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PROGRESS REPORT

MC MORRIS MINE AND RICHMOND BASIN AREAS

GLOBE, ARIZONA

GILA COUNTY

INTRODUCTION

This report summarizes the results of a 21 day fieldwork from May 10 to May 31, 1987, which included geologic reconnaissance, sampling, sampling, claim staking, drilling and records research. Also included is a section on recommended future work, and a summary of pre feasibility engineering work done by Dan White, a consulting professional engineer.

LOCATION

The Richmond Basin Area is approximately 10 miles north of the town of Globe, Arizona, in Gila County. The area can be reached via US Highway 60 to Claypool then 12 miles on State Highway 88, then to Horseshoe Bend Wash for 2 miles, then on to Wood Springs for 7 miles to Richmond Basin. The area is in sections 2,3,10 & 11 Township 2 North, Range 15½ E.

HISTORICAL BACKGROUND

The mining history of the area is well described in the reports of Dan White and J. Bosley, which are enclosed.

OWNERSHIP/CLAIM STATUS

Forty three (43) lode mining claims are currently held by Charles Claycomb. A map showing the claims are enclosed in the appendix. Additional data are also included.

GEOLOGY/SAMPLING/DRILLING

The general geology of the area is discussed fully in the enclosed May 5, 1987 report by James Bosley. Fig. 8 shows the surface geology between the Mc Morris and La Plata shaft area. This depicts the surface out crop of the main vein and it also

shows the location of the drill holes. Surface rock samples showed assays which are not ore grade.

The Ona vein (see Figs. 8,9,10 and 11) is the eastern-most outcrop of the main veiw. An adit has been driven along it for 115 ft. Sampling in this vein at 5 ft. intervals shows gold values ranging from Trace to a high of 0.020 oz/ton (Fig. 10). Silver assays are all below 1 oz/ton (Fig. 11).

Fig. 12 shows the sampling at the 100 ft. level of the Mc Morris Mine. Gold values range from trace (less than 0.002) to 0.012 oz/ton (Fig. 13). Silver showed very encouraging values up to 45.10 oz/ton (Fig. 14) and suggests that at least 30% of the drift is mineralized with silver.

Fig. 15 shows the sampling at all accessible places in the 200 ft. level of the Mc Morris Mine. Gold values (Fig. 16) in the 0.011 to 0.106 oz/ton range seems to occur east of the Mc Morris Shaft. Access farther to the east is blocked by a long caved in area. Previous workers (Mike Komula and Ron Murphy) say that very high grade ore is found behind and 30 feet east of this blocked area. Silver values shows some kind of erratic distribution but is generally found east of the shaft. Silver values ranging from 3.60 to 88.80 oz/ton are shown in Fig. 17. There is a noticeable affinity of the gold and silver. The gold "highs" are approximately at the same location as the silver "highs".

Drilling (Figs. 18,19,20,21, and 22) in the area totalled 500 ft. and is concentrated in the Mc Morris La Plata area. The drilling was done using an air trac rock drill which was not effective for the purpose of sampling shear zone and vein materials. The gold and silver values are shown in figs. 18 through 22. No ore grade gold/silver values are encountered.

AREAS OF INTEREST (Figs. 23, 24)

The general areas of interest in the Richmond Basin are divided into the following:

1. Mc Morris-La Plata Area
   Abundant high grade silver production from a vein that is at least 1500 ft. long. Ore was mined from the 100 to the 500 ft. level. Appreciable amount of gold presumably occurs with the mined ore.

2. Flat Mesa Area
   Numerous prospect pits exists. Assays from these workings show silver values from 2.35 oz/ton. One sample showed

detectable gold at 0.004 oz/ton. Silver appears to be on the flat lying schists, sandstones, conglomerates, and quartzite which in the area generally outcrops on the surface and exists up to 60 ft. below the surface. The area SE of the Flat Mesa has not been sampled but appears to be in the same geologic environment.

3. Windwill Area

Several flat lying mineralized zones have been observed here. Samples show assays in the range of 0.05 to 6.30 oz/ton silver and gold high of 0.031 oz/ton.

4. Persistance

A flat lying zone approximately 1 ft. thick was sampled here. Although the assays showed significant copper, very little gold and silver (0.006 oz/ton gold and 2.00 oz/ton silver) was detected.

5. Intersect Area

A flat lying zone (1 ft. thick) showed very good gold values from 0.008 to 0.283 oz/ton.

6. Phoenix Area

This area is west of the Intersect Area. It is reported that high grade silver has been mined in a North South structure. Gold is also reported to be present with the silver.

CONCLUSIONS

1. The Mc Morris La Plata Area is a very attractive exploration target. Of the exposed length of 1500 ft., no more than 700 ft. has been explored or mined. Past mining activities has been confined in the 100 to 500 ft. .evel. The potential for high grade silver ore exists below 500 ft. and the existence of 7 to 100 oz/ton Ag ore in the upper 500 ft. is highly probable.

2. The Flat Mesa Area and Intersect Area shows possible potential for an open pit gold/silver mine. Gold and silver are found from surface to 50 ft. below surface. The tonnage potential is very great considering the abundant and widespread occurence.

