



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

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

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LAW OFFICES OF
LEO N. SMITH
CASAS ADOBES PROFESSIONAL PLAZA
6985 NORTH ORACLE ROAD
TUCSON, ARIZONA 85704

FAX (602) 797-9770

TELEPHONE (602) 797-0777

RECEIVED JUN 27 1992

June 25, 1992

Mr. Anthony F. Budge
A.F. Budge (Mining) Ltd.
West Carr Road
Retford, Nottss. DN 22 7 SW
ENGLAND

Re: Keystone Minerals, Inc. vs
A.F. Budge (Mining) Ltd.

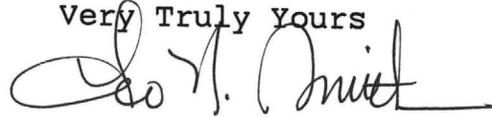
Dear Mr. Budge:

This office represents Keystone Minerals, Inc. ("Keystone"). On November 6, 1991, Keystone sent a proposal to A.F. Budge (Mining) Ltd. ("Budge") for settling Keystone's claim for monies owed to it by Budge. This offer was accepted by Budge on December 3, 1991 (nearly seven months ago). As of this date Budge has refused to make the payment due Keystone under this offer and acceptance and this shall serve as notice to Budge that Keystone intends to initiate an action against Budge unless:

- (1) Keystone receives payment from Budge in the amount of \$25,000.00 no later than 5:00 p.m. MST, July 1, 1992; or
- (2) Keystone receives payment from Budge of the \$30,000.00 agreed upon by Budge in its December 3, 1991 letter to Keystone, together with interest for a period of six months at 10% per annum, no later than 5:00 p.m. MST on July 15, 1992.

Any action initiated by Keystone will seek the full amount of the remaining balance of the purchase price pursuant to the 1989 Agreement or, in the alternative, the \$30,000.00 settlement amount plus interest and Keystone intends to seek punitive and consequential damages as well.

Very Truly Yours

A handwritten signature in cursive script, appearing to read "Leo N. Smith".

Leo N. Smith

LNS:jh

xc: Keystone Minerals, Inc.
A.F. Budge (Mining) Ltd. - Scottsdale
John C. Lacy, Esq.



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

October 28, 1991

Dirk Den-Baars
Vice President
Keystone Minerals, Inc.
6318 East Hayne Street
Tucson, Az 85710

Dear Dirk:

Thank you for your prompt reply to our proposal of October 18. We would have no problem with paying Keystone the \$10,000.00 payment if all other matters can be resolved.

With regard to item "B" of your letter, we don't know what you are suggesting. As a geologist, you should know that mining agreements are always written and executed with the hopes that a project will develop into an economically viable operation. However, these hopes and expectations are often thwarted either by the lack of mineable ore reserves, or by economic, financial, and/or environmental constraints which develop subsequent to the acquisition and exploration of the property. In the case of the Korn Kob property, the decision not to proceed was made on the basis of the latter concerns. Budge did not contract to bring the property into production but has made every effort to satisfy the original terms of the agreement. It has been your refusal to accept the already agreed upon terms of a non-recourse promissory

D. Den-Baars
October 28, 1991
page 2

note which has led to our recent discord.

Keystone has greatly benefited from the agreement in the form of lease/option payments totalling \$210,000, and in exploration expenditures of over \$900,000. This effort has certainly enhanced the property's value as an exploration project.

We therefore do not see that anything further should be done.

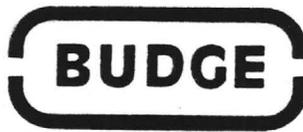
In regards to your request for additional information, we enclose copies of the existing agreements with surface owners in the area plus a claim map showing the location of all claims which were staked. The claims which we will be dropping because of lack of sufficient work are those located in the far northwest sector of the property, specifically the Lonehill claims numbered 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, 30, 32, 34, 36, 38, and 40 through 80; a total of 60 claims. The affidavit of assessment has not been filed as of this date. The Forest Service was provided with a plan of operation only with regards to drilling, and cash bonds totalling over \$4,000 have been submitted to this agency. It will be Budge's responsibility to complete any and all reclamation work requested by the Forest Service to return the property to its state prior to our involvement in 1989.

We trust this satisfies your concerns.

Sincerely,


Ronald R. Short
General Manager

RRS/ca
encls.



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

December 3, 1991

Mr. Dirk Den-Baars
Vice President
Keystone Minerals, Inc.
6318 East Hayne Street
Tucson, AZ 85710

Re: Letter of November 6, 1991

Dear Dirk:

This letter will serve as acceptance of those terms outlined in the referenced letter, which will result in the termination of our agreement with Keystone and the relinquishment of all interest in the Korn Kob property.

1. Budge will furnish Keystone with copies of all data as listed in our letter of October 18, 1991. Keystone has already taken possession of cores and rejects from Budge's storage facility in Tucson. Keystone will provide Budge with a release form for such data as specified in the referenced letter.

2. Budge will pay Keystone the sum of \$30,000.00 as specified.

3. Budge will provide a Quitclaim Deed for the mining claims as specified.

4. Budge will provide Keystone with any and all copies of plans and/or correspondence with the Forest Service concerning activities on the property.

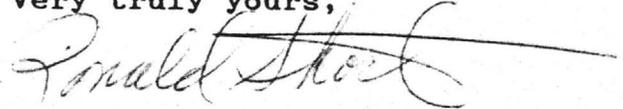
5. Budge will provide copies of all correspondence and/or agreements with subordinate landowners in the area.

Dirk Den-Baars
December 3, 1991
Page 2

6. Budge will fulfill any obligations with regards to any reclamation and/or environmental mitigation requested by the Forest Service or other regulatory agency.

7. Keystone will execute a formal document releasing Budge from any and all purported obligations arising from and out of Budge's exercising the option to purchase clause of the original Agreement of October 19, 1989. In turn, Budge will formally release and relinquish all rights and interest in and to the Korn Kob property.

Very truly yours,



Ronald R. Short
General Manager

RRS/ca



A.F. Budge (Mining) Limited

(602) 945-4630

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

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December 3, 1991

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Vice President
Keystone Minerals, Inc.
6318 East Hayne Street
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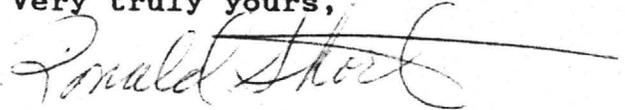
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Dirk Den-Baars
December 3, 1991
Page 2

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Very truly yours,



Ronald R. Short
General Manager

RRS/ca

U

RECEIVED APR 9 1992



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ARIZONA STATE OFFICE
3707 N. 7TH STREET
P.O. BOX 16563
PHOENIX, ARIZONA 85011

(602) 640-5550

April 7, 1992



IN REPLY REFER TO:

(922-LC)
A MC 306042
A MC 308337

CERTIFIED MAIL--RETURN RECEIPT REQUESTED

DECISION

Mining Claimant(s)
as Shown on the
Enclosed Sheet

Mining Claim(s)
as Shown on the
Enclosed Sheet (2)

MINING CLAIMS DECLARED ABANDONED

The Federal Land Policy and Management Act (FLPMA) of 1976, 43 U.S.C. 1744, and the implementing regulations in 43 CFR 3833.2, require an annual filing for all mining claims recorded with the Bureau of Land Management (BLM). FLPMA provides that failure to file evidence of annual assessment work or a notice of intention to hold by December 30 of each year shall be deemed conclusively to constitute an abandonment of the claim and it is void by operation of law. The constitutionality of Section 314 of FLPMA was upheld on April 1, 1985, by the United States Supreme Court in United States v. Locke et al., 471 U.S. 84, 129 (1985).

