



CONTACT INFORMATION

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R. BRUCE TIPPIN, PhD

SENIOR ENGINEERING MANAGER
METALLURGICAL & PROCESS DESIGN

ENGINEERS & CONTRACTORS

ROBERTS & SCHAEFER
Company

WESTERN OPERATION
5225 WILEY POST WAY #300
SALT LAKE CITY, UTAH 84116
PHONE (801) 364-0900
FAX (801) 364-0909

MR LACY

I HAVE A PATENTED
GOLD/SILVER LODGE IN
ARIZONA I WOULD LIKE
TO DEVELOP IF YOU
KNOW ANYONE INTERESTED
?

MIKE O'BROTT
297-0700

Send to Carole
O'Brien in
Scottsdale

Carole -
For your
information

RECEIVED JUL 18 1984

CALLAHAN MINING CORPORATION

TO: Ben F. Dickerson, III ✓

DATE: May 2, 1983

FROM: Richard S. Tully

COPIES: Charles D. Snead, Jr.
Bruce A. Bouley

SUBJECT: Margarita - Old Glory Prospects, Santa Cruz County, AZ

Callahan will not be pursuing this property (reference your memo of April 15, 1983).

A handwritten signature in cursive script, appearing to read "R. S. Tully". The signature is written in dark ink and is located in the lower right quadrant of the page.

CALLAHAN MINING CORPORATION

TO: Ben F. Dickerson, III

DATE: April 28, 1983

FROM: Richard S. Tully

COPIES: Bruce A. Bouley
Charles D. Snead, Jr.

SUBJECT: Margarita - Old Glory

Pursuant to Paragraph 4 of your memo of April 28, regarding the Margarita-Old Glory, Callahan is interested in this property. We will provide a work plan within 20 days (i.e, by May 18, 1983).

A handwritten signature in cursive script, appearing to read "R. S. Tully". The signature is written in dark ink and is located in the lower right portion of the document.

CALLAHAN MINING CORPORATION

TO: Richard S. Tully

DATE: April 28, 1983

FROM: Ben F. Dickerson, III

COPIES:

SUBJECT: Work Plan Proposal (re Margarita-Old Glory)

It was only while contemplating nature in a saloon last night that it has dawned on me that we are, separately, considering two different aspects of this subject. Although I have no records here, apparently Callahan is late, or otherwise remiss in replying--hence, the form of reply (I'll get back to this later). If it's not remiss, all my points are still valid.

What I very strongly object to, and cannot accept, is the attempted trivialization of the term "work plan". I am not precisely certain of the definition myself. However, it certainly means considerably more than a routine, run-of-the-mill geologic field examination.

Once such terms get cheapened and devalued, it becomes impossible to revalue them. Gresham's law applies to things other than money. Witness the common drivel that's driven good writing out of circulation, and the Atari thought processes that have driven rational thinking into hiding.

If the reply is late, I am willing to let the "Yes, we are interested" wheels start yesterday since I may have inadvertently omitted the vendor's name and location from the packet, although this should have no bearing on the subject.

Statement: Most people will agree that the data package and the property it purports to represent exist separately from the vendor (and other related information).

Question: Why couldn't I have received a reply: "Yes, we are interested in the property. Please supply the name of the vendor?" This would have taken about 15 minutes, including reading time, and could have arrived with the rejects. All controversy would have been eliminated.

I am aware that Callahan, through no fault of its own, has received no information from Amoco on the Northumberland gold property (My package has been in the mail 10 days). Another timing and decision point looms. Some discussion may be beneficial.

I am not as unreasonable as it may appear. I do have a strong aversion to fait accompli when I am involved.

DMEA Ltd.
4203 N. Brown Ave. - Suite F
Scottsdale, AZ 85251

Ben F. Dickerson III
Mineral Exploration Advice

602-947-0262
602-945-4630

April 15, 1983

TO: Richard S. Tully
FROM: Ben F. Dickerson, III ✓
COPIES: Charles D. Snead, Jr.
Bruce A. Bouley
SUBJECT: Margarita-Old Glory Prospects
Santa Cruz Co., AZ

Favorable Aspects

- (1) Potential for good sized heap leach gold operation.
- (2) Property has been drilled and sampled by reputable groups.
Not a raw prospect.
- (3) Considerable geologic data available.

Unfavorable Aspects

- (1) One large (Homestake) and two modest (PPG and DeKalb) companies have found it wanting. Why?
- (2) No metallurgical testing is mentioned.
- (3) Proposed deal may be unreasonable.

Conclusion

Probably worth a one day field examination.

***PHONE-O-GRAM[®]** for: *Carole*

M *Mr. Johnson* of

☐ Telephoned

☐ Returned your call

☐ Came In

☐ Will call again

☒ Please return the call

☐ See me

Message:

*as of 4/28 Callahan had not
contacted re: property.*

Phone: *398-2106* Date *4-28* Time *11:25* By *SZ*



(602) 398-2106

Robert Alan Johnson
Managing Partner

APACHE INTERNATIONAL MINING CO.

Sasabe Star Route • Box 45-C • Tucson, Az. 85736

DEKALB Mining, Inc.

For R. A. Johnson

Apache Int.

RECEIVED APR 13 1983

MEMO TO: File

DATE: July 23, 1982

FROM: K. M. Emanuel

SUBJECT: Evaluation of the Margarita - Old Glory Submittal (Apache International Mining), Oro Blanco District, Santa Cruz County, Arizona

Recommendations and Conclusions

Mapping and sampling of the Margarita - Old Glory area shows it to be an attractive drilling target with a good potential for developing 2.5 to 7.5 Mt of 0.06 + oz./ton Au ore. The ore horizon(s) occur at or near the surface and should have maximum stripping ratios of 2.0 or less. Prior to the completion of our evaluation, Volvo Corporation signed a four-month lease to study and developmentally drill the property. The terms of their agreement with Apache would not have been acceptable to our organization, particularly in view of the possible property conflicts that have emerged. The evaluation program was completed; however, with an abbreviated sampling program. This was done in order to optimize our readiness, should the property become available again in the immediate future.

Location

The Margarita - Old Glory mining properties are located approximately 3 miles west of the Old Townsite of Ruby in sections 6 & 7 (T. 23 S., R. 11 E.) and are generally considered to be part of the old Oro Blanco district. The area can be reached via 30 miles of paved and graded road from Nogales and by 11 miles of graded road from the town of Arivaca.

Previous Work

The mine group was first worked by the early Mexican settlers who produced small amounts of gold from gulch placers and from oxidized ore treated in arrastras. The area was again worked in a minor way from the late 1890's until the 1930's by a number of small concerns. Past production records for this group are entirely lacking, but the extent of surface and underground workings suggest that fewer than 25,000 tons of relatively high grade ore (approximately .4 oz./ton Au with minor Ag) have been extracted to date.

In recent years, PPG (Pittsburg Plate Glass) evaluated and did limited sampling and drilling (29 holes, @ 110' each) on the property (1976). The exact results of their drilling are not known, but a PPG report quotes ore estimates at approximately 500,000 ton of 0.10 oz./ton Au and an additional 1,000,000 at 0.07 oz./ton Au recoverable by open pit methods.