3. Some mine dumps showed sufficient silver values for possible leaching operations that can be started immediately.

4. Attractive gold and silver assays in the Windwill Area shows possible extension to the NW, NE and SE.

RECOMMENDATION

The following exploration/development program is recommended:

Proposed Exploration Program
Phase I

A. Geologic Mapping and Sampling

The main objective of this is to determine the geology extent, depth and grade mineralization. Additional prospective grounds will also be covered. Ultimately, data from this work will guide the drilling program.

1.	Mc Morris Mine Area Surface: 6 days @ $300/day ($1,800.00) Underground: 6 days @ $300/day ($1,800.00)	$3,600.00	
2.	Flat Mesa Area 9 days @ $300/day	$2,700.00	
3.	Cherry Area 5 days @ $300/day	$1,500.00	
4.	Windmill Area 4 days @ $300/day	$1,200.00	
5.	Immediate Adjoining Areas 12 days @ $300/day	$3,600.00	
	Total for Geologic Mapping and Sampling		$12,600.00

B. Preliminary Bulk Sampling and Metallurgical Test $5,000.00

This sub phase of the program will include bulk samples (50 lbs to 300 lbs) from the at least 4 different ore zones in the project area. Data from this will determine the most efficient metallurgical processes that will be used to extract the silver/gold and other metal from the ore.

C. Topographic Mapping 10 days @ $500/day $5,000.00

A base map will ultimately result in this sub-phase. The base map will be used in detail geology and preliminary estimation of ore reserves.

D. Assaying 300 samples @ $12/sample $3,600.00

E. Drilling $100,000.00

1. Mc Morris Mine area 10 diamond drill holes total footage 2,000 @ $50/ft.

Ten diamond drill holes is programmed to test 1,400 ft. of the 2,800 ft. strike length, where the Mc Morris and the La Plata shaft are located. The drilling program will also attempt to test grade and continuity below the 200 ft. level.

2. Flat Mesa Area 40 shallow reserve circulation drill holes at 100 ft. depth each, 4,000 ft total depth @ $10/ft. $40,000.00

Mineralization at the Flat Mesa Area is observed from the surface to a depth of 80 ft. These shallow reverse circulation drill holes will test the grade and lateral and vertical extent of mineralization.

3. Other areas (Intersect, Windmill and Adjoining areas) 10 drill holes @ 200 ft. each $20,000.00

Total for drilling $160,000.00

F. Underground Rehabilitation

1. Dewatering the Mc Morris shaft to the 300 ft. level, 200 ft. @ $50/ft $10,000.00

2. Rehabilitation of the 200 ft and 300 ft levels, clearing/timbering collapsed stoped area to the east and to the west of the McMorris Shaft, 200 ft @ $125/ft. $25,000.00

Total for Underground Rehabilitation $35,000.00

G. Permits/Forestry Cash Bonds $15,000.00

H. Supervision/Drill Logging 30 days 8,000.00

I. Others

1. Option payment to Bill Russel prior to drilling $15,000.00

2. Field Camp/Office and Maintenance $3,000.00

3. Field Equipment/Supplies $3,000.00

4. Mining Consultants 5 days $2,500.00

5. Metallurgical consultants 5 days $2,500.00

Total for other Expenses $16,000.00

TOTAL FOR PROPOSED EXPLORATION PROGRAM (PHASE I) $260,200.00

ORE POTENTIAL IN THE JOPACH CLAIM GROUP (JOPACH 1-43)
RICHMOND BASIN AREA
GILA COUNTY, ARIZONA

BULK LOW GRADE AREAS

Assume:
1. 40% correction factor for discontinuity grade discrepancy and variation
2. Average grade: 5 oz/ton Ag and 0.006 oz/ton Au
3. Ag value is $7/oz; Au value is $450/oz

FLAT MESA AREA

167,800,000 Cu ft. or 14,000,000 tons of ore

Assume:
Same as above (after 40% is applied)

Tonnage potential is 8,400,000 tons

Ag potential is:	42,000,000 oz or	$294 million
Au potential is:	50,400 oz or	$ 22.6 million
		$316.60 million

BULK LOW GRADE POTENTIAL $316.60 million

FLAT "VEINS"

Assumptions:
1. Tonnage factor = 12 cu ft/t
2. Correction factor 40%
3. Average grade: Au = 0.200 oz/t; Ag = 1.0 oz/t
4. Value of Au = $450/oz: Ag = $7/oz

I. CHERRY AREA

1200' X 4500' X 2' 10,800,000 cu ft or 900,000 t

Au potential = 180,000 oz or $81.0 million
Ag potential = 900,000 oz or $ 6.3 million
TOTAL $87.3 million

II. WINDMILL AREA

1000' X 1100" X 2" 6,000,000 cu ft or 500,000 t

Same assumptions as above

Au potential = 100,000 oz or $45 million
Ag potential = 500,000 oz or $ 3.5 million
TOTAL $48.5 million

TOTAL FLAT 'VEINS" = $135.8 million

MC MORRIS AREA
High grade vein systems

2800' X 500' X 5' 7,000,000 cu ft or 600,000 t

Assume:

