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CONFIDENTIAL



**ANNUAL REPORT OF
MINES (OTHER THAN COPPER)
DUE: APRIL 1, 1992**

TO

STATE OF ARIZONA, DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

Year Ending December 31, 1991

61-910
A F BUDGE MINING LTD
VULTURE MINE
CAROLE O'BRIEN
4301 N 75 TH ST #105
SCOTTSDALE AZ 85251

OFFICIAL MAILING ADDRESS
(Please indicate corrections of name and/or address)

I N S T R U C T I O N S

This report form is required to be filed in order to provide the information necessary for the determination of the full cash value of mining property valued under provisions of ARS 42-143.

Return complete report, including this page. **DO NOT DETACH ANY PAGES.**

The report, complete with all attached schedules, supplementary information, copies of stockholder reports, recent prospectus documents, and Securities and Exchange Commission 10K reports, must be completed and returned to the above address by April 1, 1992.

REFUSAL OR FAILURE TO FILE:

FAILURE TO FILE a completed report **ON OR BEFORE APRIL 1**, or the extended due date if an extension is granted, will result in a valuation of one hundred five percent of the prior year's full cash value or a value based upon other information available to the Department. **IN ADDITION, A PENALTY** will be assessed in the amount of the lesser of one-half of one percent of the value estimated by the Department or one hundred dollars per day for each day the taxpayer fails to file the report. The number of days late will be calculated from the **original due date, April 1, 1992.** (ARS 42-153)

MINES (OTHER THAN COPPER)

Company: A.F. Budge (Mining) Limited For the Year Ended December 31, 1991

FILING INSTRUCTIONS ARE ENCLOSED

Please refer to filing instructions when completing this report. Call area code 602 phone number 542-3529 for assistance. Abbreviations used in this report include: Pounds = LBS, Gallons = GAL, Ounces = OZS, Tons = TNS, Total - TOT, Leach = LCH

MINING COMPANY PROPRIETARY DATA

Name of Property: Vulture Mine

Name of Owner: Larry W. Beal, V.M.P., Inc.

Name of Operator/Lessee: A.F. Budge (Mining) Limited

Address of Operator/Lessee: 4301 North 75th Street, Suite 105, Scottsdale, AZ 85251

Official Responsible for this Report: Carole A. O'Brien

Telephone Number: (602) 945-4630

Contact Person Regarding Information in this Report: Carole A. O'Brien

Telephone Number: (602) 945-4630

Type of Mine—Underground, Open Pit, Leach, In-Situ: _____

Principal Saleable Product: _____

Other Saleable By-Products: _____

Date Production Started: _____

Date Production Stopped: August 31, 1990 Permanent or Temporary: permanent

Average Weighted Sales Price Per Unit Received for Each Product Sold in the Year 1991:
There was no production in 1991

Property is in shut-down, detoxification mode.

MINES (OTHER THAN COPPER)

Company: A.F. Budge (Mining) Limited

Year Ended December 31, 1991

ORE RESERVE DATA

Mineral Reserves: Ore as of January 1, 1992. Ore reserves should include all owned or leased ores held by the company. Show the tons of reserves held by each category below:

	FEDERAL	PRIVATE	STATE	INDIAN
1. Mill Ore Total Tons	_____	_____	_____	_____
Ore Grade-Main Prod.	_____	_____	_____	_____
Ore Grade-Byprod.	_____	_____	_____	_____
Cutoff Grade -	_____	_____	_____	_____
2. Oxide or Leach Ore Total Tons	_____	_____	_____	_____
Ore Grade-Main Prod.	_____	_____	_____	_____
Ore Grade-Byprod.	_____	_____	_____	_____
Cutoff Grade -	_____	_____	_____	_____
3. Waste Tons (Excluding Low Grade or Protore Material that will be Dump Leached).	_____	_____	_____	_____
4. Stripping Ratio (Waste + Low Grade Leach)/(Mill Ore + Oxide Ore)				_____
Stripping Ratio (Waste)/(Mill Ore + Leach Ore)				_____
Total Ore Tons (Mill and Oxide Ore)	_____ none _____			
Total Waste and Low Grade Leach Tons	_____ none _____			
Projected Operating Life in Years-Mill	_____	Oxide Ore Leach	_____	Low Grade Leach
			_____	_____

PRODUCING MINE LAND

Indicate **TYPE** of land by letter designation—**P** for patented claims and fee land, **U** for unpatented lands, **S** for severed mineral rights, **L** for leased lands, **R** for rights-of-way, **O** for other ownership rights.

COUNTY	BOOK	MAP	PARCEL	TAX CODE	TYPE	ACRES	LEGAL DESCRIPTION
07	1,2			506-99-005-1	P	100	Vulture Townsite

(Continued on next page)

MINES (OTHER THAN COPPER)

Company: _____ For The Year Ended December 31, 19__

PRODUCING MINE LAND
(Continued)

COUNTY	BOOK	MAP	PARCEL	TAX CODE	TYPE	ACRES	LEGAL DESCRIPTION

MINES (OTHER THAN COPPER)

CONFIDENTIAL

Company: A.F. Budge (Mining) Limited

For Year Ended December 31, 1991

	ANNUAL HISTORICAL PLANT OPERATIONS RECORD					FUTURE PROJECTIONS			
	1987	1988	1989	1990	1991	PHASE 1	PHASE 2	PHASE 3	PHASE 4

METAL OR MINERAL PRODUCED

Name of Major Product		gold	gold	gold					
Name of Byproduct #1		silver	silver	silver					
Name of Byproduct #2									

MINE PRODUCTION

Operating Days/Year									
Tons Underground Ore									
Tons Open Pit Mill Ore									
Tons Leach Ore Mined									
Tons Waste Mined									
Total Tons Mined									
Strip Ratio-Waste:Ore									

MILL PRODUCTION

Operating Days/Year									
Tons Ore Milled/Day									
Tons Ore Milled/Year									
Ore Grade									
Mill Recovery-%									
Smlt/Rfny Recovery-%									

LEACHING PRODUCTION

Operating Days/Year		100	260	160	0				
Tot Tons Ore in Dumps		54,000	141,000	0	0				
Dump Recovery for Ore									
Added During Year-%									
Dump Recovery for All									
Ore Added to Date-%									

PERSONNEL LEVELS (Include Both Hourly and Salaried Personnel Levels)

Mine Dept. Personnel									
Mill Dept. Personnel									
Leach Dept. Personnel		8	6	4					
Other Dept. Personnel					3				
Total Personnel Level		8	6	4	3				

MINES (OTHER THAN COPPER)

CONFIDENTIAL

Company: A.F. Budge (Mining) Limited

For Year Ended December 31, 1991

	ANNUAL HISTORICAL PLANT OPERATIONS RECORD					FUTURE PROJECTIONS			
	1987	1988	1989	1990	1991	PHASE 1	PHASE 2	PHASE 3	PHASE 4

SILVER & GOLD PRODUCTION

Ounces of Silver		1,016	9,411	757	0				
Average Selling Price		\$5.78	\$5.18	\$4.58					
Value-Silver Produced		\$5,868	\$48,826	\$3,467	\$0				
Ounces of Gold		269	3,204	244	0				
Average Selling Price		\$401.78	\$363.20	\$366.03					
Value-Gold Produced		\$108,078	\$1,163,704	\$89,312	\$0				

URANIUM PRODUCTION

Pounds of Uranium									
Average Selling Price									
Value-Uranium Produced									

COAL PRODUCTION

Tons of Coal Produced									
Average Selling Price									
Value of Coal Produced									

OTHER PRODUCTS (Describe Units, ie. \$/TON, \$/LB)

Quantity Produced									
Average Selling Price									
Value of Product									

OTHER BYPRODUCTS (Describe Units, ie. \$/TON, \$/LB)

Quantity-Byproduct #1									
Average Selling Price									
Value of Byproduct #1									
Quantity-Byproduct #2									
Average Selling Price									
Value of Byproduct #2									

PRODUCTION REVENUES

Main Product Values-\$		\$108,078	\$1,163,704	\$89,312	\$0				
Value-All Byproducts-\$		\$5,868	\$48,826	\$3,467	\$0				
Miscell. Revenues-\$									
Gross Product Value-\$		\$113,946	\$1,212,530	\$92,779	\$0				

MINES (OTHER THAN COPPER)

CONFIDENTIAL

Company: A.F. Budge (Mining) Limited

For Year Ended December 31, 1991

	ANNUAL HISTORICAL PLANT OPERATIONS RECORD					FUTURE PROJECTIONS			
	1987	1988	1989	1990	1991	PHASE 1	PHASE 2	PHASE 3	PHASE 4
OPERATING COST (Expressed in \$ per unit to four decimal places; indicate type of units-lbs tons ozs other) [Note: numbers are total costs]									
Mining									
Milling & Processing									
Smelting & Refining									
In-situ Leaching									
Heap/Vat Leaching									
Solvent Extraction									
Electrowinning									
Precipitating									
Byproduct Costs									
Marketing									
Freight									
Overhead									
Shutdown/Strike Exp									
Allowed Royalty/Rent									
Property Tax									
Severance Tax					\$2,156.00				
Other Costs					\$181,569.00				
TOTAL OPERATING COST					\$183,725.00				
INCOME TAXES									
Tax Cost									
CAPITAL COSTS									
Environmental Items									
Replacement Items									
TOTAL PRODUCTION COST									
Production Cost-\$/Unit									
VALUE OF PRODUCTION									
Gross Product Value \$					\$0				
Gross Product Cost \$					\$0				
Excess of Value-Cost \$					\$0				
Excess of Value-\$/Unit					\$0				
OPERATING COST DETAIL									
Interest Exp. in Costs									
Depreciation in Costs									

Company _____

**LOCATION BY TAX AREA CODE OF
ORIGINAL COST FOR REAL AND PERSONAL PROPERTY**
Based on Original Cost
(Figures Expressed In Thousands of Dollars)

County of _____

Operation _____

For the Year Ending December 31, 19__

1. PERSONAL PROPERTY

TAX AREA CODE	MINING EQUIPMENT	SMLTER EQUIPMENT	ENVIRONMENTAL EQUIPMENT	OFFICE EQUIPMENT	REFINING & MILLING	SXEW & LEACH EQUIPMENT	CONSTRUCTION IN PROGRESS	MISCELLANEOUS EQUIPMENT	TOTAL ORIGINAL COST
TOTAL									

2. IMPROVEMENTS

TAX AREA CODE	MINING STRUCTURES	SMLTER STRUCTURES	ENVIRONMENTAL STRUCTURES	OFFICE STRUCTURES	REFINING & MILLING	SXEW & LEACH STRUCTURES	CONSTRUCTION IN PROGRESS	MISCELLANEOUS STRUCTURES	TOTAL ORIGINAL COST
TOTAL									

**MINES (OTHER THAN COPPER)
SUPPLIES INVENTORY SCHEDULE**

Company _____

County of _____

Operation _____

Based on Original Cost

For the Year Ending December 31, 19__

SUPPLY CATEGORY	ORIGINAL COST OF ALL SUPPLIES	ORIGINAL COST OF CONSUMABLES (FUEL, TIRES, REAGENTS)	ORIGINAL COST OF OF SALVAGE ITEMS	NET ORIGINAL COST LESS CONSUMABLES & SALVAGE
MINE MILL & Leaching SMELTER ENVIRONMENTAL OFFICE				
MISCELLANEOUS BUILDINGS				
TOTAL COST				

VALUE OF ALL METAL INVENTORIES AS OF YEAR END IN \$ _____

REPORT ORIGINAL COST BEFORE ALLOWANCES FOR DETERIORATION, DEPRECIATION OR SALVAGE. SALVAGE ITEMS DO NOT INCLUDE INSURANCE PARTS OR INACTIVE INVENTORY.

CONSTRUCTION WORK IN PROGRESS SCHEDULE

DESCRIPTION OF PROJECT	USE CATEGORY	DATE CONSTRUCTION STARTED	DATE OF EXPECTED COMPLETION	TOTAL PROJECTED CAPITAL EXPENDITURE	CAPITAL EXPENDED TO DATE ON PROJECT
TOTAL COST					

LIST PROJECTS IN EXCESS OF 1\$ MILLION EXPENDED. USE CATEGORY REFERS TO MINE, MILL, SMELTER, ENVIRONMENTAL, OFFICE OR BUILDINGS.

**MINES (OTHER THAN COPPER)
LEASED EQUIPMENT SCHEDULE**

Company _____

County of _____

Operation _____

For the Year Ending December 31, 19__

DESCRIPTION	ECONOMIC LIFE	SERIAL NUMBER	OWNER OR LESSOR	LEASE TERMS		LEASE PAYMENT	LEASE EXPENSE	ORIGINAL COST	PURPOSE
				START	END				

PURPOSE REFERS TO REPLACEMENT --R, EXPANSION --X, OR ENVIRONMENTAL --E

MINES (OTHER THAN COPPER)

Company: A.F. Budge (Mining) Limited

For The Year Ended December 31, 1921

ADDITIONAL INFORMATION

List any additional information which you believe should be considered in determining the value of this mine.

VERIFICATION

Under the penalties of perjury, I do solemnly swear or affirm that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge, information, and belief, it is true, correct, and complete.

Dated this 30th day of March, 1921.

Laure A. O'Brien
Signature

Mining & Financial Coordinator
Title

A.F. Budge (Mining) Limited
Company

ARIZONA DEPARTMENT OF REVENUE PHOENIX DATA PROCESSING CENTER

DATE: 01/14/92
 LATEST ACTIVITY: / /
 REPORT: PS1220-12

CENTRALLY VALUED PROPERTIES SYSTEM

TOTAL REPORT PAGE 954
 TAXPAYER PAGE 1

OPERATING LAND BY TAXPAYER

TAXPAYER NUMBER CLASS-NUM	COUNTY ALPHA	AREA NUMBER NUMBER CODE	PARCEL NUM BK MP PARC	ACREAGE	LAND FCV	LINE NO	LEGAL DESCRIPTION
61-910	07	0900	506 99 005B	61.93	4,211	01 31 06N 05W	CLAIMS VULTURE EXTENSION VAN BUREN
						02	CONKLING PIT GOLD SEC 31 T6N R5W & SEC36 T6N R6W
61-910	07	0900	991 00 900	.00	000	01 01 5N 6W	ORE BODY VALUE
AREA TOTAL		2 PARCELS		61.93	4,211		
COUNTY TOTAL		2 PARCELS		61.93	4,211		
TAXPAYER TOTAL		2 PARCELS		61.93	4,211		

DATE: 01/14/92
 LATEST ACTIVITY: / /
 REPORT: PS1220-01

CENTRALLY VALUED PROPERTIES SYSTEM

STATEMENT OF ORIGINAL COST - PER BALANCE SHEET

TAXPAYER NAME	TRANS CODE	TRANSACTION KEY TP CL-NUM A CO AREA	ACTION CODE	CURRENT YEAR BLOG & STRUCTURES	CURRENT YEAR PERSONAL PROP	PREVIOUS YEAR BLOG & STRUCTURES	PREVIOUS YEAR PERSONAL PROP	% CHANGE
A F BUDGE MINING LTD								
VULTURE MINE								
	30	61-910	07 0900			57,500	259,350	
COUNTY TOTAL			07	000	000	57,500	259,350	
TAXPAYER TOTAL		61-910		000	000	57,500	259,350	



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

April 20, 1992

Joseph D. Langlois
Utilities & Mines Group
Centrally Valued Properties Unit
Arizona Department of Revenue
1600 West Monroe
Phoenix, AZ 85007

Re: Vulture Mine

Dear Joe:

This is in reponse to your letter dated April 3, 1992 concerning page 8 of the tax year report which I had not completed. The aforementioned page is attached, along with a detailed list of equipment bought, date of acquisition, date sold (if any), and selling price, where applicable.

Please accept my apologies for this oversight.

Sincerely,

Carole A. O'Brien
Carole A. O'Brien
Mining & Financial Coordinator

w/attachments

Company A.F. Budge (Mining) Limited

Operation Vulture Mine

MINES (OTHER THAN COPPER)
SCHEDULE OF DEPRECIABLE ASSETS
 Based on Original Cost by Year of Acquisition
 (Figures in Thousands of Dollars)

County of Maricopa

For the Year Ending December 31, 1991

Year	Leased and Owned Mining Equipment			Office Equipment	Refinery & Milling Plant	SXEW and Leaching Plant	Environmental and Acid Plant	Smelting Plant	Miscellaneous Buildings & Structures	Tot Original Cost by Year Acquisition
	Small Scale Equipment	Large Scale Equipment	Shovels & Draglines							
1991						(\$21)				(\$21)
1990						(\$94.5)				(\$94.5)
1989						\$7			\$3.5	\$10.5
1988					\$54.5	\$164.9			\$17.6	\$237.
1987						\$17				\$17
1986										
1985										
1984										
1983										
1982										
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1964										
1963										
1962										
1961										
1960										
1959										
1958										
1957										
TOTAL					\$54.5	\$73.4			\$21.1	\$149

Vulture Mine, Maricopa County, Arizona

Item	Date purchased	Original cost	Date sold	Selling price
Plate & frame filter presses	9/87	\$17,000.00		
Clarifying filter	3/88	\$10,000.00		
Merrill-Crowe Zinc Precipitation plant	6/88	\$44,750.00		
9, 50-ft. channel frame conveyors				
1, 80-ft. radial stacking conveyor	4/88	\$94,500.00	6/90	\$16,000.00
Tilting furnace	6/88	\$9,799.00	7/91	\$6,000.00
Agitator tank	6/88	\$3,250.00		
Screw feeders	6/88	\$2,700.00		
Agglomerator	6/88	\$12,000.00		
Silo for cement	6/88	\$7,200.00		
Silo for lime	6/88	\$7,200.00	10/91	\$4,520.00
AA Unit	6/88	\$4,000.00	10/91	\$2,000.00
Magnetic feeder	6/88	\$6,000.00		
Generators	6/88	\$25,126.00		
Plant Building	6/88	\$17,658.00		
Trailer	9/89	\$3,500.00		
Total capitalized items		\$264,683.00		
Reported Depreciable Assets (1988)		\$350,800.00		
Reported Depreciable Assets (1989)		\$361,300.00		
Reported Depreciable Assets (1990)		\$271,300.00		
Depreciable Assets (1990)		\$170,183.00	Corrected amount	
Items sold (1990)		\$94,500.00		
Reported Depreciable Assets (1991)		\$149,184.00		
Items sold (1991)		\$20,999.00		
* * * * *				
Total items expensed		\$96,617.00		

Vulture Mine, Maricopa County, Arizona
detailed listing of items expensed and not considered
depreciable assets.

Date purchased	Item	Purchase price
-----	-----	-----
June, 1988	pumps	\$2,477
June, 1988	driscopipe	\$4,439
June, 1988	wheels, exles, etc.	\$2,718
July, 1988	electrical supplies	\$7,360
July, 1988	pipe & fittings	\$1,349
July, 1988	drippers	\$2,220
July, 1988	angle angle, etc.	\$1,056
July, 1988	backhoe, loader work	\$2,721
July, 1988	ladders for silos	\$1,182
July, 1988	pumps	\$4,526
July, 1988	parts for AA unit	\$1,015
July, 1988	lab equipment	\$1,149
August, 1988	misc. equipment	\$3,600
August, 1988	security fence	\$4,366
August, 1988	lab equipment	\$1,737
September, 1988	motorizing stacker	\$3,038
October, 1988	fluxes	\$1,128
December, 1988	drippers	\$1,950
December, 1988	used storage trailer	\$2,000
February, 1989	perforated pipe	\$12,979
February, 1989	liner	\$21,887
February, 1989	drippers	\$2,507
March, 1989	pumps	\$4,927
April, 1989	drippers	\$2,597
September, 1989	drippers	\$1,689
	Total expensed items	\$96,617

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

RECEIVED APR 7 1992

FIFE SYMINGTON
GOVERNOR



PAUL WADDELL
DIRECTOR

April 3, 1992

Ms. Carole O'Brien
A. F. Budge Mining, Ltd.
4301 North 75th Street, Suite 105
Scottsdale, AZ 85251

Dear Ms. O'Brien:

The Department has received the 1992 tax year report for the Vulture Mine located near the town of Wickenburg in Maricopa County. In order to prepare an appraisal for this property, the Department needs to have page 8 of the report form completed. As a result, we ask that A.F. Budge, Ltd. provide the completed report form by April 20, 1992.

Should you have any questions concerning this request, please feel free to call our office at 542-3529, Extension 124.

Sincerely,

A handwritten signature in cursive script that reads "Joseph D. Langlois".

Joseph D. Langlois
Utilities and Mines Group
Centrally Valued Properties Unit

JDL:sc

61-910
A.F. BUDGE MINING LIMITED
VULTURE MINE

	Totals	Sub-totals
Engineering & Construction:		
Sergent, Hauskins & Beckwith	\$37,807.51	
Maya Construction	\$266,198.50	\$304,006.01
Capital Equipment:		
At recovery plant site:		
AA unit & parts	\$5,014.70	
Agitator tank	\$3,250.00	
Air conditioner & tax	\$699.19	
Bullion mold(s)	\$176.00	
Electrical supplies	\$10,542.20	
Fencing	\$4,366.40	
Filter press	\$17,000.00	
Filter (clarifying)	\$10,000.00	
Lab equipment/supplies	\$1,149.25	
Merrill-Crowe plant	\$54,840.00	
Plant building	\$17,658.00	
Pumps/Impellers	\$3,440.44	
Miscellaneous	\$4,687.95	
For materials handling & leaching:		
Agglomerator	\$12,000.00	
New chain for agglomerator	\$982.75	
Axles & wheels	\$2,718.00	
Bin vibrators	\$2,724.33	
Conveyors	\$105,143.50	
Magnetic feeder	\$6,000.00	
Motorizing stacker	\$3,037.50	
Motors	\$579.50	
Screw conveyors/feeders	\$2,700.00	
Silos and ladders	\$15,581.60	
Hopper	\$433.80	
Miscellaneous	\$12,173.50	
Other:		
Generators	\$25,126.00	
Main water pump	\$4,998.53	
Sample splitter	\$225.00	
Shop tools	\$457.88	
Ford truck	\$19,116.00	
Utility truck	\$2,000.00	
Used trailer	\$2,000.00	
		\$350,822.02



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

FAX TRANSMITTAL SHEET

To: Rudy Westphal
 Company: % Ernst + Young
 FAX #: _____
 From: Carole A. O'Brien
 Date: 4-09-92 Time: _____

Total number of pages including cover: 4

Comments/Remarks: FYI.

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

THIS COMMUNICATION IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY NAMED ABOVE. IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR, PLEASE NOTIFY THE SENDER IMMEDIATELY BY TELEPHONE (COLLECT) AND RETURN THE ORIGINAL MESSAGE TO THE SENDER AT THE ABOVE ADDRESS BY MAIL. THANK YOU.

