



CONTACT INFORMATION

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Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 10-25-2006

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: CARRY NATIONS GOLD MINES

ALTERNATE NAMES:
CHASTAIN

LA PAZ COUNTY MILS NUMBER: 227

LOCATION: TOWNSHIP 5 N RANGE 12 W SECTION 28 QUARTER C
LATITUDE: N 33DEG 44MIN 46SEC LONGITUDE: W 113DEG 30MIN 56SEC
TOPO MAP NAME: HOPE - 15 MIN

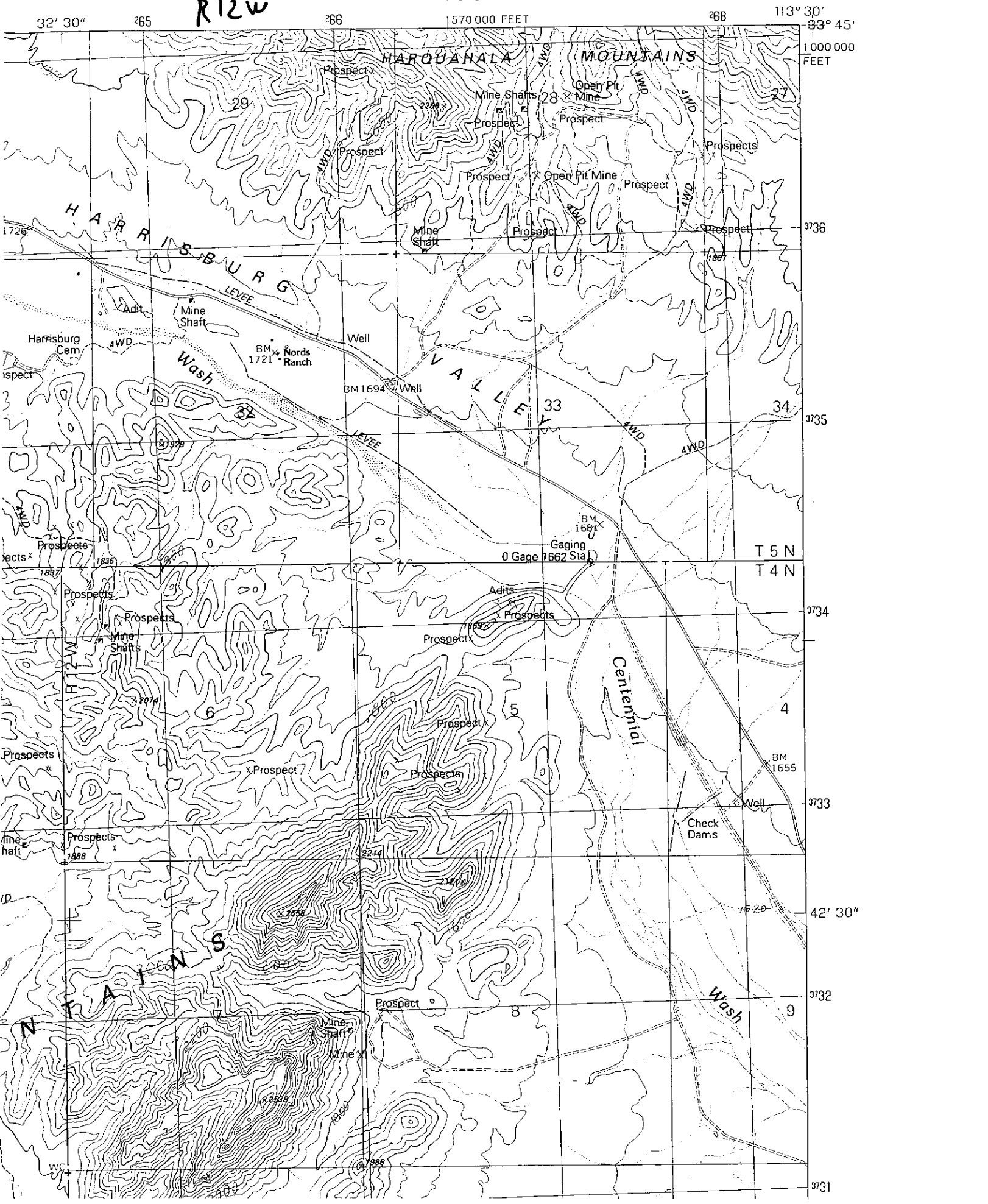
CURRENT STATUS: PAST PRODUCER

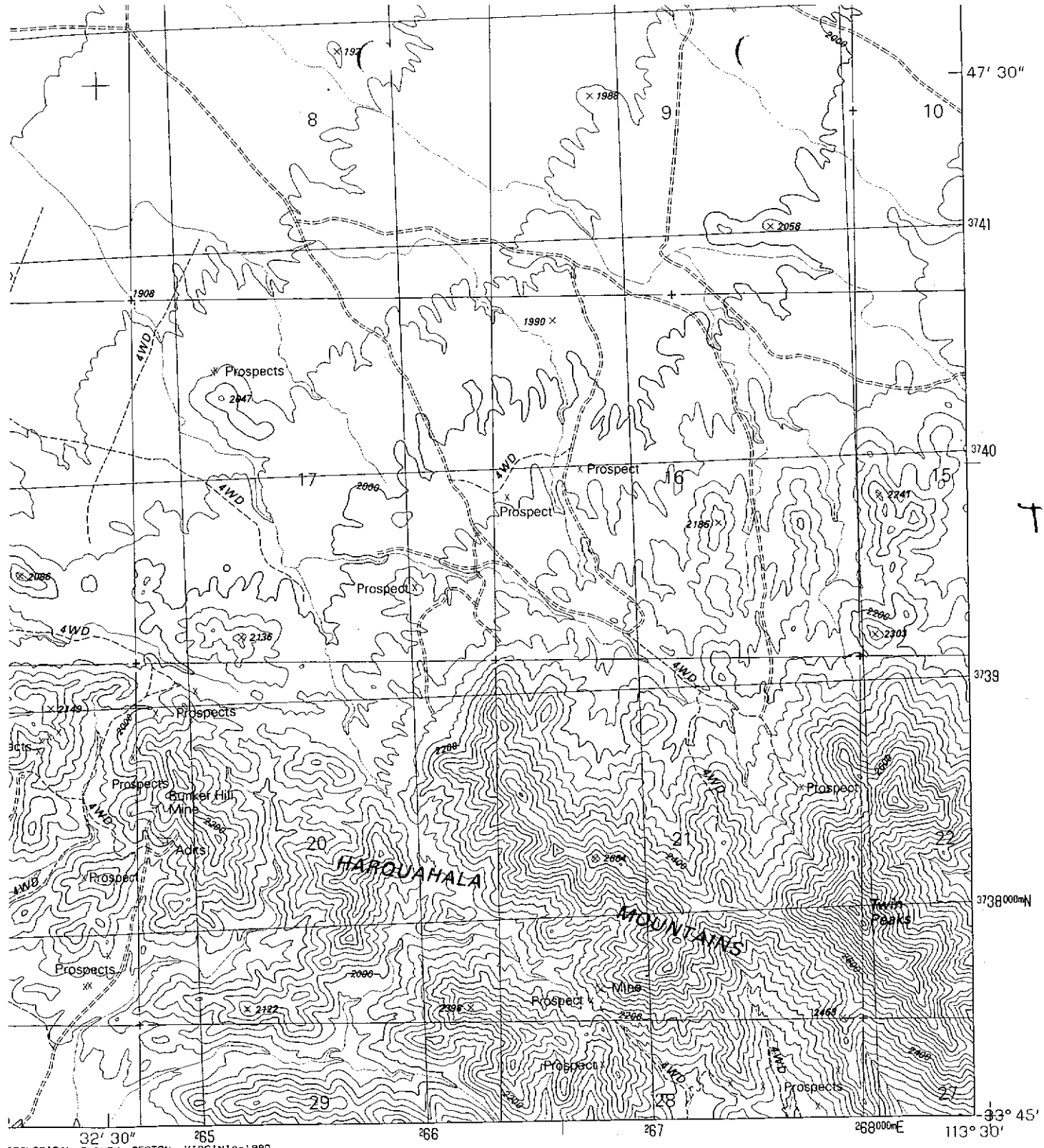
COMMODITY:
GOLD LODE
SILVER

BIBLIOGRAPHY:
AZBM FILE DATA
ADMMR CARRY NATIONS GOLD FILE

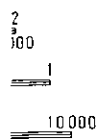
HARRISBURG VALLEY QUADRANGLE
ARIZONA-LA AZ CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)

R12W





GEOLOGICAL SURVEY, RESTON, VIRGINIA-1990



QUADRANGLE LOCATION

R 12 W

ROAD LEGEND

- Improved Road
- Unimproved Road
- Trail

- Interstate Route
- U.S. Route
- State Route

1	2	3	1 Harcuvar Peak
			2 Cunningham Pass
			3 Webber Canyon
4		5	4 Harcuvar
			5 Socorro Peak
			6 Hope
6	7	8	7 Harrisburg Valley
			8 Socorro Mine

ADJOINING 7.5' QUADRANGLE NAMES

SALOME, ARIZONA
PROVISIONAL EDITION 1990

33113-G5-TF-024

INDEX OF MINING PROPERTIES IN YUMA COUNTY, ARIZONA

by Stanton B. Keith · Geologist



Bulletin 192 · 1978



State of Arizona
Bureau of Geology and Mineral Technology
Geological Survey Branch

The University of Arizona
Tucson

INDEX OF MINING PROPERTIES IN YUMA COUNTY, ARIZONA

Bulletin 192

cambrian schist with some local chert-banded limestone in a band along the north side of the range. The schist has been sheared, faulted, and intruded by numerous andesitic to granitic dikes as well as some more massive granitic bodies. In one area, cherty limestone with minor sandstone overlies the schist and shows minor faulting and tilting as well as some andesite dikes. Capping these formations to the south is a thick series of andesitic to basaltic lavas and tuffs. In his reconnaissance mapping for the Geologic Map of Yuma County (1960), also used for the 1969 Geologic Map of Arizona, Wilson considered the sediments to be Laramide and the volcanics as Cretaceous. More recent radiometric age dating of the volcanics near Clanton's Well show them to be middle Tertiary.

The mineralization of the district occurs in gold-bearing quartz, in fissure veins or silicified zones in the schist or granite, and as spotty, partly oxidized lead-fluorite-quartz veins in a fault zone in calcareous and cherty schist. Oxidization apparently has been strong and deep, concentrating the gold values near the surface and developing strong showings of iron oxide in the veins. Minor copper oxides, carbonates, and silicates often occur in the iron oxides. Although some very minor amounts of gold may have been recovered from the district, none has been reported or estimated.

Although the known mineralization in the Gila Bend Mountains in Yuma County does not suggest the occurrence of economic deposits, the district does lie along the edge of a strong northwest structural trend containing mineral occurrences of base and precious metals. Careful geologic investigations might reveal possible loci of hidden deposits in this area.

Harquahala Mining District

The Harquahala mining district covers the Harquahala and Little Harquahala Mountains of northeastern Yuma County (Figure 9). The district extends into Maricopa County, but only that part within Yuma County is covered in this bulletin. In the past, the Harquahala district was included in the Ellsworth district. The names of the two ranges come from a Mohave Indian word, "Ah-ha-quahala" which means "running water," but the larger range was originally called "Penhatchaipet" from a spring of that name on the south slope. Various spellings of Harquahala have been used in the past and for a long time the name was divided into two words rather than combined into one.

The Harquahala Mountains are a prominent, compact, and massive northeast-trending range with a steep, relatively even northern slope and a less steep and more deeply canyon-incised and irregular southern side. The crest is somewhat rounded with the highest point, Harquahala Mountain, 5,681 feet in elevation, near the center of the range near the boundary between Yuma and Maricopa Counties. The Little Harquahala Mountains are more subdued and consist of a broken collection of roughly northwest-aligned irregular

peaks and hills at the junction of the Granite Wash Mountains to the north and the Harquahala Mountains to the east. The Little Harquahala Mountains are separated from the other two ranges by Granite Wash Pass and Harrisburg Valley respectively. Extensive pediments extend outward from both the Harquahala and Little Harquahala Mountains.

The geology of the two ranges is very complex and as yet not well defined. Except for local areas, the presently available geologic maps result from reconnaissance mapping which may be modified considerably by more detail studies. Lee (1908) noted that the rocks near Harrisburg, between the two ranges, consisted "of a crystalline complex underlying and to some extent including masses of quartzite, argillite, and metamorphic limestone. A few miles south of Harrisburg, where these sediments were examined most closely, the strata stand nearly vertical." However, he evidently considered the formations as Precambrian. Bancroft (1911) noted that sedimentary strata made up a large portion of the Little Harquahala Mountains. These included quartzite, limestone, shale, and dolomite on top of a basal granite. He apparently considered the metamorphosed sediments as Precambrian and the granite as possibly Mesozoic. Similarly, in his brief examination of mines at the western end of the Harquahala Mountains, he noted basal gneiss and granitic rocks overlain by schists, quartzites, limestone, and intercalated argillites and schists which he considered as undifferentiated Precambrian on his reconnaissance map. Ross (1923), however, distinguished three different series of metamorphic rocks of which he believed the granitic gneiss and overlying calcareous quartz-mica schists and quartzite as Precambrian while the limestone and other metamorphosed sedimentary beds could be Paleozoic. He followed Bancroft's classification of the formations in the Little Harquahala Mountains. Darton (1925) found Carboniferous fossils in the limestone in both ranges and thus proved the presence of metamorphosed Paleozoic rocks mixed in with largely crystalline rocks of probable Precambrian age. His reconnaissance mapping of the ranges was shown on the 1924 Geologic Map of Arizona. Wilson further defined the geology of the ranges in his reconnaissance mapping for the Geologic Map of Yuma County (1960), as also shown on the 1969 Geologic Map of Arizona. He noted a large area of Mesozoic schist in the central part of the Little Harquahala Mountains with Mesozoic sediments to the west and a northeast-striking, folded and tilted band of Paleozoic sediments and intrusive Mesozoic granite to the southeast. However, as more recent investigators have found, the formations have been complexly folded, faulted, and intruded. The granitic rocks of the Granite Wash area have been radiometrically dated as Laramide and the other intrusives may also be of that age. In the Harquahala Mountains, Wilson showed complex thrust-faulting of undifferentiated Paleozoic-Mesozoic metamorphosed sediments and Precambrian schist and gneiss. Recent detail geologic investigation and mapping by Varga (1976) in the western end of the range

added additional information on the geologic formations and structure. Varga presents a very complicated structural picture of folding, faulting, and intrusion. He concluded that the granite intrusion postdated the formation of the gneiss, that the granitic intrusion occurred in a sill-like body along the Precambrian-Paleozoic boundary, and that this interface also was the plane along which gravity gliding, rather than thrusting, occurred prior to the granitic intrusion. Lack of radiometric dating of the intrusive makes uncertain a definite time sequence. Varga favors a mid-Tertiary deformation period. He found strong right-lateral faulting and high- and low-angle normal and reverse faults which complicated the geologic setting and made formational correlations difficult. A clear determination of the geology and structural events in this district will await more detail local and regional investigations.