1. Correction factors
   mined out = 20%
   dilution = 5%
   others = 20%
   45%
2. Tonnage factor = 12 cu ft/t
3. Average grade shear zone: Ag = 10oz/t
   Au = 0
4. Average grade high grade Bonanza zone:
   Ag = 100 oz/t
   Au = 0.01 oz/t
5. High grade Bonanza is in 5% of length
6. Shear zone ore is 95% of length
7. Mineralization extends to 500 ft depth

After correction factor of 45% is applied:

Tonnage potential is 330,000 tons
High grade zone (100 oz/t Ag; 0.01 oz/t Au)
5% of 330,000 tons = 16,500 tons
Ag = 1,650, 000 oz or $11.5 million
Au = 3300 oz or $ 1.5 million
$13.0 million

Shear zone (10 oz/ton Ag; no gold)
95% of 330,000 = 313,500 tons
Ag = 3,135,000 oz or $21.9
Au = nil

TOTAL MC MORRIS $34.9 million

PRESENT POTENTIAL JOPACH CLAIM GROUP $487.3 MILLION

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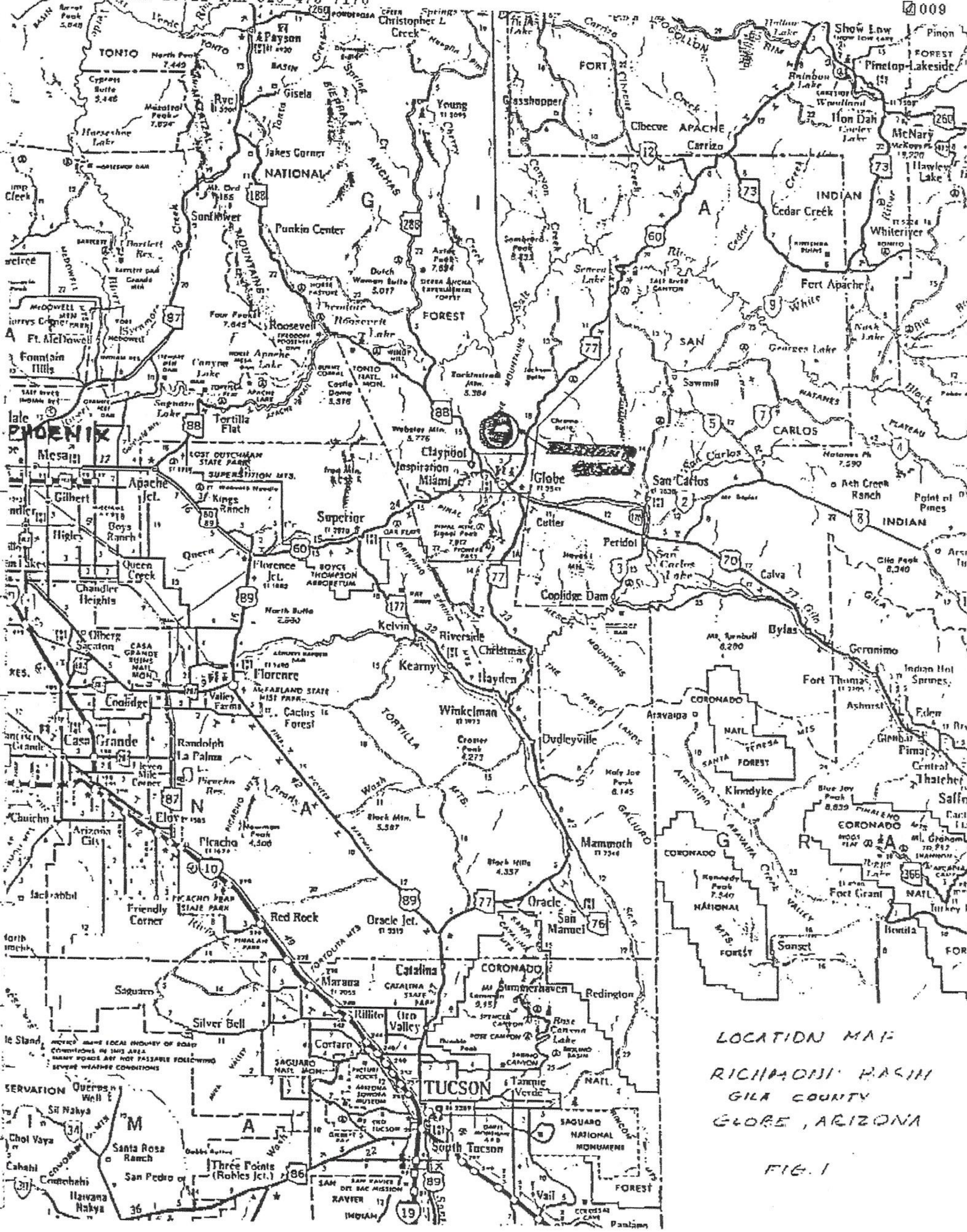

LOCATION MAP
RICHMOND BASIN
GILA COUNTY
GLOBE, ARIZONA

FIG. 1