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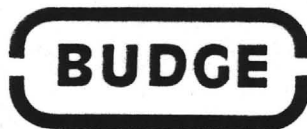
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A.F. Budge (Mining) Limited

(602) 945-4630

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

FAX (602) 949-1737

June 12, 1990

Mr. Doug Modrow
Technical Services Manager
ASARCO Incorporated
P.O. Box 98
Hayden, Arizona 85235

Dear Mr. Modrow:

Enclosed for your consideration is a revision to your original Agreement NO. C90004, incorporating changes which are more acceptable to A.F. Budge Mining Limited.

A.F. Budge would be providing siliceous flux, suitable for use in ASARCO's copper smelting activities, basically at no cost to ASARCO. Thus, we feel a treatment charge, in addition to the other deductions, is not justified.

We would be pleased to have your comments on the revised contract at your earliest convenience.

Very Truly Yours,

Dale H. Allen
Production Manager

DHA:ks

Enclosure(s)

AGREEMENT

NO. C90004

A.F. Budge (Mining) Limited, of 4301 N. 75th Street, Suite 105, Scottsdale, Arizona, 85251, hereinafter called "A.F. Budge" agrees to sell and deliver.....

AND

ASARCO Incorporated, 180 Maiden Lane, New York, New York, 10038, hereinafter called "ASARCO," agrees to purchase and receive.....

1. PRODUCT

Siliceous flux produced by A.F. Budge from properties owned or controlled by A.F. Budge near the townsite of Jerome, Arizona.

2. QUANTITY

One trial lot of approximately 600 tons of siliceous flux material, excess at ASARCO's option.

3. QUALITY AND ANALYSIS

Product shall be crushed and/or screened to 100% minus 10 mesh and shall be of substantially the following analysis:

Cu	0.38%
SiO ₂	greater than 85%
Fe	less than 4.0%
Al ₂ O ₃	less than 3.0%
Au	0.3 ounces per ton
Ag	1.5 ounces per ton

34. SHIPMENT

Shipment shall be completed prior to July 31, 1990.

5. DELIVERY

Freight to be prepaid by A.F. Budge, F.O.B. ASARCO's Hayden, Arizona plant (hereinafter "HAYDEN") in open-top self-dumping trucks to a point within the Plant designated by ASARCO.

6. PRICE

The purchase price of the product is the sum of the payments less the sum of the deductions specified below.

7. GOLD

Deduct 0.02 troy ounce per ton of product from the gold assay and pay for 95% of the remaining gold contract at the Daily London Final Gold Quotation, as published in Metals Week, averaged for the quotational period, less a deduction of \$6.00 per troy ounce of payable gold.

8. SILVER

Deduct 0.50 troy ounce per ton of product from the silver assay and pay 95% of the remaining silver content at the Handy & Harmon New York refined silver quotation, as published in Metals Week, averaged for the quotational period, less a deduction of \$.30 per troy ounce of payable silver.

9. COPPER

Deduct 0.5 units as determined by the wet method from the copper assay and pay 90% of the remaining copper content at the Comex prompt settlement quotation for high grade copper cathode as published in Metals Week, currently Comex high grade first position, averaged for the quotational period.

10. QUOTATIONAL PERIOD

The quotational period for gold and silver shall be the calendar month of delivery of product.

No payment will be made for any metal or content except as above specified.

From the total of the above, make the following deductions:

11. SILICA

For each unit of silica less than 85%, ASARCO shall debit A.F. Budge \$1.00 per unit, fractions in proportion.

12. ALUMINA

For each unit of alumina in excess of 3.0%, ASARCO shall debit A.F. Budge \$1.00 per unit, fractions in proportion.

13. WEIGHING, SAMPLING AND ASSAYING

Weighing, sampling, moisture determination and assaying will be conducted promptly after receipt of product. A.F. Budge shall have the right to be present, or have its representative present, at the time of weighing and sampling.

ASARCO shall deliver to A.F. Budge a one-quarter split of the sample of the shipment, which will be in lots of no more than 600 tons.

A.F. Budge, at its discretion, may accept ASARCO's assay results as basis for payment, by notifying ASARCO in writing, without exchanging assay results.

If assay results are exchanged, settlement assays will be determined by averaging the two results. If the assay comparisons are greater than splitting limits defined below, a control sample shall be submitted to umpire. Umpires shall be selected in rotation from a mutually agreed upon list, whose assays shall be final if within the limits of the two parties; and, if not, the assays of the party nearer to the umpire shall prevail. Losing party shall pay cost of umpire.

SPLITTING LIMITS

Silica	2.0%
Alumina	0.5%
Gold	0.02 troy oz. per ton
Silver	0.2 troy oz. per ton
Copper	0.15%

14. SETTLEMENT

Final settlement shall be on the fifteenth (15th) business day of the calendar month following the date of delivery. In event all necessary information is unavailable, a one hundred percent (100%) provisional payment will be made on that date based on best available information and final settlement when all information is known.

15. TAXES

All taxes or other governmental charges, national, state, local or municipal, now or hereafter imposed in respect to or measured by the product purchased hereunder, or the production, extraction, transportation thereof, or of the metals derived therefrom, other than income taxes levied upon ASARCO shall be for the account of A.F. Budge.

16. FORCE MAJEURE

Performance of this agreement is subject to any delays caused by strikes or other disabling causes beyond the control of either party.