To: Carole O'Brien 602-949-1737
 From: Rudy Westphal

① Following is a detailed list of Vulture property according to records in my possession. For most part, the major items are similar to your list.

<u>Date</u>	<u>Description</u>	<u>Cost</u>
6-86	Equipment	2,374
6-86	Generator Generator	4,312
11-86	Townlots (Land)	14,400
9-87	Plate + frame filter presses	17,000
3-88	Clarifying filter	10,000
4-88	Conveyors	82,470 <u>sold</u>
6/88	Precipitation plant + furnace.	54,040
6/88	Cement silo	7,200
6/88	Lime silo	2,200 <u>sold</u>
6/88	AA Unit	4,000 <u>sold</u>
6/88	Pumps	2,477
6/88	Driscopipe	4,439
6/88	Agglomerator	12,000
6/88	Plant Building	17,658
6/88	Wheels, Axles, -Conveyor	2,718
6/88	Magnetic Feeder	6,000
6/88	Agitator tank	3,250
7/88	Electrical Equip.	7,360
7/88	Furnace conveyor (included in plant)	9,400 <u>sold</u>
7/88	Driscopipes + Fittings	13,49
7/88	Ore Max Emitters	2,220
7/88	Angle Iron etc.	1,056
7/88	Screw Conveyors	2,700 <u>sold</u>

7/88	Backhoe/Loader work	2721
7/88	New Pump	4999
7/88	Loaders - Silos	1182
7/88	Parts for AA	1015
7/88	Lab Equipment	1149
8/88	Misc. Equipment	3600
8/88	Security Fence	4366
8/88	Lab Equipment	1737
9/88	Conveyors	3555
9/88	Motorizing Stacker	3038
10/88	Fluxes	1128
12/88	Drippers	1350
12/88	Generator	25126
12/88	Used Trailer	2000
2/89	Perforated Pipe	12979
2/89	Liner	21887
2/89	Drippers	2507
3/89	Pump etc.	4927
4/89	Drippers	2597
9/89	Trailer	3500
9/89	Drippers	1689

TOTAL \$ 279,705

Excluding sold items

Agrees with
12-31-91
trial balance.

② Need March Monthly summaries (including development information) AS SOON AS you have them.

Prepared by	Index No.

③ Payroll summaries you sent were very helpful. Continue to send with Monthly Activity

Prepared by	Index No.
Date	

CAPITAL EQUIPMENT PURCHASED FOR VULTURE

9/87	2	Plate + frame filter presses	\$ 17,000
3/88	1	200 sq. ft. jet pressure leaf filter	\$ 10,000
6/88	1	tilting furnace @ 9,799	
	1	crucible @ 291	
	1	Zinc precipitation plant @ 44,750	\$ 54,840. ⁰⁰
4/88	9	50-ft channel frame conveyors	
	1	80-ft radial stacking conveyor	\$ 82,470. ⁰⁰
[sold 6/90 \$16,000]			

	1	10ft x 9ft deep agitator tank	3250
	2	15 ft screw conveyors @ 1350	2,700
	1	magnetic feeder	6,000
	2	notary electric vibrators @ 697	1,394
		1 silo sold 10/91	\$ 4520
		AA unit sold 10/91	\$ 2,000
		Ford 1/2t. sold 4/91	\$ 6,000
		'76 Jeep sold 6/91	\$ 1,000
		furnace sold 7/91	\$ 6,000
'85 Jeep		sold 11/91	\$ 4500
agglomerator			
screw feeders		sold 3/92	\$ 5000

Capital items @ Vulture

<u>item</u>	<u>purchase date</u>	<u>original cost</u>
filter press	9/1987	\$ 17,000
clarifying filter	3/1988	\$ 10,000
Murrell-Cross plant	6/ "	44,750.
furnace.	6/ "	9799
9 50-ft channel frame conveyors	4/88	82,470
1 50-ft radial stacking conveyor		

GLACIAL MINERALS

UVX MINE - ABOVE GROUND

_____ Merrill Crowe Zinc Precipitation System w/Furnace (Include Model Year)	\$	54,840.
Nine 50 Ft. Channel Frame Conveyors & One 80 Ft. Radial Stacker (Include Model Years)	\$	85,188. Sold
Three Peerless Suction Pumps S# _____, # _____ S# _____ (Include Model Years)	\$	2,477.
Two Sperry Filter Presses, S# _____ S# _____ (Include Model Years)	\$	2,700.
One 10 Ft. x 9 Ft. Agitator Tank S# _____ (Include Model Year)	\$	3,250.
One US Autojet Pressure Leaf Filter S# _____ (Include Model Year)	\$	10,000.
One 50 Ft. Conveyor S# _____ (Include Model Year)	\$	9,400. Sold
Two Motors S# _____, S# _____ (Include Model Year and Make)	\$	319.
One Mag Feeder with Grizzly S# _____ (Include Model Year)	\$	6,000.
One AA Unit S# _____ Year _____	\$	4,000.
One 25 Ft. X 20 Ft. Plant Building with Pad	\$	17,658.
Two Silos for Chemical Storage S# _____ S# _____ (Include Make & Model Years)	\$	14,400.
One Agglomerator S# _____ (Include Make & Model Year)	\$	10,000.
Miscellaneous Equipment (Driscopipe, Electrical Switch Boxes & Other Incidental Items) (Indicate Maximum Value for One Item and Deductible required for Miscellaneous Equipment)	\$	20,000.
One 200 KW Cummins Generator, S# _____ (Indicate Make & Model Year and Value if we are to insure)	\$	20,000.
Hoist, Headframe, Building & Electrical Switch Gear As Indicated on Attached Page	\$	130,000.
TOTAL	\$	390,232.



CONFIDENTIAL

ANNUAL REPORT OF
MINES (OTHER THAN COPPER)
DUE: APRIL 1, 1991

TO

STATE OF ARIZONA, DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

IMPORTANT
Tax Documents
DUE APRIL 1

Year Ending December 31, 1990

61-910
A F BUDGE MINING LTD
VULTURE MINE
CAROLE C. BRIEN
4301 N 75 TH ST, SUITE 101
SCOTTSDALE, AZ 85251-3504

OFFICIAL MAILING ADDRESS

(Please indicate corrections of name and/or address)

I N S T R U C T I O N S

This report form is required to be filed in order to provide the information necessary for the determination of the full cash value of mining property valued under provisions of ARS 42-143.

Return complete report, including this page. **DO NOT DETACH ANY PAGES.**

The report, complete with all attached schedules, supplementary information, and when applicable, copies of stockholder reports, recent prospectus documents, and Securities and Exchange Commission 10K reports, must be completed and returned to the above address by April 1, 1991.

REFUSAL OR FAILURE TO FILE:

FAILURE TO FILE a completed report **ON OR BEFORE APRIL 1**, or the extended due date if an extension is granted, will result in a valuation of one hundred five percent of the prior year's full cash value or a value based upon other information available to the Department. **IN ADDITION, A PENALTY** will be assessed in the amount of the lesser of one-half of one percent of the value estimated by the Department or one hundred dollars per day for each day the taxpayer fails to file the report. (ARS 42-153)

Company Name A.F. Budge (Mining) Limited For the Year Ended December 31, 1990

FILING INSTRUCTIONS ARE ENCLOSED

Please refer to filing instructions when completing this report. Call area code 602 phone number 542-3529 for assistance. Abbreviations used in this report include: Pounds = LBS, Gallons = GAL, Ounces = OZS, Tons = TNS, Total = TOT, Leach = LCH

MINING COMPANY PROPRIETARY DATA

Name of Property Vulture Mine

Name of Owner Larry W. Beal, V.M.P., Inc.

Name of Operator/Lessee A.F. Budge (Mining) Limited

Address of Operator/Lessee 4301 North 75th Street, Suite 105, Scottsdale, AZ 85251

Official responsible for this report Carole A. O'Brien

Telephone Number (602) 945-4630

Contact person regarding information in this report Carole A. O'Brien

Telephone Number (602) 945-4630

Type of Mine--Underground, open pit, leach, in-situ leach

Principal saleable product gold

Other saleable by-products silver

Date production started September 29, 1988

Date production stopped August 31, 1990 Permanent or temporary permanent

Average weighted sales price per unit received for each product sold in the year 1990:
\$366.62 (gold); \$4.58 (silver)

Company Name A.F. Budge (Mining) Limited For the Year Ended December 31, 1990

ORE RESERVE DATA

Mineral Reserves: Ore as of January 1, 1991. Ore reserves should include all owned or leased ores held by the company. Show the tons of reserves held by each category below:

	FEDERAL	PRIVATE	STATE	INDIAN
1. Mill Ore Total Tons	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ore Grade - Main Product	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Ore Grade - Byproduct	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cutoff Grade -	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2. Oxide or Leach Ore Total Tons	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ore Grade - Main Product	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Ore Grade - Byproduct	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cutoff Grade -	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3. Waste Tons (excluding low grade or protore material that will be dump leached).	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4. Stripping Ratio-(Waste + Low Grade Leach)/(Mill Ore + Oxide Ore)				<u> </u>
Stripping Ratio-(Waste)/(Mill Ore + Leach Ore)				<u> </u>
Total Ore Tons (Mill and Oxide Ore)	<u>0</u>			
Total Waste and Low Grade Leach Tons	<u>0</u>			
Projected operating life in years-mill	<u> </u>	oxide ore leach	<u> </u>	lowgrade leach

PRODUCING MINE LAND

Indicate TYPE of land by letter designation--P for patented claims and fee land, U for unpatented lands, S for severed mineral rights, L for lease lands, R for rights of way, O for other ownership rights.

COUNTY	BOOK	MAP	PARCEL	TAX CODE	TYPE	ACRES	LEGAL DESCRIPTION
07	186			506-99-005-1	P	80	Van Buren, Conkling Pit Gold
	1,2				P	+100	Vulture Townsite

	1986	1987	1988	1989	1990	PHASE 1	PHASE 2	PHASE 3	PHASE 4
--	------	------	------	------	------	---------	---------	---------	---------

METAL OR MINERAL PRODUCED

Name of Major Product			gold	gold	gold				
Name of Byproduct #1			silver	silver	silver				
Name of Byproduct #2									

MINE PRODUCTION

Operating Days/Year									
Tons Underground Ore									
Tons Open Pit Mill Ore									
Tons Leach Ore Mined									
Tons Waste Mined									
Total Tons Mined									
Strip Ratio-Waste:Ore									

MILL PRODUCTION

Operating Days/Year									
Tons Ore Milled/Day									
Tons Ore Milled/Year									
Ore Grade									
Mill Recovery-%									
Smt/Rfny Recovery-%									

LEACHING PRODUCTION

Operating Days/Year			100	260	160				
Tot Tons Ore in Dumps			54,000	141,000	0				
Dump Recovery For Ore									
Added During Year-%									
Dump Recovery For All									
Ore Added to Date-%									

PERSONNEL LEVELS

Mine Dept. Personnel									
Mill Dept. Personnel									
Leach Dept. Personnel			8	6	4				
Other Dept. Personnel									
Tot Personnel Level			8	6	4				

(Include both hourly and salaried personnel levels)

	1986	1987	1988	1989	1990	PHASE 1	PHASE 2	PHASE 3	PHASE 4
SILVER & GOLD PRODUCTION									
Ounces of Silver			1,016	9,411	757				
Average Selling Price			\$5.78	\$5.18	\$4.58				
Value-Silver Produced			\$5,868	\$48,826	\$3,467				
Ounces of Gold			269	3,204	244				
Average Selling Price			\$401.78	\$363.20	\$366.03				
Value-Gold Produced			\$108,078	\$1,163,704	\$89,312				
URANIUM PRODUCTION									
Pounds of Uranium									
Average Selling Price									
Value-Uranium Produced									
COAL PRODUCTION									
Tons of Coal Produced									
Average Selling Price									
Value of Coal Produced									
OTHER PRODUCTS(Describe units, ie. \$/TON, \$/LB)									
Quantity Produced									
Average Selling Price									
Value of Product									
OTHER BYPRODUCTS(Describe units, ie. \$/TON, \$/LB)									
Quantity-Byproduct #1									
Average Selling Price									
Value of Byproduct #1									
Quantity-Byproduct #2									
Average Selling Price									
Value of Byproduct #2									
PRODUCTION REVENUES									
Main Product Values-\$			\$108,078	\$1,163,704	\$89,312				
Value-All Byproducts-\$			\$5,868	\$48,826	\$3,467				
Miscell. Revenues-\$									
Gross Product Value-\$			\$113,946	\$1,212,530	\$92,779				

ANNUAL HISTORICAL PRODUCTION COST RECORD

	1986	1987	1988	1989	1990	PHASE 1	PHASE 2	PHASE 3	PHASE 4
OPERATING COST(Expressed in \$ per unit to four decimal places; indicate type of units-lbs tons ozs other)									
Mining				\$82.7225	0				
Milling & Processing									
Smelting & Refining									
In-situ Leaching									
Heap/Vat Leaching				\$204.9217	\$597.1739				
Solvent Extraction									
Electrowinning									
Precipitating									
Byproduct Costs									
Marketing									
Freight									
Overhead				\$18.9221	\$19.0121				
Shutdown/Strike Exp									
Allowed Royalty/Rent									
Property Tax				\$1.4500					
Severance Tax				\$9.4611	\$9.5060				
Other Costs									
TOTAL OPERATING COST				\$317.4774	\$625.6920				
INCOME TAXES									
Tax Cost				\$12.1926					
CAPITAL COSTS									
Environmental Items									
Replacement Items									
TOTAL PRODUCTION COST									
Production Cost-\$/unit				\$329.6700	\$625.6920				
VALUE OF PRODUCTION									
Gross Product Value \$				\$1,212,530	\$92,779				
Gross Product Cost \$				\$1,056,260	\$158,340				
Excess of Value-Cost \$				\$156,270	0				
Excess of Value-\$/Unit				\$48.77	0				
OPERATING COST DETAIL									
Interest Exp. in Costs									
Depreciation in Costs									

Based on Original Cost by Year of Acquisition
(Figures Expressed in thousands of dollars)

For the Year Ending December 31, 1990

Operation Vulture

Year	Leased and Owned Mining Equipment			Office Equipment	Refinery & Milling Plant	SXEW and Leaching Plant	Environmental and Acid Plant	Smelting Plant	Miscellaneous Buildings & Structures	Total Original Cost by Year Acquisition
	Small Scale Equipment	Large Scale Equipment	Shovels & Draglines							
1990	(90)									(90)
1989						7			3.5	10.5
1988	164					115.8			54.0	333.8
1987						17				17
1986										
1985										
1984										
1983										
1982										
1981										
1980										
1979										
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1966										
1965										
1964										
1963										
1962										
1961										
1960										
1959										
1958										
1957										
1956										
TOTAL	74					139.8			57.5	271.3

LOCATION BY TAX AREA CODE OF
 ORIGINAL COST FOR REAL AND PERSONAL PROPERTY
 Based on Original Cost
 (Figures Expressed in Thousands of Dollars)

Company A.F. Budge (Mining) Limited

County of Maricopa

Operation Vulture

For the Year Ending December 31, 1990

1. PERSONAL PROPERTY

TAX AREA CODE	MINING EQUIPMENT	SMELTER EQUIPMENT	ENVIRONMENTAL EQUIPMENT	OFFICE EQUIPMENT	REFINING & MILLING	SXEW & LEACH EQUIPMENT	CONSTRUCTION IN PROGRESS	MISCELLANEOUS EQUIPMENT	TOTAL ORIGINAL COST
07	74					139.8		57.5	271.3
TOTALS	74					139.8		57.5	271.3

2. IMPROVEMENTS

TAX AREA CODE	MINING STRUCTURES	SMELTER STRUCTURES	ENVIRONMENTAL STRUCTURES	OFFICE STRUCTURES	REFINING & MILLING	SXEW & LEACH STRUCTURES	CONSTRUCTION IN PROGRESS	MISCELLANEOUS STRUCTURES	TOTAL ORIGINAL COST
TOTALS									

Company Name A.F. Budge (Mining) Limited For the Year Ended December 31, 1990

ADDITIONAL INFORMATION

List any additional information in the space provided that may influence the valuation of this mine.

1989 Costs were converted to cost per ounce in order to establish a base on which to compare 1990 costs

VERIFICATION

Under the penalties of perjury, I do solemnly swear or affirm that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge information, and belief, it is true, correct and complete.

Dated this 28th day of March, 1991.

Signature _____

Title Mining & Financial Coordinator

Company A.F. Budge (Mining) Limited

To: Michael Yates/Stephen McBride/Rudy Westphal

From: Carole A. O'Brien

Date: April 10, 1992

Re: Revised Report to Department of Revenue (Centrally Valued Properties Unit)

In my 1991 report to the above department, I did not complete the page on depreciable assets. This is because I have found that what I reported in 1989 and 1990 included substantial amounts for items which were not depreciable assets, but were rather expense items, i.e. pipe, pumps, electrical gear, etc.

I have therefore compiled a listing of depreciable assets according to the information supplied to Glacial Minerals and have, in effect, deleted \$102,117.00 from prior reports to the Department of Revenue per the attached sheet.

Would you please review this, and subject to your collective approval, I will file it with the Department of Revenue per Mr. Langlois' request in his letter, which follows.



ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007

RECEIVED JUN 2 1989

ROSE MOFFORD
GOVERNOR

PAUL WADDELL
DIRECTOR

May 25, 1989

AD 

61-910
Carole O'Brien
A. F. Budge Mining LTD
4301 N. 75th Street, Suite 101
Scottsdale, AZ 85251

VALUATION REQUEST

RE: OUR DOCKET NO. 07-2074

Dear Ms. O'Brien:

The corporate city/town of Surprise has requested the valuation of properties located within the proposed annexation area included on the enclosed map.

Please let us have your estimate covering A. F. Budge Mining LTD's property values, if any, based on the unit value established by the Division of Property Valuation and Equalization.

Please respond within fifteen (15) days of receipt and direct your reply to:

Arizona Department of Revenue
Data Management Division
Central Information Services
P.O. Box 29014 Phoenix, AZ 85038
Telephone: (602) 542-3141, Ext. 52

Sincerely,



Karen M. Hardin, Property Examiner
Central Information Services

KMH:isb

Attachment

cc: Jerry Wallen  Manager, CIS

TOWN OF SURPRISE, ARIZONA
ANNEXATION

LEGAL DESCRIPTION

Portions of Section 3, 4, and 5, Township 3 North, Range 2 West; portions of Sections 14, 15, 19, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35, Township 4 North, Range 2 West; portions of Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, and 30, Township 4 North, Range 3 West; and portions of Section 34 Township 5 North, Range 3 West; Gila and Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

BEGINNING at a point on the Town of Surprise Corporate limits, said point being the South Quarter Corner, Section 34, Township 4 North, Range 2 West, the TRUE POINT OF BEGINNING;

Thence, Westerly along the common line between said Section 34 and Section 3, Township 3 North, Range 2 West to the point of intersection with the East right-of-way line of the Maricopa Municipal Water Conservation District Number One Canal;

Thence, Southwesterly along said East right-of-way line to a point of intersection with a line parallel to and 75 feet northerly of the centerline of Sun Valley Parkway;

Thence, Westerly along said line to a point on the common line between said Section 3 and Section 4, Township 3 North, Range 2 West;

Thence, Westerly along said line to a point on the North-South midsection line of said Section 4;

Thence, Westerly along said line (Sun Valley Parkway centerline as described in Arizona State Land Department Lease No. 16-93165 recorded in the Maricopa County Recorder's Office as Document 87-194116) through the West half of said Section 4 and Section 5, Township 3 North, Range 2 West, Sections 30, 31 and 32, Township 4 North, Range 2 West, Sections 25, 26, 27, 28, 29, and 30, Township 4 North, Range 3 West, to a point of intersection with the East line of the West 55 feet of said Section 30, Township 4 North, Range 3 West;

Thence, Northerly along said East line to a point on the common line between said Section 30 and Section 19, Township 4 North, Range 3 West;

Thence, Northerly along the East line of the West 55 feet of said Section 19 to a point on the common line between said Section 19 and Section 18, Township 4 North, Range 3 West;

Thence, Northerly along the East line of the West 55 feet of said Section 18 to a point of intersection with the South line of the North 55 feet of said Section 18;

Thence, Easterly along said South line to a point on the common line between said Section 18 and Section 17, Township 4 North, Range 3 West;



Thence, Easterly along the South line of the North 55 feet of said Section 17 to a point on the common line between said Section 17 and Section 16, Township 4 North, Range 3 West;

Thence, Easterly along the South line of the North 55 feet of said Section 16 to a point of intersection with the East line of the West 55 feet of said Section 16;

Thence, Northerly along said East line to a point on the common line between said Section 16 and Section 9, Township 4 North, Range 3 West;

Thence, Northerly along the East line of the West 55 feet of said Section 9 to a point on the common line between said Section 9 and Section 4, Township 4 North, Range 3 West;

Thence, Northerly along the East line of the West 55 feet of said Section 4 to a point of intersection with the South line of the North 55 feet of said Section 4;

Thence, Easterly along said South line to a point of intersection with the southerly prolongation of the East line of the West 55 feet of Section 34, Township 5 North, Range 3 West;

Thence, Northerly along said southerly prolongation of the East line to a point on the common line between said Section 4 and said Section 34;

Thence, Northerly along said East line to a point of intersection with the South line of the North 55 feet of said Section 34;

Thence, Easterly along said South line to a point of intersection with the West line of the East 55 feet of the West half of the West half of said Section 34;

Thence, Southerly along said West line to a point on the common line between said Section 34 and Section 3, Township 4 North, Range 3 West;

Thence, Southerly along the prolongation of said West line to a point of intersection with the South line of the North 55 feet of said Section 3;

Thence, Easterly along said South line to a point on the common line between said Section 3 and Section 2, Township 4 North, Range 3 West;

Thence, Easterly along the South line of the North 55 feet of said Section 2 to a point on the common line of said Section 2 and Section 1, Township 4 North, Range 3 West;

Thence, Easterly along the South line of the North 55 feet of said Section 1 to a point of intersection with the West line of the East 55 feet of said Section 1;

Thence, Southerly along said West line to a point on the common line between said Section 1 and Section 12, Township 4 North, Range 3 West;

Thence, Southerly along the West line of the East 55 feet of said Section 12 to a point on the common line between said Section 12 and Section 13, Township 4 North, Range 3 West;

Thence, Southerly along the West line of the East 55 feet of said Section 13 to a point on the common line of said Section 13 and Section 24, Township 4 North, Range 3 West;

Thence, Southerly along the West line of the East 55 feet of said Section 24 to a point of intersection with the Westerly prolongation of the South line of the North 55 feet of the Southwest Quarter of Section 19, Township 4 North, Range 2 West;

