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RECEIVED DEC 5 1991

12-2-91

Carole A. O'Brien
Financial Coordinator

Dear Carole:

I am writing in regards to the lease Budge Mining has on property in the Buchman Canyon Area. We have some interest shown from another organization about purchasing that property. B. Budge mining is still interested in holding on to their lease please let me know.

Hoping to hear from you soon.

Thank you

Sincerely

Jack Kelly



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

November 7, 1990

Jack Kelly
Lois Bingham Kelly
Redington HCR, Box 900
Benson, Arizona 85602

Dear Mr. & Mrs. Kelly:

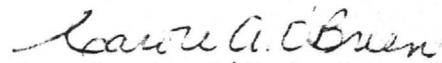
Please accept our apologies for the delays in getting the original Agreement executed by our principals in England.

A fully executed copy is enclosed, plus a check in the amount of \$617.50, which represents the first quarterly installment owing as per Section 4.a. of the Agreement.

The original will be forwarded to our lawyer, John Lacy, who may wish to have it recorded in Pima County.

Thank you for your patience on this matter.

Sincerely,


Carole A. O'Brien
Mining & Financial Coordinator

encls.

c: J.C. Lacy
J.W. Norby

JCL
09-27-90

NOTICE OF AGREEMENT UNDER 43 U.S.C. § 299

NOTICE IS HEREBY GIVEN, that by an Agreement dated September 26, 1990,

JACK KELLY and LOIS BINGHAM KELLY, husband and wife, whose address is Redington HCR, Box 900, Benson, Arizona 85602 (the "Owner"),

and

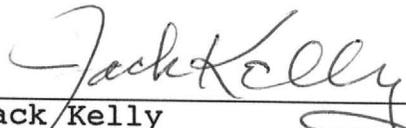
A. F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 N. 75th Street, Suite 105, Scottsdale, Arizona 85251 (the "Operator"),

have entered into an Agreement contemplated by the provisions of the Stockraising Homestead Act (43 U.S.C. § 299), to save the Owner harmless from and otherwise compensate Owner for any damages resulting from Operator's use and occupancy of mining claims or activities in connection therewith upon the surface of the real property described in Exhibit A attached hereto. A copy of this notice shall be recorded in the Official Records of Pima County and filed with the Arizona State Office of the Bureau of Land Management. Copies of the complete Agreement are in the possession of the Owner and Operator at the addresses set forth above.

SIGNED, effective as of the date recited herein.

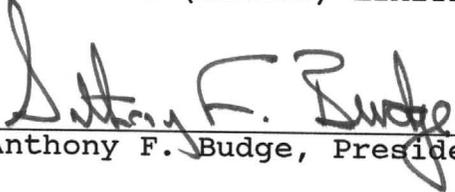
OWNER:

OPERATOR:



Jack Kelly

A. F. BUDGE (MINING) LIMITED

By 

Anthony F. Budge, President



Lois Bingham Kelly

RECEIVED FEB 28 1991

STATE OF ARIZONA)
) ss.
County of _____)

The foregoing instrument was acknowledged before me this 26th day of February, 1990, by Jack Kelly and Lois Bingham Kelly, husband and wife.

My commission expires:
5-1-94

Margie Harding
Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 4th day of DECEMBER, 1990, by Anthony F. Budge, the President of A. F. Budge (Mining) Limited, a Nevada corporation, for on behalf of the corporation.

My commission expires:

Carole A. O'Brien
Notary Public

9009270225.JCL2.890425



Robert Gilmore
Mineral Land - Consultant
1765 North Fountain Park Drive
Tucson, Arizona 85715
(602) 296-8693

September 27, 1990

Ronald R. Short
A.F. Budge (Mining) Limited
4301 North 75th Street Suite 105
Scottsdale, Arizona 85251

Re: Korn Kob Project, Kelly Agreement

Dear Mr. Short:

I have enclosed one executed and one copy of the agreement between Jack and Lois Kelly, and two copies of a short form for recording.

If the agreement meets with your approval please have it executed, and return the copy to the Kelly's. For some reason they only executed one copy.

I did not get the short form until after they had executed the agreement. Send the copies of the short form with their copy of the executed agreement have them execute and return one copy of the short form to you for recording.

Also enclose a check to the Kelly's for the amount of \$2,470.00.

1) Liquidated Damages one (\$1.00) dollar per acre	\$670.00
2) Road fee one and one-half (1 1/2) miles at \$1,200. per mile.	\$1,800.00

TOTAL \$2,470.00

If you have any questions please give me a call at the above number.
Thank you for the work.

Sincerely,



Robert Gilmore
enc. executed agreement, 2 short form

09-19-89
JCL

OPTION AGREEMENT

BY THIS OPTION AGREEMENT

effective as of the 19th day of September, 1989,

by and between KEYSTONE MINERALS, INC., an Arizona corporation, whose address is 6318 East Hayne Street, Tucson, Arizona 85710 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 North 75th Street, Scottsdale, Arizona 85251-3504 ("Budge" herein),

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

1. Grant; Definitions

a. Exploration License - Owner hereby grants Budge, its successors and assigns, an exclusive license to enter upon the "Property" together with the right to conduct "Mineral Exploration" during the term of the option to purchase granted under subsection c of this Section 1.

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

(1) The "Property" shall include those certain unpatented mining claims situated in the Redington Mining District, Pima County, Arizona, more particularly described in Exhibit A attached hereto.

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

of Section 5 and the rights of the surface patentees, their successors and assigns.

c. Option to Purchase - Owner hereby gives, grants, and conveys to Budge, for a period expiring at noon, Mountain Standard Time, on the date twelve (12) months from and after the effective date hereof, the sole, exclusive and irrevocable option to purchase the Property free and clear of all claims, liens and encumbrances other than those set forth in Exhibit A.

2. Payments to Owner

a. Option Payments - Budge shall pay Owner in consideration of the grant of the exploration license and option to purchase granted under this Agreement:

(1) the sum of Five Thousand Dollars (\$5,000.00) upon execution of this Agreement;

(2) Five Thousand Dollars (\$5,000.00) per month payable on the first day of the second through the ~~fifth~~ ^{SIXTH} month of the term of the option, and *RS*

(3) Ten Thousand Dollars (\$10,000.00) per month payable on the first day of the ~~sixth~~ ^{SEVENTH} through ~~eleventh~~ ^{TWELFTH} months of the term of the option. *RS*

If the option to purchase is exercised, all payments made under this subsection shall be a credit toward the purchase price.

b. Purchase Price - If the option to purchase is exercised, the purchase price shall be Four Million Dollars (\$4,000,000.00) (subject to reduction under the provisions of subsection d of this Section 2) and shall be paid as follows:

(1) Upon exercise of the option to purchase and prior to the date three (3) years from the closing of the purchase option or the "Commencement of Production," whichever first occurs, Budge shall pay Owner Ten Thousand Dollars (\$10,000.00) per month. For purposes of this Section 2, "Commencement of Production" shall occur when Budge reaches fifty percent (50%) of the rate of mining (or treatment of ores at a treatment facility) as determined in a production feasibility study to process material from the Property for a period of sixty (60) consecutive days.