The BLM records do not show receipt of either an affidavit of annual assessment work performed or a notice of intention to hold for the claim(s) listed on the enclosed sheet(s) for the 1991 assessment year.

If you did timely file an affidavit or notice of intention to hold with the BLM during 1991, please furnish a copy which shows receipt by the BLM Arizona State Office, (dated and time stamped) during 1991.

Your proof must show the required document was timely filed with the BLM during 1991, otherwise it will not be accepted. The evidence must be received in this office no later than 30 days from receipt of this decision. If the proof is not furnished during this 30-day period, the claim(s) will be removed from our records as abandoned and void.

Byard L. Kershaw
Chief, Branch of
Mining Law Administration

Enclosure

LEAD OWNER

A F BUDGE MINING LTD
 4301 N 75TH ST #105
 SCOTTSDALE AZ 85251

CO-OWNERS
 NONE

ARIZONA

LEAD FILE NUMBER - 306042

CASE TYPE	SERIAL NUMBER	CLAIM NAME	LAST ASSMT.	CASE TYPE	SERIAL NUMBER	CLAIM NAME	LAST ASSMT.
LD	306045	LONEHILL #4	0000	LD	306047	LONEHILL #6	0000
LD	306049	LONEHILL #8	0000	LD	306050	LONEHILL #9	0000
LD	306051	LONEHILL #10	0000	LD	306053	LONEHILL #12	0000
LD	306055	LONEHILL #14	0000	LD	306057	LONEHILL #16	0000
LD	306059	LONEHILL #18	0000	LD	306061	LONEHILL #20	0000
LD	306063	LONEHILL #22	0000	LD	306065	LONEHILL #24	0000
LD	306067	LONEHILL #26	0000	LD	306069	LONEHILL #28	0000
LD	306071	LONEHILL #30	0000	LD	306073	LONEHILL #32	0000
LD	306075	LONEHILL #34	0000	LD	306077	LONEHILL #36	0000
LD	306079	LONEHILL #38	0000	LD	306081	LONEHILL #41	0000
LD	306082	LONEHILL #42	0000	LD	306083	LONEHILL #43	0000
LD	306084	LONEHILL #44	0000	LD	306085	LONEHILL #45	0000
LD	306086	LONEHILL #46	0000	LD	306087	LONEHILL #47	0000
LD	306088	LONEHILL #48	0000	LD	306089	LONEHILL #49	0000
LD	306090	LONEHILL #50	0000	LD	306091	LONEHILL #51	0000
LD	306092	LONEHILL #52	0000	LD	306093	LONEHILL #53	0000
LD	306094	LONEHILL #54	0000	LD	306095	LONEHILL #55	0000
LD	306096	LONEHILL #56	0000	LD	306097	LONEHILL #57	0000
LD	306098	LONEHILL #58	0000	LD	306099	LONEHILL #59	0000
LD	306100	LONEHILL #60	0000	LD	306101	LONEHILL #61	0000
LD	306102	LONEHILL #62	0000	LD	306103	LONEHILL #63	0000
LD	306104	LONEHILL #64	0000	LD	306105	LONEHILL #65	0000
LD	306106	LONEHILL #66	0000	LD	306107	LONEHILL #67	0000
LD	306108	LONEHILL #68	0000	LD	306109	LONEHILL #69	0000
LD	306110	LONEHILL #70	0000	LD	306111	LONEHILL #71	0000
LD	306112	LONEHILL #72	0000	LD	306113	LONEHILL #73	0000
LD	306114	LONEHILL #74	0000	LD	306115	LONEHILL #75	0000
LD	306116	LONEHILL #76	0000	LD	306117	LONEHILL #77	0000
LD	306118	LONEHILL #78	0000	LD	306119	LONEHILL #79	0000
LD	306120	LONEHILL #80	0000				

LEAD OWNER

A F BUDGE MNG LTD
4301 N 75TH ST #105
SCOTTSDALE AZ 85251

CO-OWNERS
NONE

ARIZONA

LEAD FILE NUMBER - 308337

CASE SERIAL TYPE NUMBER	CLAIM NAME	LAST ASSMT.	CASE SERIAL TYPE NUMBER	CLAIM NAME	LAST ASSMT.
LD 308337	BUEHMAN #143	0000	LD 308338	BUEHMAN #145	0000
LD 308339	BUEHMAN #146	0000	LD 308340	BUEHMAN #147	0000
LD 308341	BUEHMAN #148	0000	LD 308342	BUEHMAN #149	0000
LD 308343	BUEHMAN #150	0000	LD 308344	BUEHMAN #151	0000
LD 308345	BUEHMAN #152	0000			

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Arizona State Office
3707 N. 7th Street
P.O. Box 16563
Phoenix, Arizona 85011

AN EQUAL OPPORTUNITY EMPLOYER

CERTIFIED MAIL

No. 764500

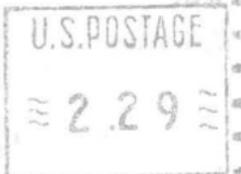
RETURN RECEIPT REQUESTED

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE \$300



U.S. OFFICIAL MAIL

PENALTY
OR
PRIVATE
USE \$300
METER
6091098



Is your **RETURN ADDRESS**
completed on the reverse side?

Thank you for using
Return Receipt Service.

DeCONCINI McDONALD BRAMMER YETWIN & LACY

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EVO DeCONCINI (1901-1986)

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

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

December 18, 1991

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

PLEASE REPLY TO TUCSON

RECEIVED DEC 20 1991

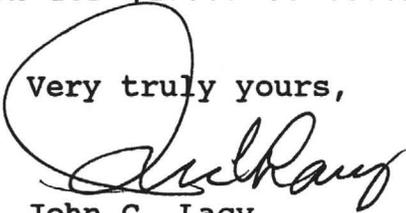
Mike Boyd
Pima County Recorder
115 No. Church
Tucson, AZ 85701

Dear Mr. Boyd:

I have enclosed herewith for recording an Affidavit of Annual Labor for the Korn Kob project.

Also enclosed is a check for \$17.00 to cover the recording fee.

Very truly yours,


John C. Lacy

bpm

Enclosures

c: Carole A. O'Brien

9112181519.jc12.890425



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

October 18, 1991

Dirk Den-Baars
Vice President
Keystone Minerals, Inc.
6318 East Hayne Street
Tucson, Az 85710

Dear Dirk:

Per your request, we are submitting the following proposal for your consideration in an effort to resolve our differences with respect to the decision by A.F. Budge (Mining) Limited not to proceed with the final purchase of the Korn Kob property.