The mineralization in the Harquahala district is varied and complex. Gold, silver, copper, lead, and zinc occur in pockety deposits, large and small, usually associated with iron oxides and gypsum where oxidized, and with auriferous pyrite in depth. Often the deposits occur in brecciated, lenticular quartz and jasper veins along shear zones and faults. The host rocks may be any of the Precambrian, Paleozoic, or Mesozoic rocks. Closely associated are diabase and aplite or quartz dikes and the source of the mineralization is believed to be the granitic intrusive. Spotty tungsten mineralization is associated with some discontinuous quartz veins and lenses in gneiss and limestone in scattered localities. Seams and irregular replacement bodies of mixed manganese and iron oxides occur locally in the metamorphosed sediments. The most prominent ore deposits, at the Bonanza (Harquahala) and Gold Eagle mines, occur in strongly deformed and faulted metamorphosed Paleozoic sediments intruded by an elongated body of quartz monzonite. The rich, high-grade, but pockety shoots of gold ore in the oxidized zone give way to auriferous pyrite with some base metal sulfides in fracture zones in depth. The weathering and erosion of these deposits created gold placers in the gulches of the Little Harquahala Mountains close to the deposits. Titaniferous magnetite sands have been explored on the western peneplain of the Little Harquahala Mountains (T. 4 N., R. 14 W.) but have not been exploited (Harer, 1964), and marble and quartzite have been quarried intermittently for many years from the Paleozoic metamorphosed beds in the Harquahala Mountains.

Both ranges in the Harquahala district have been prospected since at least the 1880s, producing numerous small workings and a few moderate- to large-scale mines. The Bonanza or Harquahala and the Golden Eagle mines in the Little Harquahala Mountains, discovered in November, 1883, have accounted for some 94 percent of the total tonnage output of the district. The Bonanza Mining Company rapidly developed and mined the spectacular rich gold ore found near the surface and reportedly produced some \$1.6 million in bullion between 1891 and early 1893 when the property was sold to a British

syndicate for \$1.25 million. However, the new company, the Harqua Hala Gold Mining Company, only recouped about one-tenth of the purchase price as the ore values were mined out by 1895 and subsequent lessees and operators failed to find any substantial additional amounts of economic mine ore. Since that time the metal production from those properties has resulted mainly from the reworking of the stope fill, dump, and tailings of the earlier operations. Only a few of the other scattered mining operations intermittently produced over one hundred tons of ore containing precious and base metals. The tungsten and manganese production was related to government stock-pile buying in the 1950s.

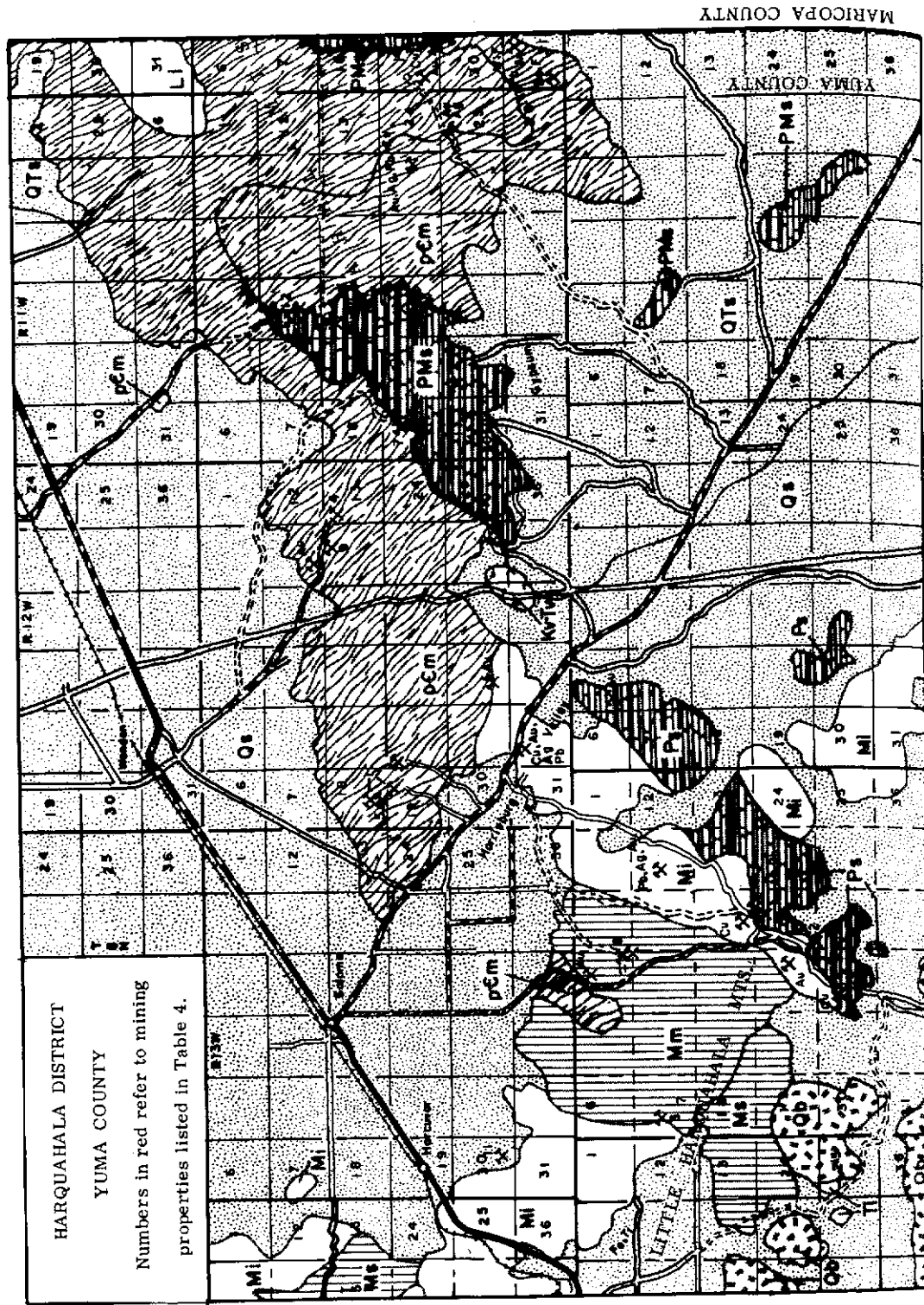
The estimated and recorded production of base and precious metal ore from the lode mines of the Harquahala district through 1974 would be some 160,000 tons containing about 129,915 ounces of gold, 89,401 ounces of silver, 60 tons of lead, and 45 tons of copper. Placer production is estimated at 1,148 ounces of gold with some 100 ounces of silver, mostly prior to 1900. The total value of base and precious metal production would be about \$2,846,000. About 1,100 short ton units of tungsten oxide and a few lots of sorted 20% manganese oxide were produced during the time of premium prices in the 1950s. The total production of marble, mostly crushed, is not recorded but would be substantial.

Superficially at least, the Harquahala district appears to be well mineralized but except locally, the geology and mineralization have not been studied in detail. The district lies within a wide, northwest-southeast favorable zone of copper-gold mineralization with strong northwest-striking faulting, and probable Caramide to mid-Tertiary granitic intrusions into the Paleozoic and Mesozoic formations. Possible hidden ore bodies could occur. The district should receive detail examination for economic mineral deposits.

Kofa Mining District

The Kofa mining district lies in the southern part of the Kofa Mountains of central Yuma County (Figure 4). The name was derived from the contraction of "King of Arizona," the name of the most prominent and famous gold mine in the district. The mountains were earlier, and locally still are, called the S. H. Mountains, the initials reportedly being derived from various names such as Short Horn (Blake, 1893), Stone House (Darton, 1925) and another more vulgar name attributed to early soldiers or prospectors to whom the small peaks behind the larger spires resembled outhouses (Barnes, 1935). All government maps now use Kofa as the official name of the range.

The southern Kofa Mountains consist of a deeply and irregularly grooved, slightly sloping, mesa-like block with small flat-topped mesas, jagged spires, and other odd erosional forms. The western and southern edges present sharp, steep slopes while to the east, the topography is more subdued but still rugged. Numerous canyons and washes radiate out of the mountains on long,



HARQUAHALA DISTRICT

YUMA COUNTY

Numbers in red refer to mining properties listed in Table 4.

MARICOPA COUNTY

YUMA COUNTY

Taft mine and Little Jane prospect - T2S, R11W, SW 1/4 sec. 11; Lucky Strike prospect - T2S, R11W, N cen. sec. 12; and Camp Creek prospect - T2S, R11W, W cen. sec. 1.

2. Irregular bunches of galena, partly oxidized to anglesite and cerussite, with fluorite and quartz, and minor wulfenite and lead oxide, in fractures in a fault zone cutting Precambrian schist with chert bands.

1. Pockety and irregular deposits containing gold with variable amounts of silver, copper, lead, and zinc, associated with iron oxides and gypsum where oxidized and auriferous pyrite in depth, in brecciated, lenticular, quartz-jasper veins along faults and shear zones cutting tilted, folded, and faulted Paleozoic and possibly Mesozoic and Precambrian metamorphosed formations. Intrusions of Laramide granitic bodies and aplitic and more basic dikes. Strong deformation.

2. Spotty, and mostly minor, tungsten mineralization associated with discontinuous quartz lenses and veins in altered granite and metamorphosed rocks.

3. Gold placer deposits, mainly in gulches in the Little Harquahala Mountains near the Bonanza (Harquahala) mine.

4. Seams and irregular replacement bodies of manganese oxides, often associated with iron oxides, along fracture zones in metamorphosed Paleozoic or Mesozoic limestone.

5. Titaniferous magnetite sand in alluvium on southwest peneplain of Little Harquahala Mountains (T4N, R14W).

6. Marble and quartzite deposits in metamorphosed Paleozoic formations.

7. An irregular, lensing, white, crystalline bed, 1 - 12 feet thick, of gypsum in folded Permian (?) limestone (SW 1/4 T5N, R11W).

XI. Harquahala District (Harquahala and Little Harquahala Mountains) Figure 9

Au, Ag, Pb, Cu, W, Fe, Mn, Zn, Ti, Gypsum, Marble, Quartzite

4N- 10W- ---
5N 13W

Bancroft, 1911, p. 104-115
Wilson, 1934 (rev. 1967), p. 123-133; 1961, p. 32
Farnham & Stewart, 1958, p. 83-84
Dale, 1959, p. 3-11
Harrer, 1964, p. 137
Townsend, 1962, p. 18
Funnell & Wolfe, 1964, p. 13
ABM Bull. 180, 1969, p. 37
Varga, 1976
ABM file data

Numerous large to small mines and prospects worked from shafts, tunnels, adits, and open cuts. Operations date back to 1880's and continued intermittently to recent times. Total estimated and recorded production of precious and base metals would be some 160,000 tons of ore containing about 130,582 ounces of gold, 89,500 ounces of silver, 45 tons of copper, 61 tons of lead and minor zinc. About 615 ounces of placer gold with some silver was produced, mostly prior to 1900. Some 1100 short ton units of tungsten oxide has been reported shipped from the district as well as a few lots of sorted 20% manganese ore. For many years marble and quartzite, mainly for crushed stone, has been quarried. The titaniferous magnetite sand has not been exploited. Some gypsum produced for agricultural use.



Arizona Department of Mines and Mineral Resources

1502 West Washington, Phoenix, AZ 85007 Phone (602) 255-3795
1-800-446-4259 in Arizona FAX (602) 255-3777 www.admmr.state.az.us

June 15, 2006

Ralph Costa, Mining Engineer
Arizona State Office
Bureau of Land Management
Dept. of Interior
1 North Central Avenue
Phoenix, AZ 85004

Dear Mr. Costa:

Re: Examination of Salome area mining claims

The Arizona Department of Mines and Mineral Resources requests the opportunity to be present during the validity examination to be conducted by Bureau of Land Management of mining claims in the area of T5N, R12W Sec 28. The Department would like to be able to participate in the observation and collection of data including the taking of samples from the claim area.

This request is made in accordance with our statutory responsibilities to take surveys of potential economic mineral resources and conduct field and other investigations which may interest capital in the development of the Arizona's mineral resources. And also, to assist federal, state and local governmental agencies . . . in matters relating to the identification, exploration and development of mineral resources in this state.

If this request is granted I will be the designated participant for ADMMR. If I am unable to participate due to a conflict in schedule, Madan Singh, Director of ADMMR will be the designated alternate. To avoid such schedule conflicts ADMMR would appreciate notification at your earliest convenience of date(s) proposed for the examination.

Thank you for your consideration in this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nyal J. Niemuth".

Nyal J. Niemuth
Registered Geologist #28253



Arizona Department of Mines and Mineral Resources

1502 West Washington, Phoenix, AZ 85007 Phone (602) 255-3795
1-800-446-4259 in Arizona FAX (602) 255-3777 www.admmr.state.az.us

May 31, 2006

re: Chastain and other mineral properties of International Energy and Resources (IER Inc.) and subsidiary, U.S. American Resources Inc. (USAR) of Dallas, TX.