(2) Commencing on the date three (3) years from the closing of the purchase option or the Commencement of Production, whichever first occurs, Budge shall pay Owner in advance Twelve Thousand Dollars (\$12,000.00) per month, plus the amount, if any, by which ten percent (10%) of the "Net Profits" (as defined in Exhibit B) resulting from extraction

of minerals from the Property exceeds Twelve Thousand Dollars (\$12,000.00) for each such monthly period, all such payments of Net Profits due hereunder to be paid within twenty (20) days after the end of such monthly period.

(3) The cumulative total of payments to Owner under subsections a, b(1), and b(2) of this Section 2 shall be reviewed at the end of each production year and the monthly payments hereunder adjusted for the following year, if necessary, to insure that the cumulative sum of the annual payments to Owner shall be no less than that amount representing the balance of the purchase price divided by the number of years remaining in the life of the mine, or a ten-year period commencing with the date of closing of the option to purchase, whichever date is the earlier.

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

d. Fractional Interest - All payments under this Agreement, unless specified otherwise, are based on a grant by Owner of full undivided rights and title to the Property, subject, however, to the matters set forth in Exhibit A. If Owner's interest in the Property is less than such full interest, Budge may exercise its rights under subsection d of Section 6.

3. Exercise of Option

a. Exercise of Option - Budge may elect to exercise its option to purchase the Property at any time during the term specified in subsection c of Section 1 by giving written notice of its election in the manner specified in Section 8 of this Agreement, which notice shall also appoint an escrow agent if an escrow has not been previously established.

b. Escrow of Documents - At any time during the option period, Budge may elect to require the Agreement to be escrowed, in which event Budge shall designate a bank or title insurance company within the State of Arizona to serve as escrow agent, subject to the terms and conditions of Budge's right to purchase. Upon such election by Budge, Owner and Budge shall promptly execute and deliver instructions to the escrow agent. Such instructions shall be prepared by Budge and approved by Owner setting forth the terms of the escrow consistent with the terms and conditions of this Agreement. Upon execution of escrow instructions, Owner shall promptly execute and deliver to the

escrow agent a conveyance of the Property in recordable form acceptable to Budge conveying the Property to Budge, and Budge shall promptly execute and deliver to the escrow agent a release in recordable form acceptable to Owner releasing to Owner all interest of Budge in the Property. In addition, Budge shall execute and deliver to the escrow agent a nonrecourse promissory note and a deed of trust acceptable to Owner securing the balance of the purchase price. The escrow agent shall be directed to receive the documents and to either (1) deliver the conveyance and release to Budge and deliver the deed of trust and promissory note to Owner upon closing of the purchase of the Property by Budge, or (2) deliver the release and conveyance to Owner and return the deed of trust and promissory note to Budge if this Agreement is terminated prior to exercise by Budge of its option to purchase.

c. Closing - Within thirty (30) days after Budge has exercised its option to purchase, the parties shall, unless they have previously done so, furnish escrow agent with the executed documents described in subsection b of this Section 3 and upon the delivery by escrow agent of the documents to the parties entitled thereto as provided in subsection b, the escrow shall close and this Agreement shall terminate. One-half of the charges of the escrow agent shall be paid by each party, and the escrow shall terminate upon delivery of the documents to the respective parties as described herein. Budge shall pay all recording fees in connection with its exercise of its option to purchase.

4. Inspection

Owner (or any agent of Owner authorized in writing), at Owner's risk and expense, may enter upon the Property to inspect the same at such times and upon such notice to Budge as shall not unreasonably or unnecessarily hinder or interrupt the operations of Budge.

5. Obligations of Budge

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

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

c. Indemnity - Budge shall indemnify Owner against and hold Owner harmless from any suit, claim, judgment or demand whatsoever arising out the exercise by Budge of any of its rights pursuant to this Agreement, provided that if Owner or any person or instrumentality acting on Owner's behalf shall have been a contributing cause to the event giving rise to such suit, claim, demand or judgment, Budge and Owner shall be responsible to the extent that each contributed to the cause giving rise to such suit, claim, demand or judgment.

d. Payment of Taxes - Budge shall pay all taxes levied against the Property during the term hereof. Budge shall have the right to contest, in the courts or otherwise, the validity or amount of any taxes or assessments, before it shall be required to pay the same. If this Agreement is terminated or otherwise expires, all taxes that are Budge's responsibility shall be prorated for the calendar year of expiration or termination as of the date Budge has removed its equipment, facilities and improvements from the Property.

e. Assessment Work - Budge agrees to perform assessment work (unless excused, suspended or deferred) for the benefit of the unpatented mining claims included within the Property for the assessment year ending September 1, 1989, and for each assessment year during which this Agreement continues in force beyond July 1 of the applicable assessment year. The work performed shall be of a kind generally accepted as assessment work, and Budge shall expend the total amount sufficient to meet the minimum requirements with respect to all of the unpatented claims. Owner acknowledges and agrees that the mining claims included within the Property are one contiguous group and that development and exploration work on any one or more of the claims will be for the benefit of all of them. Owner further agrees that if Budge acquires a right to explore areas adjacent to the Property by location, purchase, lease or option, Budge shall have the right to perform assessment work required hereunder pursuant to a common plan of exploration or development for the benefit of all the areas, claims or groups of claims, whether performed on or off the Property.

6. Title Matters

a. Representations and Warranties - Owner represents and warrants to Budge that: (1) the unpatented mining claims constituting the Property have been located and appropriate record made thereof in compliance with the laws of the United States and the laws of the State of Arizona (provided that Owner makes no representation as to the existence or lack thereof of a discovery of valuable minerals within the boundaries of each of the individual mining claims constituting the Property), the assessment work for the year ending September 1, 1988, has been performed and appropriate record made thereof in compliance with

applicable law and regulations, and that to the best of Owner's knowledge there is no claim of adverse mineral rights affecting such claims; (2) except as specified in Exhibit A, Owner's possessory right to the Property is free and clear of all liens and encumbrances, and (3) the Owner has the full right, power and capacity to enter into this Agreement upon the terms set forth herein.

b. Title Documents; Data - Upon written request of Budge at any time during the term hereof, Owner shall promptly deliver to Budge all abstracts of title to and copies of all title documents affecting the Property which Owner has in its possession. If Owner is in possession or knows the whereabouts of technical data concerning the mineral estate of the Property, Owner shall, at Budge's expense, furnish copies of such materials to Budge or notify Budge of the location of such information.

c. Title Defects, Defense and Protection - If -- (1) in the written opinion of counsel retained by Budge and submitted to Owner on or before the exercise of the option, Owner's title to any of the Property is defective or less than as represented herein, or (2) if at any time prior to exercise of the option, title to any of the Property is contested or questioned by any person, entity or governmental agency -- and if Owner is unable or unwilling to promptly correct the defects or alleged defects in title, Budge may attempt, with all reasonable dispatch, to perfect, defend or initiate litigation to protect such title. In that event, Owner shall take such actions as are reasonably necessary to assist Budge in its efforts to perfect, defend or protect such title. If title is less than as represented in this Section 6, then (and only then) the costs and expenses of perfecting, defending or correcting title (including, but without being limited to, costs incurred in amendment and relocation of unpatented claims, the cost of attorney's fees and the cost of releasing or satisfying any mortgages, liens and encumbrances) shall be a credit against payments thereafter to be made by Budge under the provisions of Section 2, unless the encumbrance or dispute arises from Budge's failure to perform obligations hereunder (in which case such costs shall be borne by Budge).