K. M. Emanuel
Margarita - Old Glory Submittal
July 23, 1982
Page two

Apache International Mining Inc, (R. A. Johnson - managing partner) has controlled the property since 1978, and has spent approximately \$500,000 in drilling, development and property payments in the Margarita mine area.

Apache claims that they currently have 250,000 + tons of ore blocked out at 0.062 oz./ton Au and 0.166 oz./ton Ag in this area. Most recently (March, 1982), Homestake Mining Company did extensive surface sampling (350 + samples); well mineralized surface exposures averaged 0.03 to 0.13 oz./ton in Au with extensive areas of alteration showing 0.005 oz./ton Au or more.

Work Program

Dekalb activity on the property translated into approximately 30 man days being spent on producing a detailed geologic base map and obtaining judicious surface and underground sampling (48 samples taken up to time when Volvo signed with Apache). The relocation and description of Homestake's sample localities was also done in order to maximize the usefulness of their extensive data base (numerous cross checks were taken). The original site evaluation was done by myself and G. A. Parkison on April 28, 1982 with mapping and sampling being done by myself and by D. J. Wronkiewicz during the month of June. A brief engineering evaluation by G. Deutman and R. Johnson followed on June 30, 1982, just prior to Volvo's acquisition of the property.

Geology

The geology of the Oro Blanco district has been summarized in a University of Arizona dissertation, (1970) by Louis J. Knight. The bedrock geology of the area consists of rhyolite, rhyolite tuff and latite with lesser amounts of intercalated sandstones and conglomerates. These lithologies strike northwest and dip at moderate to steep angles to the northeast. The section has locally been intruded by dikes and sills of quartz monzonite and by a few dioritic dikes that appear to be somewhat younger than the effusive lithologies (see below).

Mineralization

Gold, silver and minor base metal values are found associated with relatively flat lying zones of silicification, seritization and pyritic development and form slopes within the volcanic host rocks. Mineralized horizons tend to cap ridges that dip at shallow angles to the northeast (<25°).

Mineralization also occurs along steeply (>50°) dipping, northwest striking structures. These features may represent feeder channels or the upturned edges of the manto-like zones along faults. This subvertical type of mineralized structures is best developed along the ridge south of the Margarita mine, within and immediately south of the Margarita East workings and along the southwestern and western margins of the Austerlitz mine "ore" horizon (see geologic map).

The flat-lying mineralized bodies consist of a massive quartz replacement (cap zone) with a root zone of quartz stringers and intense sericitization (refer to figure one).

These silicified zones tend to occur as concordant replacements within rhyolitic tuff, although marked discordancy has been observed, locally. Pyritic development is most prominent in the lower part of the Cap zone and in the upper portion of the stringer horizon.

The massive quartz cap is typically 3 to 20 feet in thickness (average about 5 feet) and the underlying stringer zone varies from 0 to 60 feet in thickness (averaging about 25 feet). Pyrite occurs through an interval of 2 to 50 feet (average about 10 feet where exposed fully) with abundancies ranging from 0.5 to 20 percent (average about 2%).

Minor amounts of galena and tetrahedrite were observed locally. Limited field observations suggest that these sparsely distributed minerals are more abundant near the thinning edges of the flat-lying zones and within some of the subvertical structures.

Most exposures of sulfide bearing rock on outcrops and within mine workings are oxidized to a greater or lesser extent. Abundant local iron oxides, jarosite and sporadic native gold are frequently associated with these partially oxidized sulfidic horizons. Fresh sulfides typically occur just below an irregular gossanous capping at a depth between 0 and 20 feet from the surface. The ore at the Margarita mine is an exception, however, and is thoroughly oxidized to a depth of 40 feet or more.

Most of the mineralized areas appear to be faulted remnants of a once more continuous replacement zone or zones within the volcanic section. Small to moderate displacements appear to have taken place on a series of northwest trending high angle faults with the net effect being rotation and elevation of individual segments towards the northeast. Some of the faults appear to be mineralized locally, but the spotty nature of such local brecciation of silicified zones where cut by these structures suggest post mineralization movement. Numerous dikes of greenish grey quartz monzonite locally cut the orebodies (Old Glory and Austerlitz areas).

In the area north of the Margarita mine, many silicified areas appear to be concordantly floored by monzonitic sills or flow(?). Mineralization was observed to occur below one such body, locally; their close mineralogical similarity with discordant dikes in the area, a lack of mineralization within these tabular zones (even where sandwiched between pyritic zones), and a predominance of propylitization rather than sericitization suggest that these rocks represent post mineralization sills rather than flows within the volcanic system. The contacts of the sill-like bodies are poorly exposed, but a few silicified slivers of volcanics were noted surrounded by quartz monzonite and a number of areas where "sills" occurred just below silicified horizons appear to be baked and iron stained.