IER claims the 102 claims covering the Chastain property have:

A 0.40 ounce per ton average

Resources valued at \$1.4 billion

100 M tons mineable resource containing recoverable 12,726,000 ounces gold (Property 1 from www.usarinc.com)

560,000 ounce of gold reserve plus a 600,000 ounces inferred resource

2.5 million ounces of gold in sulfide reserves identified by other companies' exploration

IER claims 4 additional properties identified as:

#2 with mineable resources totaling 30,000,000 tons containing recoverable 3,510,000 ounces gold

#3 with mineable resources totaling 20,000,000 tons containing recoverable 2,800,000 ounces gold

#4 with 10,000 feet of exploration holes

#5 with estimated 300,000 ounces gold

The number of ounces of gold reported by IER is very surprising and difficult to accept by comparison to historic data. This is especially problematic for a well explored terrain with a significant mining history such as Arizona's. Cumulative gold production for the state of Arizona from gold lode and placer mines plus that recovered as a byproduct from silver and/or base metal mines from the late 1800s through the present is approximately 16 million troy ounces.

IER states production is planned for 2005 and 2006 without disclosing the lack of operating permits or the years typically required to obtain them. Similarly, a lengthy process is required for approval of an Environmental Impact Statement for a major mining project.

The number of drill holes and the resulting number of samples required to define deposits measuring in the millions of tons is voluminous. The engineering effort associated with such a project requires significant work of many geologists, mining engineers, metallurgists, assayers, drill contractors, equipment suppliers, etc. The resulting data and maps generated would result in a large volume of technical reports and economic studies. In contrast to that, the offering documents I have seen provide two maps showing only proposed drill locations for a limited area and approximately 50 sample locations that report no sample widths and values without units. My requests to examine data that would corroborate the reserves and projections made by IER for these properties have been unsuccessful. These requests have been made both to John Owens CEO of the company and also to their counsel Ryley, Carlock and Applewhite.

My testimony will be supplemented following a field visit to the Chastain property during the Bureau of Land Management's validity examination of the property.

I have been working as a geologist in Arizona for 25 plus years. I have knowledge of the geology and metallic mineral districts of the Harquahala Mountains. I am also familiar with the sand and gravel and crushed stone operations in the state and the general conditions of the markets and related issues for industrial minerals.

I have knowledge of the laws and regulations that govern the acquisition and maintenance of mineral rights on Federal and State of Arizona lands. I am familiar with the documents and field practices used to acquire and maintain federal mining claims. I am able to examine associated documents for their compliance with these requirements. I am familiar with environmental and regulatory permitting requirements and associated agencies in Arizona.

Nyal Niemuth
Arizona Registered Geologist #28253



LAUREN FINEST OF
BOB WINGGERS
ARLY RICHAN
SCOTTSDALE, AZ
SOLICITED BY LER
ABOUT 1 YR AGO
~ OCT 23, 2004



Arizona Department of Mines and Mineral Resources

1502 West Washington, Phoenix, AZ 85007 Phone (602) 255-3795
1-800-446-4259 in Arizona FAX (602) 255-3777 www.admmr.state.az.us

25 October 2005

VIA FACSIMILE AND US MAIL

Ms. Nancy S. Hawkins
Ryley Carlock & Applewhite
One North Central Avenue
Suite 1200
Phoenix, AZ 85004

Subject: Public Records Request Pursuant to A. R. S. Section 39-121 *et seq.*

Dear Ms. Hawkins:

There is only one document in the Department's files that is responsive to your October 13th public records request. That document is dated October 17, 1997 and contains notes taken during a meeting with Assistant Attorney General, Joseph Mikitish, counsel for the Department. The document is, therefore, protected by attorney-client privilege.

Sincerely,

Madan M. Singh, Ph.D., P.E.
Director

cc: Nyal Niemuth



ATTORNEYS

Ryley Carlock & Applewhite

A PROFESSIONAL ASSOCIATION

Nancy S. Hawkins
Direct Line: 602-440-4855
Direct Fax: 602-257-6955
E-mail: nhawkins@rcalaw.com

One North Central Avenue, Suite 1200
Phoenix, Arizona 85004
Telephone 602-258-7701
Facsimile 602-257-9582

Offices in:
Phoenix, Arizona
Denver, Colorado
www.rcalaw.com

October 13, 2005

VIA FACSIMILE & REGULAR MAIL

Dr. Madan M. Singh
Director
Arizona Department of Mines and Mineral Resources
1502 West Washington
Phoenix, Arizona 85007

Re: Public Records Request Pursuant to A.R.S. § 39-121 *et seq.*

Dear Dr. Singh:

As we discussed this morning, please disregard the records request I sent you on October 7, 2005, and substitute it with this revised public records request.

Pursuant to A.R.S. § 39-121 *et seq.*, please forward copies of the following documents to this office:

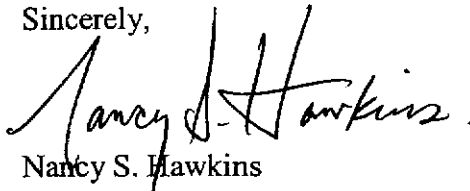
1. Any internal guidelines, rules, procedures, or similar documents that deal with the type of information that the Arizona Department of Mines and Mineral Resources staff is permitted to share with potential investors of mining claims.

Please be advised that this request is made for investigatory purposes and not commercial purposes. Additionally, we are willing to pay all fees associated with processing our request pursuant to A.R.S. § 39-121.01(D)(1).

If you have any questions, please contact me at 602/440-4855.

Thank you for your time and consideration.

Sincerely,



Nancy S. Hawkins

cc: Nyal Niemuth



ATTORNEYS

Ryley Carlock & Applewhite

A PROFESSIONAL ASSOCIATION

Nancy S. Hawkins
Direct Line: 602-440-4855
Direct Fax: 602-257-6955
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Phoenix, Arizona
Denver, Colorado
www.rcalaw.com

October 13, 2005

VIA FACSIMILE & REGULAR MAIL

Dr. Madan M. Singh
Director
Arizona Department of Mines and Mineral Resources
1502 West Washington
Phoenix, Arizona 85007

Re: Public Records Request Pursuant to A.R.S. § 39-121 *et seq.*

Dear Dr. Singh:

As we discussed this morning, please disregard the records request I sent you on October 7 2005, and substitute it with this revised public records request.

Pursuant to A.R.S. § 39-121 *et seq.*, please forward copies of the following documents to this office:

1. Any internal guidelines, rules, procedures, or similar documents that deal with the type of information that the Arizona Department of Mines and Mineral Resources staff is permitted to share with potential investors of mining claims.

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If you have any questions, please contact me at 602/440-4855.

Thank you for your time and consideration.

Sincerely,

Nancy S. Hawkins

cc: Nyal Niemuth



ATTORNEYS

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October 7, 2005

VIA FACSIMILE & REGULAR MAIL

Dr. Madan M. Singh
Director
Arizona Department of Mines and Mineral Resources
1502 West Washington
Phoenix, Arizona 85007

Re: FOIA Request

Dear Dr. Singh:

Pursuant to the Freedom of Information Act, please send me any internal guidelines, rules, procedures, or similar documents that deal with the type of information that the Arizona Department of Mines and Mineral Resources staff is permitted to share with potential investors of mining claims.

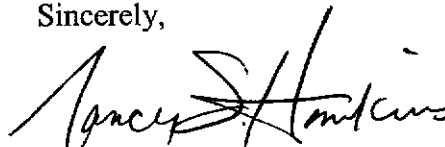
As to the fee category into which this request falls, we are a law firm representing International Energy and Resources, Inc. ("IER"), a business that has invested in, among other things, mining claims located in Arizona. Therefore, we fall into the commercial-use requester designation covered by 43 C.F.R. §2.17(a)(1).

In accordance with 43 C.F.R. §2.8(b), we are willing to pay all fees associated with processing our request.

If you have any questions, please contact me at 602/440-4855.

Thank you for your prompt attention to this matter.

Sincerely,



Nancy S. Hawkins

cc: Nyal Niemuth

ARIZONA DEPARTMENT OF WATER RESOURCES

Director's Office

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2410

Fax 602 417-2415



JANET NAPOLITANO
Governor

HERB GUENTHER
Director

FACSIMILE TRANSMITTAL COVER SHEET

DATE: September 20, 2005

TO: AZ Dept. of Mines & Mineral Resources

FAX NO. 602.255.3777

ATTN: Nyal Niemann, Mining Eng.

FROM: Rich Buttell

PHONE NUMBER: 602-417-2410

FAX NUMBER: 602-417-2415

Pages: 6 (including cover sheet)

COMMENTS:

As per your request to Rich,
I am faxing the attached info
to you!

NOTE: IF YOU DO NOT RECEIVE ALL OF THE PAGES, PLEASE CALL SENDER:

Dina
NAME OF SENDER

602-417-2410

Arizona Department of Mines and Mineral Resources
1502 West Washington, Phoenix, AZ 85007
Phone 602-255-3795 Fax 602-255-3777

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Celestian, Susan, Museum Curator	minerals, museum, tours	21	susancelestian@hotmail.com
Hall, Jacqueline, Administrative Asst.	administration, accounting	11	jacqueline.hall@hotmail.com
Singh, Madan, Director	administrative matters, mining	25	madan.singh@mines.az.gov
Mendoza, Tina, Clerk Typist II	publication orders	15	na
Niemuth, Nyal, Mining Engineer	metals, economic geology, industrial minerals, environmental permitting, mining	14	njn22r@hotmail.com

Museum Tour Guides

Name	Phone extension	e-mail
Anderson, Liz	10 or 20	azmmm@hotmail.com
Baker, Ann	10 or 20	na
Cote, Shirley	10 or 20	na
Hestermann, Joanne	10 or 20	na
Kennedy, Laurette	10 or 20	na
Rosenfeld, Alice	10 or 20	na

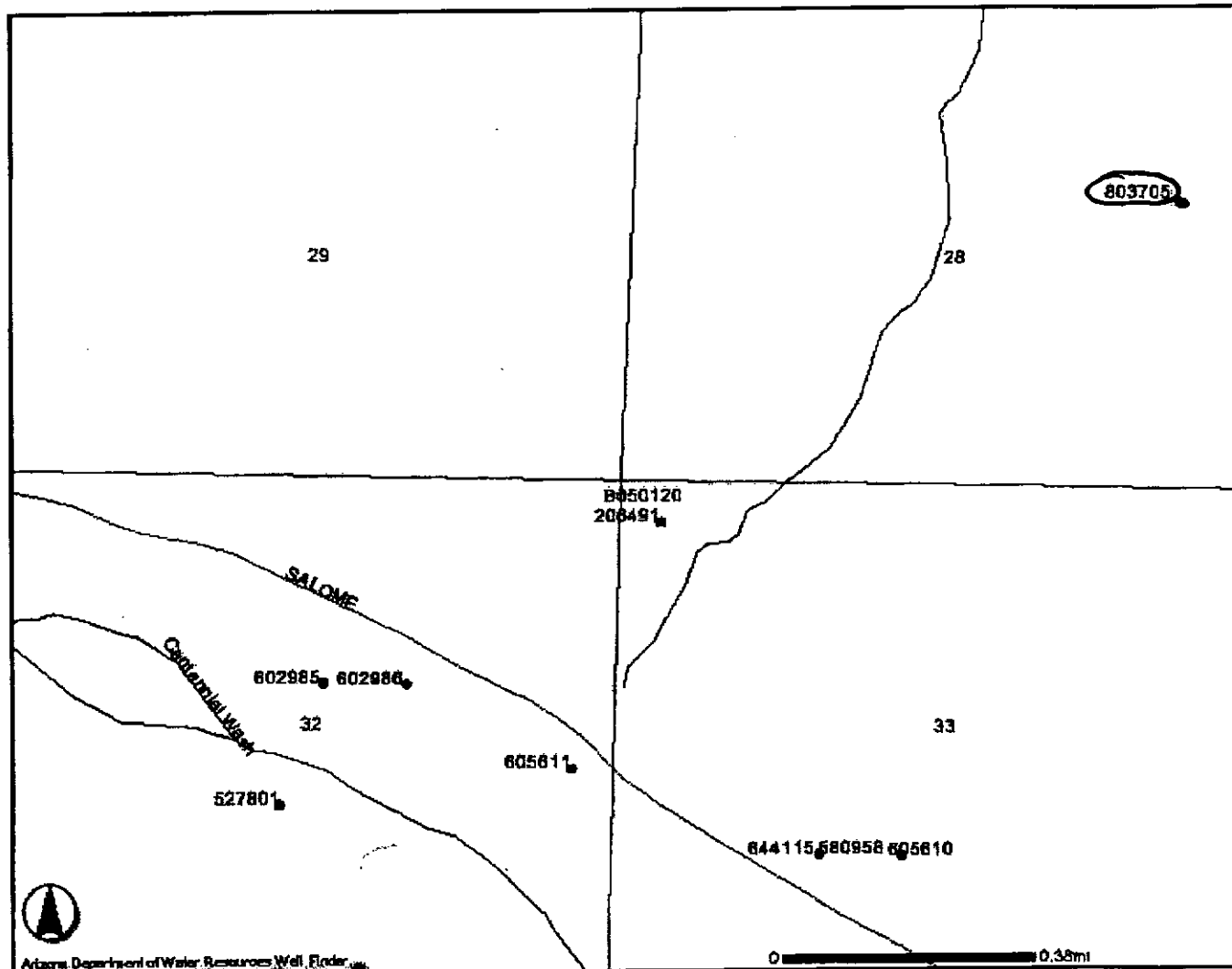
Board Members - Appointed by the Governor

Name	Term expires
Aubrey, Samuel - Vice Chairman	1/31/2007
Grant, Ray	1/31/2009
Medhi, P.K. Rana - Secretary	1/31/2008
Patrick O'Hara	1/31/2010
Ridinger, David - Chairman	1/31/2006

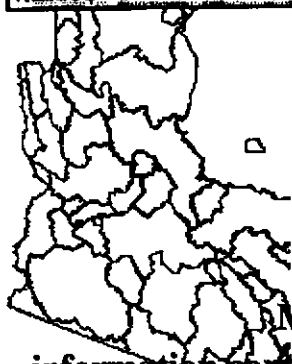
[Top of Page](#) | [ADMMR Home Page](#) | [Disclosure](#) | [Publications](#) | [Arizona State Government Home Page](#)

Last Revised: August 09, 2005. Send comments or broken links to [ADMMR Webmaster](#).