17. DEFINITIONS

A "ton" means a dry short ton, or 2000 dry pounds avoirdupois.

A "unit" means 1/8 of a ton or 20 pounds.

A "calendar month" means a named month in the calendar.

A "business day" means a named day in the calendar, Saturdays, Sundays, and major holidays excepted.

18. SUSPENSION OF QUOTATIONS

In the pricing of product or any metal contained therein, if one or more suspensions of quotations occur for any cause resulting in the absence of the quotation for more than three (3) days during the quotational period specified in this agreement, then the beginning of said period (or the balance thereof if suspension begins during the period) shall be deferred a number of quotational days equal to the number of quotational days occurring during the entire time of suspension, whether before, during or after the said quotational period. When the normal number of quotations for the period specified in this agreement have been thus obtained, such quotation shall be averaged for pricing. One or more suspensions aggregating three (3) days or less during a quotational period shall be disregarded and the remaining quotations shall be averaged for pricing.

In case any firm or publication whose quotations are the basis for pricing any metal under this agreement shall go out of business, cease publication, or discontinue publication, or discontinue the making of quotations, then the quotations by such other firm or publication as the parties shall agree upon shall be used.

19. SUCCESSION

This agreement shall bind and inure to the benefit of the parties hereto, their legal representatives, successors and assigns. This agreement shall not be assignable by either party hereto without the written consent of the other. Such consent shall not be unreasonably withheld.

20. NOTICES

All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given or made when sent by first-class mail, postage prepaid, addressed:

If to ASARCO:

ASARCO Incorporated
P.O. Box 98
Hayden, Arizona 85235
Attn: Doug Modrow

Copy to:

ASARCO Incorporated
180 Maiden Lane
New York, New York 10038
Attn: Vice President, Ore Department

And if to A.F. Budge:

Dale H. Allen
A.F. Budge (Mining) Limited
4301 N. 75th Street, Suite 105
Scottsdale, Arizona 85251

or, in each case, at such other address as may be hereafter or has been designated most recently in writing by the addressee to the addressor.

Any notice given hereunder may be given by telegraph or telex and confirmed by mail in due course in which case such notice shall be deemed or served when sent in telegraphic form.

21. WAIVER

Waiver of any breach of any provision hereof shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of such provision.

This agreement shall take effect as a contract made in accordance with and governed by the laws of the State of Arizona and shall come into full force and effect when signed by both parties.

for A.F. Budge:

BY: _____ DATE: _____
DALE H. ALLEN

for ASARCO:

BY: _____ DATE: _____
DOUG MODROW,
Technical Services Manager

Ore to New Mexico 2,000 tons per month
 Ore to Hayden 1,000 tons per month
 Trucking costs: \$30.00 to Hidalgo
 \$20.00 to Hayden

		60%	40%			Monthly "Net" shipping exclusively to Hidalgo	Monthly "Net" shipping exclusively to Hayden	Monthly "Net" shipping to Hidalgo & Hayden	"Net" per ton to Budge from Hidalgo after trucking	"Net" per ton to Budge from Hayden after trucking	"Net" per ton to Budge screened to Hayden after trucking	"Net" per ton to Budge residual to Hidalgo after trucking
Hoisted Grade oz/ton gold	Screened Grade to Hayden	Residual Grade to Hidalgo	Gold price per ounce	Silver price per ounce								
0.180	1.45	0.324 2.61	\$345.00	\$4.75	\$350.00	\$70,348	\$106,632	\$81,291	\$23.45	\$35.54	\$86.82	(\$2.77)
					\$360.00	\$72,756	\$109,183	\$83,747	\$24.25	\$36.39	\$88.47	(\$2.36)
					\$380.00	\$77,302	\$114,014	\$88,388	\$25.77	\$38.00	\$91.56	(\$1.58)
					\$400.00	\$86,123	\$123,405	\$97,399	\$28.71	\$41.13	\$97.53	(\$0.07)
					\$420.00	\$94,944	\$132,795	\$106,409	\$31.65	\$44.27	\$103.51	\$1.45
0.200	1.50	0.360 2.70	\$345.00	\$4.75	\$350.00	\$90,690	\$126,590	\$101,403	\$30.23	\$42.20	\$98.80	\$1.30
					\$360.00	\$93,398	\$129,440	\$104,158	\$31.13	\$43.15	\$100.62	\$1.77
					\$380.00	\$98,528	\$134,855	\$109,383	\$32.84	\$44.95	\$104.06	\$2.66
					\$400.00	\$108,503	\$145,400	\$119,548	\$36.17	\$48.47	\$110.73	\$4.41
					\$420.00	\$118,478	\$155,945	\$129,713	\$39.49	\$51.98	\$117.40	\$6.16
0.300	1.60	0.540 2.88	\$345.00	\$4.75	\$350.00	\$190,369	\$224,473	\$200,004	\$63.46	\$74.82	\$157.53	\$21.24
					\$360.00	\$194,530	\$228,776	\$204,212	\$64.84	\$76.26	\$160.22	\$21.99
					\$380.00	\$202,538	\$237,070	\$212,316	\$67.51	\$79.02	\$165.39	\$23.46
					\$400.00	\$218,242	\$253,343	\$228,209	\$72.75	\$84.45	\$175.50	\$26.36
					\$420.00	\$233,945	\$269,617	\$244,103	\$77.98	\$89.87	\$185.60	\$29.25
0.400	1.70	0.720 3.06	\$345.00	\$4.75	\$350.00	\$280,215	\$322,356	\$298,605	\$93.41	\$107.45	\$216.26	\$41.17
					\$360.00	\$285,687	\$328,113	\$304,267	\$95.23	\$109.37	\$219.83	\$42.22
					\$380.00	\$296,289	\$339,285	\$315,249	\$98.76	\$113.10	\$226.72	\$44.27
					\$400.00	\$317,151	\$361,287	\$336,871	\$105.72	\$120.43	\$240.26	\$48.30
					\$420.00	\$338,013	\$383,289	\$358,493	\$112.67	\$127.76	\$253.81	\$52.34
0.500	1.80	0.900 3.24	\$345.00	\$4.75	\$350.00	\$379,894	\$420,239	\$397,207	\$126.63	\$140.08	\$274.99	\$61.11
					\$360.00	\$386,819	\$427,450	\$404,322	\$128.94	\$142.48	\$279.43	\$62.45
					\$380.00	\$400,300	\$441,500	\$418,183	\$133.43	\$147.17	\$288.05	\$65.07
					\$400.00	\$426,890	\$469,231	\$445,533	\$142.30	\$156.41	\$305.03	\$70.25
					\$420.00	\$453,481	\$496,961	\$472,884	\$151.16	\$165.65	\$322.01	\$75.44
			\$420.00	\$5.20	\$479,886	\$524,507	\$500,049	\$159.96	\$174.84	\$338.86	\$80.60	