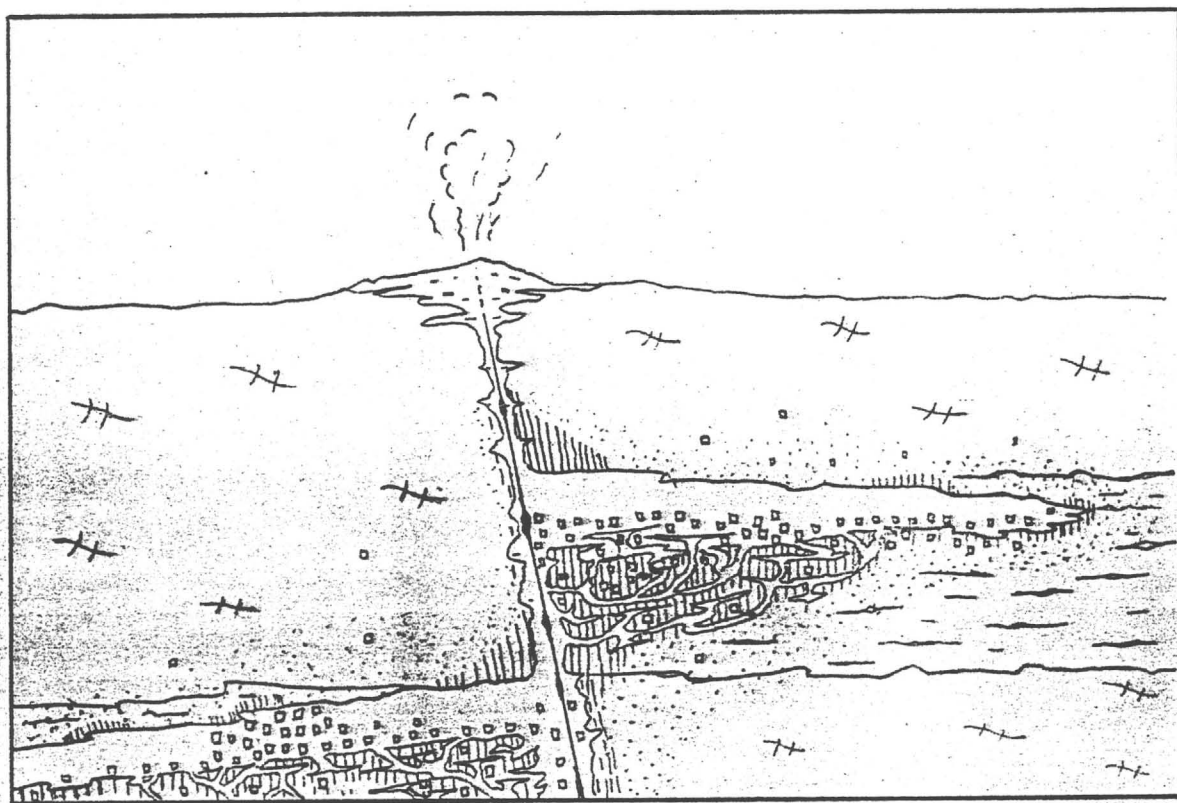


Figure 1: Diagrammatic sketch of Margarita - type, hot spring related, ore horizon. Host rock consists of a faulted Tuffaceous zone intercalated between two rhyolite flows. Massive quartz replacement caps each mineralized zone. Pyritic and minor other sulfides (cubes) occur near the base of the cap, and within the quartz stringer (root) zone below. Hachured areas denote intense sericitization, whereas stipples show mildly sericitized and silicified rock. Note the minor amounts of disseminated pyrite within the weakly altered zone above these bodies (not to scale).

A number of subparallel silicified ledges occur in the area north and northwest of the Margarita mine. In the area due north of the Margarita, these zones are separated by monzonitic sills, but towards the northwest, they appear to represent stacked zones within a single area of alteration. The parallelism of zones in this area could be due to repetition by faulting, but no field evidence to this affect was noted.

Alteration

The principal and most characteristic type of wall rock alteration noted adjacent to known ore horizons is intense sericitization of the host rhyolites and latites. The effects of these mineralogical changes are best developed within and just below areas of intense silicification, but area also seen stratigraphically above, and possibly peripheral to, these same zones. (See Figure 1).

Some degree of silicification generally accompanies sericite development, the former increasing in prominence as an "ore" horizon is approached from the stratigraphic bottom of the sequence (root or stringer zone). Silicification manifests itself both as quartz stringers and as a dark flinty grey replacement of the host volcanics. Minor local development of quartz stringers and mild to locally intense sericitization is observed stratigraphically above and peripheral to known mineralized zones. In many areas, this more subtle style of alteration is accompanied by small amounts (<0.5%) of disseminated pyrite.

It was not possible in all cases to differentiate between the alteration that occurs above mineralized zones and that which is found below the stringer zone immediately subjacent to most "ore" shows. Mild sericitization, it appears, forms an envelope around areas of intense alteration and pyritization, and its presence must be used cautiously as an indication of concealed mineralization. The presence of pyrite in association with this alteration, or pyrite alone within relatively unaltered rocks, appears to be most diagnostic of the alteration that lies above possible ore bearing zones. Weathering processes have resulted in the development of reddish soil profiles on this type of rock, whereas root zone soils are typically gray in color.

Ore Deposition Model

The extensive "stratabound" nature of the mineralized zones, the local presence of subvertical mineralized structures (as at the Margarita East body) and a general paucity of base metal concentrations suggest a near-surface hot spring-type origin for the mineralization in this area (Fig 1). Gold- and silver-bearing hydrothermal solutions appear to have migrated up along northwest trending fault zones, and to have produced subhorizontal bedding replacements within some of the more permeable tuffaceous units.

The positioning of these siliceous replacement zones may have been in part controlled by hydrostatic boiling within the hot spring system. Periodic sealing of the system could have locally given rise to more than one ore horizon in the vertical extent, as the level of boiling changed in response to increased system pressure. The abundant fine-grained silica present in and below the mineralized zones may have been deposited during periods when system pressure was decreased rapidly, causing fluid supersaturation and hydrothermal dumping of silica.

K. M. Emanuel
Margarita - Old Glory
July 23, 1982
Page five

The sericitic alteration present suggest that mineralization was at some point below the surface, under sufficient pressure to have inhibited the exsolution of a widespread gas phase. A low pH, argillic alteration assemblage may have been produced above the level of boiling in these systems, however, and been subsequently removed by erosion.

This model suggests that additional zones of mineralization might be expected along the traces of known feeder channels, and that stacked ore bodies may be present locally. It also suggests that some of the areas with altered rock outcrops may be underlain by mineralization similar to that exposed at the surface, particularly in the vicinity of feeder-type structures (ie. just south of Margarita East body). Exploration of weakly altered and pyritic areas along the projections of possible feeder channels and below some of the thinner sills in mineralized areas may be justified.