5N 12W 28



Arizona Department of Water Resources Well Elder



- Legend**
- Selected Feature
 - Well Registry
 - Stream
 - Road
 - Township
 - Section
- Arizona Department of Water Resources**

Map generated on 9/19/2005

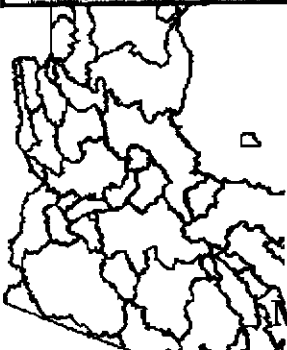
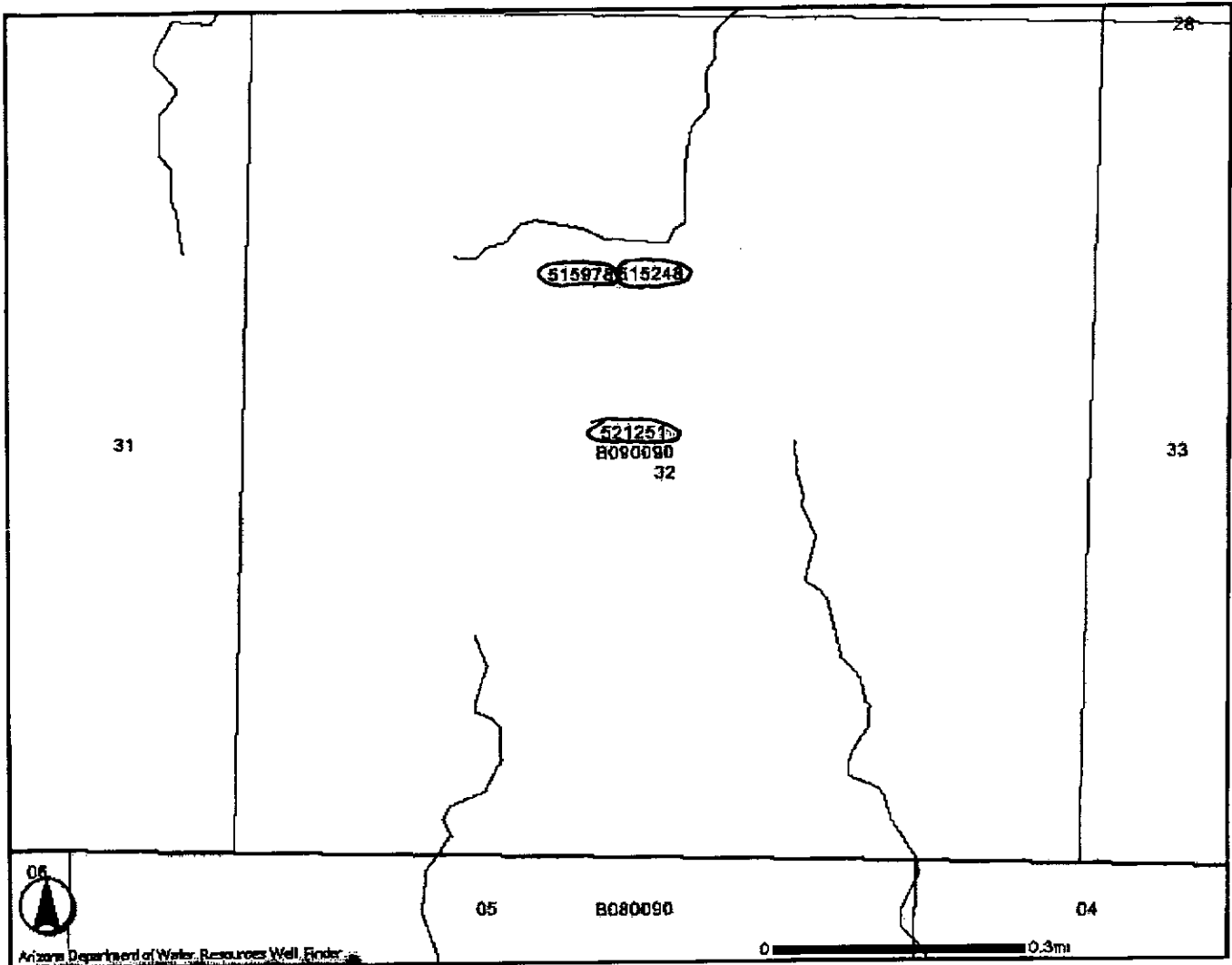
The information contained in the Well Registration database has not been verified by the state of Arizona and ADWR is unable to guarantee the accuracy of each mapped well location. This information may represent more than one well and may inhibit the display of the matching registry numbers per location.

<u>Quad</u>	<u>Town</u>	<u>Range</u>	<u>Sect</u>	<u>Q160</u>	<u>Q40</u>	<u>Q10</u>	<u>Reg No.</u>	<u>Registered Full Name & Address</u>	<u>Well Depth</u>	<u>Case Depth</u>	<u>Case Diameter</u>	<u>Water Level</u>	<u>Pump (GPM)</u>	<u>Most Recent Auth. Issued:</u>		<u>Org. Drill Date</u>	<u>Reg Wtr Use</u>	<u>Wtr-shed</u>	<u>Log</u>	<u>CRT</u>	
														<u>Drill Lic No</u>	<u>Issue Date</u>						
B	5.0	12.0	28	D	A	B	55 - 803705	ROBISON, SAMUEL,M BOX 302 WENDEN, AZ 85357	350	40	6	105	50	0		03/26/1985	D	08			

Well Type: NON-EXEMPT

-- End Of Report --

9N 9^W 32



- Legend**
- Selected Feature
 - Well Registry
 - Stream
 - Road
 - Township
 - Section
- Arizona Department of Water Resources**

Map generated on 9/19/2005

The information contained in the Well Registration database has not been verified by the state of Arizona and ADWR is unable to guarantee the accuracy of each mapped well location. This information may represent more than one well and may inhibit the display of associated registry numbers per location.

Quad	Town	Range	Sect	Q160	Q40	Q10	Reg No.	Registered Full Name & Address	Well Depth	Case Depth	Case Diameter	Water Level	Pump (GPM)	Most Recent Auth. Issued:		Org. Drill Date	Reg Wtr Use	Wtr-shed	Log	CRT
														Drill Lic No	Issue Date					
B	9.0	9.0	32	0	0	0	55-521251	AGUILA MINES INC, BOX 457 SALOME, AZ 85348	485	0	20	0	0	141		09/30/1988	N	04	X	N
Cancelled: Y Well Type: EXPLORATION																				
B	9.0	9.0	32	B	D	A	55-515248	SUNLAND LEASING INC, BOX 20790 WICKENBURG, AZ 85358	560	20	7	150	0	283		10/06/1986	D	04	X	C
Well Type: EXEMPT																				
B	9.0	9.0	32	B	D	A	55-515978	SUNLAND LEASING INC, BOX 20790 WICKENBURG, AZ 85358	0	0	0	0	0	283		10/20/1986	N	04	X	N
Well Type: EXPLORATION																				

- End Of Report -



ATTORNEYS

Ryley Carlock & Applewhite

A PROFESSIONAL ASSOCIATION

One North Central Avenue, Suite 1200
Phoenix, Arizona 85004
Telephone 602-258-7701
Facsimile 602-257-9582

Robert J. Pohlman
Direct Line: 602/440-4812
Direct Fax: 602/257-6912
E-Mail: rpohlman@rcalaw.com

Offices in:
Phoenix, Arizona
Denver, Colorado
www.rcalaw.com

September 16, 2005

Nyal J. Niemuth
Az Dept. Mines and Mineral Resources (ADMMR)
1502 West Washington St.
Phoenix, AZ 85007

Re: IER, Arizona Mining Plans

Dear Mr. Niemuth:

This letter will serve to confirm our conversation this date wherein I advised you that, due to an illness in the family of one of our consultants, we will be unable to make our meeting currently scheduled for September 20, 2005. As we discussed, I will be in contact with you in the future to discuss rescheduling this meeting.

Please let me know if you have any questions pertaining to the foregoing.

Yours very truly,

Robert J. Pohlman

Nyal Niemuth

From: "Nyal Niemuth" <njn22r@hotmail.com>
To: "Pohlman, Robert" <rpohlman@rcalaw.com>
Cc: "Madan Singh ADMMR" <madan.singh@mines.az.gov>
Sent: Friday, September 09, 2005 4:38 PM
Subject: Re: I.E.R.

Bob,

To confirm our phone conversation I have listed items I requested that you bring to the Sept 20th 2 p.m. meeting at ADMMR. I hope you will be able to provide copies for ADMMR's mine files. These should cover information for each of USAR/IER's 5 announced properties in Arizona. If there are additional properties please bring information for those also. This data should be for all commodities including gold, sand and gravel etc. Any additional information is also welcome.

- 1.) Legal description and land status maps. Leased land payments, minimum royalty and/or NSR terms.
- 2.) Geologic, geochemical and geophysical maps and associated analytical data.
- 3.) Drill information with locations, lithologic logs and assay data.
4. Reserve and or resource data. Block models derived from same. Proposed mine designs/methods. If open pit data should include strip ratio for life of mine.
5. Metallurgical reports including both lab and pilot results to date.
6. Any reports done on the properties by Pincock Allen and Holt or other consultants and contractors.
- 7.) Pre-feasibility or feasibility studies.
- 8.) Plan of operations or proposed plan of operations. Include drawings of proposed plant, leach, dump and tailings facilities. Any NEPA related documents prepared including environmental assessments or EIS.
- 9). Permits, notices, and plan of operations either applied for or received from federal, state, county agencies including reclamation plans and bond amounts.
- 10.) Sales contracts or market studies for industrial minerals.
- 11.) Recent and current litigation and financial liabilities of the corporations.

Looking forward to our meeting.
Thanks again.

Nyal J. Niemuth
Az Dept. Mines and Mineral Resources (ADMMR)
1502 West Washington St.
Phoenix, AZ 85007
wk 602-255-3795 ext. 14

9/9/2005

Nyal Niemuth

From: "Nyal Niemuth" <njn22r@hotmail.com>
To: "Pohlman, Robert" <rpohlman@rcalaw.com>
Cc: "Madan Singh ADMMR" <madan.singh@mines.az.gov>
Sent: Friday, September 09, 2005 4:38 PM
Subject: Re: I.E.R.

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- 10.) Sales contracts or market studies for industrial minerals.
- 11.) Recent and current litigation and financial liabilities of the corporations.

Looking forward to our meeting.
Thanks again.

Nyal J. Niemuth
Az Dept. Mines and Mineral Resources (ADMMR)
1502 West Washington St.
Phoenix, AZ 85007
wk 602-255-3795 ext. 14

9/9/2005

Fx 602-255-3777
njn22r@hotmail.com
www.admmr.state.az.us

----- Original Message -----

From: Pohlman, Robert
To: njn22r@hotmail.com
Sent: Friday, September 09, 2005 2:01 PM
Subject: I.E.R.

Thanks, Nyal. We look forward to meeting with you on the 20th at 2:00 p.m. in your offices.

Robert J. Pohlman
Ryley Carlock and Applewhite
602-440-4812 (voice)
602-257-6912 (fax)
www.rcalaw.com

CONFIDENTIALITY NOTE:

This e-mail and any attachments are confidential and may be protected by legal privilege. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of this e-mail or any attachment is prohibited. If you have received this e-mail in error, please notify us immediately by returning it to the sender and delete this copy from your system. Thank you for your cooperation.

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: John Owen, President and CEO, IER, Inc.
Don Hancock, V.P. Sales, IER, Inc.
Alex Dowlatshahi, Sales, IER, Inc.
International Energy & Resources, Inc.
USAR, Inc.
3839 Briargrove Lane, Suite 6307
Dallas, TX 75287

Chastain Joint Venture I
3839 Briargrove Lane, Suite 6305
Dallas, TX 75287

Cathy O'Conner Burroughs
5 Keller St.
Petaluma, CA 94952

DESIST AND REFRAIN ORDER
(For violations of section 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, John Owen (hereinafter, Owen) was the President and CEO of International Energy and Resources, Inc. (hereinafter, IER, Inc.), a wholly owned subsidiary of USAR, Inc. IER, Inc. is a Texas corporation, incorporated in January, 2001, with its principal place of business located at 3839 Briargrove Lane, Suite 6307, Dallas, Texas, 75287.
2. At all relevant times, Chastain Joint Venture I (hereinafter, Joint Venture) is an unincorporated association, with a principal place of business located at 3839 Briargrove Lane, Suite 6305, Dallas, Texas, 75287.

- 1 3. At all relevant times, Don Hancock (hereinafter, Hancock) was Vice President, Sales/Senior
2 Account Manager for IER, Inc.
- 3 4. At all relevant times, Alex Dowlatshahi (hereinafter, Dowlatshahi) was an employee of IER,
4 Inc.
- 5 5. At all relevant times, Cathy O'Conner Burroughs (hereinafter, Burroughs) was allegedly a
6 Vice President for IER, Inc. and/or an employee of Chastain Joint Venture I, or both.
- 7 6. Beginning in or about July, 2005, IER, Inc., USAR, Inc., Owen, Hancock, Dowlatshahi, and
8 Burroughs and others offered or sold securities in the form of investment contracts or in
9 payments out of production under a mining title or lease in Chastain Joint Venture I.
- 10 7. IER, Inc., and its employees and agents, USAR, Inc., Owen, Hancock, Dowlatshahi, and
11 Burroughs and others offered and sold securities in Chastain joint Venture I by means of
12 general solicitations. Through posting on the internet, open meetings, wealth seminars, and
13 word of mouth, or other means of general solicitation, IER, Inc., USAR, Inc., Owen,
14 Hancock, Dowlatshahi, and Burroughs and others, sold at least 20 interests in said joint
15 venture in California, with the goal of raising \$10,000,000.
- 16 8. The purported purpose of the offering was to raise funds to mine gold from the "Chastian
17 Mine" in La Paz County, Arizona. (Although interests in three other mines were added to the
18 offering in January, 2006: the Congress Mine, the Little Giant Mine and the Columbia Mine.)
19 The funds are to be used in accordance to the sole discretion of the Managing Venturer, IER,
20 Inc., through its CEO John Owen.
- 21 9. As of June 21, 2006, on its website, IER, Inc. claims to own the rights to five mining sites,
22 with total recoverable gold assets of 19,800,000 ounces of gold. They claim the Chastain
23 Mine assays show a .40 oz/ton average, that gold is visible to the naked eye, and that the
24 property has a value exceeding \$1,400,000,000. Interested persons are instructed to contact
25 the company through the website, after which they receive a telephone call soliciting
26 investments in securities in the joint venture.
- 27 10. The offer and sale of interests in the joint venture were to residents of California who are
28 neither qualified nor accredited investors. IER, Inc., USAR, Inc., Owen, Hancock,

1 Dowlatshahi, and Burroughs and others have failed to determine the nature of these investors'
2 status and have affirmatively assisted non-qualified, non-accredited investors to "qualify" by
3 instructing them on how to fill out the investor purchaser questionnaire so they appear to be
4 qualified investors.