Paragraph 7-d of the original agreement of September 19, 1989 states: "If this Agreement is terminated, Budge shall, within thirty (30) days of said termination, furnish Owner with copies of all available noninterpretive exploration, development and mining data pertaining to the Property prepared by or for Budge." A considerable number of reports have been generated on the Korn Kob project, however, they are considered interpretive by nature and would not, according to the Agreement, be furnished to Keystone Minerals.

We would like you to consider the following options:

1. A.F. Budge (Mining) Limited would quitclaim all rights, title and interest to all mining claims staked in its name on the Korn Kob property [see attached list].
2. Budge would also assign its rights to all agreements with

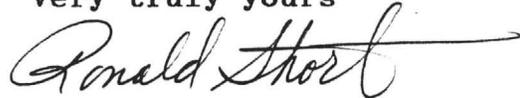
D. Den-Baars
October 18, 1991
page 2

subordinate property owners in the area which address such issues as access and surface damage provisions [see attached list].

3. Budge would provide Keystone with copies of all interpretive data and reports generated on the Korn Kob project, including engineering and feasibility studies, mining reserve estimates and environmental studies. When available, original drawings will also be included [see attached list].

In return for these considerations, Keystone Minerals would acknowledge Budge's right to and accept Budge's termination of the original Agreement with no further action or dissension.

Very truly yours



Ronald R. Short
General Manager

w/ attachments

List of Claims

Unpatented lode mining claims located in the
 Redington Mining District, Sections 12, 13, 22,
 23, 24, 25, 26, 27 and 36, Township 12 South,
 Range 17 East, and Sections 5, 6, 7, 8, 17, 18,
 19, 30 and 31, Township 12 South, Range 18 East,
 Gila & Salt River Meridian, Pima County, Arizona

Name of Claim	Pima County		BLM Serial Number A MC
	Official Records Docket	Page	
Donovan #1	8761	845-847	303450
Donovan #2	8761	848-850	303451
Donovan #3	8761	851-853	303452
Donovan #4	8761	854-856	303453
Donovan #5	8761	857-859	303454
Donovan #6	8761	860-862	303455
Donovan #7	8761	863-865	303456
Donovan #8	8761	866-868	303457
Donovan #9	8761	869-871	303458
Donovan #10	8761	872-874	303459
Donovan #11	8761	875-877	303460
Donovan #12	8761	878-880	303461
Donovan #13	8761	881-883	303462
Donovan #14	8761	884-886	303463
Donovan #15	8761	887-889	303464
Donovan #16	8761	890-892	303465
Donovan #17	8761	893-895	303466
Donovan #18	8761	896-898	303467
Donovan #19	8761	899-901	303468
Donovan #20	8761	902-904	303469
Donovan #21	8761	905-907	303470
Donovan #22	8761	908-910	303471
Donovan #23	8761	911-913	303472
Donovan #24	8761	914-916	303473
Donovan #25	8761	917-919	303474
Donovan #26	8761	920-922	303475
Donovan #27	8761	923-925	303476
Donovan #28	8761	926-928	303477
Donovan #29	8761	929-931	303478
Donovan #30	8761	932-934	303479
Donovan #31	8761	935-937	303480
Donovan #32	8761	938-940	303481
Donovan #33	8761	941-943	303482
Donovan #34	8761	944-946	303483
Donovan #35	8761	947-949	303484
Donovan #36	8761	950-952	303485
Donovan #37	8761	953-955	303486
Donovan #38	8761	956-958	303487
Donovan #39	8761	959-961	303488
Donovan #40	8761	962-964	303489
Donovan #41	8761	965-967	303490
Donovan #42	8761	968-970	303491

Donovan #43	8761	971-973	303492
Donovan #44	8761	974-976	303493
Donovan #45	8761	977-979	303494
Donovan #46	8761	980-982	303495
Donovan #47	8761	983-985	303496
Donovan #48	8761	986-988	303497
Donovan #49	8761	989-991	303498
Donovan #50	8761	992-994	303499
Donovan #51	8761	995-997	303500
Donovan #52	8761	998-1000	303501
Donovan #53	8761	1001-1003	303502
Donovan #54	8761	1004-1006	303503
Donovan #55	8761	1007-1009	303504
Donovan #56	8761	1010-1012	303505
Donovan #57	8761	1013-1015	303506
Donovan #58	8761	1016-1018	303507
Donovan #59	8761	1019-1021	303508
Donovan #60	8761	1022-1024	303509

Bullock #1	8761	773-775	303510
Bullock #2	8761	776-778	303511
Bullock #3	8761	779-781	303512
Bullock #4	8761	782-784	303513
Bullock #5	8761	785-787	303514
Bullock #6	8761	788-790	303515
Bullock #7	8761	791-793	303516
Bullock #8	8761	794-796	303517
Bullock #9	8761	797-799	303518
Bullock #10	8761	800-802	303519
Bullock #11	8761	803-805	303520
Bullock #12	8761	806-808	303521
Bullock #13	8761	809-811	303522
Bullock #14	8761	812-814	303523
Bullock #15	8761	815-817	303524
Bullock #16	8761	818-820	303525
Bullock #17	8761	821-823	303526
Bullock #18	8761	824-826	303527
Bullock #19	8761	827-829	303528
Bullock #20	8761	830-832	303529
Bullock #21	8761	833-835	303530
Bullock #22	8761	836-838	303531
Bullock #23	8761	839-841	303532
Bullock #24	8761	842-844	303533

Buehman #1	8761	1025-1027	303534
Buehman #2	8761	1028-1030	303535
Buehman #3	8761	1031-1033	303536
Buehman #4	8761	1034-1036	303537
Buehman #5	8761	1037-1039	303538
Buehman #6	8761	1040-1042	303539
Buehman #7	8761	1043-1045	303540
Buehman #8	8761	1046-1048	303541
Buehman #9	8761	1049-1051	303542
Buehman #10	8761	1052-1054	303543
Buehman #11	8761	1055-1057	303544
Buehman #12	8761	1058-1060	303545