d. Lesser Interest Provisions - If the rights and title granted hereunder are less than represented herein, Budge shall have the right and option, without waiving any other rights it may have hereunder, to reduce all payments to be made to Owner hereunder in the proportion that the interest actually owned by Owner bear to the entire undivided rights and title to the Property or the areas included therein.

e. Amendment and Relocation of Mining Claims - Budge shall have the right to amend or relocate in the name of Owner the unpatented claims which are subject to this Agreement which Budge, in its sole discretion deems advisable to amend or

relocate. Budge shall not be liable to Owner for any act (or failure to act) by it or any of its agents in connection with the amendment or relocation of such claims as long as such act (or omission) does not arise from gross negligence or is not made in bad faith.

f. General - Nothing herein contained and no notice or action which may be taken under this Section 6 shall limit or detract from Budge's right to terminate this Agreement in the manner hereinafter provided.

7. Termination; Removal of Property; Data

a. Termination by Owner - If Budge defaults in the performance of its obligations hereunder, Owner shall give Budge written notice specifying the default. If the default is not cured within thirty (30) days after Budge has received the notice, or if Budge has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Owner may terminate this Agreement by delivering to Budge written notice of such termination, subject to Budge's right to remove its property and equipment from the Property, as hereinafter provided. Owner's right to terminate this Agreement shall be its sole remedy for any failure to make option payments required under subsection a of Section 2. If Budge in good faith disputes the existence of a default, Budge shall initiate appropriate action in a court of competent jurisdiction within the 30-day period and the time to cure shall run from the date of a final determination that a default exists. Owner shall have no right to terminate this Agreement except as set forth in this subsection a of Section 7.

b. Termination by Budge - Budge shall have the right to terminate this Agreement at any time prior to the expiration of the option granted hereunder to purchase the Property by giving Owner thirty (30) days prior written notice of such termination. From and after the date of termination, all right, title and interest of Budge under this Agreement shall terminate, and Budge shall not be required to make any further payments or to perform any further obligations hereunder concerning the Property, including all unpaid portion of the purchase price, except payments and obligations, the due dates for the payment or performance of which occur prior to the termination date.

c. Removal of Property - Upon any termination or expiration of this Agreement, Budge shall have a period of thirty (30) days from and after the effective date of termination within which it may elect to remove from the Property all of its machinery, buildings, structures, facilities, equipment and other property of every nature and description erected, placed or situated thereon, except supports placed in shafts, drifts or openings in the Property. Failure of Budge to so remove the same

shall constitute an abandonment by Budge to Owner of the same; provided, however, that Budge may still be required to remove such property upon notice from Owner at any time during the six-month period and thirty (30) days thereafter.

d. Delivery of Data - If this Agreement is terminated, Budge shall, within thirty (30) days of said termination, furnish Owner copies of all available noninterpretive exploration, development and mining data pertaining to the Property prepared by or for Budge. Budge shall also within thirty (30) days of said termination, make available for delivery to Owner all available cores, splits and rejects resulting from any drilling performed on the Property by or for Budge, provided that Budge shall not be liable for the unintentional loss or destruction of any such cores, splits or rejects. If Owner fails to obtain the cores, splits or rejects within thirty (30) days from and after notification of their availability, Budge may dispose of the same without further liability to Owner.

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

8. Notices

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

9. Binding Effect; Assignment

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall inure to the benefit of and be binding upon the heirs, personal representatives, beneficiaries, successors and assigns, but no change or division of ownership of the Property or payments hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of Budge hereunder. No such change or division in the ownership of the Property by Owner shall be binding upon Budge for any purpose until the first day of the month next succeeding the month in which such person acquiring any interest shall furnish evidence to Budge's satisfaction of such change, transfer or division of ownership.

10. Force Majeure; No Implied Covenants

If Budge is delayed or interrupted in or prevented from exercising its rights or performing its obligations, as herein

provided, by reasons of "force majeure," then, and in all such cases, Budge shall be excused, without liability, from performance of its obligations set forth in this Agreement (except as to obligations to pay money and perform or defer annual assessment work set forth in Sections 2 and 5), but the provisions shall again come into full force and effect upon the termination of the period of delay, prevention, disability or condition. "Force majeure" includes all disabilities arising from causes beyond the reasonable control of Budge; including, without limitation, acts of God, accidents, fires, damages to facilities, labor troubles, unavailability of fuels, supplies and equipment, orders or requirements of courts or government agencies, or the inability to obtain environmental clearance or operating permits that may be required by governmental authorities. It is expressly agreed that no implied covenant or condition whatsoever shall be read into this Agreement relating to any time frame as the measure of diligence for any operations of Budge hereunder.

11. Memorandum

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

12. Construction

a. Governing Law - This Agreement shall be construed by the internal laws of the State of Arizona.

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

c. Entire Agreement - All of the agreements and understandings of the parties with reference to the Property are embodied in this Agreement, and this Agreement supersedes all prior agreements or understandings between the parties.

13. Further Assurances

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

14. Approval; Effective Date

This Agreement shall not be effective until it has been approved by management of Budge and executed by its authorized

officer. The effective date shall be the date of such execution by Budge.

SIGNED, effective as of the date recited above.

KEYSTONE MINERALS, INC.

A. F. BUDGE (MINING) LIMITED

By Dirk Den-Baars
Dirk Den-Baars
Vice President

By Ronald R. Short
Ronald R. Short
General Manager

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 19th day of September, 1989, by Dirk Den-Baars, the Vice President of Keystone Minerals, Inc., an Arizona corporation, for and on behalf of the corporation.

[Signature]
Notary Public

My commission expires:
17 April 1992

STATE OF ARIZONA)
) ss.
County of Pima ~~Maricopa~~)

The foregoing instrument was acknowledged before me this 19th day of September, 1989, by Ronald R. Short, the General Manager of A. F. Budge (Mining) Limited, a Nevada corporation, for and on behalf of the corporation.