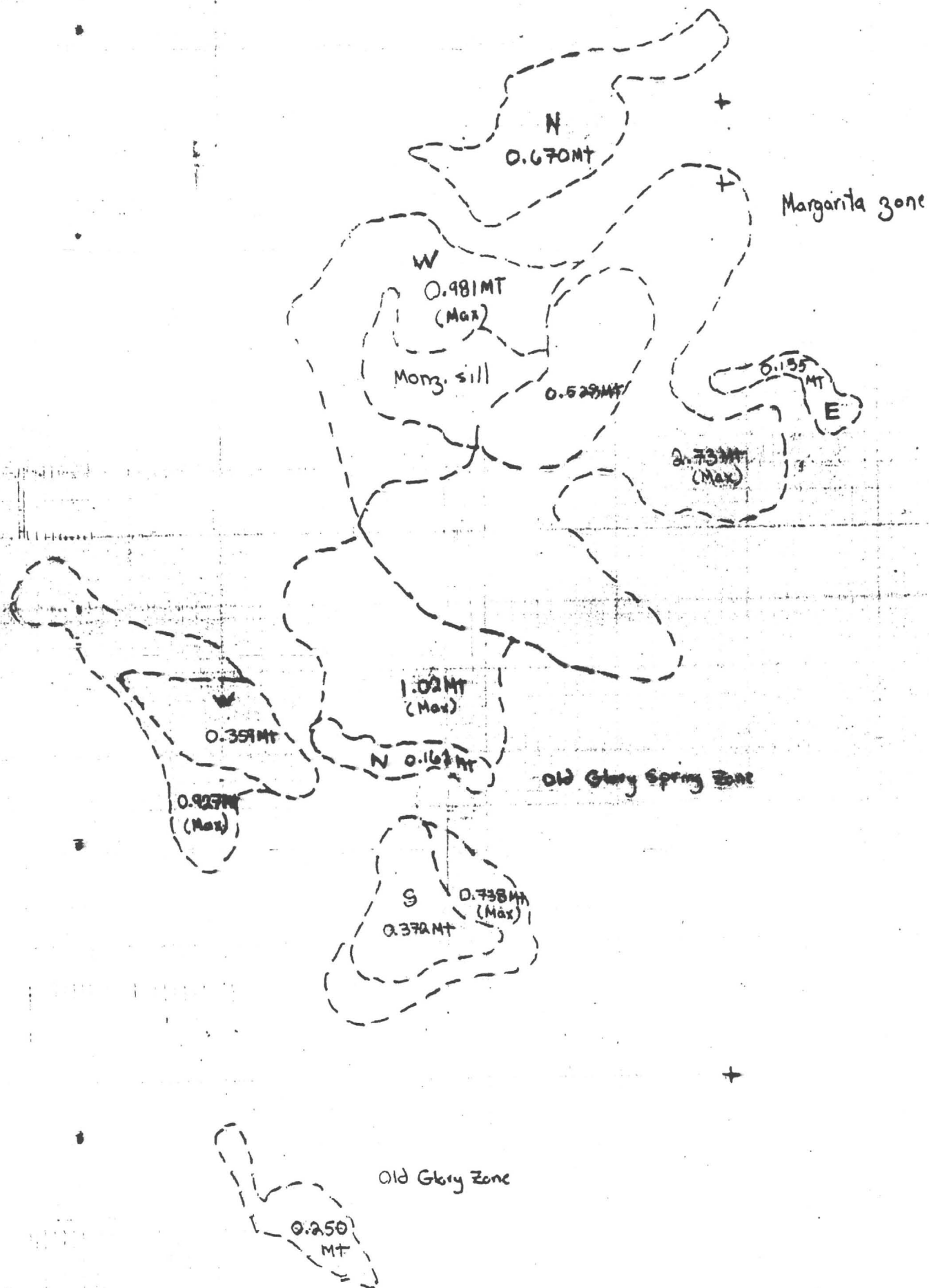
Possible Ore Tonnages

Minimum and maximum ore tonnage estimates for the Margarita - Old Glory area were computed using the areal distribution of heavily silicified cap zones and drilled areas for the minimum estimates, and the distribution of altered ground, for the maximum estimates. The average thickness of the ore grade interval is taken at 25 feet, arrived at from inspection of drill hole records provided by R. A. Johnson, and from examination of old workings at the Margarita, Margarita East, Old Glory and Old Glory Spring zones (refer to overlay). Not all mineralized or altered areas were included in these estimates; only those areas where extensive mineralization and/or alteration occurred and where favorable geologic and/or assay data suggests a good possibility of ore zone extensions, were used.

The potential estimates do not include considerations of possible stacked ore bodies or the mineralized zone that trends northwest from the Margarita North body. The latter was not included as it appears to dive under thicker cover (ie. stripping ratios of 2 > 10 or more) than do other zones (stripping ratios of 2 or less; average about 0.33).

K. M. Emanuel
Margarita - Old Glory
July 23, 1982
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<u>Area</u>	<u>Minimum</u>	<u>Maximum</u>
Old Glory	0.250 Mt	0.250 Mt
O. G. Spring S	0.372 Mt	0.738 Mt
O. G. Spring N	0.162 Mt	1.020 Mt
O. G. Spring W	0.359 Mt	0.927 Mt
Margarita (main)	0.528 Mt	2.730 Mt
Margarita E	<u>0.135 Mt</u>	0.135 Mt
Margarita W	-----	0.981 Mt
Margarita N	<u>0.670 Mt</u>	<u>0.670 Mt</u>
	2.480 Mt (possible)	7.450 Mt (potential)



Scale 1:500

Director of the Bureau of Land Management

Amek
7 May 84

MARGARITA PROPERTY
SUMMARY OF ESTIMATED ORE RESERVES

Area	Sec.	Geological		Mineable (Cutoff w/60% Recovery)		Mineable (Cutoff w/100% Recovery)	
		Tons	Oz. Au/Ton	Tons	Oz. Au/Ton	Tons	Oz. Au/Ton
Cascabel	2	7,173	.084	4,782	.102	7,173	.084
	3	16,825	.064	16,825	.064	16,825	.064
	Subtotal	23,998	.070	21,607	.072	23,998	.070
North Hill	6	3,754	.032	-	-	-	-
	7	12,404	.032	3,998	.041	10,486	.033
	8	12,749	.072	4,817	.149	7,020	.110
	9	3,072	.089	1,536	.152	3,072	.089
	10	24,898	.053	22,630	.056	22,630	.056
	11	4,586	.060	3,182	.074	3,182	.074
	12	13,888	.051	3,456	.118	9,280	.066
	13	13,490	.050	10,902	.056	10,902	.056
	14	26,037	.043	21,216	.046	26,037	.043
	15	18,480	.060	18,480	.060	18,480	.060
	16	17,875	.055	8,781	.084	8,781	.084
	17	4,266	.060	1,466	.141	3,868	.073 ← ?
	18	8,015	.058	6,054	.069	8,015	.058
	19	10,160	.172	10,160	.172	10,160	.172
	20	1,696	.032	-	-	1,696	.032
	Subtotal	175,370	.059	116,778	.076	143,609	.067
North Margarita	23	10,150	.042	2,342	.099	5,660	.058
	24	41,459	.033	12,135	.045	26,797	.038
	Subtotal	51,609	.035	14,477	.054	32,457	.041
Margarita	27	17,617	.038	9,240	.045	9,240	.045
	28	10,521	.066	10,521	.066	10,521	.066
	29	36,600	.042	36,600	.042	36,600	.042
	30	29,744	.046	19,844	.052	27,581	.047
	31	51,304	.052	33,496	.061	48,887	.053
	32	41,472	.051	35,208	.055	41,472	.051
	33	37,296	.063	30,528	.071	33,408	.066
	34	36,036	.057	30,852	.063	32,472	.061
	35	1,504	.025	-	-	-	-
	36	1,440	.085	1,440	.085	1,440	.085
	37	1,408	.038	-	-	-	-
	Subtotal	264,942	.052	207,729	.057	241,621	.054
TOTAL		515,919	.054	360,591	.064	441,685	.058
Strip Ratio				1.21		1.35	

May 6, 1984

Apache International Mining Company
P.O. Box 45-C
Sasabe Star Route
Tucson, Arizona 85736

406-252-3635

Attention; Mr. Robert Johnson

Dear Bob,

I wish to confirm the discussion between yourself, Mark Johnson, Mr. Cebulski and myself on our visit to your home on May 5, 1984. It was mutually agreed to that our report had several areas that need to be added to the existing prepared report. We further agreed that it will be our responsibility to bring this report up to an acceptable level by adding further testing and additional data to this report at our expense. Those additions and data are as listed below.

- #1. We will crush and test in column leach tests, random selected ore from your property the following sizes, 3" Minus, 2" Minus, and 1" minus. Head and residue assays will be performed on these sizes to determine recovery percentages, cyanide consumption, percolation. Solution testing will be performed on Perkin-Elmer AA units with graphs furnished detailing the above as well as PH levels throughout the tests.
- #2. After results of the above testing have been evaluated, we will then make recommendations for sizing your ore for the most economical method of recovery taking into consideration cyanide consumption, economics of crushing to size, water available for plant type, (zinc precipitate vs. carbon towers).
- #3. We will make crushing and sizing evaluation on the ore from the structured ore body through seive testing and geologic information furnished by Mark Johnson.
- #4. We will offer our suggestions for plant design and size from our findings with our best economical plan for your use.