205,940
1200

299,830

400,360

.400

Hildago - trucking cost \$30/ton, deduction .03 or 10%
up to .15 OPT, deduct 0.04 OPT or 5%
whatever is higher - 95% payable

Hoden - trucking \$20/ton deduct .02 plus
pay 95% - 96 per once payable

35

Price	Hildago (Truck)	Hoyden (Truck)	Per Month
.400 (350)	119.70 (89.7)	124.19 (104.19)	(283.590)
.240 - .720	69.825 (39.825)	228.76 (208.76)	(288.410)
			D.F. 4,820

.400

Hildago
269,100
Hoyden
312,500

DET - 43,470
6000

.400

.400	.450		
153.90 (123.9)	146.29 (140.29)	388,090	6722
89.775 (59.775)	295.24 (275.24)	394,812	

Hildago

371,000

Hoyden

420,870

49,170

Assumptions - Gold price \$380/ounce, Reserves ^{30,000} ~~40,000~~ Ton

Hildalgo - Trucking cost \$30/Ton, deduction of .03 ounces or 10% up to .5 ounces/Ton, deduction of .04 ounces or 5% of any values over .5 ounces/Ton, payment is 95% of remaining gold.

Hazen - Trucking cost \$17/Ton, deduction of 0.02 ounces payment is 96% of remaining gold (for sized material, and \$300,000 treatment charge, crushing and screening (capital and operation costs of \$880) (operating costs - \$5-17)

money realized per TON

Grade	Hildalgo	Hazen	Hazen capital pay back	30,000 Ton/year include operation capital cost only
.25	* 49.42	56.40	60.03	220,500 209,400 318,300
.35	# 83.71	92.78	96.41	272,100 381,000
.45	116.20	128.36	131.99	371,100 364,800 473,700
.55	154.11	164.24	167.87	303,900 412,800
.65	190.21	200.12	203.75	297,300 406,200

65
390
45
270

$$95\% - 96\% = 0.0129$$

Crusher	Jaw 10" x 24"	12,000
	4' x 10' Secco Screen	10,000
	2' Symone	22,000
	Dust collection	4,000
	(Conveyors, bins feeder at Vulture)	0
		<u>\$ 48,000</u>
	Construction	\$ 32,000
	Truck Scale	<u>20,000</u>
		\$ 100,000
	16% interest (12 months)	19,000
		<u>\$ 109,000</u>
	Capital cost - 30,000 Ton	\$ 3.63 / Ton

Costs based on 2500 / month with
 2500 Ton 30,000 / year

Plant + interest		116,000
Lease	3000 / month (16 months)	48,200
Power	2.5¢ / Kw 3000 / month (16 months)	12,200
Labor	\$ 300 / days (6500 / month (16 months))	12,600
Maintenance	\$ 100 / week	8,170
		<u>395,170</u>

Operating cost on 7,000 / ton

TOTAL cost / Ton
 40,000 / Ton

8.80 /

SCREENING COST ?