5 11. These securities were offered and sold in this state in issuer transactions. The Department of
6 Corporations has not issued a permit or other form of qualification authorizing any person to
7 offer and sell these securities in this state.

8 12. IER, Inc., USAR, Inc., Owen, Hancock, Dowlatshahi, and Burroughs and others also
9 encouraged other investors to solicit new investors through internet websites, word of mouth,
10 open meetings and other means of general solicitation. IER, Inc., USAR, Inc., Owen,
11 Hancock, Dowlatshahi, and Burroughs and others have held training seminars for new
12 investors, encouraging and teaching them how to sell shares in "Chastain Joint Venture I,"
13 promising them compensation in the form of commissions or broker's fees for bringing in
14 new investors and new investor money.

15 13. In connection with these offers and sales, IER, Inc., USAR, Inc., Owen, Hancock,
16 Dowlatshahi, and Burroughs and others made the following material misrepresentations or
17 omissions:

18 a. As of June 21, 2006, on IER, Inc.'s website and in the latest promotional material,
19 IER, Inc. claims recoverable gold assets totaling 19,800,000 ounces of gold exist
20 within its five mining claims. The Chastain Mine is purportedly the richest of these
21 properties, with over 13,000,000 ounces of recoverable gold. They fail to tell
22 investors and potential investors that since the late 1800's, in the history of the entire
23 state of Arizona, the total, cumulative amount of gold recovered from all mining
24 activities from gold lode mining, placer gold mines, as well as recovery as a byproduct
25 from silver, copper and/or other base metal mining is only 16,000,000 ounces.

26 b. Fail to tell investors that, at the present time, no primarily gold producing mines are
27 currently, actively, economically mining in Arizona.
28

- 1 c. Fail to tell potential investors that the very right to mine the Chastain mine (the largest
2 of the four mines with stated value of 1.4 billion dollars and recoverable gold
3 exceeding 13,000,000 oz.) is currently being litigated in several lawsuits. (See, e.g.
4 *IER, Inc. v. Scott Spooner*, CV 2005-019015.)
- 5 d. Represented that they are currently permitted to take 1,000 tons of ore a day from the
6 Chastain mine site. However, on September 6, 2005, the U.S. Bureau of Land
7 Management (BLM) denied IER, Inc.'s application for a permit to occupy the property
8 and begin mining operations on the site because IER, Inc. failed to support its claims
9 that occupancy was necessary to protect valuable assets from theft or loss, including
10 the failure to provide any documentation that the Chastain Mine site contained 1.4
11 billion dollars in recoverable gold or that gold visible to the naked eye existed at the
12 site. At the present time, the BLM has still not permitted any occupancy or mining
13 activity at the site. IER, Inc. and its employees and agents fail to tell investors they
14 have no present right to mine the property.
- 15 e. Fail to tell potential investors that before the BLM will permit occupancy and mining
16 operations at the Chastain Mine site, IER, Inc. must submit a mining plan of operation
17 which must be assessed by the BLM and eventually authorized by BLM: a process
18 that could take close to a year once a satisfactory mining plan is developed by IER,
19 Inc. and delivered to BLM.
- 20 f. Fail to tell potential investors that on September 7, 2005, the State of Washington,
21 through the Securities Division of its Department of Financial Institutions, filed a
22 "Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to
23 Impose Fines" against IER, Inc., its parent corporation and two employees of the
24 corporation(s) for, among other things, violation the anti-fraud section of the
25 Securities Act of Washington. On November 29, 2005, IER, Inc., its parent
26 corporation USAR, Inc., and two of its employees entered into a Consent Order, where
27 among other things, they agreed to cease and desist from violating the anti-fraud
28 section of the Securities Act of Washington.

1 Based upon the foregoing findings, the California Corporations Commissioner is of the
2 opinion that the investment contracts or payments out of production under a mining title or lease
3 being offered and sold in the Chastain Joint Venture I are securities subject to qualification under the
4 California Corporate Securities Law of 1968 and that these securities are being or have been offered
5 or sold without being qualified in violation of Corporations Code section 25110. Pursuant to section
6 25532 of the Corporate Securities Law of 1968, John Owen, USAR, Inc., IER, Inc., Chastain Joint
7 Venture I, Cathy O'Conner Burroughs, Alex Dowlatshahi, Don Hancock and any other employees
8 and agents of IER, Inc. or partners in or employees or agents of the Chastain Joint Venture I, are
9 hereby ordered to desist and refrain from the further offer or sale of securities in the State of
10 California, including but not limited to, the investment contracts or payments out of production under
11 a mining title or lease in the Chastain Joint Venture I joint venture unless and until qualification has
12 been made under the law or unless exempt. This Order is necessary, in the public interest, for the
13 protection of investors and consistent with the purposes, policies, and provisions of the Corporate
14 Securities Law of 1968.

15 Further, the California Corporations Commissioner is of the opinion that the securities in the
16 Chastain Joint Venture I were offered or sold in this state by means of written or oral
17 communications which included an untrue statement of a material fact or omitted to state a material
18 fact necessary in order to make the statements made, in the light of the circumstances under which
19 they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of
20 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, John Owen, USAR, Inc.
21 IER, Inc., Chastain Joint Venture I, Cathy O'Conner Burroughs, Alex Dowlatshahi, Don Hancock
22 and any other employees or agents of IER, Inc. or partners in or employees or agents of the Chastain
23 Joint Venture I are hereby ordered to desist and refrain from offering or selling or buying or offering
24 to buy any security in the State of California, including but not limited to securities in Chastain Joint
25 Venture I, by means of any written or oral communication which includes an untrue statement of a
26 material fact or omits to state a material fact necessary in order to make the statements made, in the
27 light of the circumstances under which they were made, not misleading. This Order is necessary, in
28


1 the public interest, for the protection of investors and consistent with the purposes, policies, and
2 provisions of the Corporate Securities Law of 1968.

3 Dated: June 27, 2006

4 Sacramento, California



5 PRESTON DuFAUCHARD
6 California Corporations Commissioner

7 By 
8 ALAN S. WEINGER
9 Supervising Attorney
10 Enforcement Division

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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Lake Havasu Field Office

2610 Sweetwater Avenue

Lake Havasu City, AZ 86406-9071

928-505-1200

www.az.blm.gov



In Reply Refer To:
AZA 28799 (330)
AZA 32619
AZA 32620

September 6, 2005

CERTIFIED MAIL - RETURN RECEIPT REQUESTED-7004 1160 0004 2903 4368

John Owen
International Energy and Resources, Inc.
3839 Briargrove Lane #6307
Dallas, TX 75287

Dear Mr. Owen:

Following the meeting with Amanda Dodson of my staff and members of the Arizona State Office (ASO) minerals staff on September 1, 2005, I can now make decisions concerning your various proposals to engage in mining related activities at the area you have designated as the "Chastain Mine". The letter sent to you on August 29, 2005, clearly explained the importance of your exploration data as support for your request for occupancy under 43 CFR 3715. Your refusal to present this data as part of the case file leaves me no choice but to conclude that your occupancy does not meet the requirements of 43 CFR 3715 and a decision will be issued denying your occupancy.

Inspections at the site showed that there is barbed wire fencing adjacent to the roads at your proposed gate locations, and the boulders on the trail still remain in place. Please have the fencing and boulders removed within 10 days of receipt of this letter as you are not authorized to have them in place at the site.

After careful review of the case file, I also wish to address the other issues that remain unresolved in our dealings with your firm. I am at this time declining your offer to engage in the volunteer reclamation activities you proposed for the Chastain Mine. Instead, Lake Havasu Field Office (LHFO) will pursue those responsible to complete the reclamation using procedures under 43 CFR 3809 and 43 CFR 3715. These procedures, once final action is taken by the Bureau of Land Management (BLM), are part of the public record and I invite you to periodically review the pertinent surface management case files if you wish to monitor the progress of our actions.

In reviewing your proposed volunteer reclamation proposal, it appears that your willingness to volunteer is contingent upon a mineral material sales contract. BLM does not have the authority to barter or exchange mineral materials or arrange for sales outside of strict regulatory guidelines to obtain such services. Additionally, such a contingency would not qualify the proposed reclamation as a "volunteer" service to the government. If you wish to pursue a mineral material sales contract you should do so by following the procedures given in 43 CFR 3600.

I would be remiss at this point if I did not remind you that we have serious concerns over the ownership of the mineral materials that you have specifically expressed interest in purchasing. Of particular importance is the issue of ownership of these materials. The materials in question have been claimed by various individuals and although my office has contacted them concerning their willingness to entertain mineral material sales from their claims, some have declined. Unless and until such time as this issue can be resolved, it is doubtful that a mineral material sales contract for the area would be approved by BLM. If you wish to engage in the sale of mineral materials, there are areas that we can direct you to where we routinely engage in the sale of mineral materials. It is my hope that one of these other areas could accommodate your needs.

A final matter that I wish to address is the issue involving the "verbal approval" given to you to allow the use of a screen plant. After a review of applicable case law and regulations, I now believe that the BLM cannot provide any verbal authorization to you to resume the use of the screen plant. Unless and until you modify your existing notice or submit a plan of operations, and those submissions are either accepted, in the case of a notice, or approved in the case of a plan, you must not engage in any activities not specifically detailed in your current notice.

To engage in additional activities at the site you may wish to submit a mine plan. Again, as we have said many times, if you submit a mine plan we must be assured that your activities will be "reasonably incident" as that term is defined by 43 CFR 3715. As you know, the definition requires that your operations are appropriate to the geologic terrain and stage of development of the operation. In order to demonstrate that a proposed mining operation is reasonably incident, you must submit to BLM data of sufficient quality and quantity that an ore body is present. Without a showing that your proposal is reasonably incident your mine plan cannot be approved.

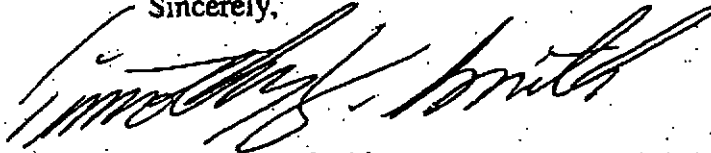
While you may engage in those operations specifically listed in your accepted notice, you must not begin any activity unless and until you have obtained all necessary environmental, health and safety permits and/or authorizations. Of particular importance to this office is a National Pollution Discharge Elimination System (NPDES) permit issued by the Environmental Protection Agency. Before you begin the activities listed in your notice, please provide a copy of your NPDES permit or a letter from EPA stating that one is not needed. Additionally, you must supply this office a copy of your Start, Stop, Move letter you file with the Arizona State Mine Inspector and a copy of your Mine Safety and Health Administration (MSHA) number or a letter from MSHA stating that one is not required for your operation.

Again, we at BLM wish to assure you that data you provide to us that is marked as confidential following the procedures provided in 43 CFR 3809 will remain confidential. The notion that somehow this data would be released is, in our opinion, insufficient to withhold data that could materially alter the processing of your applications. However, if you feel that this risk is too

substantial, given your present legal proceedings against rival claimants in the area, your only recourse is to wait until these proceeding are complete and then make a submission to BLM.

If you have any questions please call either Amanda Dodson at (928) 505-1218 or Ralph Costa at (602) 417-9349.

Sincerely,



Timothy Z. Smith
Field Manager

CC:
AZ-932



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Lake Havasu Field Office
2610 Sweetwater Avenue
Lake Havasu City, AZ 86406-9071
928-505-1200
www.az.blm.gov



In Reply Refer To:
AZA 32620 (330)

September 6, 2005

DECISION

CERTIFIED MAIL-RETURN RECEIPT REQUESTED-7004 2510 0000 3619 9816

Effective Date: Date of Delivery, Certified Mail - Return Receipt Requested.

International Energy and Resources
Mr. John Owens
3839 Briargrove Lane, #6307
Dallas, TX 75287

43 CFR 3715
Use and Occupancy

Determination of Non-concurrence

Field examinations by the Bureau of Land Management (BLM) conducted of the "Chastain Mine" under mining claim to International Energy and Resources, Inc. (IER) located in T. 5 N., R. 12 W., Sec 28, Gila and Salt River Meridian, La Paz County, Arizona, reveal the following:

The public lands upon which occupancy is sought are within easy distance of private lands held by IER. In addition, access is restricted to the mining site by a road that is immediately adjacent to the IER property.

Inspections did not reveal the presence of "Mother Lode" type deposits or the presence of visible gold as noted in the following inspections and site visits on December 17, 2003, November 4, 2004, April 22, 2005, July 22, 2005, and August 15, 2005.

A review of our records indicates the following facts:

IER's mining notice (AZA 32620) indicates that their private lands will be used for fuel storage and to house your milling operations. The notice also indicates that equipment may travel from the area of proposed exploration activity to IER's private lands for refueling and to deliver sample material to the plant.