With the information already contained in our report and with the addition of the above information combined in a usable manner, I am sure you will find our report covering the questions raised by Kappes, Cassiday & Associates. All of our testing will be conducted at Pegasus facilities at Zortman Montana by Mr. Omar Muhtadi a metallurgical Engineer and director of assay lab at Pegasus.

Our best estimate for total time required for this testing is approximately 90 days from the time we receive the required 1500 lbs. of mine run ore at the lab.

I am hopeful that with this additional information included in our report that your endeavors to place this property into production will be successful. We are convinced that the ore is leachable and economically feasible to do so.

Thank you for your courtesy and patience in this matter, we are most anxious to resolve this matter for both parties concerned.

Sincerely Yours

Bill Stratton

LAND STATUS

BUREAU OF LAND MANAGEMENT'S LATEST MICRO-FISCH DATED MAY 2, 1984

TOWNSHIP 23 SOUTH - RANGE 11 EAST

SECTION 6

LEAD FILE : 17000
AMC NO. : 17008, 17009, 17017, 17024 & 17025
CLAIM NAME : MARGARITA NO. NINE, TEN, 18, 25 & 26
OWNER : WALLACE, HARION & TED
3958 E. DESMOND LANE
TUCSON, AZ. 85712
LOCATION DATE: 9-01-1969, 2-02-1970, 11-02-1970
A.D.L. : 1983

LEAD FILE : 27414, 70510, 145438
AMC NO. : 27414, 70538-70545, 70547-70549, 70558, 70559,
70564, 70566-70570, 70573-70575, 145438
CLAIM NAME : BRICK, TRIPLE H #53-60, 62, 66 & 67, R K HORSE,
L B B NO 4, BELL, RUBIANA N. FRAC. ANNEX,
RUBIANA AMENDED, SANTA CLARA AMENDED, BROWN DOG,
PROTECTION NW EXT., JACK POT NO. 2-4, XEROX
OWNER : HAGERTY, CHARLES
BOX 40
ARIVACA, AZ. 85601
LOCATION DATE: 11-06-1963 THRU 9-01-1978, 11-01-1981
A.D.L. : 1983, (EXCEPT - 70573-70575 - A.D.L. 1981)
NOTE: AMC 70510-70577 - ALL FILES SENT TO IBLA - UNABLE TO PLOT,
ASSUME LOCATION SAME AS AMC LEAD FILE 214403

LEAD FILE : 132872
AMC NO. : 132943, 132944, 132955, 132963-132965, 132968,
132971 & 132972
CLAIM NAME : CU #141, 142, 153, 161-163, 166, 169 & 170
OWNER : DAVID B. SALYER
BOX 5782
TUCSON, AZ. 85703
LOCATION DATE: 4-16-1981 THRU 5-10-1981
A.D.L. : 1983

Ben / Carol;

RECEIVED 7-16-84
JUL 18 1984

This may be of interest.

It shows the plotting of
the Mangaita claims and
the conflicting backplot
claim groups. Presently the
files are at the IBIA.
Dan

LEAD FILE : 192498
AMC NO. : 192515, 192516
CLAIM NAME : AUS #23 & 24
OWNER : NICOR MINERAL VENTURES, INC.
2659-G PAN AMERICAN FREEWAY, N.E.
ALBUQUERQUE, N.M. 87107
LOCATION DATE: 2-27-1983
A.D.L. : 0000

LEAD FILE : 203721
AMC NO. : 203723-203726, 203728
CLAIM NAME : JACK POT #3, 4, 4 AMD., 5 & 7
OWNER : GOLDSIL RESOURCES
5353 W. DARTMOUTH AVE., S-400
DENVER, CO. 80227
LOCATION DATE: 8-15-1983 THRU 8-19-1983
A.D.L. : 0000

LEAD FILE : 214403
AMC NO. : 214403-214405, 214408-214413, 214417-214424,
214426-214428
CLAIM NAME : RUBIANA N. FRAC. A, BROWN DOG, BRICK, SANTA CLARA,
PROTECTION NW EXT., BELL, R K HORSE, RUBIANA, L B B #4,
TRIPLE H #52, 53, 55-60, 62, 66 & 67
OWNER : CASSUTT, HOWARD
24018 N. 93RD AVE.
PEORIA, AZ. 85345
LOCATION DATE: 1-04-1984 - 1-07-1984
A.D.L. : 0000

SECTION 7

LEAD FILE : 17000
AMC NO. : 17001-17007, 17010-17016, 17018-17023, 17026-17031
CLAIM NAME : MARGARITA NO. TWO, THREE, FOUR, FIVE, SIX, SEVEN,
EIGHT, ELEVEN, 12-17, 19-24, 27-32
OWNER : WALLACE, MARION & TED
3958 E. DESMOND LANE
TUCSON, AZ. 85712
LOCATION DATE: 9-01-1969 - 11-02-1970
A.D.L. : 1983
NOTE: NO. 2-8 ARE LOCATED IN SEC. 8

LEAD FILE : 70510
AMC NO. : 70572, 70573
CLAIM NAME : JACK POT NO. 1 & 2
OWNER : HAGERTY, CHARLES
BOX 40
ARIVACA, AZ. 85601
LOCATION DATE: 2-18-1964 - 2-19-1964
A.D.L. : 1981
NOTE: ALL CASES SENT TO IBLA - UNABLE TO PLOT - ASSUME
LOCATION SAME AS AMC LEAD 203721

LEAD FILE : 132955
AMC NO. : 132955, 132956, 132962, 132965-132970, 132972
CLAIM NAME : CU #153, 154, 160, 163-168 & 170
OWNER : DAVID B. SALYER
BOX 5782
TUCSON, AZ. 85703
LOCATION DATE: 4-17-1981 - 5-10-1981
A.D.L. : 1983

LEAD FILE : 135254
AMC NO. : 135255, 135257
CLAIM NAME : SWIFT, TAYLORCRAFT (PLACERS)
OWNER : CARROLL, STEVE & MARGI
7613 N. HOPDOWN AVE.
TUCSON, AZ. 85704
LOCATION DATE: 6-01-1981
A.D.L. : 1983

LEAD FILE : 158794
AMC NO. : 158794-158779, 158801
CLAIM NAME : NEW MARGARITA NO. 33-38, & 40
OWNER : APACHE INTERNATIONAL
SASABE STAR ROUTE, BOX 45-C
TUCSON, AZ. 85736
LOCATION DATE: 12-10-1981 - 12-15-1981
A.D.L. : 1983

LEAD FILE : 183523
AMC NO. : 183523
CLAIM NAME : VERDE 8
OWNER : LEGEND MINES, INC.
P.O. BOX 7001
TUCSON, AZ. 85725
LOCATION DATE: 7-30-1982
A.D.L. : 1983