Buehman #13	8761	1061-1063	303546
Buehman #14	8761	1064-1066	303547
Buehman #15	8761	1067-1069	303548
Buehman #16	8761	1070-1072	303549
Buehman #17	8761	1073-1075	303550
Buehman #18	8761	1076-1078	303551
Buehman #19	8761	1079-1081	303552
Buehman #20	8761	1082-1084	303553
Buehman #21	8761	1085-1087	303554
Buehman #22	8761	1088-1090	303555
Buehman #23	8761	1091-1093	303556
Buehman #24	8761	1094-1096	303557
Buehman #25	8761	1097-1099	303558
Buehman #26	8761	1100-1102	303559
Buehman #27	8761	1103-1105	303560
Buehman #28	8761	1106-1108	303561
Buehman #29	8761	1109-1111	303562
Buehman #30	8761	1112-1114	303563
Buehman #31	8761	1115-1117	303564
Buehman #32	8761	1118-1120	303565
Buehman #33	8761	1121-1123	303566
Buehman #34	8761	1124-1126	303567
Buehman #35	8761	1127-1129	303568
Buehman #36	8761	1130-1132	303569
Buehman #37	8761	1133-1135	303570
Buehman #38	8761	1136-1138	303571
Buehman #39	8761	1139-1141	303572
Buehman #40	8761	1142-1144	303573
Buehman #41	8761	1145-1147	303574
Buehman #42	8761	1148-1150	303575
Buehman #43	8761	1151-1153	303576
Buehman #44	8761	1154-1156	303577
Buehman #45	8761	1157-1159	303578
Buehman #46	8761	1160-1162	303579
Buehman #47	8761	1163-1165	303580
Buehman #48	8761	1166-1168	303581
Buehman #49	8761	1169-1171	303582
Buehman #50	8761	1172-1174	303583
Buehman #51	8761	1175-1177	303584
Buehman #52	8761	1178-1180	303585
Buehman #53	8761	1181-1183	303586
Buehman #54	8761	1184-1186	303587
Buehman #55	8761	1187-1189	303588
Buehman #56	8761	1190-1192	303589
Buehman #57	8761	1193-1195	303590
Buehman #58	8761	1196-1198	303591
Buehman #59	8761	1199-1201	303592
Buehman #60	8761	1202-1204	303593
Buehman #61	8761	1205-1207	303594
Buehman #62	8761	1208-1210	303595
Buehman #63	8761	1211-1213	303596
Buehman #64	8761	1214-1216	303597
Buehman #65	8761	1217-1219	303598
Buehman #66	8761	1220-1222	303599
Buehman #67	8761	1223-1225	303600
Buehman #68	8761	1226-1228	303601

Buehman #69	8761	1229-1231	303602
Buehman #70	8761	1232-1234	303603
Buehman #71	8761	1235-1237	303604
Buehman #72	8761	1238-1240	303605
Buehman #73	8761	1241-1243	303606
Buehman #74	8761	1244-1246	303607
Buehman #75	8761	1247-1249	303608
Buehman #76	8761	1250-1252	303609
Buehman #77	8761	1253-1255	303610
Buehman #78	8761	1256-1258	303611
Buehman #79	8761	1259-1261	303612
Buehman #80	8761	1262-1264	303613
Buehman #81	8761	1265-1267	303614
Buehman #82	8761	1268-1270	303615
Buehman #83	8761	1271-1273	303616
Buehman #84	8761	1274-1276	303617
Buehman #85	8761	1277-1279	303618
Buehman #86	8761	1280-1282	303619
Buehman #87	8761	1283-1285	303620
Buehman #88	8761	1286-1288	303621
Buehman #89	8761	1289-1291	303622
Buehman #90	8761	1292-1294	303623
Buehman #91	8761	1295-1297	303624
Buehman #92	8761	1298-1300	303625
Buehman #93	8761	1301-1303	303626
Buehman #94	8761	1304-1306	303627
Buehman #95	8761	1307-1309	303628
Buehman #96	8761	1310-1312	303629
Buehman #97	8761	1313-1315	303630
Buehman #98	8761	1316-1318	303631
Buehman #99	8761	1319-1321	303632
Buehman #100	8761	1322-1324	303633
Buehman #101	8761	1325-1327	303634
Buehman #102	8761	1328-1330	303635
Buehman #103	8761	1331-1333	303636
Buehman #104	8761	1334-1336	303637
Buehman #105	8761	1337-1339	303638
Buehman #105			relocated
Buehman #106	8761	1340-1342	303639
Buehman #107	8761	1343-1345	303640
Buehman #107			relocated
Buehman #108	8761	1346-1348	303641
Buehman #109	8761	1349-1351	303642
Buehman #110	8761	1352-1354	303643
Buehman #111	8761	1355-1357	303644
Buehman #112	8761	1358-1360	303645
Buehman #113	8761	1361-1363	303646
Buehman #114	8761	1364-1366	303647
Buehman #115	8761	1367-1369	303648
Buehman #116	8761	1370-1372	303649
Buehman #117	8761	1373-1375	303650
Buehman #118	8761	1376-1378	303651
Buehman #119	8761	1379-1381	303652
Buehman #120	8761	1382-1384	303653
Buehman #121	8761	1385-1387	303654
Buehman #122	8761	1388-1390	303655

Buehman #123	8761	1391-1393	303656
Buehman #124	8761	1394-1396	303657
Buehman #125	8761	1397-1399	303658
Buehman #126	8761	1400-1402	303659
Buehman #127	8761	1403-1405	303660
Buehman #128	8761	1406-1408	303661
Buehman #129	8761	1409-1411	303662
Buehman #130	8761	1412-1414	303663
Buehman #131	8761	1415-1417	303664
Buehman #132	8761	1418-1420	303665
Buehman #133	8761	1421-1423	303666
Buehman #134	8761	1424-1426	303667
Buehman #135	8761	1427-1429	303668
Buehman #136	8761	1430-1432	303669

Unpatented lode mining claims located in the
 Redington Mining District, Sections 33 and 34,
 Township 11 South, Range 17 East, and Sections
 3, 4, 9, 10, 11 and 15, Township 12 South,
 Range 17 East, Gila & Salt River Meridian,
 Pima County, Arizona

Name of Claim	Pima County		BLM Serial Number A MC
	Official Records Docket	Page	
Lonehill #1	8832	1239-1241	306042
Lonehill #2	8832	1242-1244	306043
Lonehill #3	8832	1245-1247	306044
Lonehill #4	8832	1248-1250	306045
Lonehill #5	8832	1251-1253	306046
Lonehill #6	8832	1254-1256	306047
Lonehill #7	8832	1257-1259	306048
Lonehill #8	8832	1260-1262	306049
Lonehill #9	8832	1263-1265	306050
Lonehill #10	8832	1266-1268	306051
Lonehill #11	8832	1269-1271	306052
Lonehill #12	8832	1272-1274	306053
Lonehill #13	8832	1275-1277	306054
Lonehill #14	8832	1278-1280	306055
Lonehill #15	8832	1281-1283	306056
Lonehill #16	8832	1284-1286	306057
Lonehill #17	8832	1287-1289	306058
Lonehill #18	8832	1290-1292	306059
Lonehill #19	8832	1293-1295	306060
Lonehill #20	8832	1296-1298	306061
Lonehill #21	8832	1299-1301	306062
Lonehill #22	8832	1302-1304	306063
Lonehill #23	8832	1305-1307	306064
Lonehill #24	8832	1308-1310	306065
Lonehill #25	8832	1311-1313	306066
Lonehill #26	8832	1314-1316	306067
Lonehill #27	8832	1317-1319	306068
Lonehill #28	8832	1320-1322	306069
Lonehill #29	8832	1323-1325	306070
Lonehill #30	8832	1326-1328	306071
Lonehill #31	8832	1329-1331	306072
Lonehill #32	8832	1332-1334	306073
Lonehill #33	8832	1335-1337	306074
Lonehill #34	8832	1338-1340	306075
Lonehill #35	8832	1341-1343	306076
Lonehill #36	8832	1344-1346	306077
Lonehill #37	8832	1347-1349	306078
Lonehill #38	8832	1350-1352	306079
Lonehill #39	8832	1353-1355	306080
Lonehill #40	8832	1356-1358	306081
Lonehill #41	8832	1359-1361	306082
Lonehill #42	8832	1362-1364	306083
Lonehill #43	8832	1365-1367	306084