IER's activity fails to meet the requirements of 43 CFR 3715 in the following ways:

BLM is constrained by law to prevent the unnecessary or undue degradation of public lands, therefore; any activities not necessary to take place on public lands under the context of the mining law must be avoided. The adjacent private lands held by IER will be used for milling and

fuel storage according to their filed notice. This means that trucks and other equipment that would routinely be used in mining will make frequent trips back and forth from the site of the proposed occupancy to the private lands for ore haulage, refueling and other needs. Because this is the case, there is no need to store equipment on public lands. The equipment IER listed in their mining notice to conduct their exploration activity includes a track-mounted rotary drill rig, front-end loader, excavator, or backhoe, and a 12-yard dump truck. All of the equipment is readily portable and when properly left unattended (i.e. locked and keys removed) would not be susceptible to theft or loss. Further, the fenced enclosure on the private land held by IER further reduces the possibility of theft or loss and any danger to the public. Therefore the conditions of 43 CFR 3715.2-1 (b) and (c) cannot be met.

IER has cited safety concerns as a reason for the occupancy. BLM agrees that there may be safety issues at the site but IER's proposal would limit access to the entire area and not simply isolate the purported dangerous locations. A more appropriate course of action would be to place a fence or barricade limiting access to these hazards. IER's proposed occupancy would unnecessarily limit public access and would conflict with BLM's mandate of multiple use. Additionally, the Arizona State Mine Inspector and/or the Mine Safety and Health Administration should determine such hazards, and the need to fence them. On the grounds cited, the requirement at 43 CFR 3715.2-1(d) has not been met.

The area is within ten miles of two local communities, Salome and Wenden, and within 60 minutes of the larger communities of Wickenburg, Buckeye, Parker and Quartzite. The mine site is not physically isolated and a crew could reasonably travel to and from the site to work a customary shift. Even if the site were that isolated, the private tract held by IER could accommodate crew quarters. Therefore the requirement at 43 CFR 3715.2-1(e) has not been met.

Given IER's proposal the only conceivable way that the proposed occupancy could meet the requirements of 43 CFR 3715.2-1 would be if occupancy were necessary to protect valuable minerals from theft or loss. This could easily be accomplished if IER were to support their statements, made on their website (www.usarinc.com) that there are "Mother Lode" deposits, visible gold and 1.4 billion in resources at the site. Since IER has chosen to withhold data that might demonstrate competently that the claims contain gold or other minerals in a form that is readily susceptible to theft or loss, and inspections by BLM have not observed such minerals, the 3715 occupancy submission cannot be approved (See 3715.2-1(a)).

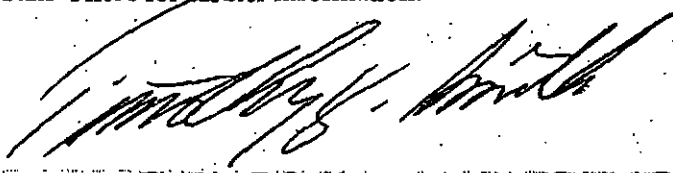
In addition, the proposed exploration activity is for 33 drill holes and bulk sampling. The drilling is to be accomplished with a rotary track drill. This is a relatively small amount of work that should take place in a matter of weeks, yet IER has requested a six month occupancy. To extend an occupancy for six months to do the exploration intended by IER would not constitute "substantially regular work". Therefore, the requirement at 43 CFR 3715.2 (d) cannot be met and a period of occupancy for 6 months cannot be justified.

Based on the record, IER is not authorized to conduct or engage in any form of occupancy as that term is defined by 43 CFR 3715 at this time and may not begin any such occupancy without the express written consent of the BLM. If, in the future, IER should desire to establish an occupancy or mining operation on public lands, IER must be engaged in the activities described by 43 CFR 3715.2, file the information required by 43 CFR 3715.3-2, meet the requirements of 43 CFR Subpart 3809 and receive written concurrence from the BLM before beginning an operation with occupancy.

IER may appeal this decision to the IBLA, in accordance with 43 CFR 4.400 et seq. If an appeal is taken, the Notice of Appeal (NOA), must be filed in writing and in accordance with Form 1842-1 (enclosed) at the Lake Havasu Field Office, (Bureau of Land Management, 2610 Sweetwater Avenue, Lake Havasu City, AZ 86406) and with the Office of the Solicitor (Department of the Interior, Office of the Field Solicitor, Sandra Day O'Connor U.S. Court House #404, 401 W. Washington Street SPC44, Phoenix, AZ

85003-2151) within 30 days after the date of receiving this decision. The required Statement of Reasons (SOR; see 43 CFR 4.412) may be filed with the NOA or, if not, it must be filed with the IBLA, U.S. Department of the Interior, MS 300-QC, Arlington, VA 22203, within 30 days after the NOA was filed. See also required service at 43 CFR 4.413)

Please contact Amanda Dodson at (928) 505-1218 of the Lake Havasu Field Office or Ralph Costa at (602) 417-9349 of the BLM Arizona State Office for further information.



Timothy Z. Smith
Field Manager

Enclosure:
Form 1842-1

cc: Richard Greenfield, DOI Office of the Field Solicitor, Sandra Day O'Connor U.S. Courthouse,
No. 404, 401 W. Washington St., SPC44, Phoenix, AZ 85003

AZ 932



Bureau of Land Management
Arizona State Office
Resources Division
222 N. Central Avenue
Phoenix, Arizona 85004-2203
Fax: (602) 417-9454

Date 9/14/05

To NYAL NIEMUTH

Office ADMMR

Fax Number 602-255-3777

From RALPH COSTA

Number of pages including this cover 7

PER OUR CONVERSATION

Nyal Niemuth

From: "Jerry L. Haggard" <jhaggard@azbar.org>
To: <steve.adelstein@azag.gov>
Cc: <njn22r@hotmail.com>
Sent: Wednesday, December 28, 2005 12:57 PM
Attach: Chastain Mine sales booklet.913.pdf

Mr. Adelstein – Nyal Niemuth at ADMMR suggested that I contact you regarding a fraudulent mine promotion in Arizona. I am an attorney who represents an individual, Scott Spooner, in a case pending in the Maricopa County Superior Court, *International Energy and Resources, Inc. v. Scott Spooner, et al.*, CV 2004-0029. IER claims from \$1 million to \$6 million in damages against Mr. Spooner for his allegedly interfering with IER's sales of working interests and operations in the so-called Chastain Mine in La Paz County. One of IER's promotional brochures is attached hereto. The promotional website of IER's parent, US American Resources, Inc., can be accessed at www.usarinc.com. Both promotionals advertise the Chastain Mine as having a value of more than \$1.4 billion and are clearly in violation of Arizona and federal securities laws for erroneous statements, failure to disclose, and failure to register those working interests and sales persons with the AZ Corporation Commission or the SEC..

On September 7, 2005, the State of Washington Securities Division issued a Notice of Intent To Enter Order To Cease and Desist against IER and USAR offering sales of these working interests in Washington. However, the Arizona Securities Division has been unable to devote necessary enforcement resources to this matter due to higher priorities, insufficient staff, and because no Arizona residents have been identified, or complained, as purchasers of IER's working interests. IER has refused to answer our discovery requests for this information, and our Motion to Compel is pending in court.

My interest in seeking the assistance of your office is two-fold. First, and obviously, I would like to save Mr. Spooner and his wife tens of thousands of dollars that our defense of this action will cost. Second, my practice specializes in mining law wherein I represent legitimate mining companies whose public image is tarnished by illegitimate mining scams.

If you would like to discuss this situation with me, I may be reached at 602/863-1119. Thank you for your attention to this matter.

Jerry L. Haggard

From PAT GALT, RING LIP. 9/14/05

RE: PHOTOS

727 - CHASTAIN 1A0 (MURDER RIBBON MOUNTAIN)

8 :
9 :

696 = CHASTAIN

705 = LITTLE GIANT PROB MORE THAN 5 PAGES

706 = LITTLE GIANT = N. OF AQUILA YAVAPAI CO

707 = " "

708

709

710 SW OF LITTLE GIANT OLD ADULT AREA

713

717

718 LITTLE GIANT

719

720

721

722

723

724

Nyal Niemuth

From: "Jerry L. Haggard" <jhaggard@azbar.org>
To: "Scott Spooner" <scottspooner@bellsouth.net>; "Scott Donaldson" <scottdon@qwest.net>; <njn22r@hotmail.com>
Sent: Monday, September 05, 2005 8:09 AM
Subject: FW: Monday, August 15, 2005.tif

Scott S., Scott D., and Nyal - Sorry to clutter your computer if you already received this, but I could not verify delivery yesterday. Jerry

-----Original Message-----

From: Jerry L. Haggard [mailto:jhaggard@azbar.org]
Sent: Sunday, September 04, 2005 3:07 PM
To: 'Ella G. Johnson'
Cc: 'boudreaur@sec.gov'
Subject: RE: Monday, August 15, 2005.tif

Dear Ms. Johnson:

Thank you for the follow-up. Your staff has probably found the IER/USAR most recent impressive and misleading website at www.usarinc.com where IER is now identified as a subsidiary of USAR. My brief review of that website reveals the following most obvious items of false or misleading information and omissions of information necessary to make the website not misleading:

1. Neither the "USAR Foundation" nor "Hurrican" [sic] "Hurricane Katrina Relief Fund" is found on the IRS list of approved charities as of 9/4/05.
2. The statement that USAR is "specializing in the development of projects, such as gold mining" is false.
3. The website does not identify the locations of the 5 properties containing the represented amounts of gold. The information for Property I correlates to the information on IER's earlier offerings describing the Chastain claims near Aguila. The information for the other 4 properties suggests they are all in the same area.
4. The following information regarding "Property I" is false, misleading or inconsistent:
 - A. "12 million dollars invested for production on 7-claim EW target". Persons familiar with the property can attest that there is no evidence that this amount could have been invested for production in the entire area, much less on 7 claims.
 - B. ".40 ounces of gold per ton average" This statement is unsupportable and is inconsistent with the statements later - "0.15 ounces per ton" and "0.18 ounces per ton".
 - C. "An oxide mining reserve of 30,000,000 tons, containing 0.15 ounces Au per ton, has been developed" (emphasis added). There are two false statements in that sentence. USAR's own website glossary defines "reserves" as "That part of a mineral deposit which could be economically and legally extracted", and defines "development" as "The preparation of a mining property or area so that an orebody can be analyzed and its tonnage and quality have been made; ore essentially ready for mining". Such reserves have not been established and an examination of the property will reveal it is not "ready for mining".

D. "Total gold production ...3,150,000 ounces" for Phases 1-4 and "9,576,000 ounces" for Phase 5. This would make the gross value worth more than \$4 billion which certainly has not been, and almost certainly cannot be, established, and is misleading without revealing the risks and costs of mining.

E. The description of Property I does not reveal that the title to the Chastain (Robison) mining claims and many other mining claims in that property is presently in litigation. To the contrary, IER misrepresents through its associate, Dick Sloan, that "IER's land position is well laid-out, very solid".

5. There are similar false and misleading statements in each of USAR's descriptions of its other four properties.

6. The "USAR sponsored" car racing video is worth watching for the race commentator's remark in the middle of the race glorifying USAR and stating that USAR has "hit" on all "eight" mining properties in Arizona.

USAR's and IER's promotionals and offerings are for investments in its properties in Arizona over which the Securities Division certainly has jurisdiction even if no Arizona residents had been solicited. However, considering the scope of their promotionals, it can reasonably be concluded that Arizona residents must have been offered and have purchased their securities. La Paz County Superior Court Judge Burke denied our Request to Compel IER to disclose investors but he has ordered IER to disclose those persons who were offered investments but were allegedly deterred by Scott Spooner from investing in IER's projects and for which IER has sued Mr Spooner for more than \$1million in damages. IER has failed to disclose those persons, and our Motions to Compel, for Rulings, and for Sanctions are pending before that Court.

Because USAR's solicitations, promotionals and sales have certainly reached interstate dimensions, I have sent a copy of this email to Mr. Boudreau at the SEC.

Thank you for your assistance, Jerry L. Haggard

-----Original Message-----

From: Ella G. Johnson [<mailto:egjohnson@azcc.gov>]
 Sent: Thursday, September 01, 2005 9:26 AM
 To: Jerry L. Haggard
 Subject: RE: Monday, August 15, 2005.tif

Mr. Haggard, I just wanted to touch base with you. I have not forgotten you request to re-open IER. The Division is reviewing IER, USAR, Inc.

and information received from other sources.

-----Original Message-----

From: Jerry L. Haggard [<mailto:jhaggard@azbar.org>]
 Sent: Wednesday, August 17, 2005 11:00 AM
 To: boudreau@sec.gov
 Cc: Ella G. Johnson
 Subject: FW: Monday, August 15, 2005.tif

Dear Mr Boudreau:

As a follow-up to my letter dated April 27, 2005 to you and my letter dated August 2, 2005 to Arizona ACC Securities Division attorney Ella Johnson, a copy of which was sent to you, please note below the reply from the Texas Securities Registration Division. International Energy and Resources, Inc. is apparently now selling and offering to sell working interests in the Chastain mining claims under the name "US American Resources, Inc." A copy of USAR's advertisement was sent to you with my August 2, 2005 letter to Ms. Johnson. According to the response below from the Texas Registration Division, the statement in the USAR advertisement that the advertisement had been filed with the

Texas Securities Commissioner is false. Jerry L. Haggard

-----Original Message-----

From: Micheal Northcutt [<mailto:mnorthcutt@ssb.state.tx.us>]

Sent: Monday, August 15, 2005 12:37 PM

To: Jerry L. Haggard

Subject: RE: Monday, August 15, 2005.tif

Dear Mr. Haggard,

We do not find a record of US American Resources, Inc. making a filing of this or any advertisement under Texas Regulation 139.16 to date.

Micheal Northcutt

Director, Registration Division

From: "Jerry L. Haggard" <jhaggard@azbar.org>

To: "Micheal Northcutt"

<mnorthcutt@ssb.state.tx.us>

Subject: RE: Monday, August 15, 2005.tif

Date sent: Mon, 15 Aug 2005 11:59:13 -0700

Organization: Jerry L. Haggard, P.C.