Thence, Easterly along said Westerly prolongation of the South line to a point on the common line between said Section 24 and said Section 19;



- Thence, Easterly along said South line to a point of intersection with the West line of the East 55 feet of said Southwest Quarter;
- Thence, Southerly along said West line to a point on the common line between said Section 19 and Section 30, Township 4 North, Range 2 West;
- Thence, Southerly along the West line of the East 55 feet of the Northwest Quarter of said Section 30 to a point of intersection with the South line of the North 55 feet of said Section 30;
- Thence, Easterly along said South line to a point on common line between said Section 30 and Section 29, Township 4 North, Range 2 West;
- Thence, Easterly along the South line of the North 55 feet of the North Half of said Section 29 to a point of intersection with the West line of the East 55 feet of West Half of said Section 29;
- Thence, Southerly along said West line to a point of intersection with the South line of the North 55 feet of the South half of said Section 29;
- Thence, Easterly along said South line to a point on the common line between said Section 29 and Section 28, Township 4 North, Range 2 West;
- Thence, Easterly along the South line of the North 55 feet of the South Half of said Section 28 to a point on the common line between said Section 28 and Section 27, Township 4 North, Range 2 West;
- Thence, Easterly along the South line of the North 55 feet of the Southwest Quarter of said Section 27 to a point of intersection with the East line of the West 55 feet of said Section 27;
- Thence, Northerly along said East line to a point on the common line between said Section 27 and Section 22, Township 4 North, Range 2 West;
- Thence, Northerly along the East line of the West 55 feet of said Section 22 to a point on the common line between said Section 22 and Section 15, Township 4 North, Range 2 West;
- Thence, Northerly along the East line of the West 55 feet of said Section 15 to a point of intersection with the South line of the North 55 feet of said Section 15, said South line being the proposed Town Corporate line as described in Ordinance No. 88-22 dated September 29, 1988;
- Thence, Easterly along said South line to a point of intersection with the West line of the East 55 feet of said Section 15, said West line being the proposed Town Corporate line as described in said Ordinance No. 88-22;
- Thence, Southerly along said West line to a point of intersection with the South line of the North 2,640 feet of said Section 15, said South line being the proposed Town Corporate line as described in said Ordinance No. 88-22;
- Thence, Easterly along said South line to a point on the common line between said Section 15 and Section 14, Township 4 North, Range 2 West;
- Thence, Easterly along the South line of the North 2,640 feet of said Section 14 to a point of intersection with the East line of the West 55 feet of said Section 14, said East line being the existing Town Corporate line;



Thence, Southerly along said East line to a point on the common line between said Section 14 and Section 23, Township 4 North, Range 2 West;

Thence, Southerly along the East line of the West 55 feet of said Section 23, said East line being the existing Town Corporate line, to a point on the common line between said Section 23 and Section 26, Township 4 North, Range 2 West;

Thence, Southerly along the East line of the West 55 feet of said Section 26, said East line being the existing Town Corporate line, to a point on the common line between said Section 26 and Section 35, Township 4 North, Range 2 West;

Thence, Southerly along the East line of the West 55 feet of said Section 35 to a point of intersection with the South line of the North 55 feet of said Section 35, said East and South lines being the existing Town Corporate lines;

Thence, Westerly along said South line to a point on the common line between said Section 35 and Section 34, Township 4 North, Range 2 West;

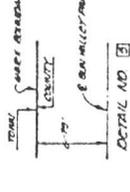
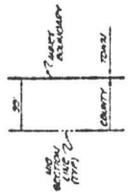
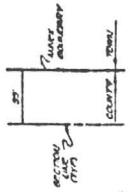
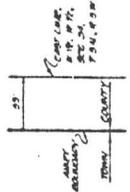
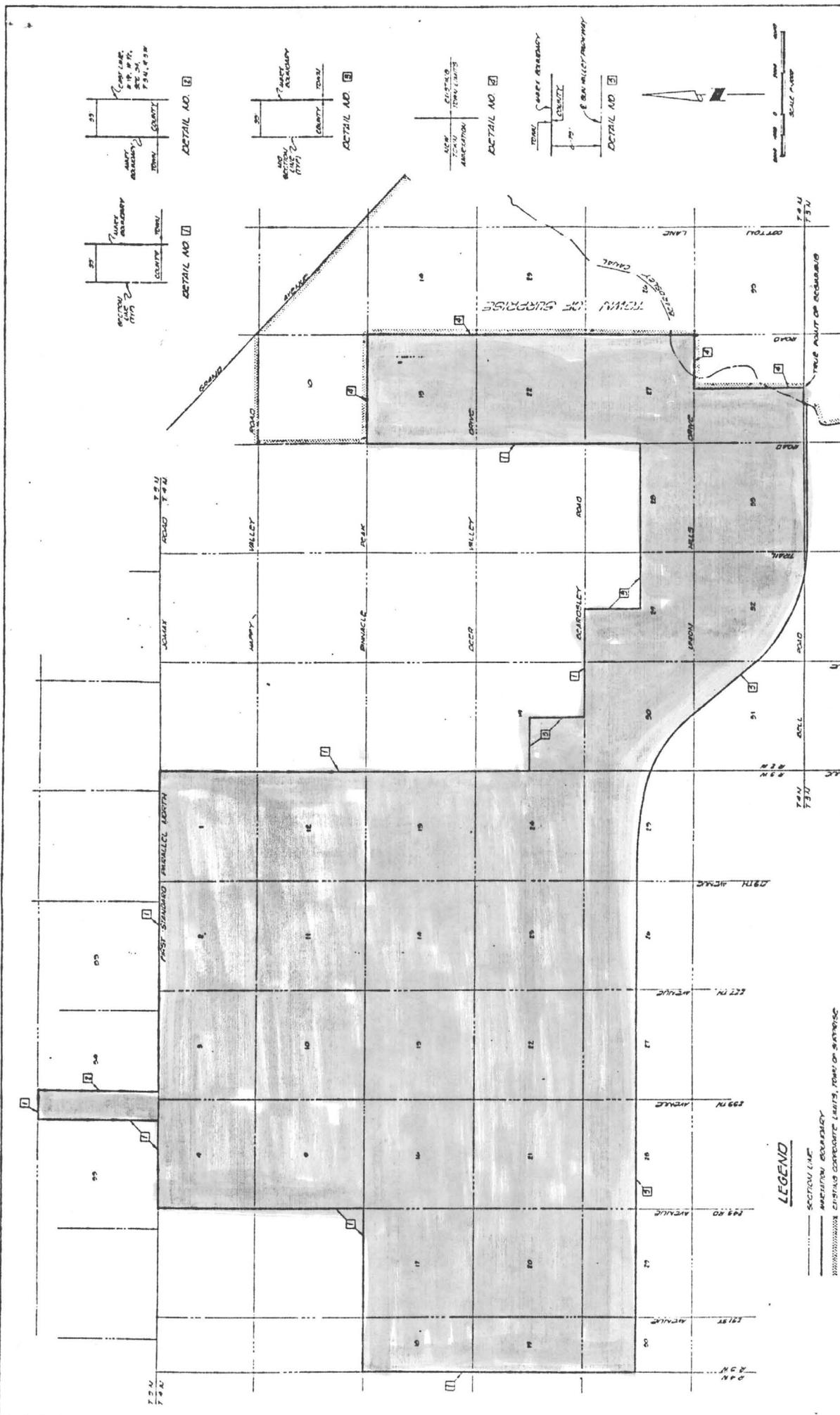
Thence, Northerly along said common line to the Northeast Corner of said Section 34 said common line being the existing Town Corporate line;

Thence, Westerly along the North Section Line of said Section 34 to the North Quarter Corner of said Section 34, said North Section Line being the existing Town Corporate line;

Thence, Southerly along the West line of the East half of said Section 34, said West line being the existing Town Corporate line, to the South Quarter Corner of said Section 34, the TRUE POINT OF BEGINNING.

05-SP-7





LEGEND

SECTION LINE
 SECTION BOUNDARY
 DISTRICT BOUNDARY
 TOWN OF SURPRISE
 TOWN OF SURPRISE

DATE: 01/07/91
 LATEST ACTIVITY: / /
 REPORT: PSI220-01

CENTRALLY VALUED PROPERTIES SYSTEM

STATEMENT OF ORIGINAL COST - PER BALANCE SHEET

TAXPAYER NAME	TRANS CODE	TRANSACTION KEY TP CL-NUM	KEY A CO AREA	ACTION CODE	CURRENT YEAR BLDG & STRUCTURES	CURRENT YEAR PERSONAL PROP	PREVIOUS YEAR BLDG & STRUCTURES	PREVIOUS YEAR PERSONAL PROP	% CHANGE
A F BUDGE MINING LTD VULTURE MINE	30	61-910	07 0900		no purchases were made in 1990; operation shut down permanently		57,500	631,800	
COUNTY TOTAL			07		0.000	0.000	57,500	631,800	
TAXPAYER TOTAL		61-910			0.000	0.000	57,500	631,800	

ARIZONA DEPARTMENT OF REVENUE PHOENIX DATA PROCESSING CENTER

DATE: 01/07/91
 LATEST ACTIVITY: / /
 REPORT: PS1220-12

CENTRALLY VALUED PROPERTIES SYSTEM
 OPERATING LAND BY TAXPAYER

TOTAL REPORT PAGE 928
 TAXPAYER PAGE 1

TAXPAYER NUMBER CLASS-NUM	COUNTY ALPHA	AREA NUMBER CODE	PARCEL NUM BK MP PARC	ACREAGE	LAND FCV	LINE NO	LEGAL DESCRIPTION
61-910	07	0900	506 99 005B	61.93	4,211	01 31 06N 05W	CLAIMS VULTURE EXTENSION VAN BUREN
						02	CONKLING PIT GOLD SEC 31 T6N R5W & SEC36 T6N R6W
61-910	07	0900	991 00 900	.00	000	01 01 5N 6W	ORE BODY VALUE
AREA TOTAL		2 PARCELS		61.93	4,211		
COUNTY TOTAL		2 PARCELS		61.93	4,211		
TAXPAYER TOTAL		2 PARCELS		61.93	4,211		



ANNUAL REPORT OF
MINES (OTHER THAN COPPER)
DUE APRIL 1, 1989

to

STATE OF ARIZONA DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529
Year Ending December 31, 1988

OFFICIAL MAILING ADDRESS

(Please indicate corrections of name and/or address)

61-910
A.F. BUDGE MINING LTD.
VULTURE MINE
4301 N. 75th St., Suite 101
Scottsdale, AZ 85251-3504

I N S T R U C T I O N S

This report is to provide information necessary for consideration in determining the full cash value of your mining property in Arizona for property tax purposes. (ARS 42-143; R15-4-201 through 206)

Return complete report, including this page. DO NOT DETACH ANY PAGES

This report, complete with all attached schedules, supplementary information, and when applicable, copies of stockholder and Securitates and Exchange Commission 10K report, must be completed and returned to above address by April 1, 1989.

REFUSAL OR FAILURE TO FILE

Failure to file a completed report ON OR BEFORE APRIL 1, or the extended due date if an extension is granted, will result in a valuation of one hundred five percent of the prior year's full cash value or a value based upon other information available to the Department. In addition, a penalty will be assessed in the amount of the lessor of one-half of one percent of the value estimated by the Department or one hundred dollars per day for each day the company fails to file the report. (ARS 42-153)

Company name A.F. Budge (Mining) Limited Year ended December 31, 1988

FILING INSTRUCTIONS ARE ENCLOSED

Please refer to filing instructions when completing this report. Call area code 602 phone number 542-3529 for assistance. Abbreviations used in this report include: Copper = CU, Molybdenum = MO, Molybdenite = MOS₂, Pounds = LBS, Gallons = GAL, Total = TOT, Leach = LCH, Molybdenum Trioxide = MOO₃.

MINING COMPANY
PROPRIETARY INFORMATION

Name of property Vulture Mine

Name of owner V.M.P., Inc.

Name of operator/lessee A.F. Budge (Mining) Limited

Address of operator/lessee 4301 North 75th Street, Suite 101, Scottsdale, 85251

Official responsible for this report Carole A. O'Brien

Telephone number (602) 945-4630

Contact person regarding information in this report Carole A. O'Brien

Telephone number same as above

Type of mine--underground, open pit, leach, in-situ leach

Principal saleable product gold and silver

Other saleable by-products none

Date production started September 29, 1988

Date production stopped Permanent or Temporary

Average weighted sales price per unit received for each product sold during calendar year 1988:
\$401.004/ounce gold; \$5.773/ounce silver

ORE RESERVE DATA

Company name A.F. Budge (Mining) Limited

Year ended December 31, 1988

Proven Reserves: Ore as of January 1, 1989. Ore reserves should include all owned or leased ores held by the company. Show the tons of reserves held under each category below:

	<u>FEDERAL</u>	<u>PRIVATE</u>	<u>STATE</u>	<u>INDIAN</u>
1. Mill Ore Total Tons	_____	_____	_____	_____
Ore Grade-main product	_____	_____	_____	_____
Ore Grade-byproduct	_____	_____	_____	_____
Cutoff Grade	_____	_____	_____	_____
2. Oxide or Leach Ore	_____	225,000	_____	_____
Total Tons	_____	_____	_____	_____
Ore Grade	_____	0.04 opt	_____	_____
Cutoff Grade	_____	0.02 opt	_____	_____
3. Waste Tons (excluding low grade or protore material that will be dump leached)	_____	_____	_____	_____
4. Stripping ratio (Waste + Protore/Mill Ore + Oxide Ore)	_____	_____	_____	0
Stripping ratio (Waste/Ore and Protore)	_____	_____	_____	0
Total Ore Tons (Mill and Oxide Ore)	<u>225,000</u>			
Total Waste and Protore Tons	_____			
Projected operating life in years for:	mill <u>1.5</u> oxide ore leach <u>1.5</u> protore leach _____			

PRODUCING MINE LAND

Indicate TYPE of land by letter designation---P for patented claims and fee land, U for unpatented land, S for severed mineral rights, L for leased land, R for rights-of-way, and O for other ownership rights.

COUNTY	BOOK	MAP	PARCEL	TAX CODE	TYPE	ACRES	LEGAL DESCRIPTION
Maricopa					P	80	
	07	186,page	257,259	506-99-005-1		total	Van Buren, Conkling & Pit Gold claims
		1,page	2				
		8,page	467				Townsite of Vulture City

Company name A.F. Budge (Mining) Limited

CONFIDENTIAL

Year ended December 31, 1988

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1984	1985	1986	1987	1988	PHASE 1	PHASE 2	PHASE 3	PHASE 4

METAL OR MINERAL PRODUCED:

Name of Major Product					gold				
Name of Byproduct #1					silver				
Name of Byproduct #2									

MINE PRODUCTION:

Operating Days/Year									
Total Tons Mined									
Tons-Mill Ore Mined									
Tons-Leach Ore Mined									
Tons of Waste Mined									
Strip Ratio-Waste:Ore									

MILL PRODUCTION:

Operating Days/Year									
Tons Ore Milled/Day									
Tons Ore Milled/Year									
Ore Grade									
Mill Recovery									
Smlt/Rfny Recovery-%									

LEACHING PRODUCTION:

Operating Days/Year					100				
Total Tons Ore-Dumps					54,000				
Dump Recovery For Ore Added During Year-%					26%				
Dump Recovery For All Ore Added to Date-%					26%				

PERSONNEL LEVELS:

(Hourly & Salaried)									
Mine Dept Personnel									
Mill Dept Personnel									
Leach Dept Personnel					8				
Total Personnel Level					8				

Company name A.F. Budge (Mining) Limited

Year ended December 31, 1988.

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1984	1985	1986	1987	1988	PHASE 1	PHASE 2	PHASE 3	PHASE 4
--	------	------	------	------	------	---------	---------	---------	---------

SILVER & GOLD PRODUCTION:

Ounces of Silver					1,016				
Average Selling Price					\$5.77				
Value-Silver Produced									
Ounces of Gold					269				
Average Selling Price					\$401				
Value-Gold Produced									

URANIUM PRODUCTION:

Pounds of Uranium									
Average Selling Price									
Value of Uranium									

COAL PRODUCTION:

Tons of Coal									
Average Selling Price									
Value-Coal Produced									

OTHER PRODUCTS: (Describe units, i.e. \$/tn:)

Quantity Produced									
Average Selling Price									
Value of Product									

OTHER BYPRODUCTS:

Quantity-Byproduct 1									
Average Selling Price									
Value of Byproduct									
Quantity-Byproduct 2									
Average Selling Price									
Value-Other Byproduct									

PRODUCTION REVENUES:

Main Product Values-\$					\$108,078				
Value-All Byproducts-\$					\$5,868				
Miscell. Revenues-\$									
Gross Product Value-\$					\$113,946				

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1984	1985	1986	1987	1988	PHASE 1	PHASE 2	PHASE 3	PHASE 4
--	------	------	------	------	------	---------	---------	---------	---------

Describe units (i.e. \$/tn. \$/oz.)

OPERATING COSTS:

Mining									
Concentrating									
Smelting									
Electrorefining									
In situ Leaching									
Heap Leaching					\$5/ton				
Vat Leaching									
Solvent Extraction									
Electrowinning									
Precipitating									
Byproduct Costs									
Marketing									
Freight									
Corporate Overhead									
Other Overhead									
Shutdown/Strike Exp.									
Allowed Royalty/Rent									
Property Tax									
Severance Tax									
Other Costs									
Subtotal Costs					\$5/ton				
Income Tax-26% Rate									

CAPITAL COSTS:

Environmental Items									
Replacement Items									
Total Costs									

Interest Exp in Cost									
Depreciation in Costs									

VALUE OF PRODUCTION:

Gross Value-Production					\$113,946				
Gross Cost-Production					\$270,000				
Excess of Value - Cost									

INVENTORIES:

Recovered Main Product					\$68,000				
Recovered Byproducts					\$3,200				
Value-Other Inventory									

SCHEDULE OF DEPRECIABLE ASSETS

Company name A.F. Budge (Mining) Ltd.

Based on Original Cost by Year of Acquisition

County of Maricopa

Operation Vulture Mine

Figures in Thousands of Dollars

Year ended December 31, 1988

	Leased and Owned Mining Equipment			Office Equipment	Refinery & Milling Plant	SX EW and Leaching Plant	Environmental and Acid Plant	Smelting Plant	Miscellaneous Buildings & Structures	Total Original Cost by Year of Acquisition
	Small Scale Equipment	Large Scale Equipment	Shovels & Draglines							
1988	\$164,000					\$115,800			\$54,000	\$333,800
1987						\$17,000				\$17,000
1986										
1985										
1984										
1983										
1982										
1981										
1980										
1979										
1978										
1977										
1976										
1975										
1974										
1973										
1972										
1971										
1970										
1969										
1968										
1967										
1966										
1965										
1964										
Sub										
Total										

LOCATION BY TAX AREA CODE OF
ORIGINAL COST FOR REAL AND PERSONAL PROPERTY

Company name A.F. Budge (Mining) Limited

Based on Original Cost

County of Maricopa

Operation Vulture Mine

(Figures Expressed in Thousands of Dollars)

Year ended December 31, 1988

1. PERSONAL PROPERTY

TAX AREA CODE	MINING EQUIPMENT	SMELTER EQUIPMENT	ACID PLANT, ENVIRONMENT EQUIPMENT	OFFICE EQUIPMENT	REFINING AND MILLING EQUIPMENT	SX EW AND LEACH EQUIPMENT	CONSTRUCTION WORK IN PROGRESS	MISC. EQUIPMENT	TOTAL ORIGINAL COST
07	\$164,000					\$132,800		\$54,000	\$350,800
(see attached detailed listing)									
TOTAL	\$164,000					\$132,800		\$54,000	\$350,800

2. IMPROVEMENTS

TAX AREA CODE	MINING STRUCTURES	SMELTER PLANT STRUCTURES	ACID PLANT ENVIRONMENT STRUCTURES	OFFICE STRUCTURES	REFINERY & MILL PLANT STRUCTURES	SX EW & LEACH PLANT STRUCTURES	CONSTRUCTION WORK IN PROGRESS	MISC. BUILDINGS & STRUCTURES	TOTAL ORIGINAL COST
TOTAL									

61-910
A.F. BUDGE MINING LIMITED
VULTURE MINE

	Totals	Sub-totals
Engineering & Construction:		
Sergent, Hauskins & Beckwith	\$37,807.51	
Maya Construction	\$266,198.50	\$304,006.01
Capital Equipment:		
At recovery plant site:		
AA unit & parts	\$5,014.70	
Agitator tank	\$3,250.00	
Air conditioner & tax	\$699.19	
Bullion mold(s)	\$176.00	
Electrical supplies	\$10,542.20	
Fencing	\$4,366.40	
Filter press	\$17,000.00	
Filter (clarifying)	\$10,000.00	
Lab equipment/supplies	\$1,149.25	
Merrill-Crowe plant	\$54,840.00	
Plant building	\$17,658.00	
Pumps/Impellers	\$3,440.44	
Miscellaneous	\$4,687.95	
		\$132,824.13
For materials handling & leaching:		
Agglomerator	\$12,000.00	
New chain for agglomerator	\$982.75	
Axles & wheels	\$2,718.00	
Bin vibrators	\$2,724.33	
Conveyors	\$105,143.50	
Magnetic feeder	\$6,000.00	
Motorizing stacker	\$3,037.50	
Motors	\$579.50	
Screw conveyors/feeders	\$2,700.00	
Silos and ladders	\$15,581.60	
Hopper	\$433.80	
Miscellaneous	\$12,173.50	
		\$164,074.48
Other:		
Generators	\$25,126.00	
Main water pump	\$4,998.53	
Sample splitter	\$225.00	
Shop tools	\$457.88	
Ford truck	\$19,116.00	
Utility truck	\$2,000.00	
Used trailer	\$2,000.00	
		\$53,923.41
Total Capital		\$350,822.02

SUPPLIES INVENTORY SCHEDULE

Company name A.F. Budge (Mining) Limited

Year ended December 31, 1988

Figures in Thousands of Dollars

SUPPLY CATEGORY:	ORIGINAL COST OF ALL SUPPLIES	ORIGINAL COST OF CONSUMABLES (FUEL, TIRES, REAGENTS)	ORIGINAL COST OF SALVAGE PARTS (ITEMS NO LONGER IN USE)	NET ORIGINAL COST AFTER CONSUMABLES AND SALVAGE
MINE				
MILL				
SMELTER				
ENVIRONMENTAL				
OFFICE				
MISC. & BUILDING				
TOTAL COST	\$295,000	\$245,000	\$0	\$50,000

ORIGINAL COST IS BEFORE ANY ALLOWANCE FOR DETERIORATION, DEPRECIATION, OR SALVAGE. SALVAGE ITEMS DO NOT INCLUDE INSURANCE PARTS OR INACTIVE INVENTORY.