Lonehill #44	8832	1368-1370	306085
Lonehill #45	8832	1371-1373	306086
Lonehill #46	8832	1374-1376	306087
Lonehill #47	8832	1377-1379	306088
Lonehill #48	8832	1380-1382	306089
Lonehill #49	8832	1383-1385	306090
Lonehill #50	8832	1396-1388	306091
Lonehill #51	8832	1389-1391	306092
Lonehill #52	8832	1392-1394	306093
Lonehill #53	8832	1395-1397	306094
Lonehill #54	8832	1398-1400	306095
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Lonehill #56	8832	1404-1406	306097
Lonehill #57	8832	1407-1409	306098
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Lonehill #64	8832	1428-1430	306105
Lonehill #65	8832	1431-1433	306106
Lonehill #66	8832	1434-1436	306107
Lonehill #67	8832	1437-1439	306108
Lonehill #68	8832	1440-1442	306109
Lonehill #69	8832	1443-1445	306110
Lonehill #70	8832	1446-1448	306111
Lonehill #71	8832	1449-1451	306112
Lonehill #72	8832	1452-1454	306113
Lonehill #73	8832	1455-1457	306114
Lonehill #74	8832	1458-1460	306115
Lonehill #75	8832	1461-1463	306116
Lonehill #76	8832	1464-1466	306117
Lonehill #77	8832	1467-1469	306118
Lonehill #78	8832	1470-1472	306119
Lonehill #79	8832	1473-1475	306120
Lonehill #80	8832	1476-1478	306121
Lonehill #81	8832	1479-1481	306122
Lonehill #82	8832	1482-1484	306123
Lonehill #83	8832	1485-1487	306124
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Lonehill #86	8832	1494-1496	306127
Lonehill #87	8832	1497-1499	306128
Lonehill #88	8832	1500-1502	306129
Lonehill #89	8832	1503-1505	306130
Lonehill #90	8832	1506-1508	306131
Lonehill #91	8832	1509-1511	306132
Lonehill #92	8832	1512-1514	306133
Lonehill #93	8832	1515-1517	306134
Lonehill #94	8832	1518-1520	306135
Lonehill #95	8832	1521-1523	306136
Lonehill #96	8832	1524-1526	306137
Lonehill #97	8832	1527-1529	306138
Lonehill #98	8832	1530-1532	306139
Lonehill #99	8832	1533-1535	306140

Lonehill #100	8832	1536-1538	306141
Lonehill #101	8832	1539-1541	306142
Lonehill #102	8832	1542-1544	306143
Lonehill #103	8832	1545-1547	306144
Lonehill #104	8832	1548-1550	306145
Lonehill #105	8832	1551-1553	306146
Lonehill #106	8832	1554-1556	306147
Lonehill #107	8832	1557-1559	306148
Lonehill #108	8832	1560-1562	306149
Lonehill #109	8832	1563-1565	306150
Lonehill #110	8832	1566-1568	306151
Lonehill #111	8832	1569-1571	306152
Lonehill #112	8832	1572-1574	306153
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Lonehill #116	8832	1584-1586	306157
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Lonehill #125	8832	1611-1613	306166
Lonehill #126	8832	1614-1616	306167
Lonehill #127	8832	1617-1619	306168
Lonehill #128	8832	1620-1622	306169
Lonehill #129	8832	1623-1625	306170
Lonehill #130	8832	1626-1628	306171
Lonehill #131	8832	1629-1631	306172
Lonehill #132	8832	1632-1634	306173
Lonehill #133	8832	1635-1637	306174
Lonehill #134	8832	1638-1641	306175

List of Agreements

Surface Damage Agreement by and between Bayless and Berkalew Company and A.F. Budge (Mining) Limited, dated 23rd of March, 1990.

Agreement by and between Jack Kelly and Lois Bingham Kelly and A. F. Budge (Mining) Limited, dated 26th of September, 1990.

Document List

Dames & Moore

Fatal Flaw Study, November 1989
Water Quality Sampling, March 1990
Draft Water Supply Study, September 1990

Brown & Root U.S.A., Inc.

Scoping Study: Engineering Study and
Cost Estimate, July 1989
Audit of Roberts & Schaefer Report, October 1990

Roberts & Schaefer Company

Preliminary Economic Evaluation, June 1990
Prefeasibility Report for Production, July 1990

Mountain States Research & Development

Column Leaching of Korn Kob Ore, May 1990
Column Leaching of Korn Kob Ore, Phase II, November 1990

Dawson Metallurgical Laboratories, Inc.

Large Diameter Acid Column Leach Test, December 1990

Mintec, Inc.

Ore Reserve Estimates & Pit Designs, April 1990

Humboldt Mining Service, Inc.

Ore Reserve Estimates & Pit Designs, January 1990

RECEIVED APR 17 1991

Steve R. Plevel
District Ranger
Santa Catalina Ranger District
5700 N. Sabino Canyon Road
Tucson, Az. 85715

13490 E. Placita El Centeno
Tucson, Az. 85749

March 31, 1991

Dear Sirs,

This letter is to address our concern regarding the Korn Kob Mine being developed by Keystone Minerals, Inc.

This copper mine and heap leaching operation will unquestionably have severe and lasting impact on the beautiful Beuhman Canyon and surrounding areas. This area offers water from the Beuhman Creek to much native flora and fauna. Additionally this area is in a major corridor of wildlife migration from the Catalinas to the San Pedro Valley. What effect will this mine have on the wildlife, vegetation and air quality in the area?

In any mining and leaching operation there is a great potential for underground water contamination. The large quantities of sulfuric acid used in the leaching process will certainly compromise our air quality which is already at risk. Studies have proven the Saguaro to be in danger by the current level of air pollution.

Who are the Keystone Minerals, Inc. and what benefit can they offer us that is so tremendous as to be worth sacrificing the air quality, vegetation and wildlife of our precious and limited Southwest Desert? This operation could set a precedent for future mining operations in the Santa Catalina Mountains.

We demand a complete Environmental Impact Study be conducted. Surely a review of this operation is in order.

Thank you,

Mark A. Frazee
Jane M. Frazee

Mark A. Frazee
Jane M. Frazee, B.S.
College of Agriculture
University of Arizona

DECONCINI McDONALD BRAMMER YETWIN & LACY

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

EVO DECONCINI (1901-1986)

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

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

May 6, 1991

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

PLEASE REPLY TO TUCSON

RECEIVED MAY 8 1991

Leo N. Smith, Esq.
Law Offices of Leo N. Smith
6985 N. Oracle Rd.
Tucson, AZ 85704

Re: **Keystone/Budge Escrow Documents**

Dear Leo:

I have reviewed your proposed changes to the Deed of Trust and Promissory Note. The primary issue you outlined in your letter and in your changes to the Deed of Trust relates to the definition of a in non-recourse promissory note. You have noted that Keystone had agreed to accept a non-recourse promissory note, but that "it did not agree to and is unwilling to accept, a provision in the Deed of Trust that would deprive it of the right to seek a deficiency judgment . . ."