> It was my error in the section number. It should be Sec. 139.16 as
> stated on page 2 of the advertisement. Thank you. Jerry L. Haggard

>

> -----Original Message-----

> From: Micheal Northcutt [<mailto:mnorthcutt@ssb.state.tx.us>]

> Sent: Monday, August 15, 2005 11:56 AM

> To: Jerry L. Haggard

> Subject: Re: Monday, August 15, 2005.tif

>

>

> Dear Mr. Haggard,

>

> Please disregard my earlier email. I was finally able to open your
> attachment. We will check our records and respond to your inquiry

9/6/2005

> promptly.
 >
 > Micheal Northcutt
 > Director, Registration Division
 >
 > From: "Jerry L. Haggard" <jhaggard@azbar.org>
 > To: <secreginfo@ssb.state.tx.us>
 > Subject: Monday, August 15, 2005.tif
 > Date sent: Mon, 15 Aug 2005 11:13:03 -0700
 > Organization: Jerry L. Haggard, P.C.
 >
 >> To: Texas Securities Commissioner
 >>
 >> Please advise:
 >> 1. Whether the attached advertisement has been filed with
 >> the
 >> Texas Securities Commissioner as stated on page 2 of the
 >> advertisement.
 >> 2. Whether that advertisement qualifies for exemption under
 >> Sec.
 >> 319.16 as also stated on page 2.
 >>
 >>
 >> Thank you, Jerry L. Haggard
 >>
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 > [This E-mail scanned for viruses by Declude Virus]
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 [This E-mail scanned for viruses by Declude Virus]

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 This footnote confirms that this email message
 has been scanned to detect malicious content.

 If you experience problems, please contact
 postmaster@azcc.gov AZCC.GOV
 =====

JERRY L. HAGGARD, P.C.
ATTORNEY AT LAW
1248 EAST VICTOR HUGO AVENUE
PHOENIX, ARIZONA 85022-4950

August 2, 2005

Ella G. Johnson, Attorney
Enforcement Section
Securities Division
Arizona Corporation Commission
1300 West Washington Street, Third Floor
Phoenix, AZ 85007

602 542 4242

Re: **International Energy and Resources, Inc. ("IER")
and USAR, Inc.**

Dear Ms. Johnson:

In your letter dated July 8, 2005 to Mr. Scott Spooner, you advised him that further action by your office regarding IER would not be appropriate at that time and you invited Mr. Spooner to submit any additional information regarding IER. In our telephone conversation on July 18, 2005, you advised me that further action by the Securities Division would not be appropriate at the present time because the Division had found no offers or sales of the IER working interest to any resident of Arizona. I would like to furnish to the Division additional information on this matter.

Enclosed are two pages from a US American Resources, Inc. (USAR, Inc.) website showing IER as a wholly owned subsidiary of USAR, Inc. and advertising "IER's Premiere Property, The Chastain Mine". That website was retrieved on July 18, 2005. Also enclosed is a copy from USAR, Inc.'s website retrieved on August 1, 2005 that advertises the Chastain Mine but does not mention IER. Both of those websites tout "resources valued at 1.4 billion +" and other misleading information

Ella G. Johnson, Attorney
Arizona Corporation Commission
August 2, 2005
Page Two

about the Chastain mining claims. Those websites are prominently displayed with USAR as a "sponsor" at the top of each of hundreds of pages from a Yahoo internet search of "investment" and "Arizona" and "gold mine" which is available to and can be read by anyone in any state, including Arizona. The USAR Chastain mining claims are also advertised in the Washington Post (see enclosed) and, it is reasonable to assume, are advertised in other newspapers in the United States.

That USAR advertisement states that the securities "are being offered and sold pursuant to the exemption provided by § 139.16 of the Rules and Regulations" of the Texas Securities Board. Section 139.16 does not exempt advertisements containing the statements in USAR's advertisements. Furthermore, enclosed is an e-mail dated August 1, 2005 from the Texas Securities Board stating that no exemption filings by USAR as required by § 139.16 have been found by the Texas Board. My information is that there has been no corresponding exemption filing in the Arizona Securities Division.

I realize that the Securities Division must exercise its discretion and conserve its enforcement resources in selecting cases that it will pursue. However, the scope of IER's and USAR, Inc.'s promotional advertising indicates that their marketing would be among those involving great harm to the public and that an enforcement action would have a great deterrent effect on fraud in the market place.

I have examined some of the prior enforcement actions by the Securities Division in mining promotions that do not appear to involve Arizona residents, but in which the mining properties were located in Arizona and which appeared to involve even less investment dollars than we believe are involved in the IER/USAR promotions. See, *Centenarios Gold, Inc.*, Docket No. S-03584A-05-0000; *Mining Ventures International, L.L.C.*, Docket No. S-03406A-00-0000; and *M.G. Natural Resources Corporation*, Docket No. S-03356A-01-0000.

Furthermore, the Arizona courts have held that the Arizona securities laws are applicable to the sales and offers of securities involved in operations in Arizona

Ella G. Johnson, Attorney
Arizona Corporation Commission
August 2, 2005
Page Three

which are not made to residents of Arizona. See, *Arizona Corporation Commission v. Media Products, Inc.*, 158 Ariz. 463, 464, 467 (App. 1988); *State of Arizona v. Goodrich*, 151 Ariz. 118, 122 (App. 1986).

Therefore, Mr. Spooner and I would appreciate the Securities Division reconsidering the investigation into this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry L. Haggard". The signature is written in a cursive style with a large initial "J".

Jerry L. Haggard

JLH:mb
Enclosures as stated.

c: Mr. Joseph Lucero
Mr. Scott Spooner
Mr. Roger Boudreau, Pacific Regional Office, SEC



ARIZONA CORPORATION COMMISSION
WWW.CC.STATE.AZ.US

JULIE A. COLEMAN
ASSISTANT CHIEF COUNSEL
OF ENFORCEMENT
SECURITIES DIVISION

1300 WEST WASHINGTON STREET PHONE (602) 542-0639
PHOENIX, ARIZONA 85007 FAX (602) 594-7427
TOLL FREE (866) VERIFY-9 JCOLEMAN@AZCC.GOV

1 ("USAR"). USAR is an exploration and development company that represents that it specializes
2 in gold, copper and silver mining projects.

3 2. Jinson Jose ("Jose") is an account representative for IER.

4 3. Mark Marshall ("Marshall") is an account representative for IER.

5 II. NATURE OF THE OFFERING

6 4. On or about June 6, 2005, Jose, on behalf of IER, made an unsolicited
7 telephone call to a Washington state resident ("Resident"). Jose identified himself as a
8 salesperson for IER, and said that he was calling to solicit investors in a gold mine.

9 5. On or about June 7, 2005, IER, through Jose, mailed or caused to be mailed to
10 Resident offering materials relating to a gold mine located in La Paz, Arizona called the
11 Chastain Mine.

12 6. According to the offering documents received by Resident, IER was offering a
13 working interest in the mine to accredited investors, with a minimum participation of \$100,000,
14 for a 2% working interest of the total offering. The offering documents projected that an
15 individual investing \$100,000 would make \$1,526,204 over a ten year period. The offering
16 documents did not include risks associated with the mining venture or IER's financial
17 statements.

18 7. In or around July of 2005 Marshall made three calls to Resident to convince
19 Resident to invest in the Chastain Mine. In one call, on or about July 18, 2005, Marshall told
20 Resident that he had just returned from the mine site in Arizona and production was beginning
21 next week. Marshall indicated that the offering was almost full and subsequent offerings from
22 IER would not be as profitable, but did not tell Resident why.

1 III. MISREPRESENTATIONS AND OMISSIONS

2 8. IER, USAR, Jose, and Marshall failed to provide material information regarding
3 the investment, including but not limited to, a financial statement for IER and the risks involved
4 with gold mining.

5 IV. REGISTRATION STATUS

6 9. IER is not currently registered to sell its securities in the state of Washington and
7 has not previously been so registered.

8 10. USAR is not currently registered to sell its securities in the state of Washington
9 and has not previously been so registered.

10 11. Jinson Jose is not currently registered as a securities salesperson or broker-dealer
11 in the state of Washington and has not previously been so registered.

12 12. Mark Marshall is not currently registered as a securities salesperson or broker-
13 dealer in the state of Washington and has not previously been so registered.

14
15 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

16 CONCLUSIONS OF LAW

17 1. The offer or sale of working interests in the Chastain Mine described above
18 constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

19 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
20 registration or notification of claim of exemption for such offer or sale is on file with the
21 Securities Administrator.

22 3. Jinson Jose has violated RCW 21.20.040 by offering or selling said securities
23 while not registered as a securities salesperson or broker-dealer in the state of Washington.

1 4. Mark Marshall has violated RCW 21.20.040 by offering or selling said securities
2 while not registered as a securities salesperson or broker-dealer in the state of Washington.

3 5. The offer and/or sale of said securities was made in violation of RCW 21.20.010
4 because, as set forth in the Tentative Findings of Fact, Respondents made misstatements of
5 material fact or omitted to state material facts necessary in order to make the statements made, in
6 light of the circumstances under which they were made, not misleading.

7
8 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

9 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
10 Administrator intend to order that Respondents, International Energy and Resources, Inc., US
11 American Resources, Inc., Jinson Jose, and Mark Marshall, their agents and employees, each
12 cease and desist from violations of RCW 21.20.010, RCW 21.20.040, and RCW 21.20.140.

13
14 **NOTICE OF INTENT TO IMPOSE FINES**

15 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and
16 Conclusions of Law, the Securities Administrator intends to order that Respondents,
17 International Energy and Resources, Inc., US American Resources, Inc., Jinson Jose, and Mark
18 Marshall, shall be jointly and severally liable for and pay a fine of \$5,000.

19
20 **AUTHORITY AND PROCEDURE**

21 This Statement of Charges is entered pursuant to the provisions of 21.20.390 and
22 21.20.395 and is subject to the provisions of RCW 34.05. The Respondents, International
23 Energy and Resources, Inc., US American Resources, Inc., Jinson Jose, and Mark Marshall, may

1 each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO
2 DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

3 If a Respondent does not request a hearing, the Securities Administrator intends to adopt
4 the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent
5 cease and desist order and impose fines as to that Respondent.

6 Dated and Entered this 7th day of September, 2005.

7
8
9 Michael E. Stevenson
10 MICHAEL E. STEVENSON
Securities Administrator

11 Approved by:

12 Suzanne Sarason

13 Suzanne Sarason
Chief of Compliance &
Examinations

Presented by:

14 K. Reynolds

15 Kate Reynolds
16 Financial Legal Examiner

**MINUTES
OF THE
LA PAZ COUNTY BOARD OF SUPERVISORS
Monday, April 18, 2005, 10:00 a.m.
Regular Meeting**

Chairman Fisher called the Monday, April 18, 2005, Regular Meeting of the La Paz County Board of Supervisors to order at 10:01 a.m. Those present were: Chairman Fisher, Supervisor Edey, Supervisor Scott, Interim County Administrator/Clerk of the Board Hale, County Attorney Brannan, Finance Director Alcaida, Assessor Nault, Sheriff Collett, Interim Public Works Director Simmons, Community Development Office Manager (Patricia) Wall, Special Projects Coordinator (Bud) Wall, Recorder Baker, Health Director Shontz, Chief Parks Ranger Bennett, and Executive Secretary Green.

Chairman Fisher led the Pledge of Allegiance, followed by the Invocation given by Pastor George Rennau from the Grace Assembly of God Church.

Presentation: Bouse Community Library – Elizabeth Praast on behalf of the Bouse Community Library Committee

Elizabeth Praast spoke on behalf of the Bouse Community Library Committee and gave a brief history of the Library's beginnings in which the community had come together and donated thousands of dollars worth of volunteer hours since the summer of 2004 to opening day on February 1, 2005. She noted that over 8000 books were donated, and work parties were formed to install donated carpeting, computers, shelving, and paint donated from local businesses and individuals. Grant monies were received by the efforts of Jana Ponce, County Librarian; and labor came from 35 community volunteers as well as County Jail Trustees. She added that there still needs to be work done to complete the cataloging of 5,000 books. There will be a Grand Opening in the fall, and a reading discussion group was being planned in the winter for senior citizens with the goal to include providing them medical information/training by WACOG, who has also donated a computer. She recognized many volunteers who attended the meeting.

CONSENT AGENDA (*Discussion and possible action on the following items*):

Interim County Administrator/Clerk of the Board Hale presented for approval Consent Agenda Items #4(a) through #4(g).

4(a) Approval of Minutes

Approve the minutes of the following meetings: Monday, March 28, 2005, 9:30 a.m. Worksession; Monday, April 4, 2005, 10:00 a.m. Regular Meeting; Monday, April 4, 2005, 1:30 p.m. Worksession; and Tuesday, April 5, 2005, 10:00 a.m. Worksession.

CONSENT AGENDA *(Discussed and possible action on the following items);*

Interim County Administrator/Clerk of the Board Hale presented for approval Consent Agenda Items #5(a) through #5(c).

5(a) Approval of Jail District Payroll

Approve March 20, 2005, through April 2, 2005, gross payroll, as presented, in the amount of \$48,329.77, plus employer benefit contributions of \$4,664.10, for a total of \$52,993.87, including handwritten warrants.

5(b) Approval of Jail District Demands

Approve the Jail District demands, as presented, in the amount of \$63,925.82, including handwritten warrants.

5(c) Approve/Deny payment for engineering evaluation of possible Jail expansion, an unbudgeted item

Approve payment to Durrant for engineering evaluation services for a possible Jail expansion in the amount of \$8,702.93 for invoice #0016487 dated October 14, 2004, and \$306.70 for invoice #0040040 dated December 6, 2004, an unbudgeted item.

SUPERVISOR EDEY MOVED to approve Consent Agenda Items #5(a) through #5(c), as presented. Motion seconded by Supervisor Scott, passed unanimously.

Chairman Fisher recessed the Jail District Board of Directors and reconvened the Board of Supervisors at 10:22 a.m.

REGULAR AGENDA *(Discussion and possible action on the following items):*

PUBLIC HEARING(S):

Docket No. SU2004-03, Rachael L. Mathis, APN: 304-37-001F, for a Special Use Permit for the purpose of establishing a mobile office and testing facility to support mineral and gravel sales in an RA-5 (Rural Area-Five Acres) Zoning District, located northeast of Salome Road

Community Development Office Manager Wall presented Docket No. SU2004-03, Rachael L. Mathis, APN: 304-37-001F, for a Special Use Permit for the purpose of establishing a mobile office and testing facility to support mineral and gravel sales in an RA-5 (Rural Area-Five Acres) Zoning District, located northeast of Salome Road. She explained that

this item had come before the Planning and Zoning Commission more than a year ago and was continued twice before being denied by Planning and Zoning. It was never brought before the Board of Supervisors due to an office error.