CONSTRUCTION WORK IN PROGRESS SCHEDULE

DESCRIPTION OF PROJECT	USE CATEGORY	DATE PROJECT COMPLETED	PROJECTED COMPLETION DATE	TOTAL PROJECTED CAPITAL EXPENDITURE	CAPITAL EXPENDED TO DATE ON PROJECT
TOTAL COST					

LIST PROJECTS IF IN EXCESS OF \$1 MILLION EXPENDED. USE CATEGORY REFERS TO MINE, MILL, SMELTER, ENVIRONMENTAL, OFFICE OR BUILDINGS.

LEASED EQUIPMENT SCHEDULE

DESCRIPTION	ECONOMIC LIFE	SERIAL NUMBER	OWNER OR LESSOR	LEASE TERMS		LEASE PAYMENT TO LESSOR	LEASE EXPENSE	ORIGINAL COST	PURPOSE
				START	END				

PURPOSE REFERS TO REPLACEMENT--R, EXPANSION--X, OR ENVIRONMENTAL--E

Supplies and consumables purchased
in 1988 for Vulture Mine Project

	Items in Inventory at 01-01-89	Total Supplies and Consumables	June/July	August	September	October	November	December
Fuel, oil, propane, etc.		\$24,180.90	\$3,266.95	\$2,337.16	\$3,790.94	\$5,155.96	\$4,491.77	\$5,138.12
Lubricants, etc.		\$1,451.36	\$998.56				\$452.80	
Cyanide	\$103,500.00	\$153,599.32	\$27,603.64				\$33,730.38	\$92,265.30
Lime		\$23,026.33	\$1,995.00		\$5,527.59	\$5,669.14	\$5,945.16	\$3,889.44
Cement		\$31,673.95	\$2,287.00	\$6,752.37	\$4,528.09	\$6,732.41	\$6,802.39	\$4,571.69
Dripper hose, etc.		\$10,085.99	\$8,007.55		\$228.80	\$500.00		\$1,349.64
Zinc/lead nitrate		\$2,051.44				\$931.44	\$1,120.00	
Fluxes		\$1,355.00			\$227.00	\$1,128.00		
Crucibles		\$1,858.61				\$923.25	\$935.36	
Filter paper		\$1,333.26	\$810.00					\$523.26
Millisperse		\$3,776.27	\$1,135.70			\$1,129.10		\$1,511.47
Misc. chemical supplies		\$84.00					\$84.00	
Lab supplies/AA parts, etc.		\$3,130.16			\$1,112.50	\$2,017.66		
First aid/Safety		\$1,397.98	\$1,397.98					
Electrical supplies		\$14,770.33	\$3,428.90	\$5,644.44			\$389.84	\$5,307.15
Lumber, etc.		\$7,566.10	\$5,541.76	\$2,024.34				
Pump parts, etc.		\$963.44					\$963.44	
Misc. supplies		\$18,681.78	\$9,408.91	\$788.56	\$1,752.06	\$2,693.97	\$1,502.48	\$2,535.80
Totals	\$103,500.00	\$300,986.22	\$65,881.95	\$17,546.87	\$17,166.98	\$26,880.93	\$56,417.62	\$117,091.87

As of January 1, 1989, approximately 84,600 tons of material had been stacked on the leach pad and approximately 54,000 tons were actually being leached. At about 0.2 pounds per ton stacked plus 0.4 pounds per ton leached, this equates to a total of about 39,000 pounds NaCN consumed.

Cyanide purchases were \$153,599.32, or 85,000 pounds.

Cyanide in inventory = 85,000 - 39,000 = 46,000 @ \$2.25/pound = \$103,500

This was the only major item in inventory as of January 1, 1989; all other items were expensed and or consumed.

61-910
VULTURE MINE
1989 TAX YEAR

INCOME APPROACH	61-910
MINERAL RESERVE LIFE-DEPARTMENT	1.5 YEARS
DEPARTMENT PROJECTION, 15% RATE	0
COMPANY PROJECTION	
COST APPROACH	
ORIGINAL COST OF EQUIPMENT	350,800
REPRODUCTION COST NEW LESS DEPRECIATION	321,161
LAND VALUE	3,863
ORE DEPOSIT VALUE	16,380
SUPPLIES VALUE	295,000
CONSTRUCTION IN PROGRESS	0
OBSOLESCENCE	
OBSOLESCENCE-LOSS FOR 1988 PROJECTED FOR 1989	(100,417)
RISKY SMALL MINE VENTURE	
DISCOUNTED FOR ONE YEAR	
TOTAL COST APPROACH VALUE	535,987
MARKET APPROACH	
COMPARABLE MARKET SALES VALUE	
ACTUAL PROPERTY SALE VALUE	
INCOME APPROACH VALUE	0
COST APPROACH VALUE	535,987
MARKET APPROACH VALUE	
FULL CASH VALUE FOR 1989 TAX YEAR	536,000
PRELIMINARY VALUE	
AFTER CONFERENCE WITH	

61-910
 VULTURE MINE
 1989 TAX YEAR
 COST APPROACH SUMMARY

LAND VALUE					3,863
VULTURE TOWNSITE EST \$16000-UNASSESSED					
PART OF PARCEL 506-99-005 EST \$3863					
MINERAL DEPOSIT VALUE-					16,380
TONS OF ORE	GRADE	RECOVERY	\$/OZ		
225,000	0.040	0.2600	7.00		
SUPPLIES INVENTORY VALUE					295,000
CONSTRUCTION IN PROGRESS					0
DISCOUNT RATE	0.00%				
COMPLETION IN MORE THAN ONE YEAR					315,243
PLANT AND EQUIPMENT VALUE					
	ORIGINAL COST	REPRODUCTION	DEPRECIATION		COST VALUE
SMALL MINE	218,000	218,000	21,800		196,200
LARGE MINE	0	0	0		0
SHOVELS	0	0	0		0
MILLING-SXEW	132,800	133,344	8,383		124,961
SMELTING	0	0	0		0
ENVIRONMENTAL	0	0	0		0
OFFICE	0	0	0		0
BUILDINGS	0	0	0		0
SUBTOTAL	350,800	351,344	30,183		321,161
OTHER ADJUSTMENTS					
OBSOLESCENCE-LOSS FOR 1988 PROJECTED FOR 1989					
RISKY SMALL MINE VENTURE					
DISCOUNTED FOR ONE YEAR					
(115,480)	0.8696				(100,417)
SUBTOTAL OTHER ADJUSTMENTS					(100,417)
TOTAL COST APPROACH VALUE					535,987
SALVAGE VALUE					52,896

REPRODUCTION COST NEW LESS DEPRECIATION VALUE FOR
 MINING, MILLING, SMELTING AND RELATED EQUIPMENT
 1989 TAX YEAR

SMALL SCALE MINING EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	218	218	196	1.000	0.90
1987	0	0	0	1.032	0.83
1986	0	0	0	1.041	0.73
1985	0	0	0	1.046	0.63
1984	0	0	0	1.058	0.61
1983	0	0	0	1.080	0.43
1982	0	0	0	1.105	0.33
1981	0	0	0	1.166	0.38
1980	0	0	0	1.294	0.21
1979	0	0	0	1.420	0.21
1978	0	0	0	1.554	0.21
TOTALS	218	218	196		
TOTAL PHYSICAL DEPRECIATION			22		

LARGE SCALE MINING EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	0	0	0	1.000	0.91
1987	0	0	0	1.032	0.85
1986	0	0	0	1.041	0.76
1985	0	0	0	1.046	0.67
1984	0	0	0	1.058	0.57
1983	0	0	0	1.080	0.48
1982	0	0	0	1.105	0.40
1981	0	0	0	1.166	0.31
1980	0	0	0	1.294	0.23
1979	0	0	0	1.420	0.23
TOTALS	0	0	0		
TOTAL PHYSICAL DEPRECIATION			0		

REPRODUCTION COST NEW LESS DEPRECIATION VALUE FOR
 MINING, MILLING, SMELTING AND RELATED EQUIPMENT
 1989 TAX YEAR

MILLING REFINING AND SKEW EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	116	116	109	1.000	0.94
1987	17	18	16	1.032	0.92
1986	0	0	0	1.041	0.86
1985	0	0	0	1.046	0.82
1984	0	0	0	1.058	0.76
1983	0	0	0	1.080	0.72
1982	0	0	0	1.105	0.67
1981	0	0	0	1.166	0.65
1980	0	0	0	1.294	0.65
1979	0	0	0	1.420	0.62
1978	0	0	0	1.554	0.61
1977	0	0	0	1.681	0.55
1976	0	0	0	1.780	0.50
1975	0	0	0	1.905	0.42
1974	0	0	0	2.180	0.37
1973	0	0	0	2.507	0.28
1972	0	0	0	2.591	0.16
1971	0	0	0	2.677	0.07
TOTALS	133	133	125		
TOTAL PHYSICAL DEPRECIATION			8		



**INSTRUCTIONS FOR FILING THE ANNUAL MINE REPORT
FORM 82061-B (OTHER THAN COPPER)
TAX YEAR 1991**

STATE OF ARIZONA, DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

INSTRUCTIONS, PAGE 1

Please note the report form due dates and the penalty provisions.

MINE COMPANY PROPRIETARY DATA, PAGE 2

This section provides background information relating to ownership and type of operation.

ORE RESERVE DATA, PAGE 3

Ore or mineral reserves (metallic or nonmetallic) reported should include all ore from all sources. In the broad economic sense, and from a legal standpoint as well, ore is mineralized rock which, under appropriate conditions of time, space, technology, economics, and politics, can be mined, processed, and made to yield saleable metal or other mineral products at a profit. Grade of molybdenum metal--NOT MOS2--is to be reported. Protore is a term referring to low grade leachable material that cannot be classified as ore. However, it can be segregated during mining and placed on heap/dump leach pads to recover mineral. The designation of ore bodies as Federal, Private, State, or Indian refers to type of ownership or control. Federal includes unpatented mining claims and mineral leases. Private is fee simple surface and mineral rights including patented mining claims. State or Indian refers to the respective leasing authority. The life of the mine shall be determined by the size of the ore reserves and the estimated mine production per year.

PRODUCING MINE LAND, PAGES 3-4

Producing mine property is centrally valued by the Department of Revenue. Property not used directly in the mining operation, such as company housing, is valued and assessed by the county assessor. Therefore, it is necessary to distinguish between producing and non-producing property.

List all lands which are being used for production or future development. The outer perimeter shall be one claim beyond the producing claims or claims anticipated to be producing in the future. This pertains to land containing all ore reserves; all mine, mill, leach, refining, smelting, and other metal or mineral production facilities subject to taxation under ARS 42-143; ultimate pit or subsidence limits; all waste, storage, leach, and tailing dump sites; water facilities used for production; right-of-way land used for mine-operated railway lines, conveyor lines, water supply lines, and utilities supply lines.

Producing Mine Land, Pages 3-4 Cont.

Patented, fee simple, unpatented mining claims, severed mineral rights, and other producing lands not owned by the operator should be listed on Pages 3 and 4 of the forms. List the land by county, by parcel number (from county assessor's parcel map), by tax area code, name of claim or legal description, and acreage. County numbers are as follows:

(01) Apache	(05) Graham	(09) Navajo	(13) Yavapai
(02) Cochise	(06) Greenlee	(10) Pima	(14) Yuma
(03) Coconino	(07) Maricopa	(11) Pinal	(15) La Paz
(04) Gila	(08) Mohave	(12) Santa Cruz	

DO NOT LIST:

Nonproducing mining claims currently not being used or not anticipated to be used in mining operations.

Surface rights **NOT** connected with mining operations.

Houses, buildings, structures, etc., **NOT** used in mining.

Lots, other lands, water rights, ranches, mill sites, and personal property **NOT** used in the mining operation.

The Department will request maps showing mining claims and land, with identifying parcel numbers indicating whether they are classified as producing or nonproducing. When new land is added or land is reclassified, an updated map must be supplied to the Department.

Hospital buildings and facilities owned and operated by a mining company which are not a part of the producing mine will be valued by the county assessor. If the facilities are located on land which is defined as "producing mine land", such land will be assessed as part of the producing mine. The above explanation is applicable to other businesses owned and operated by a mining company, but not connected with the producing mine. Where a business or residence site on producing mine land is leased to others, the property of the lessee will be valued by the county assessor. The land involved will remain a part of the producing mine.

ANNUAL HISTORICAL PLANT OPERATIONS RECORD, PAGE 5

Production data on Form 82061-B will be reported in three major categories. These are (1) Mining, (2) Milling, and (3) Leaching, including heap or dump leaching, in-situ leaching, and vat leaching. The historical operating record should be used to report production data for the past five years. Do not report leaching material as waste. Waste dump leaching material will be reported as low grade leach (protore). Tons of mill or leach ore mined will include both processed and stockpiled ores. Stockpiles must be described on a separate schedule or in the space provided on page 12 on a yearly basis as to the grade of all recoverable products contained, the amount stockpiled, and the nature of the processing involved, such as milling or vat leaching. Stripping ratio is calculated by adding waste and low grade leach (protore) tons and dividing by mill and leach ore tons.

Annual Historical Plant Operations Record, Page 5 - Cont.

Under leaching production, total recovery to date of metal/mineral emplaced in dumps is the total units of metal/mineral recovered to date divided by the total units of metal/mineral originally added or contained within the heap/dump or in-situ body. Percent recovery per year of metal/mineral added during the year is the units of metal/mineral recovered for the year divided by the units of metal/mineral added to the heap for the year. If actual operating data is not available, an estimate of leach recoveries should be reported.

The final projection of the annual days worked will be made by the Department after reviewing the company's projections. Annual personnel levels based on average monthly levels should be reported in the appropriate category for operating areas of the producing mine. Both hourly and salaried employees should be reported in this section.

ANNUAL HISTORICAL PLANT OPERATIONS, PAGE 6

Report the quantity of each commodity produced and the sales price and value of each commodity in this section. The historical average selling price per operating mine unit should be computed by dividing the sales revenues for the particular year by the units of metal sold. This selling price will be multiplied by the quantity of mine output or production to yield the historical gross value of production for the year.

EXAMPLE:
$$\frac{\text{Sales revenue for commodity}}{\text{Units of commodity sold for the year}} \times \text{Units of Commodity produced during the year, or mine output} = \text{VALUE OF COMMODITY PRODUCED DURING THE YEAR}$$

No adjustment should be made for year-end inventory. The value of commodities on Form 82061-B such as molybdenum, silver, gold, uranium, coal, acid, and other products or by-products should be computed in the same manner. Other products or by-products include saleable products such as turquoise, selenium, perlite, zeolites, etc. Itemize revenues from these by-products on page 12 or a separate schedule.

Where two or more mines of common ownership are supplying ore, concentrates, cathode or anode copper, etc., to a smelter or processing plant owned by the same company, actual incomes received on a sale of products from the individual mine must be reported as income; and the allowable cost of the smelting or processing is the average cost per unit treated, as experienced by the smelter operator. These costs should be itemized on page 12 or a separate schedule.

If a smelter or processing plant is Class 1 property and custom or toll treatment is being done, the net profit from that operation must be reported as miscellaneous revenue (MISC. REVENUES \$) on page 6 and a statement of toll smelting revenue and expense provided on page 12 or a separate schedule. The price charged for outside toll smelting is **NOT** necessarily the cost of treating company-owned material.

Miscellaneous revenues from the producing mine operation such as a sale of power, water, services, custom milling or smelting charges, acid sales, and other incidental revenue, must be reported per unit of commodity or per pound, ounce or ton of material produced (Form 82061-B).

Annual Historical Plant Operations, Page 6 - Cont.

A separate statement must be provided showing the sources and amounts comprising the total miscellaneous revenue to arrive at the amount per unit of metal or mineral product.

Where credit balances exist on exchanges, services, materials, and mine products between separate producing mine units within the state of Arizona, a separate itemized listing must be provided showing estimated incomes and costs to arrive at profit or loss.

For purposes of reporting PRODUCTION REVENUES the total value of by-products should include revenues from molybdenum, silver, gold, uranium, coal, acid, and other products or by-products. GROSS PRODUCT VALUE includes the sum of revenue from all products, by-products, and miscellaneous revenues. For reporting by-product value on Form 82061-B, include all by-products for this computation. On Form 82061-B, MAIN PRODUCT VALUES refers to the mine product with the largest sales value. All other mined products will be considered by-products for this section.

ANNUAL HISTORICAL PRODUCTION COST RECORD, PAGE 7

On Form 82061-B, costs should be reported in dollars per ton of ore, cents per pound or \$ per unit of product. Indicate on Form 82061-B the value per unit chosen if different than dollars per ton of ore. Provide details for royalties, rents, overhead, and other costs on page 12.

Mineral royalties or rents paid to private parties are **NOT** allowable costs, unless the royalty recipient is paying property taxes as a separate producing mine taxpayer. Under certain circumstances, royalties could be allowed as deductible costs. This would be an exception, not the rule. Evidence supporting allowance of royalties shall be presented to the Department. The Department will then decide if the royalty is an allowable cost.

A company may expense all costs of operating a hospital for benefit of the producing mine. This method will avoid the necessity of making separate allocations to producing and nonproducing valuations.

An itemized listing of corporate overhead, other overhead, and other costs should be provided on page 12 or a separate schedule.

For purposes of this report, capital expenditures shall be classified as follows:

1. Original capital investment (original land acquisition, initial plant construction, pre-development, pre-stripping, exploration, etc.)
2. Expansion capital (plant construction to increase plant capacity, pre-stripping, additional equipment used to increase production)
3. Replacement capital (replacement of worn-out equipment, portions of plant or truck fleet necessary to maintain present production level)
4. Environmental Protection Capital (acid plants, pollution control equipment, gas collection systems, etc.)

Original capital investment and expansion capital expenditures are **NOT** to be considered as expenses on the cost pages. Capital expenditures for replacement and environmental protection should appear as amortized or depreciated expenses.

Annual Historical Production Cost Record, Page 7 - Cont.

Amortization or depreciation should be computed on a ten year basis or life of mine, whichever is less. For example, if \$12,000,000 of capital has been expended for replacement or environmental purposes in one of the preceding 10 years, then the allowable charge to be reported in the CAPITAL COSTS section would be \$1,200,000 per year over a ten year period.

Federal and State income taxes, property taxes, and severance taxes are to be listed separately. Other taxes, such as excise, sales, payroll, etc., are to be included in the other costs line and itemized separately on page 12 or a supplementary schedule.

The TOTAL OPERATING COST line is the total of all of the above costs including mining and all other costs. This subtotal does not include income taxes or capital costs.

Federal and State income taxes are to be computed as if the unit is a separate taxable entity. Taxable income will be based on revenues less all expenses associated with the production, administration, distribution, development, and marketing functions of the operation on the basis of GAAP and the expenses associated with the miscellaneous revenue. However, interest charges, depreciation, depletion, amortization, and other non-cash charges shall not be included as expenses. Expenses for smelting and/or refining will be calculated on a market basis if the material is processed out-of-state or at a location which is locally assessed and not assessable within the producing mine unit from which the material was extracted. Intra-company charges between centrally assessed producing mine units within the state will be calculated at actual cost.

Income taxes shall be calculated separately for each year of the 5-year historic margin period. In this respect, the following shall apply:

- (i) Negative as well as positive tax liabilities shall be determined; and,
- (ii) No provision is made for the carryback or carryover of losses or credits.

Federal and Arizona income tax liabilities, both positive and negative, shall be determined by multiplying 25% by the final taxable income or loss determined by subtracting TOTAL OPERATING COST on page 7 from GROSS PRODUCT VALUE from page 6 in the PRODUCTION REVENUES section.

Leased equipment expenses should not be reported unless the equipment is used for replacement or environmental purposes. These expenses will be determined by applying the rules for computing amortized capital expenses. For example, if the equipment is used as a replacement item, the expense should be an amortized amount under the CAPITAL COSTS section of page 7.

Interest expenses included in costs must be itemized on the line provided. All depreciation, amortization, and depletion included in OPERATING COSTS or CAPITAL COSTS must be reported on the line labeled OPERATING COST DETAIL. Any amortized replacement or environmental charges should also be included on this line.

The VALUE OF PRODUCTION section should report the dollar amount of gross value of production and the dollar amount of gross cost of production. The difference between these numbers is the excess or profit margin for this property.

Inventories of ore, minerals, concentrates, precipitates, anode or cathode copper, by-products, etc., are only to be considered on page 10. They are not to be used in making future projections.

SCHEDULE OF DEPRECIABLE ASSETS, PAGE 8

The costs for facilities and equipment located within the state necessary to the producing mine unit for operation--including mine plants, concentrators, smelters, chemical plants, and all accessory facilities used in producing metallic or nonmetallic products should be reported in this section. A fabricating plant such as wire bar plant is not a part of the producing mine unit. Do not report licensed motor vehicles because these items are taxed at the local county level.

Mining equipment should be separated into three categories--small scale, large scale, and shovels and/or draglines. Large scale equipment includes haulage trucks over 35 ton capacity, blast hole drills, and cranes. Small scale equipment includes all other items except that defined as large scale equipment and shovels or draglines. Milling plant includes all concentrators, refineries, solvent extraction-electrowinning, and miscellaneous metal recovery plants such as for rhenium, etc. Smelter plant includes smelting facilities, dore furnaces, and certain miscellaneous metal recovery plants such as ferromolybdenum and copper concentrate hydrometallurgical smelting plants. All leased equipment used as part of the producing mines should be included on this page.

TAX AREA CODE ALLOCATION REPORTING, PAGE 9

Report original cost of equipment by tax code location on page 9. This information is used to correctly allocate full cash values to school districts, fire districts, etc.

SUPPLIES INVENTORY SCHEDULE, PAGE 10

The amounts reported for supplies inventory should correspond to the amounts carried on the financial books for the corporation or the taxpayer. The supplies inventory should be reported before any allowances for depreciation, obsolescence or salvage. Liquid supplies are defined as readily saleable items which include fuel, lumber, mill balls, sheet steel, reagents, etc.

CONSTRUCTION WORK IN PROGRESS SCHEDULE, PAGE 10

A separate statement must be provided which designates the types of capital expenditures (expansion, replacement, etc.) for each open appropriation or construction in progress project over \$1,000,000. Use an additional schedule if page 10 does not provide adequate space.

LEASED EQUIPMENT SCHEDULE, PAGE 11

Leased equipment, which is a permanent part of the mine and located at the mine site as of January 1 of the tax year, should be reported on the SCHEDULE OF DEPRECIABLE ASSETS on Page 8 and on the LEASED EQUIPMENT SCHEDULE on Page 11. Temporarily leased equipment may not be included in the value of the mine depending on terms of the lease and use of the equipment.