It is my view (and the view of the other real estate lawyers in this office if that gives my opinions any more credence) that an agreement to accept a "non-recourse" note as part of a real estate transaction secured by a Deed of Trust means that there would be no deficiency judgment available as a remedy after default. If the maker defaulted in payments under the note, the secured party has agreed to look solely to the security. It is the Promissory Note that evidences the debt and the obligation is thereafter simply secured by the Deed of Trust. If the Promissory Note contains a limitation on recourse to the maker, there can be no deficiency judgment.

There have been two cases decided in Arizona that have discussed non-recourse notes. In both cases it is clear that the basis of a non-recourse note is that the payment in satisfaction of the obligation of the note would come solely from whatever methodology was established for payment of the purchase price under the transaction at issue. In Sullivan v. Metro

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ATTORNEYS AT LAW

Leo N. Smith, Esq.

May 6, 1991

Page 2

Productions, Inc., 150 Ariz. 573, 724 P.2d 1242 (App. 1986), for example, the plaintiff arranged to purchase video tape products which the Plaintiff was to market and signed promissory notes for the video tape. As the court outlined the transaction, the promissory notes in the fifth year could be extended and converted "to a non-recourse note so that any additional payments would be obtained only from revenues earned from the distribution of the tape." Likewise in Daggett v. Jackie Fine Arts, Inc., 152 Ariz. 559, 733 P.2d, 1142 (App. 1986), a sale was made of limited edition prints. The court commented, in reviewing the transaction under questions of RICO violations, that if plaintiff's investment failed at maturity, an individual would not receive payment on the non-recourse portion of a note "given such an event, Jackie's only remedy would be foreclosure of its security interest . . ."

If you have any authority suggesting a contrary position, I would certainly be happy to look at it.

With regard to the form of the Deed of Trust itself, I had the following additional comments:

1. On the first page, you have included a recitation that the Deed of Trust was given for the purpose of securing payment of the Option Agreement and omitted any reference to the Promissory Note. The Option Agreement, for all practical purposes, is superseded by the Note and Deed of Trust after exercise of the option and therefore I believe that any reference to the Option Agreement is inappropriate.

2. In subparagraph (b) of paragraph 1, concerning payment of taxes, I have a problem with making non-payment of taxes prior to delinquency a condition of default under the Deed of Trust. Real property taxes are frequently allowed to go into arrears, particularly if the interest rate assessed by the county is less than the lending rate for operating capital. It occurs to me that an event of default under these circumstances should occur only at the point where the property had been sold for taxes. In such a case, the trustor and the beneficiary would still have a right of redemption.

3. In subparagraph (d) of paragraph 1, you have omitted the provisions related to a deed in lieu of foreclosure that was referred to in my form of the document. The reason for my reference was to provide some mechanism to shift the assessment work responsibility as a contractual matter from the Trustor to the Beneficiary. Without such a provision, the failure to do

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A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW

Leo N. Smith, Esq.
May 6, 1991
Page 3

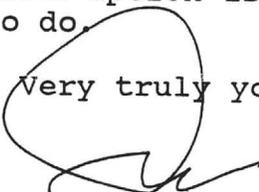
assessment work would simply be a violation of the contractual terms of Deed of Trust, for which foreclosure was the only remedy. This way, a separate contractual obligation would be established. I can see circumstances why a deed in lieu of foreclosure might not be acceptable (intervening easements or encumbrances, for example), but some sort of trigger point for assessment work responsibility should be established.

4. In subparagraph (a) of paragraph 2, you have left out a reference to a default in the payment of the promissory note which represents the debt.

5. Subparagraph (c) of paragraph 2 prohibits the trustor from abandoning any portion of the property. As you know, many of the mining claims included within the "Property" are perimeter claims designed for boundary protection. My concern is that if the assessment work requirements under the General Mining Law are raised significantly (some talk has it going as high as \$1,000 per claim) the luxury of maintaining claims as boundary protection may become a thing of the past. Further, since Keystone has the right to a reconveyance of any claims Budge wants to abandon and the purchase price is not affected by the abandonment, I can see no reason for the objection.

Ron Short told me that he talked to Dirk about their understanding of this transaction and it seems clear (at least in Ron's mind) that neither anticipated any issue of Budge being made to pay any sort of deficiency judgement if a post-closing default occurred. If this is in fact the case, I really don't see why the deficiency judgement option is an issue. Please let me know what you would like to do.

Very truly yours,



John C. Lacy

bpm

c: Carole O'Brien
Ronald Short



FIFE SYMINGTON
GOVERNOR

Arizona
State Land Department

1616 WEST ADAMS
PHOENIX, ARIZONA 85007



M.J. HASSELL
STATE LAND COMMISSIONER

DATE May 16, 1991

{ A.F. Budge Mining Ltd.
{ 4301 N. 75th St. #101
{ Scottsdale, AZ 85251
{

RECEIVED MAY 17 1991

Re: See Below

Bond # See Below

Dear Sir:

You are hereby notified that the above referenced lease/permit has expired or has been cancelled by the Department.

YOU MUST PRESENT THIS LETTER TO YOUR BONDING COMPANY AS AUTHORITY TO CANCEL YOUR BOND. THE DEPARTMENT WILL NOT NOTIFY YOUR BONDING AGENT.

If you have any questions, please contact the Department's Minerals Section at (602) 542-4628.

STATE LAND DEPARTMENT

by: Luay Mallema
Minerals Section
Natural Resources Division

#08-98340	Bond #SU1342798
#08-98341	Bond #SU1342799
#08-98342	Bond #SU1342800
#08-98343	Bond #SU1342801

M E M O R A N D U M

TO: File
FROM: JCL
DATE: 6/20/91
RE: A. F. Budge - Korn Kob Project

On June 19, 1991, Carole O'Brien called and asked whether metallurgical testing costs could be included as annual assessment work. In researching this issue in 2 American Law of Mining 2d, § 45.04 [5][d], 45-26 and -27, it was indicated that two cases had suggested that this type of work was proper and did not have to be reported in accordance with 30 U.S.C. § 28-1, i.e., Great Eastern Mines, Inc. v. Metals Corporation of America, 86 N.M. 717, 527 P.2d 112 (1974) (authorized work for the purpose of determining the milling characteristics of ore) and Evenleigh v. Darneille, 276 Cal.App.2d 638, 81 Cal.Rptr 301 (1969) (allowed assessment work of limited hand sampling and assay work).

c: Carole O'Brien

9106201317.jcl2.890425



FIFE SYMINGTON
GOVERNOR

Arizona
State Land Department

1616 WEST ADAMS
PHOENIX, ARIZONA 85007



M.J. HASSELL
STATE LAND COMMISSIONER

DATE August 21, 1991

(A. F. Budge Mining Ltd.
(4301 N. 75th St. #105
(Scottsdale, AZ 85251
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RECEIVED AUG 23 1991

Re: 08-98428, 08-98434 thru 98437

Bond # SU1404771

Dear Sir:

You are hereby notified that the above referenced lease/permit has expired or has been cancelled by the Department.