[Signature]
Notary Public

My commission expires:
April 17, 1992

EXHIBIT A

The "Property" that is the subject of the foregoing Agreement consists of unpatented mining claims situated in Sections 10, 11, 13, 14, 15, 22, 23, 24, 25, and 26, Township 12 South, Range 17 East, and Sections 18 and 19, Township 12 South, Range 18 East, G&SR Mer., in the Redington Mining District, Pima County, Arizona, the location notices of which are of record in the official records of such county, and the Arizona State Office of the Bureau of Land Management as follows:

<u>Name of Claim</u>	<u>Pima Cty Recds</u>		<u>BLM Serial No.</u>
	<u>Book</u>	<u>Page</u>	<u>A MC #</u>
Sunnyside # 1	3453	281	69307
Sunnyside # 2	3453	282	69308
Sunnyside # 3	1776	347	69309
Sunnyside # 4	1776	348	69310
Sunnyside # 5	1776	349	69311
Sunnyside # 6	1776	350	69312
Sunnyside # 7	1776	351	69313
Sunnyside # 8	1776	352	69314
Sunnyside # 9	1776	353	69315
Sunnyside # 10	1776	354	69316
Sunnyside # 11	1776	355	69317
Sunnyside # 12	1776	356	69318
Orbit # 1	2136	14	69319
Orbit # 2	2136	15	69320
Orbit # 3	2136	16	69321
Orbit # 4	2136	17	69322
Orbit # 5	2136	18	69323
Orbit # 6	2136	19	69324
Orbit # 7	2136	20	69325
Orbit # 8	2136	21	69326
Orbit # 9	2136	22	69327
Orbit # 10	2136	23	69328
Orbit # 11	2136	24	69329
Orbit # 12	2136	25	69330
Orbit # 13	2136	26	69331
Catalina # 1	1762	53	69332
Catalina # 2	1762	54	69333
Catalina # 3	3453	283	69334
Catalina # 4	3453	284	69335
Catalina # 5	3453	285	69336
Catalina # 6	3453	286	69337
Catalina # 7	3453	287	69338
Catalina # 8	3453	288	69339
Catalina # 9	3453	289	69340
Catalina # 10	3453	290	69341
Catalina # 11	3453	291	69342

<u>Name of Claim</u>	<u>Pima Cty</u> <u>Book</u>	<u>Recds</u> <u>Page</u>	<u>BLM Serial No.</u> <u>A MC #</u>
Catalina # 12	3453	292	69343
Catalina # 13	3453	293	69344
Catalina # 14	3453	294	69345
Catalina # 15	3453	295	69346
Catalina # 16	3453	296	69347
Catalina # 17	3453	297	69348
Catalina # 18	3453	298	69349
Catalina # 19	3453	299	69350
Catalina # 20	3453	300	69351
Catalina # 21	3453	301	69352
Catalina # 22	3453	302	69353
Catalina # 23	3453	303	69354
Catalina # 24	3453	304	69355
Catalina # 25	3453	305	69356
Catalina # 26	3453	306	69357
Catalina # 27	3453	307	69358
Catalina # 28	3453	308	69359
Catalina # 29	3453	309	69360
Catalina # 30	3453	310	69361
KK 1	3894	248	69362
KK 2	3894	249	69363
KK 3	3894	250	69364
KK 4	3894	251	69365
KOB 5	3993	812	69366
KOB 6	3993	813	69367
KOB 7	3993	814	69368
KOB 8	3993	815	69369
KOB 9	3993	816	69370
KOB 10	3993	817	69371
KOB 11	3993	818	69372
KOB 12	3993	819	69373
KOB 13	3993	820	69374
KOB 14	3993	821	69375
KOB 15	3993	822	69376
KOB 16	3993	823	69377
KOB 17	3993	824	69378
KOB 18	3993	825	69379
KOB 19	3993	826	69380
KOB 20	3993	827	69381
KOB 21	3993	828	69382
KOB 22	3993	829	69383
KOB 23	3993	830	69384
KOB 24	3993	831	69385
KOB 25	3993	832	69386
KOB 26	3993	833	69387
KOB 27	3993	834	69388
KOB 28	3993	835	69389

<u>Name of Claim</u>	<u>Pima Cty Recds</u>		<u>BLM Serial No.</u>
	<u>Book</u>	<u>Page</u>	<u>A MC #</u>
KOB 29	3993	836	69390
KOB 30	3993	837	69391
KOB 31	3993	838	69392
KOB 32	3993	839	69393
KOB 33	3993	840	69394
KOB 34	3993	841	69395
KOB 35	3993	842	69396
KK 36	3894	283	69397
KK 37	3894	284	69398
KK 38	3894	285	69399
KK 39	3894	286	69400
KK 40	3894	287	69401
KK 41	3894	288	69402
KK 42	3894	289	69403
KK 43	3894	290	69404

SUBJECT TO:

1. Paramount title of the United States;
2. All existing roads, rights-of-way and easements of record in the office of the recorder of Pima County, Arizona and the Arizona State Office of the Bureau of Land Management;
3. All leases, permits, approvals and other rights heretofore or hereafter granted by the United States in its administration of its paramount title;
4. The rights, titles and interests of the surface patentees, their successors and assigns;
5. Exceptions and reservations contained in the surface patents issued by the United States;
6. The effect of conflicts and overlaps (if any) between the above-described mining claims and overlaps (if any) of such claims onto adjoining fee lands or lands owned by the State of Arizona; and
7. Taxes, if any, which may be law constitute a lien but which are not yet due and payable.

EXHIBIT B

The "Net Profits" for any fiscal year under the terms of this Agreement shall be determined by deducting from "Gross Revenues" all "Pre-production Costs" and "Operating Costs" related to such mineral production activities. The words and phrases used above shall have the following meanings, which meanings also incorporate all definitions of the Agreement:

1. "Pre-production Costs" shall include all "Operating Costs" related to Mineral Exploration on or for the benefit of the Property that are incurred by or on behalf of Budge after execution of the Agreement and prior to Commencement of Production.

2. "Gross Revenues" shall mean the gross receipts from the sales of ores and minerals resulting from the exploitation of the Property.

3. "Operating Costs" shall mean those costs and expenses incurred by or for the operating party in connection with or attributable to the development and exploitation of the Property after Commencement of Production. Such costs and expenses shall not include capital costs of items listed below as depreciable, but shall include, but not be limited to, the costs and expenses of exploring, developing, mining, milling, smelting, refining, freight, administrative overhead, insurance and marketing the products resulting from the exploration, development and exploitation of the Property; all royalties and rental payments required to maintain contractual rights constituting the Property or other similar payments required to obtain rights to mine the Property; all ad valorem, transaction privilege, license, sales, severance, and other taxes imposed on the activities of the operator hereunder, except taxes measured by Budge's corporate profit from such operations; the depreciation of all buildings, structures, machinery and equipment over the useful lives of such items, any sinking fund reasonably deemed advisable for the future reclamation of the Property; and in the event of plant or mine expansion involving construction or replacement of buildings, structures and the addition of machinery and equipment, the depreciation of such items over their useful lives, and interest charges actually incurred in financing operations on the Property. The parties shall prepare and execute an accounting procedure after completion of the mining feasibility study fixing actual circumstances of Operating Costs as determined by the mining feasibility study. Such accounting procedure shall provide that Budge shall furnish to Owner, with each payment of Net Profits, the computation and the basis for the computation thereof and Owner shall have the right to examine and independently verify the records and accounts of Budge upon which each such computation of Net Profits is based, such

examinations to be made at such times and upon such notice as shall not unreasonably interfere with Budge's operations.

890425

JCL
09-24-90

AMENDMENT TO OPTION AGREEMENT

BY THIS AMENDMENT TO OPTION AGREEMENT,

effective as of September 19, 1990 (the "Effective Date" herein),

KEYSTONE MINERALS, INC., an Arizona corporation, whose address is 6318 East Hayne Street, Tucson, Arizona 85710 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 North 75th Street, Scottsdale, Arizona 85251-3504 ("Budge" herein),

Owner and Budge have amended that certain Option Agreement entered into between themselves effective September 19, 1989, a Short Form of which was recorded in Docket 8629, Pages 474-81 of the Official Records of Pima County, Arizona, as follows:

1. The term of the option and the rights and obligations of the parties hereto, as set forth in the Option Agreement is hereby extended. The expiration of the option, as amended hereby, shall be at noon, Mountain Standard Time, March 19, 1991.