ADDITIONAL INFORMATION, PAGE 12

Describe any factors that should be considered in determining a value for this property. Attach additional schedules as warranted.

Sign and date the form as required and return to the Department of Revenue.

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

ROSE MOFFORD
GOVERNOR



PAUL WADDELL
DIRECTOR

January, 1991

THE COMPUTER PRINT-OUTS ENCLOSED ARE A PART OF YOUR ANNUAL REPORT TO THE DEPARTMENT OF REVENUE AND ONE COPY OF EACH MUST BE RETURNED WITH YOUR REPORT BY APRIL 1, TO:

ARIZONA DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION & EQUALIZATION
CENTRALLY VALUED PROPERTIES UNIT
1600 WEST MONROE, 8TH FLOOR
PHOENIX, ARIZONA 85007
(602) 542-3529

INSTRUCTIONS

The enclosed computer report form titled "Statement of Original Cost per Balance Sheet" is used to establish the location of your property. The "Current Year" column must be completed by you and must include the original cost, by tax area code, of all buildings, structures, materials, supplies, personal property, and plant under construction as of December 31, 1990. The amounts in the "Previous Year" column of this report are those which were reported last year. The "Tax Area Code" is the identification number which is used to locate the property and it is listed on the report form under the column headed "Area". If you are unsure of the tax area code(s) in which your property is located, contact the County Assessor's Office in the county in which the property is located.

In addition to completing the "Current Year" columns, please be sure to add any new tax area codes in which your property is located. Also, check the codes listed to verify that they are still correct, and return with your annual reporting form.

The other computer report form, which is titled "Operating Land by Taxpayer", is enclosed if you own land in connection with the operation of your business. Please review this to determine whether any of your land is omitted or incorrectly reported and so note, on the computer report form, and return with your annual reporting form.

Two copies of the computer report forms are enclosed. One is for your records.

OTHER LOCATIONS: Tucson Government Mall - 402 W. CONGRESS - TUCSON
East Valley - 1440/1460 E. SOUTHERN - TEMPE

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

ROSE MOFFORD
GOVERNOR



PAUL WADDELL
DIRECTOR

January, 1991

NOTICE

PLEASE COMPLETE AND RETURN THE ENCLOSED PROPERTY TAX FORMS ON OR BEFORE APRIL 1, 1991. IF THE FORMS ARE NOT COMPLETED AND RETURNED BY APRIL 1, THE VALUE OF YOUR PROPERTY FOR PROPERTY TAX PURPOSES WILL BE ESTIMATED BASED UPON OTHER INFORMATION AVAILABLE TO THIS DEPARTMENT. IN ADDITION, A PENALTY WILL BE ASSESSED UNLESS AN EXTENSION IS GRANTED BY THIS DEPARTMENT AND THE REPORT IS FILED BY THE EXTENDED DUE DATE. EXTENSIONS WILL BE GRANTED ONLY FOR GOOD CAUSE.

REQUESTS FOR EXTENSION MUST BE MADE IN WRITING BY A REPRESENTATIVE OF THE COMPANY, AND MUST BE RECEIVED BY APRIL 1. NO EXTENSIONS WILL BE FOR MORE THAN TWENTY DAYS.

IT IS IMPORTANT THAT YOU FILE WHATEVER YOU ARE ABLE TO FILE BY APRIL 1. IF PART OF THE REQUIRED INFORMATION IS AVAILABLE AND PART IS NOT, FILE WHAT IS AVAILABLE BY APRIL 1 AND REQUEST AN EXTENSION FOR ONLY THAT WHICH IS NOT AVAILABLE.

REFER ANY QUESTIONS TO THE PROPERTY VALUATION AND EQUALIZATION DIVISION, CENTRALLY VALUED PROPERTIES UNIT, (602) 542-3529.

OTHER LOCATIONS: Tucson Government Mall - 402 W. CONGRESS - TUCSON
East Valley - 1440/1460 E. SOUTHERN - TEMPE



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

To: Natural Resource Taxpayers

Date: January 9, 1991

From: Centrally Valued Properties ^{JDL}

Subject: Power and Fuel Costs

Power and fuel costs are two significant factors that impact financial results of a mining operation. Power cost rate increases and the recently enacted federal increase of five cents in fuel taxes are factors that influence income approach valuations for mines. In order for the Department to consider the impact of these factors, additional information is being requested to be included with the annual report form, which is due April 1, 1991. This information may be included as a separate schedule or entered in the Additional Information Section of the the report form.

In terms of the fuel tax increase, the Department is requesting the total gallons of fuel subject to the taxes which were consumed in each year of the past five years. In terms of power cost increases, the Department is requesting for each year of the past five years the total kilowatt hours consumed and the cost for that power.

If a rate increase is pending or proposed which will affect a particular operation, an estimation of the impact of the effect of the rate change would be helpful.

If the effect of power or fuel cost increases is not significant or appropriate to the method of valuation for a particular property, it will not be necessary to include this information with the report form for the 1991 tax year.

Should you need further information, please feel free to call the Property Valuation and Equalization Division, (602) 542-3529.

JDL:sc



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

TO: Centrally Valued Natural Resource Taxpayers
FROM: Joseph D. Langlois
Arizona Department of Revenue
DATE: January 7, 1991
SUBJECT: Appraisal Manual for Centrally Valued Natural
Resource Properties

In accordance with Department of Revenue Rule R15-4-201E, a meeting will be held on January 30, 1991 at 1:30 p.m. for the purpose of discussing changes to the Appraisal Manual for Producing Mines, Non-Producing Mines and Oil, Gas and Geothermal Interests. The meeting will be held in Training Room 981A, which is located on the 9th Floor of the Department of Revenue building.

If you should have any questions concerning the meeting, please feel free to call me at the Property Valuation and Equalization Division, 542-3529, Extension 124.

JDL:sc



**INSTRUCTIONS FOR FILING THE ANNUAL MINE REPORT
FORM 82061-B (OTHER THAN COPPER)
TAX YEAR 1991**

STATE OF ARIZONA, DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

INSTRUCTIONS, PAGE 1

Please note the report form due dates and the penalty provisions.

MINE COMPANY PROPRIETARY DATA, PAGE 2

This section provides background information relating to ownership and type of operation.

ORE RESERVE DATA, PAGE 3

Ore or mineral reserves (metallic or nonmetallic) reported should include all ore from all sources. In the broad economic sense, and from a legal standpoint as well, ore is mineralized rock which, under appropriate conditions of time, space, technology, economics, and politics, can be mined, processed, and made to yield saleable metal or other mineral products at a profit. Grade of molybdenum metal--NOT MOS2--is to be reported. Protore is a term referring to low grade leachable material that cannot be classified as ore. However, it can be segregated during mining and placed on heap/dump leach pads to recover mineral. The designation of ore bodies as Federal, Private, State, or Indian refers to type of ownership or control. Federal includes unpatented mining claims and mineral leases. Private is fee simple surface and mineral rights including patented mining claims. State or Indian refers to the respective leasing authority. The life of the mine shall be determined by the size of the ore reserves and the estimated mine production per year.

PRODUCING MINE LAND, PAGES 3-4

Producing mine property is centrally valued by the Department of Revenue. Property not used directly in the mining operation, such as company housing, is valued and assessed by the county assessor. Therefore, it is necessary to distinguish between producing and non-producing property.

List all lands which are being used for production or future development. The outer perimeter shall be one claim beyond the producing claims or claims anticipated to be producing in the future. This pertains to land containing all ore reserves; all mine, mill, leach, refining, smelting, and other metal or mineral production facilities subject to taxation under ARS 42-143; ultimate pit or subsidence limits; all waste, storage, leach, and tailing dump sites; water facilities used for production; right-of-way land used for mine-operated railway lines, conveyor lines, water supply lines, and utilities supply lines.

Producing Mine Land, Pages 3-4 Cont.

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DO NOT LIST:

Nonproducing mining claims currently not being used or not anticipated to be used in mining operations.

Surface rights **NOT** connected with mining operations.

Houses, buildings, structures, etc., **NOT** used in mining.

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The Department will request maps showing mining claims and land, with identifying parcel numbers indicating whether they are classified as producing or nonproducing. When new land is added or land is reclassified, an updated map must be supplied to the Department.

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ANNUAL HISTORICAL PLANT OPERATIONS RECORD, PAGE 5

Production data on Form 82061-B will be reported in three major categories. These are (1) Mining, (2) Milling, and (3) Leaching, including heap or dump leaching, in-situ leaching, and vat leaching. The historical operating record should be used to report production data for the past five years. Do not report leaching material as waste. Waste dump leaching material will be reported as low grade leach (protore). Tons of mill or leach ore mined will include both processed and stockpiled ores. Stockpiles must be described on a separate schedule or in the space provided on page 12 on a yearly basis as to the grade of all recoverable products contained, the amount stockpiled, and the nature of the processing involved, such as milling or vat leaching. Stripping ratio is calculated by adding waste and low grade leach (protore) tons and dividing by mill and leach ore tons.

Annual Historical Plant Operations Record, Page 5 - Cont.

Under leaching production, total recovery to date of metal/mineral emplaced in dumps is the total units of metal/mineral recovered to date divided by the total units of metal/mineral originally added or contained within the heap/dump or in-situ body. Percent recovery per year of metal/mineral added during the year is the units of metal/mineral recovered for the year divided by the units of metal/mineral added to the heap for the year. If actual operating data is not available, an estimate of leach recoveries should be reported.

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EXAMPLE:
$$\frac{\text{Sales revenue for commodity}}{\text{Units of commodity sold for the year}} \times \text{Units of Commodity produced during the year, or mine output} = \text{VALUE OF COMMODITY PRODUCED DURING THE YEAR}$$

No adjustment should be made for year-end inventory. The value of commodities on Form 82061-B such as molybdenum, silver, gold, uranium, coal, acid, and other products or by-products should be computed in the same manner. Other products or by-products include saleable products such as turquoise, selenium, perlite, zeolites, etc. Itemize revenues from these by-products on page 12 or a separate schedule.

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Annual Historical Plant Operations, Page 6 - Cont.

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Federal and State income taxes, property taxes, and severance taxes are to be listed separately. Other taxes, such as excise, sales, payroll, etc., are to be included in the other costs line and itemized separately on page 12 or a supplementary schedule.

The TOTAL OPERATING COST line is the total of all of the above costs including mining and all other costs. This subtotal does not include income taxes or capital costs.

Federal and State income taxes are to be computed as if the unit is a separate taxable entity. Taxable income will be based on revenues less all expenses associated with the production, administration, distribution, development, and marketing functions of the operation on the basis of GAAP and the expenses associated with the miscellaneous revenue. However, interest charges, depreciation, depletion, amortization, and other non-cash charges shall not be included as expenses. Expenses for smelting and/or refining will be calculated on a market basis if the material is processed out-of-state or at a location which is locally assessed and not assessable within the producing mine unit from which the material was extracted. Intra-company charges between centrally assessed producing mine units within the state will be calculated at actual cost.

Income taxes shall be calculated separately for each year of the 5-year historic margin period. In this respect, the following shall apply:

- (i) Negative as well as positive tax liabilities shall be determined; and,
- (ii) No provision is made for the carryback or carryover of losses or credits.

Federal and Arizona income tax liabilities, both positive and negative, shall be determined by multiplying 25% by the final taxable income or loss determined by subtracting TOTAL OPERATING COST on page 7 from GROSS PRODUCT VALUE from page 6 in the PRODUCTION REVENUES section.

Leased equipment expenses should not be reported unless the equipment is used for replacement or environmental purposes. These expenses will be determined by applying the rules for computing amortized capital expenses. For example, if the equipment is used as a replacement item, the expense should be an amortized amount under the CAPITAL COSTS section of page 7.

Interest expenses included in costs must be itemized on the line provided. All depreciation, amortization, and depletion included in OPERATING COSTS or CAPITAL COSTS must be reported on the line labeled OPERATING COST DETAIL. Any amortized replacement or environmental charges should also be included on this line.

The VALUE OF PRODUCTION section should report the dollar amount of gross value of production and the dollar amount of gross cost of production. The difference between these numbers is the excess or profit margin for this property.

Inventories of ore, minerals, concentrates, precipitates, anode or cathode copper, by-products, etc., are only to be considered on page 10. They are not to be used in making future projections.

SCHEDULE OF DEPRECIABLE ASSETS, PAGE 8

The costs for facilities and equipment located within the state necessary to the producing mine unit for operation--including mine plants, concentrators, smelters, chemical plants, and all accessory facilities used in producing metallic or nonmetallic products should be reported in this section. A fabricating plant such as wire bar plant is not a part of the producing mine unit. Do not report licensed motor vehicles because these items are taxed at the local county level.

Mining equipment should be separated into three categories--small scale, large scale, and shovels and/or draglines. Large scale equipment includes haulage trucks over 35 ton capacity, blast hole drills, and cranes. Small scale equipment includes all other items except that defined as large scale equipment and shovels or draglines. Milling plant includes all concentrators, refineries, solvent extraction-electrowinning, and miscellaneous metal recovery plants such as for rhenium, etc. Smelter plant includes smelting facilities, dore furnaces, and certain miscellaneous metal recovery plants such as ferromolybdenum and copper concentrate hydrometallurgical smelting plants. All leased equipment used as part of the producing mines should be included on this page.

TAX AREA CODE ALLOCATION REPORTING, PAGE 9

Report original cost of equipment by tax code location on page 9. This information is used to correctly allocate full cash values to school districts, fire districts, etc.

SUPPLIES INVENTORY SCHEDULE, PAGE 10

The amounts reported for supplies inventory should correspond to the amounts carried on the financial books for the corporation or the taxpayer. The supplies inventory should be reported before any allowances for depreciation, obsolescence or salvage. Liquid supplies are defined as readily saleable items which include fuel, lumber, mill balls, sheet steel, reagents, etc.

CONSTRUCTION WORK IN PROGRESS SCHEDULE, PAGE 10

A separate statement must be provided which designates the types of capital expenditures (expansion, replacement, etc.) for each open appropriation or construction in progress project over \$1,000,000. Use an additional schedule if page 10 does not provide adequate space.

LEASED EQUIPMENT SCHEDULE, PAGE 11

Leased equipment, which is a permanent part of the mine and located at the mine site as of January 1 of the tax year, should be reported on the SCHEDULE OF DEPRECIABLE ASSETS on Page 8 and on the LEASED EQUIPMENT SCHEDULE on Page 11. Temporarily leased equipment may not be included in the value of the mine depending on terms of the lease and use of the equipment.

ADDITIONAL INFORMATION, PAGE 12

Describe any factors that should be considered in determining a value for this property. Attach additional schedules as warranted.

Sign and date the form as required and return to the Department of Revenue.

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

ROSE MOFFORD
GOVERNOR



PAUL WADDELL
DIRECTOR

January, 1991

THE COMPUTER PRINT-OUTS ENCLOSED ARE A PART OF YOUR ANNUAL REPORT TO THE DEPARTMENT OF REVENUE AND ONE COPY OF EACH MUST BE RETURNED WITH YOUR REPORT BY APRIL 1, TO:

ARIZONA DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION & EQUALIZATION
CENTRALLY VALUED PROPERTIES UNIT
1600 WEST MONROE, 8TH FLOOR
PHOENIX, ARIZONA 85007
(602) 542-3529

INSTRUCTIONS

The enclosed computer report form titled "Statement of Original Cost per Balance Sheet" is used to establish the location of your property. The "Current Year" column must be completed by you and must include the original cost, by tax area code, of all buildings, structures, materials, supplies, personal property, and plant under construction as of December 31, 1990. The amounts in the "Previous Year" column of this report are those which were reported last year. The "Tax Area Code" is the identification number which is used to locate the property and it is listed on the report form under the column headed "Area". If you are unsure of the tax area code(s) in which your property is located, contact the County Assessor's Office in the county in which the property is located.

In addition to completing the "Current Year" columns, please be sure to add any new tax area codes in which your property is located. Also, check the codes listed to verify that they are still correct, and return with your annual reporting form.

The other computer report form, which is titled "Operating Land by Taxpayer", is enclosed if you own land in connection with the operation of your business. Please review this to determine whether any of your land is omitted or incorrectly reported and so note, on the computer report form, and return with your annual reporting form.

Two copies of the computer report forms are enclosed. One is for your records.

OTHER LOCATIONS: Tucson Government Mall - 402 W. CONGRESS - TUCSON
East Valley - 1440/1460 E. SOUTHERN - TEMPE

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE - PHOENIX, ARIZONA 85007

ROSE MOFFORD
GOVERNOR



PAUL WADDELL
DIRECTOR

January, 1991

NOTICE

PLEASE COMPLETE AND RETURN THE ENCLOSED PROPERTY TAX FORMS ON OR BEFORE APRIL 1, 1991. IF THE FORMS ARE NOT COMPLETED AND RETURNED BY APRIL 1, THE VALUE OF YOUR PROPERTY FOR PROPERTY TAX PURPOSES WILL BE ESTIMATED BASED UPON OTHER INFORMATION AVAILABLE TO THIS DEPARTMENT. IN ADDITION, A PENALTY WILL BE ASSESSED UNLESS AN EXTENSION IS GRANTED BY THIS DEPARTMENT AND THE REPORT IS FILED BY THE EXTENDED DUE DATE. EXTENSIONS WILL BE GRANTED ONLY FOR GOOD CAUSE.

REQUESTS FOR EXTENSION MUST BE MADE IN WRITING BY A REPRESENTATIVE OF THE COMPANY, AND MUST BE RECEIVED BY APRIL 1. NO EXTENSIONS WILL BE FOR MORE THAN TWENTY DAYS.

IT IS IMPORTANT THAT YOU FILE WHATEVER YOU ARE ABLE TO FILE BY APRIL 1. IF PART OF THE REQUIRED INFORMATION IS AVAILABLE AND PART IS NOT, FILE WHAT IS AVAILABLE BY APRIL 1 AND REQUEST AN EXTENSION FOR ONLY THAT WHICH IS NOT AVAILABLE.

REFER ANY QUESTIONS TO THE PROPERTY VALUATION AND EQUALIZATION DIVISION, CENTRALLY VALUED PROPERTIES UNIT, (602) 542-3529.

OTHER LOCATIONS: Tucson Government Mall - 402 W. CONGRESS - TUCSON
East Valley - 1440/1460 E. SOUTHERN - TEMPE



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

To: Natural Resource Taxpayers

Date: January 9, 1991

From: Centrally Valued Properties ^{JDL}

Subject: Power and Fuel Costs

Power and fuel costs are two significant factors that impact financial results of a mining operation. Power cost rate increases and the recently enacted federal increase of five cents in fuel taxes are factors that influence income approach valuations for mines. In order for the Department to consider the impact of these factors, additional information is being requested to be included with the annual report form, which is due April 1, 1991. This information may be included as a separate schedule or entered in the Additional Information Section of the the report form.

In terms of the fuel tax increase, the Department is requesting the total gallons of fuel subject to the taxes which were consumed in each year of the past five years. In terms of power cost increases, the Department is requesting for each year of the past five years the total kilowatt hours consumed and the cost for that power.

If a rate increase is pending or proposed which will affect a particular operation, an estimation of the impact of the effect of the rate change would be helpful.

If the effect of power or fuel cost increases is not significant or appropriate to the method of valuation for a particular property, it will not be necessary to include this information with the report form for the 1991 tax year.

Should you need further information, please feel free to call the Property Valuation and Equalization Division, (602) 542-3529.

JDL:sc



ARIZONA DEPARTMENT OF REVENUE

MEMORANDUM

TO: Centrally Valued Natural Resource Taxpayers
FROM: Joseph D. Langlois
Arizona Department of Revenue
DATE: January 7, 1991
SUBJECT: Appraisal Manual for Centrally Valued Natural
Resource Properties

In accordance with Department of Revenue Rule R15-4-201E, a meeting will be held on January 30, 1991 at 1:30 p.m. for the purpose of discussing changes to the Appraisal Manual for Producing Mines, Non-Producing Mines and Oil, Gas and Geothermal Interests. The meeting will be held in Training Room 981A, which is located on the 9th Floor of the Department of Revenue building.

If you should have any questions concerning the meeting, please feel free to call me at the Property Valuation and Equalization Division, 542-3529, Extension 124.

JDL:sc



ROSE MOFFORD
GOVERNOR

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007

Property Valuation & Equalization Division
Eighth Floor
(602) 542-3529

PAUL WADDELL
DIRECTOR

January 15, 1990

THE COMPUTER PRINT-OUTS ENCLOSED ARE A PART OF YOUR ANNUAL REPORT TO THE DEPARTMENT OF REVENUE AND ONE COPY OF EACH MUST BE RETURNED WITH YOUR REPORT BY APRIL 1, TO:

ARIZONA DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION & EQUALIZATION
CENTRALLY VALUED PROPERTIES SECTION
1600 WEST MONROE
PHOENIX, ARIZONA 85007

I N S T R U C T I O N S

The enclosed computer report form titled "Statement of Original Cost per Balance Sheet" is used to establish the location of your property. The "Current Year" column must be completed by you and must include the original cost, by tax area code, of all buildings, structures, materials, supplies, personal property, and plant under construction as of December 31, 1989. The amounts in the "Previous Year" column of this report are those which were reported last year. The "Tax Area Code" is the identification number which is used to locate the property and it is listed on the report form under the column headed "Area". If you are unsure of the tax area code(s) in which your property is located, contact the County Assessor's Office in the county in which the property is located.

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ROSE MOFFORD
GOVERNOR

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007
Property Valuation & Equalization Division
Eighth Floor
(602) 542-3529

PAUL WADDELL
DIRECTOR

January 15, 1990

N O T I C E

PLEASE COMPLETE AND RETURN THE ENCLOSED PROPERTY TAX FORMS ON OR BEFORE APRIL 1, 1990. IF THE FORMS ARE NOT COMPLETED AND RETURNED BY APRIL 1, THE VALUE OF YOUR PROPERTY FOR PROPERTY TAX PURPOSES WILL BE ESTIMATED BASED UPON OTHER INFORMATION AVAILABLE TO THIS DEPARTMENT. IN ADDITION, A PENALTY WILL BE ASSESSED UNLESS AN EXTENSION IS GRANTED BY THIS DEPARTMENT AND THE REPORT IS FILED BY THE EXTENDED DUE DATE. EXTENSIONS WILL BE GRANTED ONLY FOR GOOD CAUSE. REQUESTS FOR EXTENSION MUST BE MADE IN WRITING BY A REPRESENTATIVE OF THE COMPANY, AND MUST BE RECEIVED BY APRIL 1. NO EXTENSIONS WILL BE FOR MORE THAN TWENTY DAYS.