LEAD FILE : 203721
AMC NO. : 203721, 203722, 203727, 203729
CLAIM NAME : JACK POT #1, 2, 6 & 8
OWNER : GOLDSIL RESOURCES
5353 W. DARTMOUTH AVE. S-400
DENVER, CO. 80227
LOCATION DATE: 8-15-1983 - 8-23-1983
A.D.L. : 0000

SECTION 8

LEAD FILE : 17000
AMC NO. : 17000, 17002-17007
CLAIM NAME : MARGARITA NO. ONE, THREE, FOUR, FIVE, SIX,
SEVEN, EIGHT
OWNER : WALLACE, TED & MARION
3958 E. DESMOND LANE
TUCSON, AZ. 85712
LOCATION DATE: 9-01-1969
A.D.L. : 1983 (EXCEPT 17000 - A.D.L. - 1980)

LEAD FILE : 70510
AMC NO. : 70520, 70550, 70560
CLAIM NAME : TRIPLE H #3. RUBY #3, LONESOME
OWNER : HAGERTY, CHARLES
BOX 40
ARIVACA, AZ. 85601
LOCATION DATE: 11-01-1963, 6-03-1963, 6-28-1963
A.D.L. : 1981
NOTE: ALL CASES SENT TO IBLA - UNABLE TO PLOT

LEAD FILE : 94633
AMC NO. : 94633
CLAIM NAME : SMITH TESTERMAN #1
OWNER : SMITH, RICHARD & TESTERMAN, THOMAS O.
BOX 432
GREEN VALLEY, AZ. 85614
LOCATION DATE: 1-20-1980
A.D.L. : 0000

LEAD FILE : 163194
AMC NO. : 163194, 163195 & 163197
CLAIM NAME : G.W.C. MINING #1, 2 & 4
OWNER : GARROD, DONALD
3348 SYCAMORE DRIVE
NEW WATERFORD OH. 44445
LOCATION DATE: 1-27-1982
A.D.L. : 1983

LEAD FILE : 203721
AMC NO. : 203735, 203742, 203747
CLAIM NAME : LONESOME, RUBY 3, TRIPLE H #3
OWNER : GOLDSIL RESOURCES
5353 W. DARTMOUTH AVE. S-400
DENVER, CO. 80227

LOCATION DATE: 8-21-1983

A.D.L. : 0000

NOTE: UNABLE TO PLOT

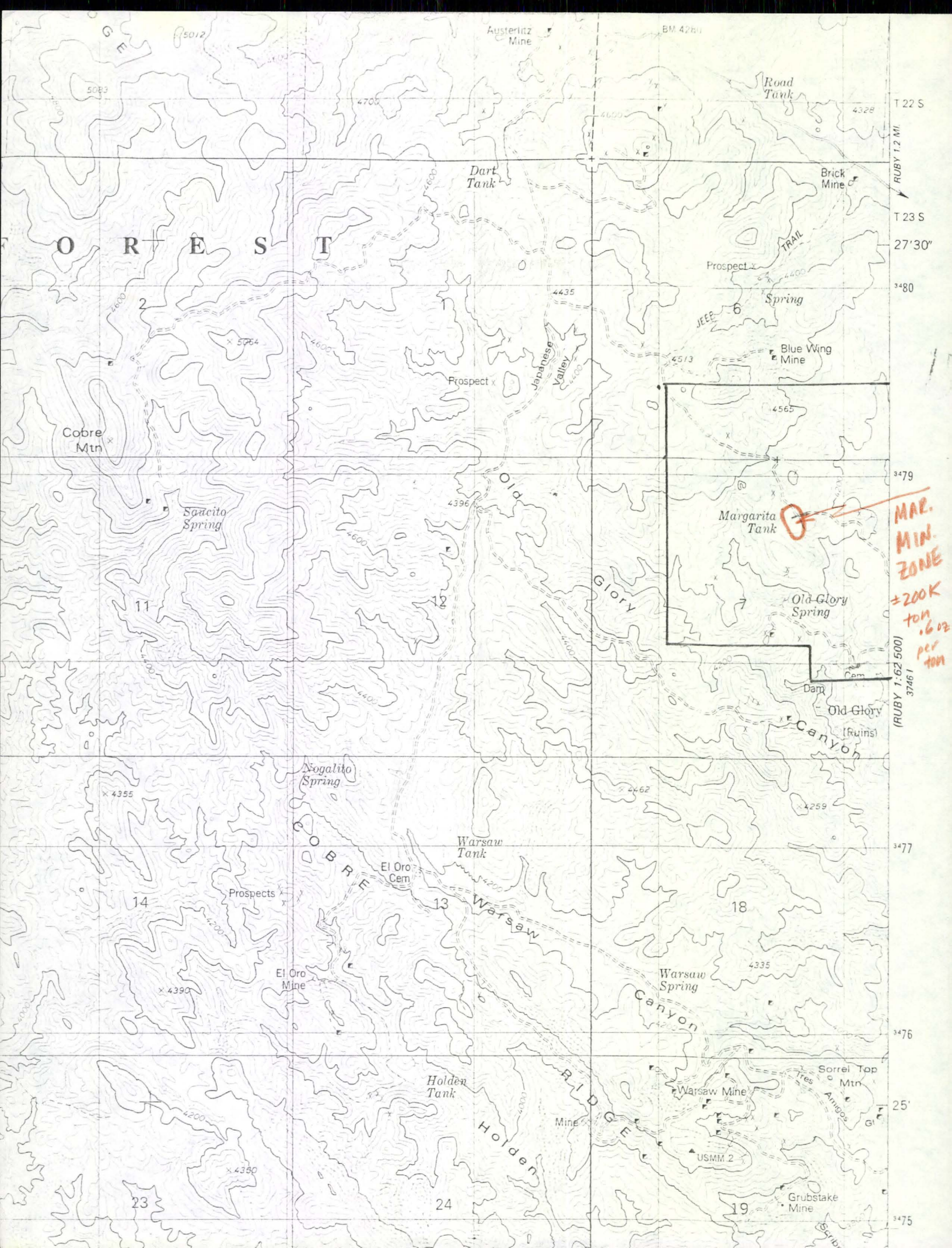
LEAD FILE : 211742
AMC NO. : 211742, 211745-211747
CLAIM NAME : NUEVA RUBY #1, 4, 10 & 11
OWNER : GODSIL, JOHN & HIGGINS, JOHN
P.O. BOX 265
ARIVACA, AZ. 85601

LOCATION DATE: 12-19-1983

A.D.L. : 0000

NOTE: ALL CASES CLOSED 3-09-1983 -- NOT PLOTTED

[illegible]



INTERNATIONAL EXPLORATION & MINING CORPORATION

45-087 Ka Hanahou Place

Kaneohe, Hawaii 96744

Phone (808) 235-5139

March 17, 1984

SUBJECT: Margarita Update/Sonora Joint Venture

Vancouver

Golden Concord has been involved in the Sonora joint venture project since the third quarter of 1983. During this phase, exploration drilling, using air trac and core, contributed to proving much of the main and North Margarita ore zones. As of December 1983 "proven reserves" reached approximately 400,000 tons at .05 oz gold per ton, or roughly 20,000 ounces of gold. However, in the last quarter of 1983, a privately held company - Minerals International out of Denver, Colorado acquired controlling interest of Concord. This caused some uncertainty for us, but Gary Graham, President of Minerals and Concord agreed to continue funding our project and their geologists and engineers began working with us immediately. To date, Concord has expended \$472,000 on this project.