YOU MUST PRESENT THIS LETTER TO YOUR BONDING COMPANY AS AUTHORITY TO CANCEL YOUR BOND. THE DEPARTMENT WILL NOT NOTIFY YOUR BONDING AGENT.

If you have any questions, please contact the Department's Minerals Section at (602) 542-4628.

STATE LAND DEPARTMENT

by: Huey Mellema
Minerals Section
Natural Resources Division

TO: John Norby

DATE: October 2, 1990

FROM: Jim Bosco

COPIES: R.R. Short
C.A. O'Brien
D.A. Allen

SUBJECT: KORN KOB PROJECT--MONTHLY UPDATE, SEPTEMBER, 1990

During the month, preliminary reconnaissance mapping/sampling was completed within Budge Mining's claim block along the structural/stratigraphic horizon thought to be equivalent to that of the Korn Kob skarn deposit. This preliminary work was undertaken to characterize the trends and locate the more prospective areas for detailed work. In general, the target horizon is the Abrigo and/or Martin formation which are the first appearance of Paleozoic calc-sediments (receptive to skarnification) above the Leatherwood Quartz Diorite and Catalina Granite, both of which are possible sources of Cu mineralization. As is the case at Korn Kob, the Abrigo/Martin formations reportedly host Cu-Zn-Ag skarn mineralization at the Oracle Ridge mine and the Cyprus Johnson mine, respectively located 15 miles northwest and 35 miles southwest of Korn Kob.

Within the claim block the prospective Korn Kob horizon (Abrigo/Martin formations) has a strike length of roughly 10 linear miles. For descriptive purposes, an analysis of the target horizon has been divided into three parts (1) the Southeast Trend, (2) the Northeast Trend and (3) the Northwest Trend based on their locations in relation to the main Korn Kob deposit (see map 1). Only the Southeast Trend appears promising for skarn mineralization at this time. A summary of the visit by consulting geophysicist, Joe Anzman, and a land status update follows the Trend analyses.

SOUTHEAST TREND

The Southeast Trend stretches from the eastern edge of the "south pit" through the Donovan's Camp area then southeastward to Piety Hill. Lithologically, the Southeast Trend consists mostly of Abrigo/Martin formation carbonates. The area is structurally disrupted by at least one major NW-SE trending fault (thrust?) possibly resulting from emplacement of the Catalina granite to the south. In addition to the skarn at Donovan's camp, a smaller skarn was noted along the trend in the vicinity of Piety Hill--roughly 1.5 miles southeast of Donovan's. Rare traces of secondary copper are also notable in quartzites and limestones along the trend. Favorable rock units, structural deformation, the proximity of the Catalina Granite and Leatherwood Quartz Diorite and the presence of scattered skarn and secondary Cu minerals make the Southeast Trend attractive from an exploration

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viewpoint. Mapping (at a scale of 1 in. = 500 ft.) and prospecting is ongoing (on Budge Mining's claims) in a 1400 acre area from Donovan's Camp to a point east of Piety Hill.

Donovan's Camp

Surface and drill indications are that the main skarn narrows to 1 - 10 feet thick pods and lenses along its trend east of the "south pit." In the vicinity of Donovan's Camp, roughly 2000 feet east of the "south pit," the skarn thickens to between 15 and 60 feet. The apparent strike length of the Donovan skarn is about 1400 feet; however, its continuity is questionable. Most interesting are the strong chrysocolla showings evident within fractured garnet skarn exposed in the old workings 700 feet north of the Donovan homestead. Assay results from three continuous chip samples spaced along 300 ft of strike length at the old workings are as follows:

<u>Sample</u>	<u>True Thickness</u>	<u>Cu %</u>	<u>Zn %</u>	<u>Au(opt)</u>	<u>Ag(opt)</u>
1	30 ft.	.69	.07	nil	.06
2	15 ft.	.99	.07	nil	.03
3	30 ft.	.42	.07	nil	.10

Approximately 1000 feet to the southeast, the Donovan skarn is again exposed at the top of a prominent ridge. Somewhat loose and discontinuous skarn outcrops in this area suggest that the skarn may be as thick as 60 ft. in places. Cu mineralization is present in outcrops, but is seemingly less intense than that near the old workings. Assay results from six composite garnet skarn samples collected at the ridge top range from .006 to .90 percent Cu with a median value of .02 percent.

The Donovan's Camp area represents one of the better possibilities for improving the overall Korn Kob reserve situation due to (1) the well developed nature of the garnet skarn--similar to that found in the "south" and "north pits", (2) the potential for higher grade copper as evidenced in outcrop samples near the old Donovan workings, and (3) the fact that the area has never been drill tested and the chance that the skarn zone may thicken down dip.

Piety Hill Area

A thin (5-15 ft.) garnet skarn zone was noted outcropping across the top of a small knob on the northwest flank of Piety Hill. This zone is exposed over an area of about 150 ft. X 50 ft. and is nearly horizontal. No copper minerals were noted in the skarn with the exception of a small (2 ft.) pod permeated with chrysocolla-bearing quartz veinlets. Assays from five composite

samples, however, indicate fairly high zinc values as reported below:

<u>Sample</u>	<u>Cu %</u>	<u>Zn %</u>	<u>Au(opt)</u>	<u>Ag(opt)</u>
1	.98	2.88	.001	nil
2	.02	0.82	.002	nil
3	.01	1.31	.001	.01
4	.01	0.52	nil	nil
5	.01	1.24	nil	nil

Another very thin (1.5 ft. thick) exposure of chrysocolla bearing garnet skarn was noted 1000 ft. to the southeast of the above "zinc skarn". At this location quartz-sericite schist can be seen in the footwall which in turn is on top of diorite feldspar porphyry (Leatherwood?). Hanging wall to the skarn, pervasive tremolite alteration is evident. Two chip samples taken across the narrow skarn assayed 3.32 and 1.70 percent copper and .79 and .17 percent zinc, respectively. Mapping (1 in. = 500 ft.) and sampling in the area will be completed during the first week of October.

NORTHEAST TREND

The Northeast Trend is a roughly north-south trending zone thought to be a structural (thrust?) contact between Cambrian Bolsa quartzites and the overlying Abrigo/Martin calc-sediments. The trend was traversed and mapped at 1 in. = 500 ft. where it crosses the Budge claim block--about 3 miles. At this point it doesn't appear that contact between the Bolsa and Abrigo is structural as very little brecciation or slickenside development is evident. Generally the Bolsa formation is quite hematitic and scattered pyrite casts are evident. The overlying Abrigo and Martin limestone formations are relatively fresh and no tactite (calc-silicate) nor copper minerals were noted. A total of 20 outcrop chip samples were collected mostly from hematitic/limonitic zones in the quartzite and limestone. Results have been received from 13 of the samples. Cu, Zn, Au and Ag values are all less than .02 %, .03 %, .002 opt and .09 opt, respectively. At this point the Northeast Trend appears to be of lower priority from an exploration standpoint.