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INSTRUCTIONS FOR FILING THE ANNUAL MINE REPORT
FORM 82061-A (COPPER) AND FORM 82061-B (OTHER THAN COPPER)
TAX YEAR 1990

STATE OF ARIZONA DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

INSTRUCTIONS, PAGE 1

Please note the report form due dates and the penalty provisions.

MINE PROPRIETARY INFORMATION, PAGE 2

This section provides background information relating to ownership and type of operation.

ORE RESERVE DATA, PAGE 3

Ore or mineral reserves (metallic or nonmetallic) reported should include all ore from all sources. In the broad economic sense, and from a legal standpoint as well, ore is mineralized rock which, under appropriate conditions of time, space, technology, economics, and politics, can be mined, processed, and made to yield saleable metal or other mineral products at a profit. Grade of molybdenum metal--not MOS2--is to be reported. Protore is a term referring to low grade leachable material that cannot be classified as ore. However, it can be segregated during mining and placed on heap/dump leach pads to recover mineral. The designation of ore bodies as Federal, Private, State, or Indian refers to type of ownership or control. Federal includes unpatented mining claims and mineral leases. Private is fee simple surface and mineral rights including patented mining claims. State or Indian refers to the respective leasing authority. The life of the mine shall be determined by the size of the ore reserves and the estimated mine production per year.

PRODUCING MINE LAND, PAGES 3-4

Producing mine property is centrally valued by the Department of Revenue. Property not used directly in the mining operation, such as company housing, is valued and assessed by the county assessor. Therefore, it is necessary to distinguish between producing and nonproducing property.

List:

Lands which are being used for production or future development. The outer perimeter shall be one claim beyond the producing claims or claims anticipated to be producing in the future. This pertains to land containing all ore reserves; all mine, mill, leach, refining, smelting, and other metal or mineral production facilities subject to taxation under ARS 42-143; ultimate pit or subsidence limits; all waste, storage, leach, and tailing dump sites; water facilities used for production; right-of-way land used for mine-operated railway lines, conveyor lines, water supply lines, and utilities supply.

Patented, fee simple, unpatented mining claims, severed mineral rights, and other producing lands not owned by the operator should be listed on Pages 3 and 4 of the forms. List the land by county, by parcel number (from county assessor's parcel map), by tax area code, name of claim or legal description, and acreage. County numbers are as follows:

(01) Apache	(05) Graham	(09) Navajo	(13) Yavapai
(02) Cochise	(06) Greenlee	(10) Pima	(14) Yuma
(03) Coconino	(07) Maricopa	(11) Pinal	(15) La Paz
(04) Gila	(08) Mohave	(12) Santa Cruz	

DO NOT LIST:

Nonproducing mining claims currently not being used, or not anticipated to be used in mining operations.

Surface rights not connected with mining operations.

Houses, buildings, structures, etc., not used in mining.

Lots, other lands, water rights, ranches, mill sites, and personal property not used in the mining operation.

The Department will request maps showing mining claims and land, with identifying parcel numbers indicating whether they are classified as producing or nonproducing. When new land is added or land is reclassified, an updated map must be supplied to the Department.

Hospital buildings and facilities owned and operated by a mining company which are not a part of the producing mine will be valued by the county assessor. If the facilities are located on land which is defined as "producing mine land," such land will be included in the producing mine. The above explanation is applicable to other businesses owned and operated by a mining company, but not connected with the producing mine. Where a business or residence site on producing mine land is leased to others, the property of the lessee will be valued by the county assessor. The land involved will remain a part of the producing mine.

PLANT OPERATIONS RECORD, PAGE 5

Production data on Form 82061-A or 82061-B will be reported in three major categories. These are (1) Mining, (2) Milling, and (3) Leaching, including heap or dump leaching, in-situ leaching, and vat leaching. The historical operating record should be used to report production data for the past five years. Do not report leaching material as waste. Waste dump leaching material will be reported as low grade leach (protore). Tons of mill or leach ore mined will include both processed and stockpiled ores. Stockpiles must be described on a separate schedule or in the space provided on page 13 on a yearly basis as to the grade of all recoverable products contained, the amount stockpiled, and the nature of the processing involved, such as milling or vat leaching. Stripping ratio is calculated by adding waste and low grade leach (protore) tons and dividing by mill and leach ore tons.

Under leaching production, total recovery to date of copper emplaced in dumps is the total pounds of copper recovered to date divided by the total pounds of copper originally added or contained within the heap/dump or in-situ body. Percent recovery per year of copper added during the year is the pounds of copper recovered for the year divided by the pounds of copper added to the heap for the year. If actual operating data is not available an estimate of leach recoveries should be reported.

The final projection of the annual days worked will be made by the Department after reviewing the company's projections. Annual personnel levels based on average monthly levels should be reported in the appropriate category for operating areas of the producing mine. Both hourly and salaried employees should be reported in this section.

METAL/MINERAL PRODUCTION RECORD, PAGE 6

Report the quantity of each commodity produced and the sales price and value of each commodity in this section.

The historical average selling price per operating mine unit should be computed by dividing the sales revenues for the particular year by the units of metal sold. This selling price will be multiplied by the quantity of mine output or production to yield the historical gross value of production for the year.

EXAMPLE: Sales revenue for copper x Pounds of copper = VALUE
Pounds of copper sold for produced during COPPER
the year the year, or mine PRODUCED
output during the year

No adjustment should be made for year-end inventory. The value of commodities on Form 82061-A or 82061-B such as molybdenum, silver, gold, uranium, coal, acid, and other products or by-products should be computed in the same manner. Other products or by-products include saleable products such as turquoise, selenium, perlite, zeolites, etc. Itemize revenues from these by-products on Page 13 or a separate schedule.

Where two or more mines of common ownership are supplying ore, concentrates, cathode or anode copper, etc., to a smelter or processing plant owned by the same company, actual incomes received on a sale of products from the individual mine must be reported as income; and the allowable cost of the smelting or processing is the average cost per unit treated, as experienced by the smelter operator. These costs should be itemized on Page 13 or a separate schedule.

If a smelter or processing plant is Class 1 property and custom or toll treatment is being done, the net profit from that operation must be reported as miscellaneous revenue (MISC. REVENUES \$) on Page 6 and a statement of toll smelting revenue and expense provided on page 13 or a separate schedule. The price charged for outside toll smelting, is not necessarily the cost of treating company-owned material.

Miscellaneous revenues from the producing mine operation such as a sale of power, water, services, custom milling or smelting charges, acid sales, and other incidental revenue, must be reported per pound of copper (Form 82061-A), or per pound, ounce or ton of material (Form 82061-B) produced.

A separate statement must be provided showing the sources and amounts comprising the total miscellaneous revenue to arrive at the amount per pound of copper or unit of mineral material.

Where credit balances exist on exchanges, services, materials, and mine products between separate producing mine units within the state of Arizona, a separate itemized listing must be provided showing estimated incomes and costs to arrive at profit or loss.

For purposes of reporting PRODUCTION REVENUES the total value of by-products should include revenues from molybdenum, silver, gold, uranium, coal, acid, and other products or by-products. GROSS PRODUCT VALUE includes the sum of revenue from copper, all by-products, and miscellaneous revenues. For reporting by-product value on Form 82061-A include all by-products for this computation. On Form 82061-B, MAIN PRODUCT VALUES refers to the mine product with the largest sales value. All other mined products will be considered by-products for this section.

PRODUCTION COST RECORD, PAGE 7

On Form 82061-A, costs should be reported in \$ per pound of copper to four decimal places (i.e., .1521 for 15.21 cents per pound). On Form 82061-B, costs should be reported in dollars per ton of ore, cents per pound or \$ per unit of product. Indicate on Form 82061-B the value per unit chosen if different than dollars per ton of ore. Provide details for royalties, rents, overhead, and other costs on page 13.

Mineral royalties or rents paid to private parties are not allowable costs, unless the royalty recipient is paying property taxes as a separate producing mine taxpayer. Under certain circumstances, royalties could be allowed as deductible costs. This would be an exception, not the rule. Evidence supporting allowance of royalties shall be presented to the Department. The Department will then decide if the royalty is an allowable cost.

A company may expense all costs of operating a hospital for benefit of the producing mine. This method will avoid the necessity of making separate allocations to producing and nonproducing valuations.

An itemized listing of corporate overhead, other overhead, and other costs should be provided on Page 13 or a separate schedule.

For purposes of this report, capital expenditures shall be classified as follows:

1. Original capital investment (original land acquisition, initial plant construction, pre-development, pre-stripping, exploration, etc.)
2. Expansion capital (plant construction to increase plant capacity, pre-stripping, additional equipment used to increase production)
3. Replacement capital (replacement of worn-out equipment, portions of plant or truck fleet necessary to maintain present production level)
4. Environmental protection capital (acid plants, pollution control equipment, smelter revisions, etc.)

Original capital investment and expansion capital expenditures are not to be considered as expenses on the cost pages. Capital expenditures for replacement and environmental protection should appear as amortized or depreciated expenses. Amortization or depreciation should be computed on a ten year basis or life of mine, whichever is less. For example if \$12,000,000 of capital has been expended for replacement or environmental purposes in one of the preceding 10 years, then the allowable charge to be reported in the CAPITAL COSTS section would be \$1,200,000 per year over a ten year period.

Federal and State income taxes, property taxes, and severance taxes are to be listed separately. Other taxes, such as excise, sales, payroll, etc., are to be included in the other costs line and itemized separately on Page 13 or a supplementary schedule.

The SUBTOTAL OPERATING COSTS line is a total of all of the above costs including mining and all other costs. This subtotal does not include income taxes or capital costs.

Federal and State income taxes are to be computed as if the unit is a separate taxable entity. Taxable income will be based on revenues less all expenses associated with the production, administration, distribution, development and marketing functions of the operation on the basis of GAAP and the expenses associated with the miscellaneous revenue. However, interest charges, depreciation, depletion, amortization and other non-cash charges shall not be included as expenses. Expenses for smelting and/or refining will be calculated on a market basis if the material is processed out-of-state or at a location which is locally assessed and not includable in the producing mine unit from which the material was extracted. Intra-company charges between centrally assessed producing mine units within the state will be calculated at actual cost.

Income taxes shall be calculated separately for each year of the 5-year historic margin period. In this respect, the following shall apply:

- (i) Negative as well as positive tax liabilities shall be determined; and,
- (ii) No provision is made for the carryback or carryover of losses or credits.

Federal and Arizona income tax liabilities, both positive and negative, shall be determined by multiplying 26% by the final taxable income or loss determined by subtracting TOTAL OPERATING COSTS on Page 7 from GROSS PRODUCT VALUE derived from Page 6 in the PRODUCTION REVENUES section.

Leased equipment expenses should not be reported except if the equipment is used for replacement or environmental purposes. These expenses will be determined by applying the rules for computing amortized capital expenses. For example, if the equipment is used as a replacement item, the expense should be an amortized amount under the CAPITAL COSTS section of Page 7.

Interest expenses included in costs must be itemized on the line provided. All depreciation, amortization, and depletion included in OPERATING COSTS or CAPITAL COSTS must be reported on the line labeled DEPRECIATION IN COSTS. Any amortized replacement or environmental charges should also be included on this line.

The VALUE OF PRODUCTION section should report the dollar amount of gross value of production and the dollar amount of gross cost of production. The difference between these numbers is the excess or profit margin for this property.

Inventories of ore, minerals, concentrates, precipitates, anode or cathode copper, by-products, etc., are only to be considered on Page 11. They are not to be used in making future projections.

SCHEDULE OF DEPRECIABLE ASSETS, PAGES 8-9

The costs for facilities and equipment located within the state necessary to the producing mining unit for operation--including mine plants, concentrators, smelters, chemical plants, and all accessory facilities used in producing metallic or nonmetallic products should be reported in this section. A fabricating plant such as wire bar plant is not a part of the producing mine unit. Do not report licensed motor vehicles because these items are taxed at the local county level.

Mining equipment should be separated into three categories--small scale, large scale, and shovels and/or draglines. Large scale equipment includes haulage trucks over 35 ton capacity, blast hole drills, and cranes. Small scale equipment includes all other items except that defined as large scale equipment and shovels or draglines. Milling plant includes all concentrators, refineries, solvent extraction-electrowinning, and miscellaneous metal recovery plants such as for rhenium, etc. Smelter plant includes smelting facilities, dore furnaces, and certain miscellaneous metal recovery plants such as ferromolybdenum and copper concentrate hydrometallurgical smelting plants. All leased equipment used as part of the producing mines should be included on this page.

TAX AREA CODE ALLOCATION REPORTING, PAGE 10

Report original cost of equipment by tax code location on Page 10. This information is used to correctly allocate full cash values to school districts, fire districts, etc.

SUPPLIES INVENTORY SCHEDULE, PAGE 11

The amounts reported for supplies inventory should correspond to the amounts carried on the financial books of the corporation. The supplies inventory should be reported before any allowances for depreciation, obsolescence or salvage. Liquid supplies are readily saleable items which can probably be sold at near cost, these include fuel, lumber, mill balls, sheet steel, reagents, etc.

CONSTRUCTION WORK IN PROGRESS SCHEDULE, PAGE 11

A separate statement must be provided which designates the types of capital expenditures (expansion, replacement, etc.) for each open appropriation or construction in progress project over \$1,000,000. Use an additional schedule if Page 11 does not provide adequate space.

LEASED EQUIPMENT SCHEDULE, PAGE 12

Leased equipment which is a permanent part of the mine and located at the mine site as of January 1, of tax year, should be reported on the SCHEDULE OF DEPRECIABLE ASSETS on Pages 8 or 9 and on the LEASED EQUIPMENT SCHEDULE on Page 12. Temporarily leased equipment will not be included in the value of the mine.

ADDITIONAL INFORMATION, PAGE 13

Describe any factors that should be considered in determining a value for this property. Attached additional schedules as warranted.

Sign and date the form as required and return to the Department of Revenue.

ARIZONA DEPARTMENT OF REVENUE PHOENIX DATA PROCESSING CENTER

DATE: 01/10/90
 LATEST ACTIVITY: / /
 REPORT: PSI220-12

CENTRALLY VALUED PROPERTIES SYSTEM

TOTAL REPORT PAGE 908
 TAXPAYER PAGE 1

OPERATING LAND BY TAXPAYER

TAXPAYER NUMBER CLASS-NUM	COUNTY ALPHA	AREA NUMBER CODE	PARCEL NUM BK MP PARC	ACREAGE	LAND FCV	LINE NO	LEGAL DESCRIPTION
61-910	07	0900	506 99 005B	61.93	4,211	01 31 06N 05W	CLAIMS VULTURE EXTENSION VAN BUREN
						02	CONKLING PIT GOLD SEC 31 T6N R5W & SEC36 T6N R6W
61-910	07	0900	991 00 900	.00	16,380	01 01 5N 6W	ORE BODY VALUE
AREA TOTAL		2 PARCELS		61.93	20,591		
COUNTY TOTAL		2 PARCELS		61.93	20,591		
TAXPAYER TOTAL		2 PARCELS		61.93	20,591		

Moore Business Forms, Inc. v



CONFIDENTIAL

ANNUAL REPORT FOR MINES
(OTHER THAN COPPER)
DUE APRIL 1, 1990

IMPORTANT
Tax Documents
DUE APRIL 1

STATE OF ARIZONA, DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 West Monroe
8th Floor
Phoenix, Arizona 85007
(602)542-3529
for the year ending December 31, 1989

OFFICIAL MAILING ADDRESS

(Please indicate corrections of name and address)

61-910
A F BUDGE MINING LTD
VULTURE MINE
CAROLE O'BRIEN
4301 N 75 TH ST, SUITE 101
SCOTTSDALE, AZ 85251-3504

INSTRUCTIONS

This report form is required to be filed in order to provide the information necessary for the determination of the full cash value of mining property valued under provisions of ARS 42-143.

Return the complete report, including this page. DO NOT DETACH ANY PAGES.

The report, complete with all attached schedules, supplementary information, and when applicable, copies of stockholder reports, recent prospectus documents, and Securities and Exchange Commission 10K reports, must be completed and returned to the above address by April 1, 1990.

REFUSAL OR FAILURE TO FILE

Failure to file a completed report ON OR BEFORE APRIL 1, or the extended due date if an extension is granted, will result in a valuation of one hundred five percent of the prior year's full cash value or a value based upon other information available to the Department. In addition, a penalty will be assessed in the amount of the lesser of one-half of one percent of the value estimated by the Department or one hundred dollars per day for each day the taxpayer fails to file the report. (ARS 42-153)

Company Name A.F. Budge (Mining) Limited For the Year Ended December 31, 1989

FILING INSTRUCTIONS ARE ENCLOSED

Please refer to filing instructions when completing this report. Call area code 602 phone number 542-3529 for assistance. Abbreviations used in this report include: Pounds = LBS, Gallons = GAL, Ounces = OZS, Tons = TNS, Total = TOT, Leach = LCH

MINING COMPANY PROPRIETARY DATA

Name of Property Vulture Mine

Name of Owner V.M.P., Inc.

Name of Operator/Lessee A.F. Budge (Mining) Limited

Address of Operator/Lessee 4301 N. 75th St., Suite 101, Scottsdale, 85251

Official responsible for this report Carole A. O'Brien

Telephone Number (602) 945-4630

Contact person regarding information in this report same as above

Telephone Number _____

Type of Mine--Underground, open pit, leach, in-situ heap leach

Principal saleable product gold

Other saleable by-products silver

Date production started September 29, 1988

Date production stopped _____ Permanent or temporary _____

Average weighted sales price per unit received for each product sold in the year 1989:
\$363.18 per ounce gold; \$5.19 per ounce silver

A.F. Budge (Mining) Limited

CONFIDENTIAL

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1985	1986	1987	1988	1989	PHASE 1	PHASE 2	PHASE 3	PHASE 4
--	------	------	------	------	------	---------	---------	---------	---------

METAL OR MINERAL PRODUCED

Name of Major Product				gold	gold				
Name of Byproduct #1				silver	silver				
Name of Byproduct #2									

MINE PRODUCTION

Operating Days/Year									
Tons Underground Ore									
Tons Open Pit Mill Ore									
Tons Leach Ore Mined									
Tons Waste Mined									
Total Tons Mined									
Strip Ratio-Waste:Ore									

MILL PRODUCTION

Operating Days/Year									
Tons Ore Milled/Day									
Tons Ore Milled/Year									
Ore Grade									
Mill Recovery-%									
Smlt/Rfny Recovery-%									

LEACHING PRODUCTION

Operating Days/Year				100	260				
Tot Tons Ore in Dumps				54,000	141,000				
Dump Recovery For Ore									
Added During Year-%									
Dump Recovery For All				26%	56%				
Ore Added to Date-%									

PERSONNEL LEVELS

Mine Dept. Personnel									
Mill Dept. Personnel									
Leach Dept. Personnel				8	6				
Other Dept. Personnel									
Tot Personnel Level				8	6				

(Include both hourly and salaried personnel levels)

A.F. Budge (Mining) Limited

CONFIDENTIAL

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1985	1986	1987	1988	1989	PHASE 1	PHASE 2	PHASE 3	PHASE 4
<u>SILVER & GOLD PRODUCTION</u>									
Ounces of Silver				1,016	9,411				
Average Selling Price				\$5.77	\$5.19				
Value-Silver Produced									
Ounces of Gold				269	3,204				
Average Selling Price				\$401	\$363				
Value-Gold Produced									
<u>URANIUM PRODUCTION</u>									
Pounds of Uranium									
Average Selling Price									
Value-Uranium Produced									
<u>COAL PRODUCTION</u>									
Tons of Coal Produced									
Average Selling Price									
Value of Coal Produced									
<u>OTHER PRODUCTS(Describe units, ie. \$/TON, \$/LB)</u>									
Quantity Produced									
Average Selling Price									
Value of Product									
<u>OTHER BYPRODUCTS(Describe units, ie. \$/TON, \$/LB)</u>									
Quantity-Byproduct #1									
Average Selling Price									
Value of Byproduct #1									
Quantity-Byproduct #2									
Average Selling Price									
Value of Byproduct #2									
<u>PRODUCTION REVENUES</u>									
Main Product Values-\$				\$108,078	\$1,163,704				
Value-All Byproducts-\$				\$5,868	\$48,826				
Miscell. Revenues-\$									
Gross Product Value-\$				\$113,946	\$1,212,530				

A.F. Budge (Mining) Limited

CONFIDENTIAL

ANNUAL HISTORICAL PLANT OPERATIONS RECORD

FUTURE PROJECTIONS

	1985	1986	1987	1988	1989	PHASE 1	PHASE 2	PHASE 3	PHASE 4
OPERATING COST(Expressed in \$ per unit to four decimal places; indicate type of units-lbs <u> </u> tons <u>X</u> ozs <u> </u> other <u> </u>)									
Mining									
Milling & Processing									
Smelting & Refining									
In-situ Leaching									
Heap/Vat Leaching					6.5909				
Solvent Extraction									
Electrowinning									
Precipitating									
Byproduct Costs									
Marketing									
Freight									
Overhead					.3499				
Shutdown/Strike Exp									
Allowed Royalty/Rent									
Property Tax									
Severance Tax					.1610				
Other Costs									
TOTAL OPERATING COST					7.1018				
INCOME TAXES									
Tax Cost					.3894				
CAPITAL COSTS									
Environmental Items									
Replacement Items									
TOTAL PRODUCTION COST					7.4912				
Production Cost-\$/unit									
VALUE OF PRODUCTION									
Gross Product Value \$					\$1,212,530				
Gross Product Cost \$					\$1,056,260				
Excess of Value-Cost \$					\$156,270				
Excess of Value-\$/Unit					\$1.1083				
OPERATING COST DETAIL									
Interest Exp.in Costs									
Depreciation in Costs									

SCHEDULE OF DEPRECIABLE ASSETS

Company A.F. Budge (Mining) Limited

County of Maricopa

Operation Vulture Mine

Based on Original Cost by Year of Acquisition

For the Year Ending December 31, 1989

(Figures Expressed in thousands of dollars)

Year	Leased and Owned Mining Equipment			Office Equipment	Refinery & Milling Plant	SXEW and Leaching Plant	Environmental and Acid Plant	Smelting Plant	Miscellaneous Buildings & Structures	Total Original Cost by Year Acquisition
	Small Scale Equipment	Large Scale Equipment	Shovels & Draglines							
1989						7,000			3,500	10,500
1988	164,000					115,800			54,000	333,800
1987						17,000				17,000
1986										
1985										
1984										
1983										
1982										
1981										
1980										
1979										
1978										
1977										
1976										
1975										
1974										
1973										
1972										
1971										
1970										
1969										
1968										
1967										
1966										
1965										
1964										

Sub TOTAL 1964-89 \$361,300

SCHEDULE OF DEPRECIABLE ASSETS

Company _____

County of _____

Based on Original Cost by Year of Acquisition

Operation _____

For the Year Ending December 31, _____

(Figures Expressed in thousands of dollars)

Year	Leased and Owned Mining Equipment			Office Equipment	Refinery & Milling Plant	SKEW and Leaching Plant	Environmental and Acid Plant	Smelting Plant	Miscellaneous Buildings & Structures	Total Original Cost by Year Acquisition
	Small Scale Equipment	Large Scale Equipment	Shovels & Draglines							
1963										
1962										
1961										
1960										
1959										
1958										
1957										
1956										
1955										
1954										
1953										
1952										
1951										
1950										
1949										
1948										
1947										
1946										
1945										
Sub-										
Total										
1945-63										
Total										

LOCATION BY TAX AREA CODE OF
ORIGINAL COST FOR REAL AND PERSONAL PROPERTY

CONFIDENTIAL

Company A.F. Budge (Mining) Limited

County of Maricopa

Operation Vulture Mine

Based on Original Cost
(Figures Expressed in Thousands of Dollars)

For the Year Ending December 31, 1989

1. PERSONAL PROPERTY

TAX AREA CODE	MINING EQUIPMENT	SMELTER EQUIPMENT	ENVIRONMENTAL EQUIPMENT	OFFICE EQUIPMENT	REFINING & MILLING	SXEW & LEACH EQUIPMENT	CONSTRUCTION IN PROGRESS	MISCELLANEOUS EQUIPMENT	TOTAL ORIGINAL COST
07	\$164,000					\$139,800		\$57,500	\$361,300
TOTALS	\$164,00					\$139,800		\$57,500	\$361,300

2. IMPROVEMENTS

TAX AREA CODE	MINING STRUCTURES	SMELTER STRUCTURES	ENVIRONMENTAL STRUCTURES	OFFICE STRUCTURES	REFINING & MILLING	SXEW & LEACH STRUCTURES	CONSTRUCTION IN PROGRESS	MISCELLANEOUS STRUCTURES	TOTAL ORIGINAL COST
TOTALS									

Company A.F. Budge (Mining) Limited

SUPPLIES INVENTORY SCHEDULE

County of Maricopa

Operation Vulture Mine

Based on Original Cost

For the Year Ending December 31, 1989

SUPPLY CATEGORY	ORIGINAL COST OF ALL SUPPLIES	ORIGINAL COST OF CONSUMEABLES (FUEL, TIRES, REAGENTS)	ORIGINAL COST OF OF SALVAGE ITEMS	NET ORIGINAL COST LESS CONSUMABLES & SALVAGE
MINE				
MILL & LEACHING	\$328,000	\$328,000	\$0	\$0
SMELTER				
ENVIRONMENTAL				
OFFICE				
MISC. & BUILDINGS				
TOTAL COST	\$328,000	\$328,000	\$0	\$0

VALUE OF ALL METAL INVENTORIES AS OF YEAR END IN \$ _____

REPORT ORIGINAL COST BEFORE ALLOWANCES FOR DETERIORATION, DEPRECIATION OR SALVAGE. SALVAGE ITEMS DO NOT INCLUDE INSURANCE PARTS OR INACTIVE INVENTORY.