2. The amount of the payment obligations as provided in subsection a(3) of Section 2 for the period of the sixth through the eleventh month shall remain in effect during the option term, as extended.

3. Except as amended herein, all other terms and conditions of the Option Agreement remain unchanged and the Option Agreement is in full force and effect.

DATED this 25th day of September, 1990.

OWNER:

KEYSTONE MINERALS, INC.

BUDGE:

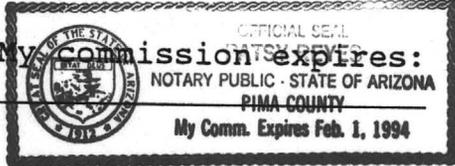
A.F. BUDGE (MINING) LIMITED

By Dirk Den-Baars
Dirk Den-Baars
Vice President

By Ronald R. Short
Ronald R. Short
General Manager

STATE OF ARIZONA)
) ss.
County of Pima)

The foregoing instrument was acknowledged before me this 26th day of September, 1990, by Dirk Den-Baars, the Vice President of Keystone Minerals, Inc., an Arizona corporation, for and on behalf of the corporation.



Carol A. O'Brien
Notary Public

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 28th day of September, 1990, by Ronald R. Short, the General Manager of A.F. Budge (Mining) Limited, a Nevada corporation, for on behalf of the corporation.

My commission expires:

Carol A. O'Brien
Notary Public





A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

QUITCLAIM DEED

The Undersigned, A. F. BUDGE (MINING) LIMITED, a Nevada corporation ("Grantor"), for good and valuable consideration, the receipt of which is hereby acknowledged, hereby quitclaims, releases, transfers and assigns unto KEYSTONE MINERALS, INC., an Arizona corporation, all of Grantor's rights, titles and interests in and to the unpatented lode mining claims situated in the Redington Mining District, Pima County, Arizona, all as more particularly described in Exhibit A attached hereto and made a part hereof.

IN WITNESS WHEREOF, THIS QUITCLAIM DEED has been executed this 29th day of January, 1992.

A.F. BUDGE (MINING) LIMITED

By: 
Ronald R. Short
General Manager

STATE OF ARIZONA)
)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this 29th day of January, 1992, by Ronald R. Short, the General Manager of A.F. Budge (Mining) Limited, a Nevada corporation, on behalf of the corporation.


Notary Public

My Commission Expires:
My Commission Expires Apr. 10, 1995

EXHIBIT "A"

Unpatented lode mining claims located in the Redington Mining District, Section 34, Township 11 South, Range 17 East, Sections 2, 3, 10, 11, 12, 13, 15, 22, 23, 24, 25, 26, 27 and 36, Township 12 South, Range 17 East and in Sections 5, 6, 7, 8, 18, 19, 30 and 31, Township 12 South, Range 18 East, Gila & Salt River Meridian, Pima County, Arizona.

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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	968-960	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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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 #106	8761	1340-1342	303639
Buehman #107	8761	1343-1345	303640
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	1358-1350	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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	<u>AMC</u>
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
Lonehill #1	8832	1239-1241	306042
Lonehill #2	8832	1242-1244	306043
Lonehill #3	8832	1245-1247	306044
Lonehill #5	8832	1251-1253	306046
Lonehill #7	8832	1257-1259	306048
Lonehill #11	8832	1269-1271	306052
Lonehill #13	8832	1275-1277	306054
Lonehill #15	8832	1281-1283	306056
Lonehill #17	8832	1287-1289	306058
Lonehill #19	8832	1293-1295	306060
Lonehill #21	8832	1299-1301	306062
Lonehill #23	8832	1305-1307	306064
Lonehill #25	8832	1311-1313	306066
Lonehill #27	8832	1317-1319	306068
Lonehill #29	8832	1323-1325	306070
Lonehill #31	8832	1329-1331	306072
Lonehill #33	8832	1335-1337	306074
Lonehill #35	8832	1341-1343	306076
Lonehill #37	8832	1347-1349	306078
Lonehill #39	8832	1353-1355	306080
Lonehill #81	8832	1479-1481	306122
Lonehill #82	8832	1482-1484	306123
Lonehill #83	8832	1485-1487	306124
Lonehill #84	8832	1488-1490	306125
Lonehill #85	8832	1491-1493	306126
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

EXHIBIT "A" continued

<u>Name of Claim</u>	<u>Pima County</u>		<u>BLM Serial Number</u>
	<u>Official Records</u>		
	<u>Book</u>	<u>Page</u>	
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
Lonehill #113	8832	1575-1577	306154
Lonehill #114	8832	1578-1580	306155
Lonehill #115	8832	1581-1583	306156
Lonehill #116	8832	1584-1586	306157
Lonehill #117	8832	1587-1589	306158
Lonehill #118	8832	1590-1592	306159
Lonehill #119	8832	1593-1595	306160
Lonehill #120	8832	1596-1598	306161
Lonehill #121	8832	1599-1601	306162
Lonehill #122	8832	1602-1604	306163
Lonehill #123	8832	1605-1607	306164
Lonehill #124	8832	1608-1610	306165
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	1638-1640	306175

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 LUIS A. OCHOA
SUSAN E. MILLER GARY F. URMAN
MARK D. LAMMERS FRANCES J. HAYNES
WAYNE E. YEHLING CHRISTINA URIAS
PHILIP R. WOOTEN

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

October 19, 1990

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

PLEASE REPLY TO TUCSON

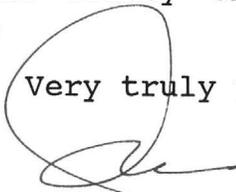
Carole A. O'Brien
A.F. Budge (Mining) Limited
4301 North 75th Street
Suite 101
Scottsdale, AZ 85251-3504

Re: **Korn Kob Project**

Dear Carole:

Enclosed for your records is the original of the Amendment to Option Agreement effective September 19, 1990, between A. F. Budge and Keystone Minerals, Inc. The document was recorded in the official records of Pima County on October 15, 1990, in Docket 8893, Pages 1139-1137.

Very truly yours,


John C. Lacy

bpm

Enclosure

9010180455.jc12.890425

RECEIVED OCT 22 1990

RECEIVED

OCT 18 1990

DeConcini McDonald Brammer
Yetwin & Lacy - Tucson, AZ

MIKE BOYD, RECORDER
PIMA COUNTY, ARIZONA
CERTIFICATE OF RECORDING

10/15/90
09:53:00

W
DECONCINI MCDONALD BRAMMER...