NORTHWEST TREND

The Northwest Trend is a continuation of the Korn Kob Paleozoic geologic section between the "north pit" area and Cottonwood Cove Springs four miles to the northwest. Rocks include the Abrigo/Martin formation carbonates in (fault?) contact with

either sheared diorite porphyry (Leatherwood?), diabase or Bolsa Quartzite. A total of 10 outcrop chip samples were collected along the Northwest Trend, mostly from sheared diorite porphyry, or from iron oxide zones in the quartzite and carbonates. No calc-silicate alteration was evident in the limestones. Assay results received from 7 of the 10 samples indicate no anomalous Au, Ag, Cu or Zn contents.

It should be mentioned that about one mile of the Northwest Trend is buried under Tertiary and Quaternary gravels just north of the "north pit". One of two holes (KK-25) during prior exploration did encounter the Trend north of Buehman Canyon. In this hole, limestones were silicated above the footwall schist but skarn mineralization was not encountered. It is possible that the hole was drilled too far to the east (down dip) as the schist was intersected 600 ft. below the collar. A future exploration hole placed 250 ft. west of KK-25 would be warranted to trace the northwest extension of the "north pit" deposit across Buehman Canyon.

KORN KOB AREA AIRBORNE MAGNETIC SURVEY

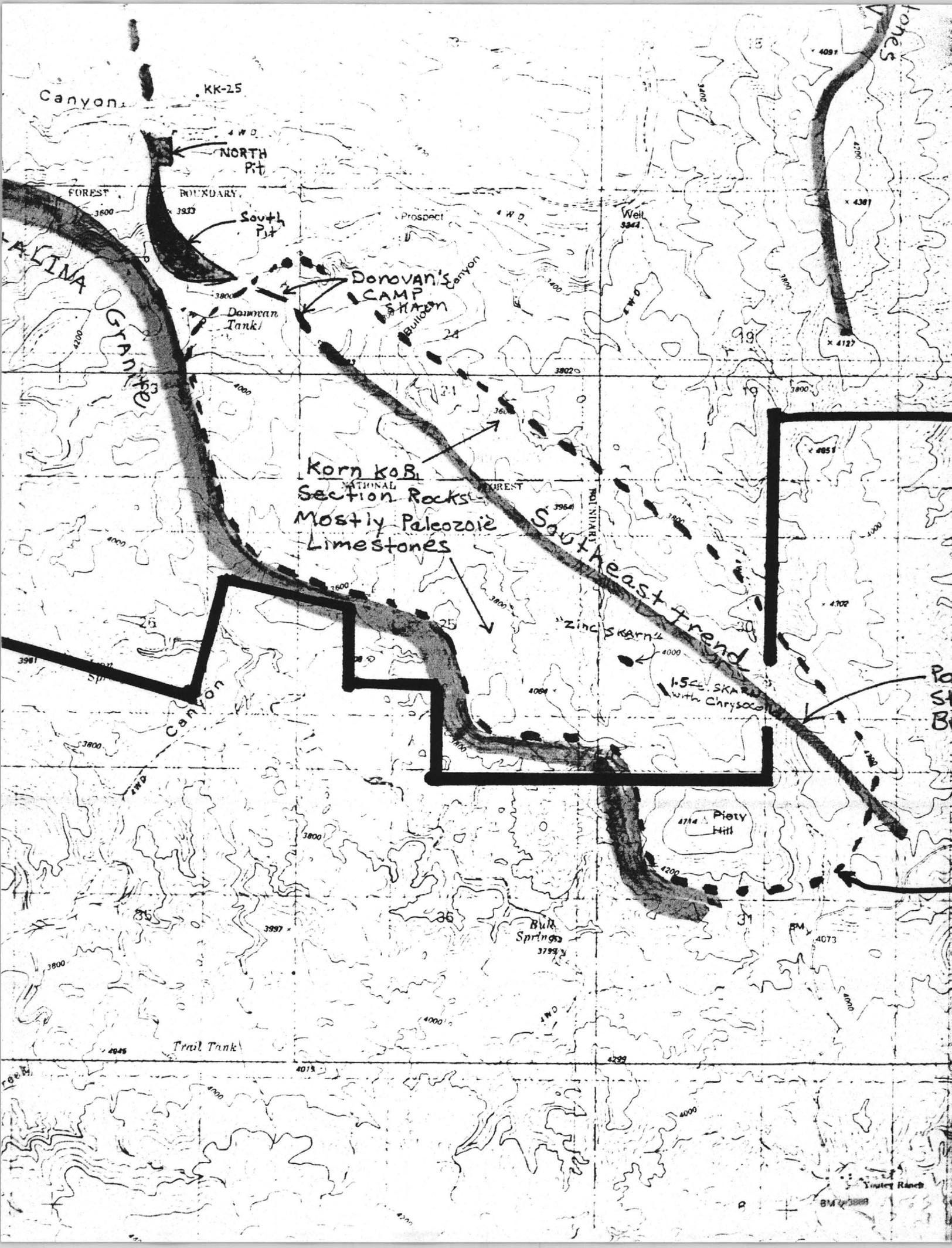
Joe Anzman, consulting geophysicist, visited the Korn Kob site during September to get a "hands on" look at the Korn Kob skarn and to offer advice regarding the viability of magnetics as an exploration tool and an opinion concerning the best method of carrying out a magnetics survey, i.e., ground, helicopter or fixed wing aircraft. Joe indicated that for a first pass survey, ground magnetics would be unrealistic considering terrain, time involved and the associated costs. In a September memo, Joe indicated that he had contacted Aerodat Ltd., Dighem Ltd., and Airmag Surveys, Inc. about costs to fly the Southeast, Northwest and Northeast Trends. Apparently, Dighem and Aerodat would fly the survey using helicopters at an estimated cost of \$35,000 while Airmag Surveys uses fixed wing aircraft and would fly the survey for about \$12,000. These costs are exclusive of an additional \$2,000 to \$3,000 for compilation of magnetic contour maps. Joe has indicated that the fixed wing aircraft would fly roughly 400 ft. above the surface while the helicopters might fly somewhat lower. As far as mobilization is concerned, Joe wasn't sure from where the Aerodat and Dighem helicopters would originate, but indicated that the Airmag Surveys aircraft were based in Oklahoma.

John Norbv
October 2, 1990
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LAND STATUS-UPDATE

During the month, Bob Gilmore, Mineral Land Consultant, finalized a Title 30 agreement with Jack Kelley as drafted by John Lacy. At Mr. Kelley's request, the property buyout provision was dropped. Also, Bob has made arrangements to meet with Mr. Goff and his lawyer, and Mr. Kellogg during the week of October 15.

Attachments: Map 1



Korn Kob
Section Rocks -
Mostly Paleozoic
Limestones

South East Trend

Zinc Skarn

1.5% SKARN
with Chrysocolla

Bull Springs
3799

Piety Hill
4114

KK-25

NORTH Pit

South Pit

Donovan's
CAMP
STATION

Damon Tank

Well
3947

Piety Hill
4114

Bull Springs
3799

Trail Tank

Yuley Ranch

BM 3888

ALINA
GRAND

Jones

Canyon

BOUNDARY

Prospect

Well
3947

Donovan's
Canyon

Bullion

ALINA
GRAND

Canyon

NATIONAL FOREST

NATIONAL FOREST

Post
B

Rock

BM 3888