CONSTRUCTION WORK IN PROGRESS SCHEDULE

DESCRIPTION OF PROJECT	USE CATEGORY	DATE CONSTRUCTION STARTED	DATE OF EXPECTED COMPLETION	TOTAL PROJECTED CAPITAL EXPENDITURE	CAPITAL EXPENDED TO DATE ON PROJECT
TOTAL COST					

LIST PROJECTS IN EXCESS OF 1\$ MILLION EXPENDED. USE CATEGORY REFERS TO MINE, MILL, SMELTER, ENVIRONMENTAL, OFFICE OR BUILDINGS.

Company Name A.F. Budge (Mining) Limited For the Year Ended December 31, 1989

ADDITIONAL INFORMATION

List any additional information in the space provided that may influence the valuation of this mine.

VERIFICATION

Under the penalties of perjury, I do solemnly swear or affirm that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge information, and belief, it is true, correct and complete.

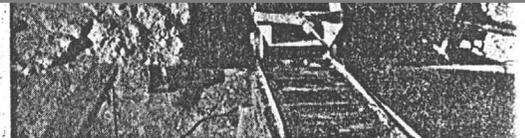
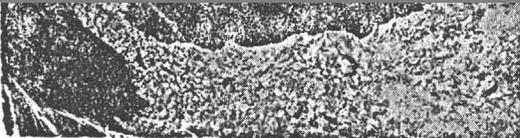
Dated this 28th day of March, 19 90.

Signature *Carole A. O'Brien*
Title Mining & Financial Coordinator
Company A.F. Budge (Mining) Limited

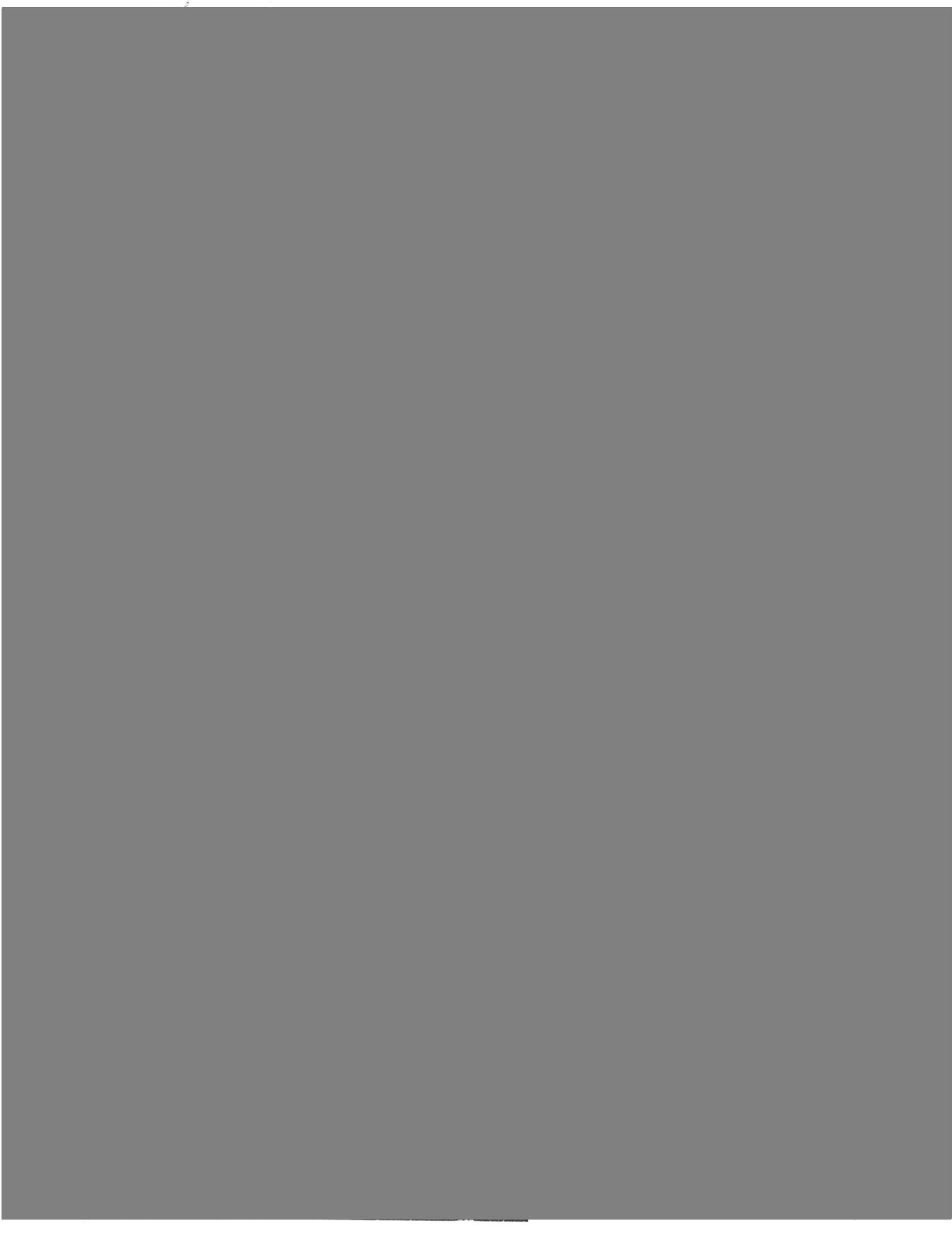
THE VULTURE MINE

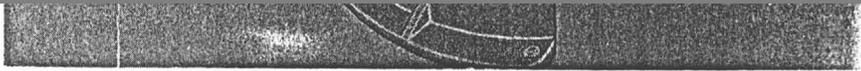
BY ERNEST R. DICKIE

Bulletin No. M7-B13

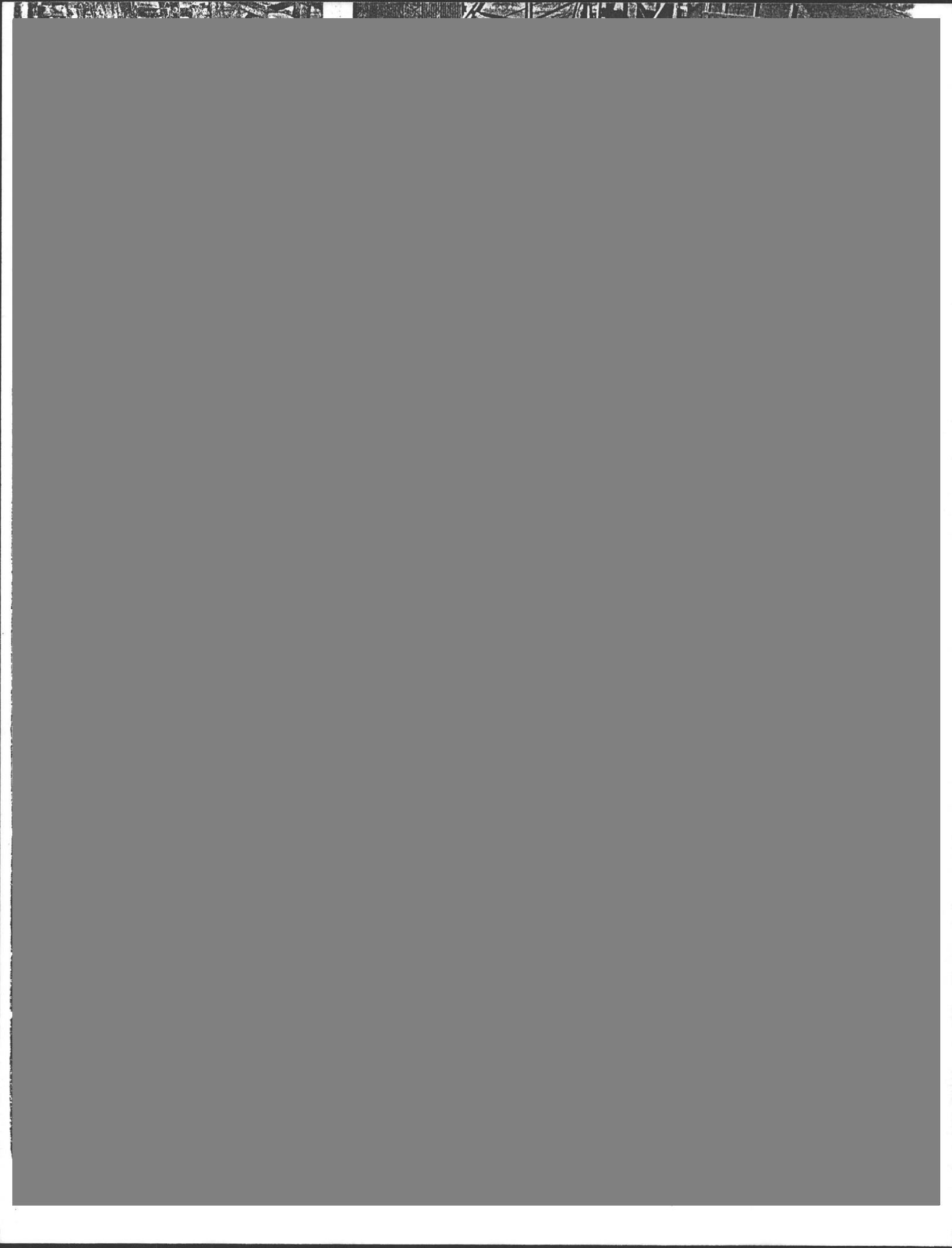


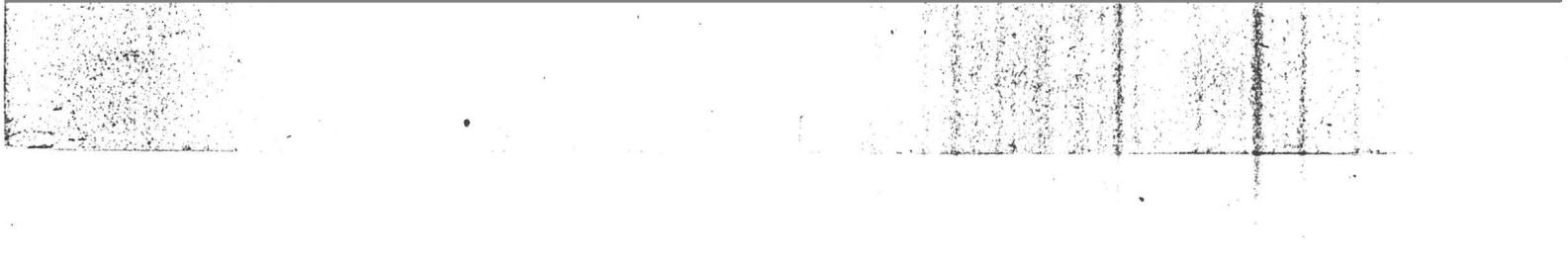
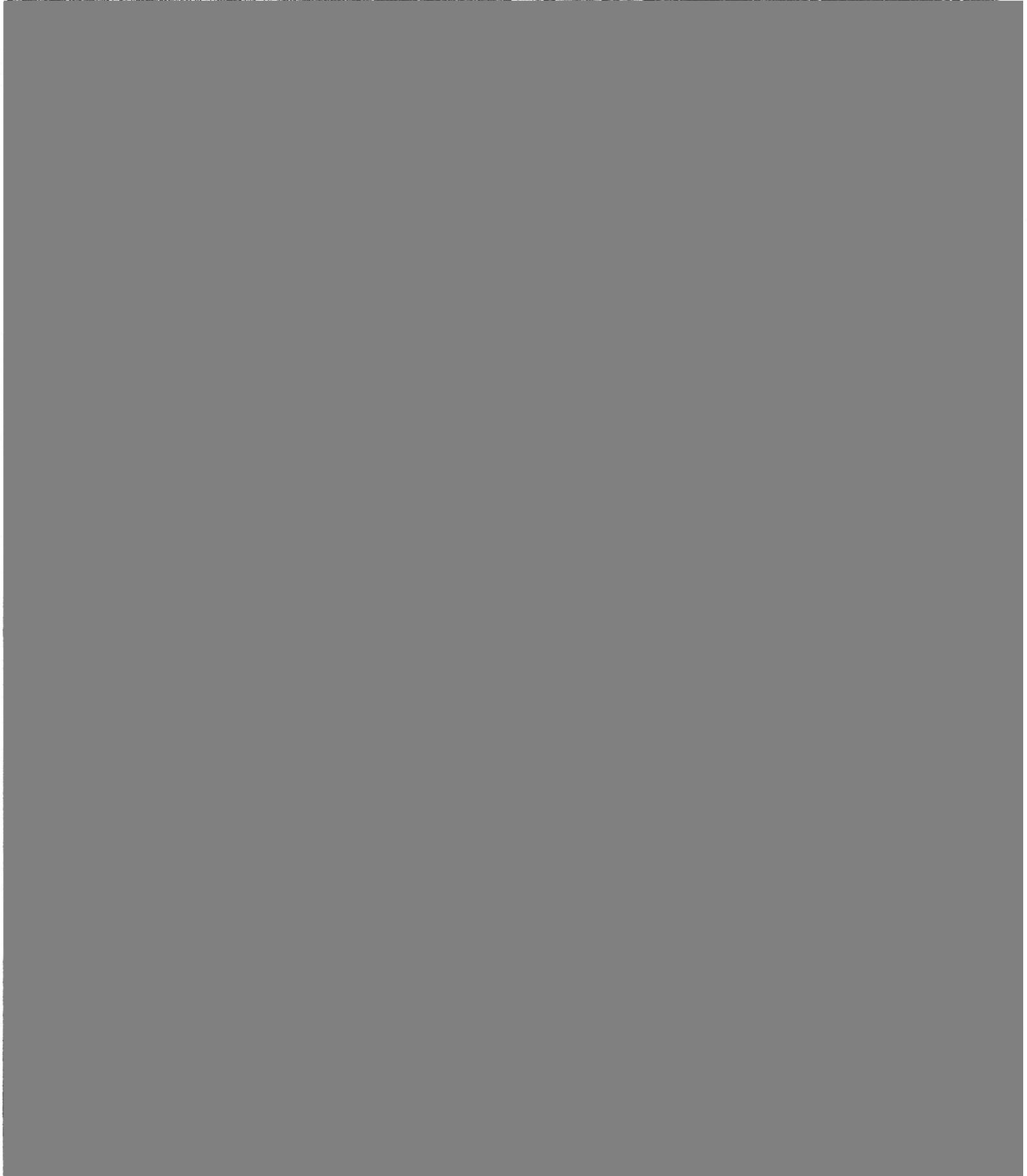












Fine Ore Bin

2-Ore Feeders

Denver Cone Reagent Feeder
(Feeding Lime and Cyanide)

4'x8'
Ball Mill

6'x5'
Ball Mill

54" Classifier

12'x18" Denver
Mineral Jig

16'x24" Denver
Mineral Jig

LEAD
SILVER-GOLD
Concentrate to
smelter

4" Denver Vertical Sand Pump

5-day cycle
alternate feed to
5-200-ton Sand
Leaching Tanks

12' Denver
Hydroclassifier

Underflow

29'-8" x 10'
Denver
Thickener

1-Day
Loading

1-Day
Leaching

1-Day
Leaching

1-Day
Washing

1-Day
Sluicing

3-12' x 15'-4 1/2"
Denver Side-Air-lift
Agitators

Pregnant Solution

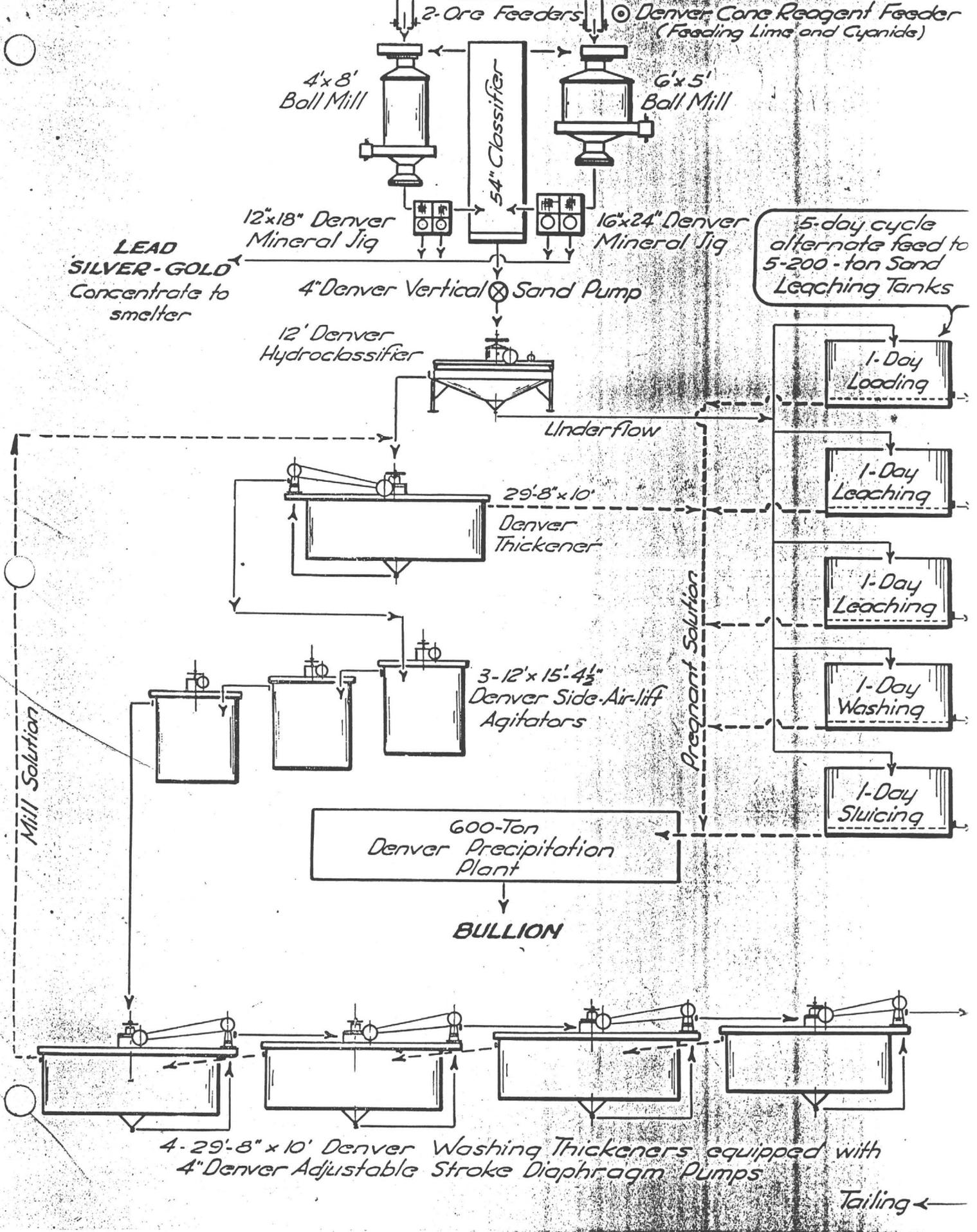
600-Ton
Denver Precipitation
Plant

BULLION

Mill Solution

4-29'-8" x 10' Denver Washing Thickeners equipped with
4" Denver Adjustable Stroke Diaphragm Pumps

Tailing ←





ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007

ROSE MOFFORD
GOVERNOR

PAUL WADDELL
DIRECTOR

NOTICE OF PENALTY
FOR FAILURE TO FILE 1989 PROPERTY REPORT

RECEIVED SEP 26 1989

Carole O'Brien
A.F. Budge Mining Ltd
Vulture Mine
4301 N. 75th St. Suite 101
Scottsdale, AZ 85251-3504

DATE: September 25, 1989
TAXPAYER I.D.#: 61-910
DAYS LATE: 7
AMOUNT DUE: \$700.00

In accordance with Arizona Laws, you have incurred a penalty in the amount stated above for failure to file* the Annual Property Report required by this Department for property tax purposes, on or before April 1, 1989. This amount is due and payable to the Arizona Department of Revenue within 30 days of the above date.