Comparison of Smelter Terms for UVX flux

5" charge (low) up to 50% 5%
 0" charge up to 50% 5%
 5% Rem

Grade oz/ton gold	Grade oz/ton silver	Gold price per ounce	Silver price per ounce	Net from Smelters			Asarco		Treatment charge	Proposed Treatment	
				Hidalgo	"Net" after trucking	"Net" after trucking <i>using Case 2</i>	with treatment	without charge		charge (1)	charge (2)
0.280	1.40	\$350.00	\$4.95	\$87.36	\$57.36	\$70.00	\$83.25	\$88.94	\$5.70	\$3.20	\$1.95
		\$365.00	\$5.00	\$90.96	\$60.96	\$73.56	\$86.81	\$92.69	\$5.88	\$3.38	\$2.13
		\$390.00	\$5.05	\$96.94	\$66.94	\$79.46	\$92.71	\$98.91	\$6.20	\$3.70	\$2.45
		\$405.00	\$5.20	\$100.63	\$70.63	\$83.11	\$96.36	\$102.74	\$6.39	\$3.89	\$2.64
0.300	1.50	\$350.00	\$4.95	\$94.48	\$64.48	\$76.63	\$89.88	\$95.92	\$6.05	\$3.55	\$2.30
		\$365.00	\$5.00	\$98.37	\$68.37	\$80.46	\$93.71	\$99.96	\$6.25	\$3.75	\$2.50
		\$390.00	\$5.05	\$104.83	\$74.83	\$86.82	\$100.07	\$106.66	\$6.58	\$4.08	\$2.83
		\$405.00	\$5.20	\$108.82	\$78.82	\$90.75	\$104.00	\$110.79	\$6.79	\$4.29	\$3.04
0.350	1.60	\$350.00	\$4.95	\$109.91	\$79.91	\$92.57	\$105.82	\$112.70	\$6.89	\$4.39	\$3.14
		\$365.00	\$5.00	\$114.45	\$84.45	\$97.09	\$110.34	\$117.46	\$7.12	\$4.62	\$3.37
		\$390.00	\$5.05	\$121.98	\$91.98	\$104.58	\$117.83	\$125.35	\$7.52	\$5.02	\$3.77
		\$405.00	\$5.20	\$126.63	\$96.63	\$109.20	\$122.45	\$130.21	\$7.76	\$5.26	\$4.01
0.400	1.70	\$350.00	\$4.95	\$127.01	\$97.01	\$108.51	\$121.76	\$129.49	\$7.72	\$5.22	\$3.97
		\$365.00	\$5.00	\$132.26	\$102.26	\$113.71	\$126.96	\$134.96	\$8.00	\$5.50	\$4.25
		\$390.00	\$5.05	\$140.99	\$110.99	\$122.34	\$135.59	\$144.04	\$8.45	\$5.95	\$4.70
		\$405.00	\$5.20	\$146.36	\$116.36	\$127.64	\$140.89	\$149.63	\$8.73	\$6.23	\$4.98
0.500	1.80	\$350.00	\$4.95	\$159.06	\$129.06	\$139.98	\$153.23	\$162.61	\$9.38	\$6.88	\$5.63
		\$365.00	\$5.00	\$165.68	\$135.68	\$146.53	\$159.78	\$169.51	\$9.73	\$7.23	\$5.98
		\$390.00	\$5.05	\$176.67	\$146.67	\$157.42	\$170.67	\$180.97	\$10.30	\$7.80	\$6.55
		\$405.00	\$5.20	\$183.41	\$153.41	\$164.10	\$177.35	\$188.00	\$10.65	\$8.15	\$6.90
0.700	2.00	\$350.00	\$4.95	\$232.57	\$202.57	\$202.91	\$216.16	\$228.85	\$12.69	\$10.19	\$8.94
		\$365.00	\$5.00	\$242.36	\$212.36	\$212.18	\$225.43	\$238.61	\$13.18	\$10.68	\$9.43
		\$390.00	\$5.05	\$258.62	\$228.62	\$227.59	\$240.84	\$254.83	\$13.99	\$11.49	\$10.24
		\$405.00	\$5.20	\$268.52	\$238.52	\$237.00	\$250.25	\$264.74	\$14.49	\$11.99	\$10.74

MINE SUPPLY AZ, INC. QUOTATION

No 00088

DATE April 6, 1990

TO A.F. Budge (Mining) Ltd.
4301 N. 75 th St.
Scottsdale, AZ 85251

WE ARE PLEASED TO QUOTE AS FOLLOWS:

YOUR INQUIRY 4/8/90

F.O.B. Spokane

TERMS: Net 30 days

ESTIMATED SHIPPING DATE

QUANTITY	DESCRIPTION	PRICE
1	Symons 2 foot standard cone crusher w/o motor, very good condition	\$22,000
1	Seco 4' x 10' incline screen, 3 deck, 15 Hp, very good condition	\$10,000
1	Universal 4' x 10' horizontal screen, 3 deck, 20 Hp good condition	\$8000

The SECO screen is probably the better screen to make the two products with, -3/4" x 1/4" and -10 mesh.

1	Austin Western 10"x24" Jaw Crusher w/15 Hp motor 220/440V F.O.B. Tucson	\$12,000
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ABOVE PRICES GOOD FOR _____ DAYS - SUBJECT TO PRIOR SALE

MINE SUPPLY AZ, INC.

SIGNATURE

Jim Moore

PO Box 11007, Tucson, AZ 85734
2665 E. Ginter Rd., Tucson, AZ 85708
Phone (602) 741-0611 • Fax (602) 741-0614