2525 E BROADWAY STE 200
TUCSON AZ 85716

3 PAGES	AT		\$	5.00
		CONVERSION FEE		3.00
0 AFFIDAVIT	AT	2.00 EACH		.00
0 COPIES	AT	1.00 EACH		.00
0 POSTAGE	AT	1.00 EACH		.00
0 SEARCHES	AT	10.00 EACH		.00

NO. OF PAGES: 003
SEQUENCE: 90125454
DOCKET: 08893 PAGE: 1135

RECORDING TYPE: AMENDED AGREEMENT
GRANTOR: KEYSTONE MINERALS INC
GRANTEE: AF BUDGE MINING LIMITED

TOTAL 8.00

OKG
DEPUTY RECORDER

2077 RD13 AMOUNT PAID \$ 8.00
AMOUNT DUE \$.00

ENVELOPE

THE ABOVE SPACE FOR RECORDERS USE ONLY
TO BE RECORDED AS PART OF DOCUMENT

DO NOT DETACH CERTIFICATE FROM DOCUMENT

8893

1135

JCL
09-24-90

AMENDMENT TO OPTION AGREEMENT

BY THIS AMENDMENT TO OPTION AGREEMENT,

effective as of September 19, 1990 (the "Effective Date" herein),

KEYSTONE MINERALS, INC., an Arizona corporation, whose address is 6318 East Hayne Street, Tucson, Arizona 85710 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 North 75th Street, Scottsdale, Arizona 85251-3504 ("Budge" herein),

Owner and Budge have amended that certain Option Agreement entered into between themselves effective September 19, 1989, a Short Form of which was recorded in Docket 8629, Pages 474-81 of the Official Records of Pima County, Arizona, as follows:

1. The term of the option and the rights and obligations of the parties hereto, as set forth in the Option Agreement is hereby extended. The expiration of the option, as amended hereby, shall be at noon, Mountain Standard Time, March 19, 1991.

2. The amount of the payment obligations as provided in subsection a(3) of Section 2 for the period of the sixth through the eleventh month shall remain in effect during the option term, as extended.

3. Except as amended herein, all other terms and conditions of the Option Agreement remain unchanged and the Option Agreement is in full force and effect.

DATED this 25th day of September, 1990.

OWNER:

KEYSTONE MINERALS, INC.

BUDGE:

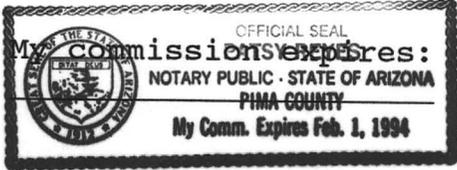
A.F. BUDGE (MINING) LIMITED

By Dirk Den-Baars
Dirk Den-Baars
Vice President

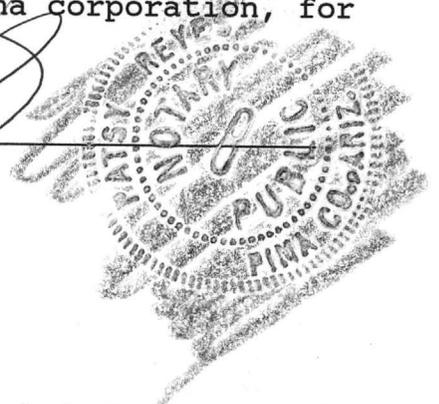
By Ronald R. Short
Ronald R. Short
General Manager

STATE OF ARIZONA)
) ss.
County of Pima)

26th The foregoing instrument was acknowledged before me this day of September, 1990, by Dirk Den-Baars, the Vice President of Keystone Minerals, Inc., an Arizona corporation, for and on behalf of the corporation.



[Signature]
Notary Public



STATE OF ARIZONA)
) ss.
County of Maricopa)

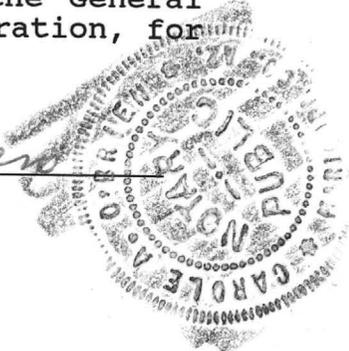
The foregoing instrument was acknowledged before me this 28th day of September, 1990, by Ronald R. Short, the General Manager of A.F. Budge (Mining) Limited, a Nevada corporation, for on behalf of the corporation.

My commission expires:



90092 0342 1042 800125

Carole A. O'Brien
Notary Public





A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

August 28, 1991

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

Dear Dirk:

It appears we have reached an impasse in our negotiations to reduce the holding costs on the Korn Kob Property.

We would therefore like you to consider the following proposal.

We would like for all proceedings and negotiations concerning the placement of the property in escrow put on hold and suspended for a period of twelve (12) months. In effect, we would be extending the option period during this time. In return for this consideration, Budge would pay Keystone Minerals the sum of Twenty Thousand Dollars (\$20,000.00) and spend One Hundred Thousand Dollars (\$100,000.00) in expanding the reserves at Korn Kob, specifically drilling the Donovan's Camp area. These expenditures would satisfy the assessment requirements for the 1991-92 year, thus keeping the entire land package intact. We would satisfy our obligations to the smaller lease holders in the area during this time.

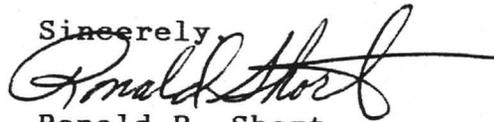
The overall effect of this proposal would be that, instead of making the required \$10,000.00 per month required payments to

D. Den-Baars
August 28, 1991
Page 2

Keystone, we would be putting the money into the ground for exploration purposes.

If this proposal is acceptable, we require a letter acknowledging said acceptance by Friday, September 13. If this proposal is unacceptable, we shall consider the refusal as an end to negotiations, and this letter will serve as official termination by Budge according to the terms of the original agreement.

Sincerely,



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

FAX (602) 949-1737

September 16, 1991

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

VIA CERTIFIED MAIL
P 946 821 437

Dear Dirk:

We sincerely regret that you found our recent proposal "without merit". What with declining copper prices and the uncertainties involved in permitting an operation like Korn Kob, we could not justify a commitment to develop the property at this point in time.

Because you could not, or would not, extend the lease period, we were forced to exercise the option in order to hold the property. Our option agreement included a clear provision that the balance of the purchase price would be secured by a non-recourse promissory note and deed of trust. It has been clear to us that you understood the nature of this transaction and it has been frustrating that you now want to renege on the intent and express terms of the original agreement.

We therefore have no other alternative but to relinquish our rights to the property.

All contractual obligations to Keystone Minerals, Inc. have been met except for the filing of the 1990/1991 assessment work affidavit which we will do prior to December 31.

Very truly yours,

Ronald R. Short
General Manager

RRS/ca

P. 946 821 437

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to <i>D. Den Baars</i>	
Street and No. <i>6318 E. Harper St.</i>	
P.O., State and ZIP Code <i>JUCSON, AZ 85710</i>	
Postage	\$ <i>.29</i>
Certified Fee	<i>1.30</i>
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	<i>.90</i>
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ <i>2.29</i>
Postmark or Date	

PS Form 3800, June 1985

**STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE,
CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (see front)**

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

JCL
03-23-90

SURFACE DAMAGE AGREEMENT

BY THIS SURFACE DAMAGE AGREEMENT

effective as of the 23 day of March, 1990 (the "Effective Date"),

by and between BAYLESS AND BERKALEW COMPANY, whose address is HCR 800, Benson, Arizona 85602 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 N. 75th Street, # 101, Scottsdale, Arizona 85251 (the "Operator"),

the Owner and Operator, for the considerations of mutual promises and obligations, have agreed as follows:

1. Grant

Owner hereby consents to the use by Operator, its employees, agents and contractors, of that certain road described in Exhibit A attached hereto (the "Road" herein). Road can be locally altered to improve access for larger vehicles but road *will* remain along same general corridor. *John*

2. Purpose

Title to the surface of the property over which the Road passes is vested in Owner with all or some portions thereof subject to a reservation of minerals to the United States of America. Operator has acquired mineral exploration and mining rights under the laws of the United States and Operator is conducting mineral exploration activities in the area that requires the use of the Road. Because damages to Owner's property rights are difficult to determine, it is the purpose of this Agreement to provide a method of computation of payment for any and all damages to Owner's crops, tangible improvements, and grazing values resulting from Operator's use of the Road, and to establish a method for Operator's making payment of the same to Owner.