This penalty does not affect the amount of your property tax due.

Please use the enclosed envelope to submit your payment. If you have any questions, contact Elaine Adamczyk at 542-3499, extension 29.

*Failure to file means that either (1) no report was filed, or (2) a report was filed after the required due date.

STATUTORY AUTHORITY

ARS §42-153: Electric, Gas, Water, Mines, Pipelines
ARS §42-703: Airlines
ARS §42-768: Railroads
ARS §42-795: Telecommunications

NOTICE OF VALUATION OF PROPERTY VALUED BY THE ARIZONA DEPARTMENT OF REVENUE
FOR PROPERTY TAX PURPOSES

ARIZONA DEPARTMENT OF REVENUE
Division of Property Valuation & Equalization
Centrally Valued Properties Unit
1600 W. Monroe, 8th Floor
Phoenix, Arizona 85007

Date MAY 4, 1989

61-910
A F BUDGE MINING LTD
VULTURE MINE
CAROLE O'BRIEN
4301 N 75 TH ST, SUITE 101
SCOTTSDALE, AZ 85251-3504

Pursuant to Section 42-145
Arizona Revised Statutes, the
FULL CASH VALUE of your
property located in Arizona is:

\$ 536,000

APPEALS: If the property owner protests the full cash value reflected herein, the Department may, upon written application of the property owner, hold an informal conference with the property owner for purposes of discussing the valuation. Applications for informal conferences must be made on or before May 20.

At the informal conference, the property owner must provide documented justification for his opinion of value in order for it to be considered.

The Department shall review such protest and notify the taxpayer of its decision by the first Monday in June.



ROSE MOFFORD
GOVERNOR

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007
Eighth Floor
(602) 542-3529

PAUL WADDELL
DIRECTOR

NOTICE OF CHANGE IN VALUE

TAXPAYER: 61-910 A. F. BUDGE MINING LTD. **DATE:** June 5, 1989
Vulture Mine
4301 North 75th St., #101
Scottsdale, Arizona 85251-3504

We have reviewed the 1989 preliminary full cash value of the property of the above-named taxpayer and based upon our review, the full cash value has been changed from **\$536,000** to **\$345,000**.

If you wish to appeal the value of this property, you may obtain the necessary forms from:

State Board of Tax Appeals - Division 1
1645 West Jefferson - Room 332
Phoenix, Arizona 85007

DIVISION OF PROPERTY VALUATION & EQUALIZATION

A handwritten signature in cursive script that reads "Cheryl Murray-Leyba".

Cheryl Murray-Leyba, Manager
Centrally Valued Properties Unit

CML:vj

DOR FORM 82060-B (5/89)

OTHER LOCATION: 402 W. CONGRESS • TUCSON, ARIZONA 85701

61-910
VULTURE MINE
1989 TAX YEAR

INCOME APPROACH	61-910
MINERAL RESERVE LIFE-DEPARTMENT	1.5 YEARS
DEPARTMENT PROJECTION, 15% RATE	0
COMPANY PROJECTION	
COST APPROACH	
ORIGINAL COST OF EQUIPMENT	350,800
REPRODUCTION COST NEW LESS DEPRECIATION	321,161
LAND VALUE	3,863
ORE DEPOSIT VALUE	16,380
SUPPLIES VALUE	295,000
CONSTRUCTION IN PROGRESS	0
OBSOLESCENCE	
OBSOLESCENCE-LOSS FOR 1988 PROJECTED FOR 1989	(100,417)
RISKY SMALL MINE VENTURE	
DISCOUNTED FOR ONE YEAR	
TOTAL COST APPROACH VALUE	535,987
MARKET APPROACH	
COMPARABLE MARKET SALES VALUE	
ACTUAL PROPERTY SALE VALUE	
INCOME APPROACH VALUE	0
COST APPROACH VALUE	535,987
MARKET APPROACH VALUE	
FULL CASH VALUE FOR 1989 TAX YEAR	536,000
PRELIMINARY VALUE	
AFTER CONFERENCE VALUE	

61-910
 VULTURE MINE
 1989 TAX YEAR
 COST APPROACH SUMMARY

LAND VALUE					3,863
VULTURE TOWNSITE EST \$16000-UNASSESSED					
PART OF PARCEL 506-99-005 EST \$3863					
MINERAL DEPOSIT VALUE-					16,380
TONS OF ORE	GRADE	RECOVERY	\$/OZ		
225,000	0.040	0.2600	7.00		
SUPPLIES INVENTORY VALUE					295,000
CONSTRUCTION IN PROGRESS					0
DISCOUNT RATE	0.00%				
COMPLETION IN MORE THAN ONE YEAR					315,243

PLANT AND EQUIPMENT VALUE					
	ORIGINAL COST	REPRODUCTION	DEPRECIATION		COST VALUE
SMALL MINE	218,000	218,000	21,800		196,200
LARGE MINE	0	0	0		0
SHOVELS	0	0	0		0
MILLING-SXEW	132,800	133,344	8,383		124,961
SMELTING	0	0	0		0
ENVIRONMENTAL	0	0	0		0
OFFICE	0	0	0		0
BUILDINGS	0	0	0		0
SUBTOTAL	350,800	351,344	30,183		321,161

OTHER ADJUSTMENTS					
OBSOLESCENCE-LOSS FOR 1988 PROJECTED FOR 1989					
RISKY SMALL MINE VENTURE					
DISCOUNTED FOR ONE YEAR					
(115,480)	0.8696				(100,417)

SUBTOTAL OTHER ADJUSTMENTS					(100,417)

TOTAL COST APPROACH VALUE					535,987

SALVAGE VALUE					52,896

REPRODUCTION COST NEW LESS DEPRECIATION VALUE FOR
 MINING, MILLING, SMELTING AND RELATED EQUIPMENT
 1989 TAX YEAR

SMALL SCALE MINING EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	218	218	196	1.000	0.90
1987	0	0	0	1.032	0.83
1986	0	0	0	1.041	0.73
1985	0	0	0	1.046	0.63
1984	0	0	0	1.058	0.61
1983	0	0	0	1.080	0.43
1982	0	0	0	1.105	0.33
1981	0	0	0	1.166	0.38
1980	0	0	0	1.294	0.21
1979	0	0	0	1.420	0.21
1978	0	0	0	1.554	0.21
TOTALS	218	218	196		
TOTAL PHYSICAL DEPRECIATION			22		

LARGE SCALE MINING EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	0	0	0	1.000	0.91
1987	0	0	0	1.032	0.85
1986	0	0	0	1.041	0.76
1985	0	0	0	1.046	0.67
1984	0	0	0	1.058	0.57
1983	0	0	0	1.080	0.48
1982	0	0	0	1.105	0.40
1981	0	0	0	1.166	0.31
1980	0	0	0	1.294	0.23
1979	0	0	0	1.420	0.23
TOTALS	0	0	0		
TOTAL PHYSICAL DEPRECIATION			0		

REPRODUCTION COST NEW LESS DEPRECIATION VALUE FOR
 MINING, MILLING, SMELTING AND RELATED EQUIPMENT
 1989 TAX YEAR

MILLING REFINING AND SXEW EQUIPMENT

YEAR ACQUIRED	ORIGINAL COST	REPRODUCTION COST	RCNLD VALUE	TREND FACTOR	RCNLD FACTOR
1988	116	116	109	1.000	0.94
1987	17	18	16	1.032	0.92
1986	0	0	0	1.041	0.86
1985	0	0	0	1.046	0.82
1984	0	0	0	1.058	0.76
1983	0	0	0	1.080	0.72
1982	0	0	0	1.105	0.67
1981	0	0	0	1.166	0.65
1980	0	0	0	1.294	0.65
1979	0	0	0	1.420	0.62
1978	0	0	0	1.554	0.61
1977	0	0	0	1.681	0.55
1976	0	0	0	1.780	0.50
1975	0	0	0	1.905	0.42
1974	0	0	0	2.180	0.37
1973	0	0	0	2.507	0.28
1972	0	0	0	2.591	0.16
1971	0	0	0	2.677	0.07
TOTALS	133	133	125		
TOTAL PHYSICAL DEPRECIATION			8		



ROSE MOFFORD
GOVERNOR

ARIZONA DEPARTMENT OF REVENUE

1600 WEST MONROE • PHOENIX, ARIZONA 85007
Property Valuation & Equalization Division
Eighth Floor
(602) 542-3529

PAUL WADDELL
DIRECTOR

May 19, 1989

Ms. Carole A. O'Brien
Coordinator
A.F. Budge Mining Ltd.
4301 North 75th Street, Suite 101
Scottsdale, AZ 85251

Dear Carole:

Enclosed please find a copy of the 1989 tax year preliminary valuation for the Vulture Mine Property.

If you have any questions, please do not hesitate to call.

Sincerely,

Joseph D. Langlois
Utilities & Mines Group
Centrally Valued Properties Unit

JDL:vj

Enclosures:
as stated



INSTRUCTIONS
ANNUAL MINES REPORT
FORM 82061-A (COPPER) AND FORM 82061-B (OTHER THAN COPPER)
TAX YEAR 1989

STATE OF ARIZONA DEPARTMENT OF REVENUE
Division of Property Valuation and Equalization
Centrally Valued Properties
1600 W. Monroe
Phoenix, Arizona 85007
(602)542-3529

MINE PROPRIETARY INFORMATION PAGE 2

This general information is for Class 1 producing and Class 4 nonproducing mines.

ORE RESERVE DATA, PAGE 3

Ore or mineral reserves (metallic or nonmetallic) reported should include all ore from all sources. In the broad economic sense, and from a legal standpoint as well, ore is mineralized rock which, under appropriate conditions of time, space, technology, economics, and politics, can be mined, processed, and made to yield saleable metal or other mineral products at a profit. Grade of molybdenum metal--not MOS2--is to be reported. Protore is a term referring to low grade leachable material that cannot be classified as ore. However, it can be segregated during mining and placed on heap/dump leach pads to recover mineral. The designation of ore bodies as Federal, Private, State, or Indian refers to type of ownership or control. Federal includes unpatented mining claims and mineral leases. Private is fee simple surface and mineral rights including patented mining claims. State or Indian refers to the respective leasing authority. The life of the mine shall be determined by the size of the ore reserves and the estimated mine production per year.

PRODUCING MINE LANDS, PAGES 3-4

Producing mine property is centrally valued by the Department of Revenue. Property not used directly in the mining operation, such as company housing is valued and assessed by the county assessor. Therefore, it is necessary to distinguish between the producing and nonproducing property.

List:

Lands which are being used for production or future development. The outer perimeter shall be one claim beyond the producing claims or claims

anticipated to be producing in the future. This pertains to land containing all ore reserves; all mine, mill, leach, refining, smelting and other metal or mineral production facilities subject to taxation under ARS 42-143; ultimate pit or subsidence limits; all waste, storage, leach and tailing dump sites; water facilities used for production; right-of-way land used for mine-operated railway lines, conveyor lines, water supply lines and utilities supply.

Patented, fee simple, unpatented mining claims, severed mineral rights and other producing lands not owned by the operator should be listed on Pages 3 and 4 of the forms. List the land by county, by parcel number (from county assessor's parcel map), by tax area code, name of claim or legal description, and acreage. County numbers are as follows:

(01) Apache	(05) Graham	(09) Navajo	(13) Yavapai
(02) Cochise	(06) Greenlee	(10) Pima	(14) Yuma
(03) Coconino	(07) Maricopa	(11) Pinal	(15) La Paz
(04) Gila	(08) Mohave	(12) Santa Cruz	

DO NOT LIST:

Nonproducing mining claims currently not being used, or not anticipated to be used in mining operations.

Surface rights not connected with mining operations.

Houses, buildings, structures, etc., not used in mining.

Lots, other lands, water rights, ranches, mill sites, and personal property not used in the mining operation.

The Department will request maps showing mining claims and land, with identifying parcel numbers indicating whether they are classified as producing or nonproducing. When new land is added or land is reclassified, an updated map must be supplied to the Department.

Hospital buildings and facilities owned and operated by a mining company which are not a part of the producing mine will be valued by the county assessor. If the facilities are located on land which is defined as "producing mine land," such land will be included in the producing mine. The above explanation is applicable to other businesses owned and operated by a mining company, but not connected with the producing mine. Where a business or residence site on producing mine land is leased to others, the property of the lessee will be valued by the county assessor. The land involved will remain a part of the producing mine.

PLANT OPERATIONS RECORD, PAGE 5

Production data on Form 82061-A or 82061-B will be reported in three major categories. These are (1) Mining, (2) Milling, and (3) Leaching, including heap or dump leaching, in-situ leaching and vat leaching. The historical operating record should be used to report production data for the past five years. Do not report leaching material as waste. Waste dump leaching material will be reported as protore. Tons of mill or leach ore mined will include both processed and stockpiled ores. Stockpiles must be

described on a separate schedule or on the space provided on page 11 on a yearly basis as to the grade of all recoverable products contained, the amount stockpiled, and the nature of the processing involved, such as milling or vat leaching. Stripping ratio is calculated by adding waste and protore tons and dividing by mill and leach ore tons.

Under leaching production, total recovery to date of copper emplaced in dumps is the total pounds of copper recovered to date divided by the total pounds of copper originally added or contained within the heap/dump or in-situ body. Percent recovery per year of copper added during the year is the pounds of copper recovered for the year divided by the pounds of copper added to the heap for the year. If actual operating data is not available an estimate of leach recoveries should be reported.

The final projection of the annual days worked will be made by the Department after reviewing the company's projections. Annual personnel levels based on average monthly levels should be reported in the appropriate category for operating areas of the producing mine. Both hourly and salaried employees should be reported in this section.

METAL PRODUCTION RECORD, PAGE 6

The historical average selling price per operating mine unit should be computed by dividing the sales revenues for the particular year by the units of metal sold. This selling price will be multiplied by the quantity of mine output or production to yield the historical gross value of production for the year.

EXAMPLE: $\frac{\text{Sales revenue for copper}}{\text{Pounds of copper sold for the year}} \times \text{Pounds of copper produced during the year, or mine output} = \text{VALUE COPPER PRODUCED during the year}$

No adjustment should be made for year-end inventory. VALUE-METAL PRODUCED on Form 82061-A or 82061-B for molybdenum, silver, gold, uranium, coal, acid and other products or by-products should be computed in the same manner. Other products or by-products include saleable products such as turquoise, selenium, perlite, zeolites, etc. Itemize revenues from each by-product on Page 11 or a separate schedule.

Where two or more mines of common ownership are supplying ore, concentrates, cathode or anode copper, etc., to a smelter or processing plant owned by the same company, actual incomes received on a sale of products from the individual mine must be reported as income; and the allowable cost of the smelting or processing is the average cost per unit treated, as experienced by the smelter operator. These costs should be itemized on Page 11 or a separate schedule.

If a smelter or processing plant is Class 1 property and custom or toll treatment is being done, the net profit from that operation must be reported as miscellaneous revenue (MISC. REVENUES \$) on Page 6. The price charged for outside toll smelting, is not necessarily the cost of treating company-owned material.

Miscellaneous revenues from the producing mine operation such as a sale of power, water, services, custom milling and/or smelting charges, acid sales, and other incidental revenue, must be reported per pound of copper (Form 82061-A), or per pound or ton of material (Form 82061-B) produced. A separate statement must be provided showing the sources and amounts comprising the total to arrive at the amount per pound of copper or ton of mineral material.

Where credit balances on exchanges or services, materials, and mine products between separate producing mine units within the state of Arizona, are affected, a separate itemized listing must show estimated incomes and costs to arrive at profit or loss.

For purposes of reporting PRODUCTION REVENUES the total value of by-products should include revenues from molybdenum, silver, gold, uranium, coal, acid and other products or by-products. GROSS PRODUCT VALUE includes the sum of revenue from copper, all by-products and miscellaneous revenues. For reporting by-product value in cents per pound of copper include all by-products for this computation. On Form 82061-B, PRINCIPAL PRODUCT VALUE refers to the mine product with the largest sales value. All other mined products will be considered by-products for this section.

PRODUCTION COST RECORD, PAGE 7

On Form 82061-A, costs should be reported in cents per pound of copper. On Form 82061-B, costs should be reported in dollars per ton of ore or cents per pound of product. Indicate on Form 82061-B the value per unit chosen if different than dollars per ton of ore. Provide details for royalties, rents, over-head and other costs on page 11.

Mineral royalties or rents paid to private parties are not allowable costs, unless the royalty recipient is paying property taxes as a separate producing mine taxpayer. Under certain circumstances, royalties could be allowed as deductible costs. This would be an exception-not the rule. Evidence supporting allowance of royalties shall be presented to the Department. The Department will then decide if the royalty is an allowable cost.

Property Taxes for county assessed property (company houses, etc.) are not an allowable cost; this includes nonproducing mine lands. Townsite expense related to locally valued property is not an allowable cost.

A company may expense all costs of operating a hospital for benefit of the producing mine. This method will avoid the necessity of making separate allocations to producing and nonproducing valuations.

An itemized listing of corporate overhead, other overhead, and other costs should be provided on Page 11 or a separate schedule.

For purposes of this report, capital expenditures shall be classified as follows:

1. Original capital investment (original land acquisition, initial plant construction, pre-development, pre-stripping, exploration, etc.)
2. Expansion capital (plant construction to increase plant capacity, pre-stripping, additional equipment used to increase production)

3. Replacement capital (replacement of worn-out equipment, portions of plant or truck fleet necessary to maintain present production level)
4. Environmental protection capital (acid plants, pollution control equipment, smelter revisions, etc.)

Original capital investment and expansion capital expenditures are not to be considered as expenses on the cost pages. Capital expenditures for replacement and environmental protection should appear as amortized or depreciated expenses. Amortization or depreciation should be computed on a ten year basis or life of mine whichever is less. For example if \$12,000,000 of capital has been expended for replacement or environmental purposes in one of the preceding 10 years, then the allowable charge to be reported in the CAPITAL COSTS section would be \$1,200,000 per year over a ten year period.

Federal and State income taxes, property taxes and severance taxes are to be listed separately. Other taxes, such as excise, sales, payroll, etc., are to be included in the other costs line and itemized separately on Page 11 or a supplementary schedule.

The SUBTOTAL COSTS line is a total of all of the above costs including mining and all other costs. This subtotal does not include income taxes or capital costs.

Federal and State income taxes are to be computed as if the unit is a separate taxable entity. Taxable income will be based on revenues less all expenses associated with the production, administration, distribution, development and marketing functions of the operation on the basis of GAAP and the expenses associated with the miscellaneous revenue. However, interest charges, depreciation, depletion, amortization and other non-cash charges shall not be included as expenses. Expenses for smelting and/or refining will be calculated on a market basis if the material is processed out-of-state or at a location which is locally assessed and not includable in the producing mine unit from which the material was extracted. Intra-company charges between centrally assessed producing mine units within the state will be calculated at actual cost.

Income taxes shall be calculated separately for each year of the 5-year historic margin period. In this respect, the following shall apply:

- (i) Negative as well as positive tax liabilities shall be determined; and,
- (ii) No provision is made for the carryback or carryover of losses or credits.

Federal and Arizona income tax liabilities, both positive and negative, shall be determined by multiplying 26% by the final taxable income or loss determined by subtracting SUBTOTAL COSTS on Page 7 from GROSS VALUE OF PRODUCTION derived from Page 6 in the PRODUCTION REVENUES section.

Leased equipment expenses should not be reported except if the equipment is used for replacement or environmental purposes. These expenses will be determined by applying the rules for computing amortized capital expenses.

For example, if the equipment is used as a replacement item, the expense should be an amortized amount under the CAPITAL COSTS section of Page 7.

Interest expenses included in costs must be itemized on the line provided. All depreciation, amortization, and depletion included in OPERATING COSTS must be reported on the line labeled DEPRECIATION IN COSTS. Any amortized replacement or environmental charges should also be included on this line.

The VALUE OF PRODUCTION section should report the dollar amount of gross value of production and the dollar amount of gross cost of production. The difference between these numbers is the excess or profit margin for this property.

Inventories of ore, minerals, concentrates, precipitates, anode or cathode copper, by-products, etc., are only to be considered on Page 7. They are not to be used in making future projections.

SCHEDULE OF DEPRECIABLE ASSETS, PAGE 8

The costs of facilities and equipment located within the state necessary to the producing mining unit for operation--including mine plants, concentrators, smelters, chemical plants and all accessory facilities used in producing metallic or nonmetallic products should be reported in this section. A fabricating plant such as wire bar plant is not a part of the producing mine unit. Do not report licensed motor vehicles because these items are taxed at the local county level.

Mining equipment should be separated into three categories--small scale, large scale, and shovels and/or draglines. Large scale equipment includes haulage trucks over 35 ton capacity, blast hole drills, and cranes. Small scale equipment includes all other items except that defined as large scale equipment and shovels or draglines. Milling plant includes all concentrators, refineries, solvent extraction-electrowinning and miscellaneous metal recovery plants such as for rhenium, etc. Smelter plant includes smelting facilities, dore furnaces, and certain miscellaneous metal recovery plants such as ferromolybdenum and copper concentrate hydrometallurgical smelting plants. All leased equipment used as part of the producing mines should be included on this page.

TAX AREA CODE ALLOCATION REPORTING, PAGE 9

Report original cost of equipment by tax code location on Page 9. This information is used to correctly allocate full cash values to school districts, fire districts, etc.

SUPPLIES INVENTORY SCHEDULE, PAGE 10

The amounts reported for supplies inventory should correspond to the amounts carried on the financial books of the corporation. The supplies inventory should be reported before any allowances for depreciation, obsolescence or salvage. Liquid supplies are readily saleable items which can probably be sold at near cost, these include fuel, lumber, mill balls, sheet steel, reagents, etc.

CONSTRUCTION WORK IN PROGRESS SCHEDULE, PAGE 10

A separate statement must be provided which designates the types of capital expenditures (expansion, replacement, etc.) for each open appropriation or construction in progress project over \$1,000,000. Use an additional schedule if Page 10 does not provide adequate space.

LEASED EQUIPMENT SCHEDULE, PAGE 10

Leased equipment which is a permanent part of the mine and located at the mine site as of January 1, 1989, should be reported on the SCHEDULE OF DEPRECIABLE ASSETS on Page 8 and on the LEASED EQUIPMENT SCHEDULE on Page 10. Temporarily leased equipment will not be included in the value of the mine.

ADDITIONAL INFORMATION, PAGE 11

Describe any factors that should be considered in determining a value for this property. Attached additional schedules as warranted.

Sign and date the form as required and return to the Department of Revenue.