Collection Note #	Settlement Date	Ounces Gold	Ounces Silver	Material	"Net" to Budge
597	01-13-89	17.68	63.19	Dore	\$6,872.67
601	01-13-89	169.78	554.52	Precip.	\$67,518.86
626	02-15-89	174.41	603.43	Dore	\$67,527.32
627	02-17-89	88.85	289.92	Dore	\$34,052.67
631	03-08-89	51.58	192.03	Dore	\$20,490.40
639	03-10-89	87.21	330.59	Dore	\$34,958.64
645	03-13-89	47.40	180.70	Dore	\$18,743.70
656	03-17-89	72.33	216.49	Dore	\$28,751.43
663	03-23-89	62.76	163.83	Dore	\$24,678.60
670	03-30-89	124.38	318.24	Dore	\$48,725.34
681	04-06-89	95.99	268.31	Dore	\$36,869.39
686	04-13-89	56.96	166.48	Dore	\$21,935.93
696	04-20-89	65.18	196.49	Dore	\$25,059.07
711	05-02-89	53.38	164.93	Dore	\$20,098.93
715	05-08-89	37.08	130.10	Dore	\$13,919.17
732	05-17-89	125.38	395.21	Dore	\$46,958.62
742	05-26-89	93.32	271.23	Dore	\$34,245.06
758	06-13-89	80.10	274.50	Dore	\$28,969.62
762	06-20-89	59.52	164.05	Dore	\$21,674.47
777	06-29-89	110.48	322.41	Dore	\$41,391.35
778	07-12-89	49.68	150.19	Dore	\$18,710.67
795	07-18-89	49.66	155.17	Dore	\$18,284.52
810	08-08-89	136.73	397.40	Dore	\$49,890.99
814	08-17-89	85.30	243.75	Dore	\$31,159.60
838	09-06-89	129.89	357.65	Dore	\$46,874.93
846	09-11-89	60.24	156.45	Dore	\$21,384.70
857	09-22-89	114.58	291.36	Dore	\$42,138.99
867	09-29-89	76.40	190.57	Dore	\$27,836.31
872	10-05-89	86.29	217.15	Dore	\$31,196.69
856	10-06-89	25.31	67.72	Slag	\$6,316.91
882	10-20-89	208.59	526.21	Dore	\$76,608.49
888	10-26-89	68.07	180.05	Dore	\$25,206.42
899	11-03-89	50.43	134.58	Dore	\$18,904.10
905	11-06-89	37.25	99.52	Dore	\$13,992.72
906	11-14-89	74.63	198.40	Dore	\$28,848.89
925	11-29-89	79.90	219.72	Dore	\$32,598.79
934	11-30-89	43.88	122.02	Dore	\$17,926.21
941	12-13-89	67.14	194.49	Dore	\$27,650.47
958	01-02-90	61.05	170.54	Dore	\$23,833.31
969	01-04-90	25.45	71.28	Dore	\$9,725.22
1989 Totals		3,204.2	9,410.8		\$1,212,530.17

Collection Note #	Settlement Date	Ounces Gold	Ounces Silver	Material	"Net" to Budge
985	01-17-90	34.78	106.01	Dore	\$13,987.89
1005	02-06-90	14.06	41.88	Dore	\$5,542.82
1020	02-12-90	42.00	129.26	Dore	\$17,328.43
1061	03-02-90	37.29	119.68	Dore	\$14,793.01
1078	03-23-90	32.96	98.76	Dore	\$11,902.08
Totals to March 20, 1990		161.1	495.6		\$63,554.23

Collection Note #	Settlement Date	Ounces Gold	Ounces Silver	Material	"Net" to Budge
540	12-02-88	142.84	469.19	Dore	\$61,524.78
547	12-02-88	11.81	58.17	Precip.	\$4,730.61
570	12-13-88	8.03	24.21	Dore	\$2,944.16
571	12-13-88	106.83	464.84	Precip.	\$44,746.01
1988 Totals		269.5	1,016.4		\$113,945.56

Assumptions: \$380.00 per ounce gold
 30,000 tons reserves

Shipping to Hidalgo @ Playas, New Mexico
 Trucking cost \$30.00 per ton
 Deductions of 0.03 oz/t or 10% whichever is higher
 Grades over 0.5 oz/t, deduct 0.04 or 5%
 Payment on remaining 95%

Shipping to Hayden, Arizona
 Trucking cost \$17.00 per ton
 Deductions of 0.02 oz/t; pay on 96% remaining
 Treatment charge of \$6.00 per ounce
 Crushing and screening costs of \$8.80 per ton

Grade oz/t	NSR from Hidalgo after trucking costs	NSR from Hayden & operating costs	Savings on 30,000 tons after recovery of capital to crush & screen
0.25	\$49.42	\$60.41	\$220,676
0.35	\$83.72	\$96.31	\$268,946
0.45	\$116.21	\$132.22	\$371,366
0.55	\$154.11	\$168.12	\$311,336
0.65	\$190.21	\$204.03	\$305,456

Equipment for crushing and screening plant:

10 x 24 jaw crusher	\$12,000
4 x 10 Secco screen	\$10,000
2 ft. Symons cone crusher	\$22,000
Dust collection	\$4,000
conveyors, bins & feeder from Vulture	\$0

Sub-total \$48,000

Construction \$32,000
 Truck scale \$20,000

Sub-total \$100,000
 Interest @ 16% \$9,000

Total \$109,000

Capital cost per ton \$3.63 based on 30,000 tons

Operating costs based on 2,500 tons per month; 30,000 tons per year

Lease on land @ \$3,000	\$1.20
Power @ \$3,000/month	\$1.20
Labor @ \$6,500/month	\$2.60
Maintenance @ \$100/week	\$0.17
Operating cost per ton	\$5.17
Total Operating & Capital	\$8.81