3. Term

This Agreement shall exist for so long as Operator or its successors and assigns are vested with mineral exploration or mining rights the exploration of which requires the use of the Road; subject, however, to the rights of termination specified in Section 6 hereof.

4. Payments to Owner

a. Liquidated Damages - At all times prior to the date Operator begins construction of a mine at any location where the use of the Road is reasonably required, Operator shall pay Owner One Hundred Fifty Dollars (\$150.00) per month. Operator shall likewise pay Owner Six Hundred Dollars (\$600.00) upon execution of this Agreement as payment for any and all past damages to the Property as a result of Operator's prior use of the Road. At such time as Operator commences construction activities related to full-scale mining operations at any location where the use of the Road is reasonably required, Operator shall pay Owner Three Hundred Dollars (\$300.00) per month. *Payments will escalate at a rate of 6.0% annually.*

b. Compensation for Improvements Destroyed - Owner shall be compensated for the value of any tangible improvements destroyed or rendered non-usable by operations of Operator including buildings, fences, roads, corrals, irrigation ditches, and related improvements. The value shall be the replacement cost for comparable improvements.

d. Method of Payment - All payments required hereunder shall be made by check of Operator and shall be due on or before the fifth day of each month from and after the Effective Date. The personal delivery or the deposit in the mail of any payment to the address for notice under this Agreement on or before the due date thereof shall be deemed timely payment hereunder.

5. Obligations of Operator

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

(1) Operator shall keep all gates closed and locked when not in use. Where Owner has existing locks at gates on the Road, Operator may either place its own locks at the gate or Owner shall provide Operator with duplicate keys. Operator shall provide Owner with duplicate keys for all locks placed by Operator on gates along the Road where Owner does not have its own separate lock for the gate.

(2) Operator shall permit no carrying of firearms, hunting or shooting along the Road.

(3) Operator shall remove all trash or garbage that may be deposited along the Road, and shall otherwise clean up any waste or spills that may occur along the Road.

(4) Operator shall maintain the Road during the term of this Agreement in a condition at least as good as exists at the time of execution of this Agreement.

b. Indemnity - Operator shall indemnify Owner against and hold Owner harmless from any suit, claim, judgment or demand whatsoever arising out of activities on the part of Operator on the Property, provided, however, if Owner, or any person or instrumentality acting on Owner's behalf, shall have been a contributing cause to the event giving rise to such suit, claim, demand or judgment, Operator's obligation under this indemnification shall be limited to Operator's liability under Arizona law.

6. Termination

a. Termination by Owner - If Operator defaults in the performance of its obligations hereunder, Owner shall give Operator written notice specifying the default. If the default is not cured within thirty (30) days after Operator has received the notice, or if Operator has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Owner may terminate this Agreement by delivering to Operator written notice of such termination. The time to cure a failure to pay the monthly amount shall be ten (10) days.

b. Termination by Operator - Operator shall have the right to terminate this Agreement at any time by sixty (60) day's written notice from Operator to Owner. From and after the date of termination, all right, title and interest of Operator under this Agreement shall terminate, and Operator shall not be required to make any further payments or to perform any further obligations hereunder concerning the Property, except payment and obligations, the due dates for the payment or performance of which occur prior to the termination date.

Contract will terminate March 23, 2010.

7. Notices

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

8. Binding Effect

This Agreement shall run with the land and shall bind the heirs, personal representatives, beneficiaries, successors and assigns of the parties related to both the surface estate vested

in Owner and the mineral estate claimed by Operator under the mining laws.

SIGNED, effective as of the date recited above.

OWNER:

OPERATOR:

BAYLESS AND BERKALEW CO.

A.F. BUDGE (MINING) LIMITED

By

Jack Smallhouse

Jack Smallhouse
Vice President and Manager

By

Ronald R. Short

Ronald R. Short, Gen. Mgr.

STATE OF ARIZONA)

)

) ss.

County of Pima)

The foregoing instrument was acknowledged before me this 30th day of March, 1990, by Jack Smallhouse, the Vice President and Manager of Bayless and Berkalew, a VP & Mgr, for and on behalf of the Bayless & Berkalew Co

My commission expires:

My Commission Expires Sept 30, 1991

Clairine P. Short
Notary Public

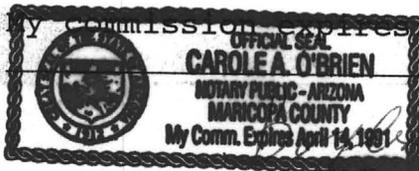
STATE OF ARIZONA)

)

) ss.

County of Maricopa)

The foregoing instrument was acknowledged before me this 5th day of April, 1990, by Ronald R. Short, the General Manager of A.F. Budge (Mining) Limited, a Nevada corporation, for on behalf of the corporation.



Carole A. O'Brien
Notary Public

Bayless & Berkalew Co.
by *John H. Smallhouse V.P. & Manager*



A.F. Budge (Mining) Limited

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

March 28, 1990

(602) 945-4630
FAX (602) 949-1737

Mr. Jack Smallhouse
Vice President & Manager
Bayless and Berkalew Company
HCR 800
Benson, Arizona 85602

Re: Surface Damage Agreement

Dear Mr. Smallhouse:

Enclosed is an original copy of the referenced agreement. Would you please have your signature notarized and return a copy of the agreement to our office at your earliest convenience.

Also enclosed is our check in the amount of \$150.00, per Section 4.d. of the agreement representing payment for April.

Very truly yours,

Ronald R. Short
General Manager

encls.

JCL
03-23-90

SURFACE DAMAGE AGREEMENT

BY THIS SURFACE DAMAGE AGREEMENT

effective as of the 23 day of March, 1990 (the "Effective Date"),

by and between BAYLESS AND BERKALEW COMPANY, whose address is HCR 800, Benson, Arizona 85602 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 N. 75th Street, # 101, Scottsdale, Arizona 85251 (the "Operator"),

the Owner and Operator, for the considerations of mutual promises and obligations, have agreed as follows:

1. Grant

Owner hereby consents to the use by Operator, its employees, agents and contractors, of that certain road described in Exhibit A attached hereto (the "Road" herein). Road can be locally altered to improve access for larger vehicles but road

2. Purpose will remain along same general corridor. JKS

Title to the surface of the property over which the Road passes is vested in Owner with all or some portions thereof subject to a reservation of minerals to the United States of America. Operator has acquired mineral exploration and mining rights under the laws of the United States and Operator is conducting mineral exploration activities in the area that requires the use of the Road. Because damages to Owner's property rights are difficult to determine, it is the purpose of this Agreement to provide a method of computation of payment for any and all damages to Owner's crops, tangible improvements, and grazing values resulting from Operator's use of the Road, and to establish a method for Operator's making payment of the same to Owner.