I attended a board meeting on March 5 in Arizona with Bob and Blaise Johnson of Apache and Gary Graham and Jake Thamm, Vice President and head geologist of Minerals present. Minerals submitted a very detailed feasibility report which is under review. Although there is some disagreement between the parties, the joint consensus is that the mine should be placed into production as soon as possible. What must be resolved is the financing method. Minerals is submitting a new joint venture proposal based on their raising money via a new partnership offering. They are confident of raising this money in 60-90 days and have indicated they have commitments from several brokerage houses already.

Although we are cautiously optimistic of continuing with Concord, we have asked four other companies previously interested in our property to submit proposals. We are in an exceptionally strong negotiating position with proven recoverable reserves. We believe it would be negligent not to solicit new proposals at this time. And this action does not in any way jeopardize our position with Concord.

The following firms have been contacted:

1. St. Joe Minerals, Minneapolis, Minn. - owned by Fluor Corp.; John Mohan, geologist, has been on the property and reviewed all reports. Letter of interest has been received.
2. Seagull Exploration, Vancouver, Canada - Bill Timmons, former consultant for Golden Concord, now President of Seagull is very interested in working with us;

3. Goldsil Resources, Ltd., Denver, Colorado - they are conducting exploratory work on 26 scattered claims surrounding us and have previously asked to do a joint venture.

4. Glamis Gold, Yuma, Arizona - currently operating a mine in Yuma which is similar to our's. Chester Miller, major shareholder of Glamis, has visited the site already.

The metallurgical work done by Airborne Minerals is being reviewed and confirmed by Kappes, Cassidy of Reno, Nevada. The Airborne test proved both gold and silver are recoverable.

20 tons crushed to 1/2 inch minus and leached for 4 days resulted in 92.48% recovery of gold and 110% recovery of silver.

20 tons leached for three weeks without crushing resulted in 57% recovery of gold. No recovery of silver conducted.

Additional testing has been programmed to obtain proper crushing sizes. Three tests at 1", 2" and 1" pelletized will provide this information.

The engineering phase began in February and preliminary reports have been received. We are working with the engineers on plant design and equipment, layout of leach pads and cost estimates. Bahamian Refining Corp. of Phoenix, Arizona has submitted the first proposal.

Airtrac drilling on the Old Glory has been temporarily suspended and drilling for water is scheduled next. The US Forest Service has authorized us to proceed with our wells and has scheduled April 11 as the start date for their Environmental Impact Study. This "permitting" process should take 60-90 days to complete. We anticipate no problems complying with the Forest Service report.

{ The Apache partnership has been completed by John Lacy and forwarded to the original partners for signature. Our Hawaii attorney will begin work on your new agreements soon.

We are continuing our work towards placing the mine in operation, with or without Golden Concord. At this point, we have proven the viability of our mine and we are trying to maintain our schedule of placing the mine into operation by this summer.

Aloha,



Charles T. Beyer
President



(602) 398-2106

Robert Alan Johnson
Managing Partner

APACHE INTERNATIONAL MINING CO.

Sasabe Star Route • Box 45-C • Tucson, Az. 85736

29 May 84

Dear Carol

RECEIVED MAY 30 1984

By the time you receive this brief review of the Margarita Mine, I hope you will have received the video tape and will have seen the mine for yourself.

The Mine consists of 41 claims, approximately 840 acres, in Santa Cruz county about 15 miles south of Arivaca and 75 miles south of Tucson.

As of the end of March of this year, Apache has expended over \$1,036,000 on development and exploration. To date we have proven app. 500,000 tons of ore at .059 gold. Probable reserves are 4 million tons and possible reserves at 7 Million.

Our consulting geologist is Norman Dausinger, former head geologist at Mountain States Engineers. Our consulting engineer is Fred Brost, presently Superintendent of Engineers at Anamax Mining. Our major assayer has been Jacobs Labs of Tucson. Metallurgical work has been done by Mountain States, Tucson, Airborne Minerals of Billings, Montana and Kappes, Cassidy of Sparks, Nevada. Our lawyer is John Lacy, partner in the Tucson firm of DeConcini, McDonald. Our accountant is Richard Sainz of the CPA firm of Sainz, Vargas of Tucson.

We are now at the stage of production, and production plans have been prepared By Fred Brost and the Bahamian Resource Group of Phoenix. Our financial requirements to go into production at the rate of 1000 tons per day is approximately 2 million dollars with 1 million to be spent on plant, equipment and support systems, 500,000 for operational expenses and the additional 500,000 for continuing exploration and development.

Phil, this gives you a brief over-view of the project. All documents and test results are available here at company headquarters. I am also enclosing a recent report that one of our partners prepared for his investment group.

Let me hear from you soon, and let's see if we can get mining...

Handwritten signature: Sainz
Handwritten signature: Fred Brost

APACHE INTERNATIONAL MINING COMPANY

APACHE INTERNATIONAL MINING
(A Partnership)

FINANCIAL STATEMENTS
AND ACCOUNTANT'S REVIEW REPORT

DECEMBER 31, 1983



sainz, vargas and company
certified public accountants

Fresno

140 West Shields Avenue
Fresno, California 93705
(209) 224-5591

Sacramento

1400 S Street
Suite 200
Sacramento, California 95814
(916) 442-5007

San Diego

352 H Street
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Suite 201
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(415) 941-5347

Tucson

2302 East Speedway Blvd.
Suite 112
Tucson, Arizona 85719
(602) 325-2617



sainz, vargas and company
certified public accountants

To the Partners
Apache International Mining
Tucson, Arizona

We have reviewed the accompanying statement of assets, liabilities and partners' capital of Apache International Mining (a partnership) as of December 31, 1983 and the related statements of revenue and expenses, and partners' capital for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants. These financial statements are presented on the federal income tax basis of accounting as described in Note 1. All information included in these financial statements is the representation of the management of Apache International Mining.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the federal income tax basis of accounting.

The information contained in the accompanying schedule of expenses is presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. We did not become aware of any material modifications that should be made to this information.