Recent Montana Drill Results

7/3/9

	<u>Footage</u>	<u>Interval</u>	<u>Av</u> <u>oz/tm</u>	<u>Ag</u> <u>oz/tm</u>
CC 90-5	0-495'	495'	0.00X	0.2X
(-60°) RVC	495-525	30'	Pending	
	525-550	25'	0.015	0.20
	550-575	25'	0.00X	0.0X
	575	End of Hole, still in GBX		

GC 88-2X	300-359	59'	0.031	0.60
(-60°)	325-354	29'	0.037	0.44

Core Ext

GC 88-7X	310-365	55'	0.018	0.21
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(-60°)

Core Ext

Jun

Case:	Tonnage		Grade		Hadew Truckway Cost	Silica Content
	Hild	Hadew	Hild	Hadew		
1	3000	-	0	-	20	89+
2	2000	1000	same	same	20	89
3	2000	1000	40% 0.180	60% 0.540	20	89
4	2000	1000	-	-	20	85
5	2000	1500	40% 0.210	60% 0.420	20	89
6	2000	1000	same	same	17	89
7	2000	1500	same	same	17	89
8	2000	1000	40% 0.180	60% 0.540	17	89
9.				1140 03		89

3000 Ton .38

.12

$$(3000 \times .38) + X(.12) = .30(X + 3000)$$

$$1140 + .12X = .30X + 900$$

$$.18X = 240$$

$$X = 1300$$

~~4333~~ Ton 0.3 = 259,005

3000 Ton .38 = 251,160

~~1333~~ Ton .12 + = - (6,075)

7,845

252,919

May 31, 1990

Dale H. Allen
4301 N. 75th Street
Suite 101
Scottsdale, Arizona, 85712

Dear Mr. Allen:

Enclosed are three unsigned copies of Agreement No. C90004 which provides for A.F. Budge (Mining) Limited to sell and Asarco to purchase approximately 500 tons of siliceous flux to be delivered to Asarco's Hayden, Arizona plant.

If the agreement is written in accordance with your understanding and is otherwise satisfactory, please acknowledge your acceptance by signature on the enclosed contracts. Please return all three contracts to this office.

If you have any questions, please call me at (602)356-7804, Ext. 213.

Yours truly,



Doug Modrow
Technical Services Manager

Enclosures

cc. D. Modrow
File:contracts\AFBUDGE2

AGREEMENT NO. C90004

AGREEMENT NO. C

AGREE 4
356-7105

105 1

A.F. Budge (Mining) Limited, of 4301 h Street Suite 10th Scottsdale, Arizona, 85251, hereinafter called "A.F. Budge," agrees to sell and deliver.....

AND

ASARCO Incorporated, 180 Maiden Lane, New York, New York, 10038, hereinafter called "ASARCO," agrees to purchase and receive.....

1. PRODUCT

Siliceous flux produced by A.F. Budge from properties owned or controlled by A.F. Budge near the townsite of Jerome, Arizona.

2. QUANTITY

One trial lot of approximately 600 tons of siliceous flux material, excess at ASARCO's option.

3. QUALITY AND ANALYSIS

Product shall be crushed and/or screened to 100% minus 10 mesh and shall be of substantially the following analysis:

Cu	0.38
SiO2	greater than 2.0% ⁸⁵
Fe	Less Than 4.0
Al2O3	less than 3%
Au	5 ounces per ton ^{0.3}
Ag	5.5 ounces per ton ^{1.5}

4. SHIPMENT

Shipment shall be completed prior to July 31, 1990.

5. DELIVERY

Freight to be prepaid by A.F. Budge, F.O.B. Asarco's Hayden, Arizona plant (hereinafter "HAYDEN") in open-top self-dumping trucks to a point within the Plant designated by ASARCO.

6. PRICE

The purchase price of the product is the sum of the payments less the sum of the deductions specified below.

7. GOLD

Deduct 0.02 troy ounce per ton of product from the gold assay and pay for 95% of the remaining gold content at the Daily London Final Gold Quotation, as published in Metals Week, averaged for the quotational period, less a deduction of \$6.00 per troy ounce of payable gold.

AGREEMENT NO. C90004

8. SILVER

Deduct 0.50 troy ounce per ton of product from the silver assay and pay 95% of the remaining silver content at the Handy & Harmon New York refined silver quotation, as published in Metals Week, averaged for the quotational period, less a deduction of \$.30 per troy ounce of payable silver.

9. COPPER

Deduct 0.5 units as determined by the wet method from the copper assay and pay 90% of the remaining copper content at the Comex prompt settlement quotation for high grade copper cathode as published in METALS WEEK, currently Comex high grade first position, averaged for the quotational period.

~~1. SILICA~~

~~For each unit of silica in excess of 92% ASARCO shall pay A.F. Budge \$1.00 per unit, fractions in proportion.~~

10. QUOTATIONAL PERIOD

The quotational period for gold silver and copper shall be the calendar month of delivery of product.

No payment will be made for any metal or content except as above specified.

From the total of the above, make the following deductions:

~~11. TREATMENT CHARGE~~

~~A treatment charge equivalent to 1% of the payments for gold, silver, copper and silica will be deducted for the 1st \$50,000 and 5% of the remaining payment value up to 600 Tons 50 ea~~

11. SILICA

For each unit of silica less than ~~92%~~⁸⁵, ASARCO shall debit A.F. Budge \$1.00 per unit, fractions in proportion.