3. Term

This Agreement shall exist for so long as Operator or its successors and assigns are vested with mineral exploration or mining rights the exploration of which requires the use of the Road; subject, however, to the rights of termination specified in Section 6 hereof.

beginning April 1, 1991

$$150 + 6\% = 159$$

Mar

$$\begin{array}{r} 150 \\ \hline \$ 309 \end{array}$$

May

$$\begin{array}{r} 150 \\ \hline \$ 458 \end{array}$$

4. Payments to Owner

a. Liquidated Damages - At all times prior to the date Operator begins construction of a mine at any location where the use of the Road is reasonably required, Operator shall pay Owner One Hundred Fifty Dollars (\$150.00) per month. Operator shall likewise pay Owner Six Hundred Dollars (\$600.00) upon execution of this Agreement as payment for any and all past damages to the Property as a result of Operator's prior use of the Road. At such time as Operator commences construction activities related to full-scale mining operations at any location where the use of the Road is reasonably required, Operator shall pay Owner Three Hundred Dollars (\$300.00) per month. *Payments will escalate at rate of 6.0 % annually.*

b. Compensation for Improvements Destroyed - Owner shall be compensated for the value of any tangible improvements destroyed or rendered non-usable by operations of Operator including buildings, fences, roads, corrals, irrigation ditches, and related improvements. The value shall be the replacement cost for comparable improvements.

d. Method of Payment - All payments required hereunder shall be made by check of Operator and shall be due on or before the fifth day of each month from and after the Effective Date. The personal delivery or the deposit in the mail of any payment to the address for notice under this Agreement on or before the due date thereof shall be deemed timely payment hereunder.

5. Obligations of Operator

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

(1) Operator shall keep all gates closed and locked when not in use. Where Owner has existing locks at gates on the Road, Operator may either place its own locks at the gate or Owner shall provide Operator with duplicate keys. Operator shall provide Owner with duplicate keys for all locks placed by Operator on gates along the Road where Owner does not have its own separate lock for the gate.

(2) Operator shall permit no carrying of firearms, hunting or shooting along the Road.

(3) Operator shall remove all trash or garbage that may be deposited along the Road, and shall otherwise clean up any waste or spills that may occur along the Road.

(4) Operator shall maintain the Road during the term of this Agreement in a condition at least as good as exists at the time of execution of this Agreement.

b. Indemnity - Operator shall indemnify Owner against and hold Owner harmless from any suit, claim, judgment or demand whatsoever arising out of activities on the part of Operator on the Property, provided, however, if Owner, or any person or instrumentality acting on Owner's behalf, shall have been a contributing cause to the event giving rise to such suit, claim, demand or judgment, Operator's obligation under this indemnification shall be limited to Operator's liability under Arizona law.

6. Termination

a. Termination by Owner - If Operator defaults in the performance of its obligations hereunder, Owner shall give Operator written notice specifying the default. If the default is not cured within thirty (30) days after Operator has received the notice, or if Operator has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Owner may terminate this Agreement by delivering to Operator written notice of such termination. The time to cure a failure to pay the monthly amount shall be ten (10) days.

b. Termination by Operator - Operator shall have the right to terminate this Agreement at any time by sixty (60) day's written notice from Operator to Owner. From and after the date of termination, all right, title and interest of Operator under this Agreement shall terminate, and Operator shall not be required to make any further payments or to perform any further obligations hereunder concerning the Property, except payment and obligations, the due dates for the payment or performance of which occur prior to the termination date.

Contract will terminate March 23, 2010.

7. Notices

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

8. Binding Effect

This Agreement shall run with the land and shall bind the heirs, personal representatives, beneficiaries, successors and assigns of the parties related to both the surface estate vested

in Owner and the mineral estate claimed by Operator under the mining laws.

SIGNED, effective as of the date recited above.

OWNER:

OPERATOR:

BAYLESS AND BERKALEW CO.

A.F. BUDGE (MINING) LIMITED

By Jack Smallhouse
Jack Smallhouse
Vice President and Manager

By Ronald R. Short
Ronald R. Short, Gen. Mgr.

STATE OF ARIZONA)
County of Pima) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1990, by Jack Smallhouse, the Vice President and Manager of Bayless and Berkalew, a _____, for and on behalf of the _____.

My commission expires: _____

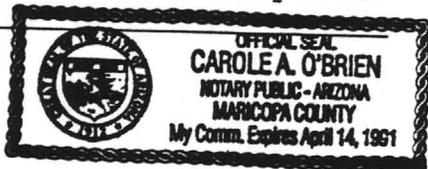
Notary Public

STATE OF ARIZONA)
County of Maricopa) ss.

The foregoing instrument was acknowledged before me this 28th day of MARCH, 1990, by Ronald R. Short, the General Manager of A.F. Budge (Mining) Limited, a Nevada corporation, for on behalf of the corporation.

My commission expires:

Laura A. O'Brien
Notary Public





A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

November 7, 1990

Jack Kelly
Lois Bingham Kelly
Redington HCR, Box 900
Benson, Arizona 85602

Dear Mr. & Mrs. Kelly:

Please accept our apologies for the delays in getting the original Agreement executed by our principals in England.

A fully executed copy is enclosed, plus a check in the amount of \$617.50, which represents the first quarterly installment owing as per Section 4.a. of the Agreement.

The original will be forwarded to our lawyer, John Lacy, who may wish to have it recorded in Pima County.

Thank you for your patience on this matter.

Sincerely,

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

A. F. BUDGE MINING, LTD.
4301 N. 75TH ST., STE. 105 602-945-4630
SCOTTSDALE, AZ 85251-3504

6192

6 November 19 90

91-170/1221

PAY TO THE ORDER OF --- Jack Kelly and Lois Bingham Kelly --- \$ 617.50

--- Six Hundred Seventeen & 50/100 --- DOLLARS

 SECURITY PACIFIC BANK ARIZONA
Lincoln & Scottsdale Office (055)
6501 N. Scottsdale
Scottsdale, Arizona 85253

MEMO per Agreement

Carole A. O'Brien



A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

August 22, 1990

Mr. Jack Smallhouse
Vice President & Manager
Bayless and Berkalew Company
HCR 800
Benson, AZ 85602

Dear Mr. Smallhouse:

Enclosed is our check in the amount of \$450.00 representing monthly payments for July, August and September per Section 4.d. of our agreement.

Sincerely,

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

encl. (1)



A. F. BUDGE MINING, LTD.
4301 N. 75TH ST., STE. 101
SCOTTSDALE, AZ 85251-3504

5878

91-1701221

22 August 19 90

PAY TO THE ORDER OF --- Jack Smallhouse --- \$ 450.00

--- Four Hundred Fifty & 00/100 --- DOLLARS



Lincoln & Scottsdale Office (055)
6501 N. Scottsdale
Scottsdale, Arizona 85253

MEMO July, August & September payments

Carole A. O'Brien