April 6, 1984

Sainz, Vargas and Company



APACHE INTERNATIONAL MINING
STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' CAPITAL
DECEMBER 31, 1983

ASSETS

CURRENT ASSETS

Escrow impound account	\$	369
Employee advance		<u>5 500</u>
Total current assets		5 869

INVESTMENT

Partnership interest in Sonora Exploring and Mining Company (Note 4)		0
-------------------------------------------------------------------------	--	---

OPERATIONAL ASSETS (Notes 1 and 3)

Transportation equipment	\$	4 991
Mining equipment		20 018
Office equipment		1 589
Office building and land		<u>179 000</u>
		205 598
Less accumulated depreciation		<u>23 857</u>
		<u>181 741</u>
		<u>\$ 187 610</u>

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES

Bank overdraft	\$	290
Advance management fee		628
Long-term debt, due within one year (Note 3)		<u>7 196</u>
Total current liabilities		8 114

LONG-TERM DEBT

Long-term debt, due after one year (Note 3)	\$	152 720
Loans from partners (Note 2)		<u>55 800</u>
		208 520

PARTNERS' CAPITAL (Deficit)

General partners	(82 842)	
Limited partners	<u>(53 818)</u>	<u>(29 024)</u>
		<u>\$ 187 610</u>



APACHE INTERNATIONAL MINING
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

REVENUE

Management fees	\$ 66 000
Debt relief	13 300
Gain on sale of assets	<u>6 372</u>
Total revenue	85 672

EXPENSES (Note 1)

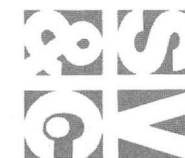
Personnel	6 345
Operating costs	79 879
General and administrative	<u>66 745</u>
Total expenses	<u>152 969</u>

NET LOSS

\$ (67 297)

APACHE INTERNATIONAL MINING
STATEMENT OF PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1983

	Balance December 31 <u>1982</u>	Capital <u>Contributed</u>	<u>Net Loss</u>	<u>Withdrawals</u>	Balance December 31 <u>1983</u>
<u>PARTNERS</u>					
GENERAL PARTNERS					
Robert A. Johnson	\$ (42 192)	\$	\$ (26 919)	\$	\$ (69 111)
William Ball	(7 809)		(2 692)		(10 501)
Charles Beyer	<u>0</u>	<u>3 500</u>	<u>(6 730)</u>		<u>(3 230)</u>
Total general partners	(50 001)	3 500	(36 341)	0	(82 842)
LIMITED PARTNERS					
Judan Mining, Inc.	(12 980)		(3 365)		(16 345)
Sam B. Moxley, Jr.	3 510		(1 682)		1 828
Lucine B. Moxley	(6 492)		(1 682)		(8 174)
Robert A. Johnson, Jr.	(10 643)		(2 692)		(13 335)
Pell Enterprises, Inc.		78 500	(8 076)		70 424
International Exploration and Mining Corporation	<u>46 679</u>		<u>(13 459)</u>	<u>(13 800)</u>	<u>19 420</u>
Total limited partners	<u>20 074</u>	<u>78 500</u>	<u>(30 956)</u>	<u>(13 800)</u>	<u>53 818</u>
	<u>\$ 29 927</u>	<u>\$ 82 000</u>	<u>\$ 67 297</u>	<u>\$ 13 800</u>	<u>\$ 29 024</u>





APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983
(See accountants' review report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF REPORTING

The Company's policy is to prepare its financial statements on the accounting basis used for income tax purposes. Consequently, intangible exploration and development costs on the mine claims are expensed when paid in accordance with allowable federal income tax accounting treatment. Such costs would, under generally accepted accounting principles, be capitalized and amortized over the productive life of the claim. Also, depreciation is computed in accordance with the accelerated cost recovery system required by the Internal Revenue Code. This method differs from the generally accepted accounting principle of computing depreciation over the estimated useful lives of the assets. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

OPERATIONAL ASSETS

Operational assets are carried at cost. Depreciation is recorded using both the straight line method and the accelerated cost recovery method allowed for federal income tax purposes.

The estimated useful lives of the assets are:

Transportation equipment	3-4 years
Mining equipment	5-7 years
Office equipment	5 years
Office building	15 years

Expenditures for major renewals and betterments which extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

INCOME TAX

The partnership is not a tax paying entity for income tax purposes and thus no income tax expense has been recorded in this statement. Partners are taxed individually on their respective shares of the partnership's income or loss.



APACHE INTERNATIONAL MINING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1983
(See accountants' review report)

NOTE 2 - LOANS FROM PARTNERS

The loans from partners represent unsecured open-end loans by the following partners with interest accruing at 18%.

Sam B. Moxley, Jr. (Limited)	\$ 25 000
W. H. Ball (General)	20 000
Robert A. Johnson (General)	10 800
	<u>\$ 55 800</u>

NOTE 3 - LONG-TERM DEBT

	Due Within One Year	Due After One Year
Contract to bank, payable monthly at \$152.68, including interest, secured by truck	\$ 916	\$ 0
Contract for purchase of real estate with a private party, payable monthly at \$2,000.00 including interest at 12%, secured by building and land	6 280	152 720
	<u>\$ 7 196</u>	<u>\$ 152 720</u>

NOTE 4 - INVESTMENT IN PARTNERSHIP

During the year, the Company entered into a joint venture agreement with Golden Concord, Inc. and formed a partnership known as Sonora Exploring and Mining Company. The Company conveyed the mineral exploration rights to this partnership so it could conduct mineral exploration, development and mining on and under the property (claims) held by Apache International Mining for the purpose of producing, mining, processing and marketing of minerals. The conveyance of these rights to the partnership constituted the initial capital contribution of the Company which was valued by agreement of the partners in the venture at \$312,500. The mineral exploration rights are carried as an asset on the books of Sonora Exploring and Mining Company but do not have a tax basis and are therefor not subject to amortization.



SUPPLEMENTARY INFORMATION



APACHE INTERNATIONAL MINING
SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1983

	<u>New Jupiter</u>	<u>Margarita</u>	<u>Old Glory</u>	<u>Total Expenses</u>
<u>PERSONNEL</u>				
Labor	\$ 160	\$ 3 890	\$ 972	\$ 5 022
Secretarial		25	6	31
Engineers		100	25	125
Surveyors		934	233	1 167
Total personnel	<u>\$ 160</u>	<u>\$ 4 949</u>	<u>\$ 1 236</u>	6 345
<u>OPERATING COSTS</u>				
Lease payments	\$ 120	\$ 20 000	\$ 2 000	22 120
Gas, oil and parking	80	1 138	284	1 502
Expendable equipment		402	100	502
Equipment repairs and maintenance		2 531	633	3 164
Rent and utilities		6 789	1 697	8 486
Assays	96	1 975	494	2 565
Office building expenses		1 537	384	1 921
Office supplies and expenses		1 926	482	2 408
Consultants fees		29 769	7 442	37 211
Total operating costs	<u>\$ 296</u>	<u>\$ 66 067</u>	<u>\$ 13 516</u>	79 879
<u>GENERAL AND ADMINISTRATIVE</u>				
Accounting				5 055
Depreciation				13 145
Insurance				6 837
Legal				11 534
Telephone				6 879
Entertainment				1 363
Food				5 767
Travel				1 136
Bank charges and interest				14 508
Subscriptions				521
Total general and administrative				<u>66 745</u>
TOTAL EXPENSES				<u>\$ 152 969</u>