12. ALUMINA

For each unit of alumina in excess of 3.0%, ASARCO shall debit A.F. Budge \$1.00 per unit, fractions in proportion.

13. WEIGHING, SAMPLING AND ASSAYING

(Representative)
Sampling, weighing and moisture determination as done by ASARCO promptly after receipt of product will be accepted as final. After sampling, the product may be placed in process commingled or otherwise disposed of by ASARCO. If assays of ASARCO and A.F. Budge are within limits specified on the next page, settlement assays will be determined by averaging the two results. If the assay comparisons are greater than the above limits, a control sample shall be submitted to umpire.

two assays ASARCO Assay on elect to

AGREEMENT NO. C90004

WEIGHING, SAMPLING AND ASSAYING CONT.

Umpires shall be selected in rotation from a list mutually agreed upon whose assays shall be final if within the limits of the two parties; and, if not, the assays of the party nearer to the umpire shall prevail. Losing party shall pay cost of umpire. In case of A.F. Budge's failure to make or submit assays within 60 days of receiving pulp sample, ASARCO's assays will govern. The splitting limits as shown below shall be subject to change by mutual agreement. Gold and silver assays are to be determined by commercial fire assay method, unadjusted for slag loss and cupel absorption, and umpire assayer's shall be so informed.

SPLITTING LIMITS

- SILICA 2.0%
- ALUMINA 0.5%
- GOLD 0.02 troy oz. per ton
- SILVER 0.2 troy oz. per ton
- COPPER 0.15%

4
1/2. SETTLEMENT

Final settlement shall be on the fifteenth(15th) business day of the calendar month following the date of delivery. In event all necessary information is unavailable, a one hundred per cent (100%) provisional payment will be made on that date based on best available information and final settlement when all information is known.

5
1/2. TAXES

All taxes or other governmental charges, national, state, local or municipal, now or hereafter imposed in respect to or measured by the product purchased hereunder, or the production, extraction, transportation thereof, or of the metals derived therefrom, other than income taxes levied upon ASARCO shall be for the account of A.F. Budge.

6
1/2. FORCE MAJEURE

3
4 Performance of this agreement is subject to any delays caused by strikes or other disabling causes beyond the control of either party.

7
1/2. DEFINITIONS

- A "ton" means a dry short ton, or 2000 dry pounds avoirdupois.
- A "unit" means 1% of a ton or 20 pounds.
- A "calendar month" means a named month in the calendar.
- A "business day" means a named day in the calendar, Saturdays, Sundays, and major holidays excepted.

AGREEMENT NO. C90004

18
m.

SUSPENSION OF QUOTATIONS

In the pricing of product or any metal contained therein, if one or more suspensions of quotations occur for any cause resulting in the absence of the quotation for more than three (3) days during the quotational period specified in this agreement, then the beginning of said period (or the balance thereof if suspension begins during the period) shall be deferred a number of quotational days equal to the number of quotational days occurring during the entire time of suspension, whether before, during or after the said quotational period. When the normal number of quotations for the period specified in this agreement have been thus obtained, such quotation shall be averaged for pricing. One or more suspensions aggregating three (3) days or less during a quotational period shall be disregarded and the remaining quotations shall be averaged for pricing.

SUSPENSION OF QUOTATIONS, CONT.

In case any firm or publication whose quotations are the basis for pricing any metal under this agreement shall go out of business, cease publication, or discontinue publication, or discontinue the making of quotations, then the quotations by such other firm or publication as the parties shall agree upon shall be used.

19
m.

SUCCESSION

This agreement shall bind and inure to the benefit of the parties hereto, their legal representatives, successors and assigns. This agreement shall not be assignable by either party hereto without the written consent of the other. Such consent shall not be unreasonably withheld.

20
m.

Notices

All notices, requests and other communications hereunder shall be in writing and shall be deemed to have been duly given or made when sent by first-class mail, postage prepaid, addressed:

if to ASARCO:

ASARCO Incorporated
P.O. Box 98
Hayden, Arizona 85235
ATTN: Doug Medrow

Copy to:

ASARCO Incorporated
130 Maiden Lane
New York, New York, 10038
ATTN: Vice President, Ore Department

AGREEMENT NO. C90004

NOTICES CONT.

And if to A.F. Budge:

Dale H. Allen
4301 N. 75th Street
Suite 101
Scottsdale, Arizona, 85712

or, in each case, at such other address as may be hereafter or has been designated most recently in writing by the addressee to the addressor.

Any notice given hereunder may be given by telegraph or telex and confirmed by mail in due course in which case such notice shall be deemed or served when sent in telegraphic form.

2/

WAIVER

Waiver of any breach of any provision hereof shall not be deemed to be a waiver of any other provision hereof or of any subsequent breach of such provision.

This agreement shall take effect as a contract made in accordance with and governed by the laws of the State of Arizona and shall come into full force and effect when signed by both parties

for A.F. Budge:

BY DALE H. ALLEN DATE: _____

for ASARCO

By DOUG MODROW DATE _____
Technical Services Manager



MILLSAPS MINERAL SERVICES, INC.

March 8, 1990

Mr. Doug Modrow
Purchasing
ASARCO, Inc
P.O. Box 98
Hayden, Arizona 85235

Dear Doug:

Here is a sample of the minus 10 mesh material from the UVX operation of A.F. Budge Mining Ltd. for you to test for use as flux at the Hayden Smelter.

