C.  
2901 North Central Avenue, Suite 1644  
Phoenix, Arizona 85012-2736  
Attorney for Defendant

A handwritten signature in cursive script, appearing to read "Michael R. Urman", is written over the typed name and address of the attorney.

DOCUMENTS TO BE PRODUCED

Any and all records, documents, receipts, returns, statements or other information regarding recovery of precious metals from the tailings pile located on the Vulture Mine Townsite since January, 1990.

EXHIBIT "A"





**A.F. Budge (Mining) Limited**

(602) 945-4630

4301 North 75th Street  
Suite 105  
Scottsdale, AZ 85251-3504

FAX (602) 949-1737

March 25, 1991

Mr. Larry W. Beal  
President  
V.M.P., Inc.  
1414 E. Purdue  
Phoenix, AZ 85020

Dear Mr. Beal:

In 1989 we drilled several core holes west of Pits #1 and #2 in our search for additional mineable reserves. This drilling failed to locate any significant mineralization.

The core from this drilling is being stored at our facility at the mine. If you would like to take possession of this core, please notify this office no later than April 15.

If we have not heard from you by this date, we will dispose of the core.

Very truly yours,

Ronald R. Short  
General Manager

bc: S.W. Holmes