A.F. Budge Mining, Ltd can furnish up to 2000 tons per month of this material if it is acceptable for your needs.

Mr. Dale Allen of A.F. Budge Mining Ltd and I will be in the vicinity of Hayden on March 22nd and will call on you at 10 A.M. on that day unless we hear otherwise from you.

Mr. Allen can be reached at A.F. Budge Mining, Ltd, 4301 North 75th Street, Scottsdale, Arizona 85251; telephone (801) 945 4630.

Thank you for the opportunity to submit this sample. We are looking forward to establishing a working relationship with ASARCO, provided the conditions are favorable for both.

Very truly Yours,

A handwritten signature in dark ink, appearing to read 'Frank W. Millsaps'. The signature is fluid and cursive, written over the typed name below it.

Frank W. Millsaps



A.F. Budge (Mining) Limited

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

March 21, 1990

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

Arizona Public Service Company
Attention: Mr. Jim Rutledge
Station 3230
P.O. Box 53999
Phoenix, AZ 85072

Dear Mr. Rutledge:

Pursuant to our telephone conversation this morning, we would request an estimate from APS for installation of a power line from the sub-station at Rock Springs to a area just south of town. We are currently negotiating for the use of this land as a possible site for a crushing and screening plant. In addition to the cost of installing the line, we would also like a quote on cost per kilowatt hour. The equipment we anticipate would be used on site include:

7	5 h.p. motors	35 h.p.
2	10 h.p. motors	20 h.p.
2	20 h.p. motors	40 h.p.
1	50 h.p. motor	50 h.p.
1	100 h.p. motor	100 h.p.
1	150 h.p. motor	150 h.p.
Total		395 h.p.

We currently have an account with APS at our mining facility in Jerome, Arizona, account #0418404 0086: UVX RD.

If you have any questions or need any additional information, please do not hesitate to call.

Very truly yours,

Dale H. Allen
Production Manager

*for your comments
Cover letter follows*

May 4, 1970

A.F. Budge (Mining) Ltd U.S.A. is prepared to supply a gold bearing silica flux material delivered by truck to the Cyprus Copper Company Smelter at Inspiration Arizona.

The silica material to be furnished will have the average following characteristic:

Moisture	3 to 3.5%
Silica	87 to 91%
Iron	3 to 3.5%
Copper	0.50%
Gold	0.30 oz/ton
Silver	1.50 oz/ton

All material will pass a 10" square grizzly, with about 50% passing 10 mesh.

We would like to propose the following terms, subject to negotiation.

Deliveries maximum 3500 dry tons per month, deliveries by truck at 27+ tons mine run per truck. Deliveries to be made 6 days per week, if needed.

Payments and Deductions:

Silica: Pay	\$ 1.05 /ton/unit on all over 89% silica
	Deduct \$ 1.05 /ton/unit on all under 85% Silica
Iron	Deduct \$ 1.00 /ton/unit on all over 5% Iron
Copper	Pay for all if over 1.00% at 75% Metal week quotation. No. pay if less than 1.0%
Gold	Deduct 0.015 oz/ton pay for 95% of balance at Handy and Harmon quote on day of receipt
Silver	Deduct 0.20 oz/ton pay 95% of balance at Handy and Harmon quote at day of receipt

Day of Receipt being day Cyprus Copper Company samples lot.

Addition Terms:

Smelter lots to consist of not more than 30 truck loads.

Cyprus Copper Company to pay 90% of settlement 10 days after receipt of material. Balance to be paid 10 days after settlement.

A.F. Budge Mining Ltd to pay all freight on shipments to Cyprus Copper Co.

Cyprus Copper Company to forego any smelting charges on any material which falls within these specified parameters.

A.F. Budge retains rights for representation at the smelter, or other designated location for purpose of observing weighing and sampling of the material. Samples of all lots to be furnished to A. F. Budge regardless of representation.

Splitting differences to be established to the satisfaction of both parties.

Settlements to be at convenience of both parties.

Umpire list to be furnish to A. F. Budge Mining Ltd. by Cyprus Copper Company. for approval by A.F. Budge.



MILLSAPS MINERAL SERVICES, INC.

June 4, 1990

Mr. Brian E. Disbury
Manager Raw Materials
Cyprus Copper Company
9100 East Mineral Circle
Englewood, Colorado 80112

Dear Mr. Disbury:

Thanks for seeing me on May 31, 1990 concerning A.F. Budge Mining Ltd purchasing sulfuric acid from Cyprus Copper Company and selling silica flux material and cement copper to Cyprus Copper Co.

As you suggested I have worked out a proposed smelter schedule for the silica flux material. This is of course negotiable so we would appreciate your reactions to it, and possibly a counter proposal if this is not satisfactory to Cyprus Copper Co.

A.F. Budge is prepared to furnish a sample of the flux material for analysis so that you may evaluate it for your use. If you will let know where to send it I will arrange for you to get it.

A.F. Budge Mining Ltd. is ready to to commence delivery of this silica flux at your convenience.

A.F. Budge Mining Ltd is looking to begin production of cement copper during the last quarter of 1991, or the first quarter of 1992. As the date of production becomes more definite I will keep you informed as to when acid will be required and cement copper will be produced.

On behalf of A.F. Budge Mining Ltd I want to thank you for your interest.

Very truly yours,

Frank W. Millsaps

copy: A.F. Budge Mining Ltd.