Ms. Wall stated that the Planning and Zoning Commission had discussed this request for a Special Use Permit at great length and the recommendation to deny this request was unanimously approved. She added that the property along Salome Road has some farming, but is primarily residential and appears to be moving more in that direction. Since this request is for industrial use, staff concurred with the Planning and Zoning Commission recommendation.

Chairman Fisher opened the public hearing and asked if anyone wished to comment on this request for a Special Use Permit.

Charles Cruise, attorney representing International Energy and Resources, Inc. (IER), and developers of the Chastain Mine, stated that John Owen, CEO, and Rachael Mathis, Officer and Director, were also present. He distributed information to the Board about the company itself, which presented the next phase of the development, including the budgeted revenues and photos of the area. He explained that it was to their surprise that in March 2005, they discovered that their understanding of the approval of their request in April 2004, was an approval of Community Development's recommendation to deny. He expressed that it was odd that an item be presented in that manner and had asked Community Development Office Manager Patricia Wall for copies of the recording of the Planning and Zoning Commission meeting that denied the Special Use Permit request. The tape was garbled; however, the minutes stated that the motion for denial was approved.

Mr. Cruise stated that Ms. Wall, not a part of Community Development during the April 2004 hearing process, offered to have the request confirmed/reheard by the Planning and Zoning Commission. However, he was informed the Commission chose not to rehear the request. He was troubled with the outcome since it was his understanding that staff was recommending approval of the request that would provide an office space for the mine development, a gravel sales office, and company housing.

Mr. Cruise continued, explaining the five plan development, claiming that the company had been set back a year by this misunderstanding. The company has spent over three and one half million dollars in the area while developing the Chastain Mine, and had donated funds to the Animal Relief Fund.

In referring to the photos, Mr. Cruise noted that Frank Magini, on the Planning and Zoning Commission, is opposed to this project, and has his property next to the Mathis property. He added that Mr. Magini appears to use his property primarily for commercial use, not residential. He claimed that a "sworn testimony" by Ralph Hodges revealed that a two hundred ton per day crusher has been in active use on the Magini property since January, 2005.

Mr. Cruise felt that there is no reason why the Special Use Permit would not be permitted considering the surrounding use of the property. He added that the Board had the opportunity to correct a mistake.

Supervisor Edey asked what the zoning was in Frank Magini's property, and whether there were any Special Use Permits for that property. Ms. Wall stated that she would obtain that information and bring it to the Board later in the meeting.

Discussion ensued regarding questions from Chairman Fisher and Supervisor Scott regarding statements Mr. Cruise had made as to why the developer did not come forth earlier to the Board and why they felt that the project was set back for a year.

Chairman Fisher stated that it was his view that the delay would be the time involved for a rezone if the applicant chose to go that route.

Julian Barber stated that he was in favor of the project for La Paz County, adding that it would employ up to 50 people, provide a favorable tax base, and include people that are willing to work with the community. He felt that La Paz County should not turn away business, and it made sense to act on this opportunity.

Margaret Jaeger Cruise, with the Animal Relief Fund, thanked the Board for their support in recent months. She stated that IER has "put their money where their mouth is" by donating funds for the completion of the cattery and clinic, and was impressed by their apparent commitment to the area. She felt that the Board would continue to act in the best interests of the community by favoring this project.

Community Development Office Manager Wall reported to the Board that the Magini property was in an RA-5 (Rural Area-Five Acres) Zoning District. She also confirmed that what Mr. Cruise stated was correct. This item was presented to the Planning and Zoning Commission as an administrative item to see if they wished to rehear the item. They did not want to rehear it, but confirmed the minutes as approved for that meeting, and that Mr. Magini recused himself from that vote.

In answer to Supervisor Scott's question asking whether she had been out to see the property, Ms. Wall stated that Mr. Wall had been to the property a few days prior.

Special Projects Coordinator Bud Wall stated that he had driven out to that area this past Friday on the way to a meeting in Phoenix and was nearly run over by a dump truck coming out of the driveway. He saw a portable office structure and some associated equipment conducting a full scale operation. After some discussion he added he was not sure the exact location of the Magini property line. He believed the dump truck came from Ms. Mathis' property.

Discussion regarding the area ensued revealing that the nearest neighbors had old mining materials and debris scattered from a zoning approval occurring approximately 15 years



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Company Name: HILBRANDS AND WESTERN

CONTRACTOR IS NOT ABLE TO CONTRACT WITH THIS LICENSE AT THIS TIME.
THIS CONTRACTOR MAY BE OPERATING WITH OTHER CURRENT LICENSES.

License Status: EXPIRED Status Date: 3/1/2006

Action:

Status Narrative:

Additional Information: (This information may not include all applicable suspensions.)
SUSP 1/8/98 - 4/2/98 LACK OF BOND

Address: 11551 E 4TH AVENUE
APACHE JUNCTION, AZ 85220-4709

Phone Number: 602-373-9970

Former Company Name:

Date of Name Change:

License Number: ROC092880

License Class: A- COMMERCIAL
GENERAL ENGINEERING

License Entity: SOLE PROPRIETORSHIP

License Issue Date: 3/13/1992 Renewed Date: 2/28/2003 Renewed Thru: 2/28/2005

Qualifying Party Information: (Last name listed first)

HILBRANDS ARIE JAY

Position: OWNER

Date Qualified: 3/13/1992

Principal Information: (Last name listed first)

NONE

Complaint Information:

Complaints against this contractor are listed below. Complaints that were cancelled, resolved or settled without a corrective work order or dismissed are not included.

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Company Name: HILBRANDS AND WESTERN

CONTRACTOR IS NOT ABLE TO CONTRACT WITH THIS LICENSE AT THIS TIME.
THIS CONTRACTOR MAY BE OPERATING WITH OTHER CURRENT LICENSES.

License Status: EXPIRED Status Date: 3/1/2006

Action:

Status Narrative:

Additional Information: (This information may not include all applicable suspensions.)
SUSP 1/8/98 - 4/2/98 LACK OF BOND

Address: 11551 E 4TH AVENUE
APACHE JUNCTION, AZ 85220-4709

Phone Number: 602-373-9970

Former Company Name:

Date of Name Change:

License Number: ROC092880

License Class: A- COMMERCIAL
GENERAL ENGINEERING

License Entity: SOLE PROPRIETORSHIP

License Issue Date: 3/13/1992 Renewed Date: 2/28/2003 Renewed Thru: 2/28/2005

Qualifying Party Information: (Last name listed first)

HILBRANDS ARIE JAY

Position: OWNER

Date Qualified: 3/13/1992

Principal Information: (Last name listed first)

NONE

Complaint Information:

Complaints against this contractor are listed below. Complaints that were cancelled, resolved or settled without a corrective work order or dismissed are not included.

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04/17/2006

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3:41 PM

History Corporate Inquiry

File Number: -0823583-5

Corp. Name: HILBRANDS & WESTERN MINING COMPANY, INC.

Domestic Address

11551 E 4TH AVE

APACHE JUNCTION, AZ 85220

Statutory Agent Information

Agent Name: JOEL M SMITH

Agent Address:

1901 E UNIVERSITY DR #370

MESA, AZ 85203

Agent Status: APPOINTED 11/10/1997

Agent Last Updated:

Officer and Director Information

Name: ARIE J HILBRANDS

Title: PRESIDENT/CEO

Address: 11551 E 4TH AVE

APACHE JUNCTION, AZ 85220

Date Assigned: 11/12/1997

Last Updated: 08/22/2001

Name: TED B HILBRANDS

Title: SECRETARY

Address: 11551 E 4TH AVE

APACHE JCT, AZ 85220

Date Assigned: 11/12/1997

Last Updated: 08/22/2001

Additional Corporate Information

Business Type:

Corporation Type:

Incorporation Date: 11/10/1997

Corporate Life Period: PERPETUAL

Domicile: ARIZONA

County: MARICOPA

Approval Date: 11/10/1997

Original Publish Date: 02/26/1998

Status: AD-DISSOLVED-FILE ANNUAL REPORT

Status Date: 04/28/2002

Annual Reports

File Year	File Month	Date Received	Reason Returned	Date Returned	Extension
2000	11	11/13/2000	REPORT RETURNED, CHECK DEPOSITED	01/08/2001	
1999	11	04/24/2001			

1998|11 |09/29/1998|

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Document Number	Description	Date Received
-00264025	98 ANNUAL REPORT	09/29/1998
00299105	99 ANNUAL REPORT	04/24/2001

Administrative Dissolutions and Reinstatements

Administrative Dissolution Date	Administrative Dissolution Reason	Reinstatement Date
04/28/2002	AD-DISSOLVED - FILE A/R	

Microfilm

Location	Entered	Description
1-1183-004-008	11/10/1997	ARTICLES
1-1243-006-007	02/26/1998	PUB OF ARTICLES
3-1517-000-882	09/29/1998	98 ANNUAL REPORT
3-1598-001-546	11/13/2000	00 ANNUAL REPORT
3-1616-001-363	04/24/2001	99 ANNUAL REPORT
2-0286-046-044	09/06/2001	NOTICE OF PENDING ADMINISTRATIVE DISSOLUTION
3-1669-002-719	04/28/2002	CERTIFICATE OF DISSOLUTION

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04/17/2006

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Corporate Inquiry	
File Number: -1219434-5	Check Corporate Status
Corp. Name: HILBRANDS & WESTERN MINING COMPANY	

Domestic Address

4655 W SIX CLAIMS RD
PRESCOTT, AZ 86305

Statutory Agent Information

Agent Name: JOEL M SMITH
Agent Mailing/Physical Address:
1901 E UNIVERSITY #370
MESA, AZ 85203
Agent Status: APPOINTED 08/08/2005
Agent Last Updated: 12/10/2005

Additional Corporate Information

Corporation Type: BUSINESS	
Incorporation Date: 08/08/2005	Corporate Life Period: PERPETUAL
Domicile: ARIZONA	County: YAVAPAI
Approval Date: 08/08/2005	Original Publish Date: 11/16/2005

Annual Reports

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01283684	ARTICLES	08/08/2005
01397030	PUB OF ARTICLES	11/16/2005

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04/24/2006

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Corporate Inquiry	
File Number: -1239383-0	Check Corporate Status
Corp. Name: STACY & SONS EXCAVATING, INC.	

Domestic Address

71217 W SANTA FE AVE
PO BOX 41
WENDEN, AZ 85357

Statutory Agent Information

Agent Name: JOEL M SMITH
Agent Mailing/Physical Address:
1901 E UNIVERSITY #370
MESA, AZ 85203
Agent Status: APPOINTED 11/01/2005
Agent Last Updated: 11/09/2005

Additional Corporate Information

Corporation Type: BUSINESS
Incorporation Date: 11/01/2005
Corporate Life Period: PERPETUAL
Domicile: ARIZONA
County: LA PAZ
Approval Date: 11/01/2005
Original Publish Date:

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Document Number	Description	Date Received
01370827	ARTICLES	11/01/2005
01445464	PUB OF ARTICLES	01/19/2006

AZ CORPORATION COMMISSION
FILED



NOV 01 2006
 FILE NO: 1239583-0
 Articles of Incorporation
 of
Stacy & Sons Excavating, Inc.

1. **Name.**
The name of the Corporation is Stacy & Sons Excavating, Inc.
2. **Initial Business.**
The Corporation initially intends to conduct the business of Construction Excavating.
3. **Authorized Capital.**
The Corporation shall have the authority to issue 1,000,000 shares of common stock.
4. **Known place of Business.**
The street address of the known place of business of the Corporation is: 71217 E. Santa Fe Ave. P.O. Box 41 Wenden, AZ 85357.

Statutory Agent.
 Joel M. Smith
 1901 E. University #370
 Mesa, AZ 85203

5. **Board of Directors.**
The initial board of directors shall consist of 4 director. The names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors are elected and qualified are:

Leland W. Stacy 71217 E. Santa Fe Ave Wenden, AZ 85357	Carson L. Stacy 225 Rattlesnake Mtn. Rd. Black Mountain, NC 287 1
--	---

Kelly L. Stacy 71182 Elm Ave Wenden, AZ 85357	Carroll Jo Stacy 71185 E. Santa Fe Ave Wenden, AZ 85357
---	---

Incorporator:

Joel M. Smith
 1901 E. University #370
 Mesa, AZ 85203

JERRY L. HAGGARD, P.C.
1248 East Victor Hugo Avenue
Phoenix, AZ 85022
Office: 602-863-1119
Fax: 602-863-1119
E-mail: jhaggard@azbar.org

Conf. Rec'd: _____

Time Sent: _____

Date: April 12, 2006

Original Mailed: Yes No

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TO: Mr. Ron Clark * 602/594-7440

FROM: Jerry L. Haggard

PAGES (Including Cover): 7

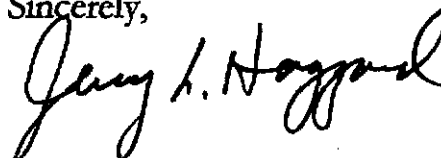
Dear Mr. Clark:

Thank you for scheduling an appointment with you and Assistant Director Coleman at 11:00 a.m. on April 17 in your offices regarding the sales of working interests in mining claims in La Paz County by International Energy and Resources, Inc. Attached is a summary of the activities that IER is carrying out in that marketing program. This is a situation that we believe has called for the immediate attention of the Securities Division.

The following persons will attend the meeting with me:

**Nyal J. Niemuth - Arizona Department of Mines and Mineral Resources
W. Scott Donaldson - Phoenix attorney**

Sincerely,



Jerry L. Haggard

**SUMMARY OF SALES OF MINING WORKING INTERESTS IN ARIZONA
BY
INTERNATIONAL ENERGY AND RESOURCES, INC.
AND
U.S. AMERICAN RESOURCES, INC.**

DATE

EVENT

January 3, 2001

IER incorporated in Texas.

2001-2002

IER distributed brochures to potential investors:

“International Energy and Resources, Inc.’s Offering in the Chastain Mine” in La Paz County, Arizona.

“International Energy and Resources, Inc. Chastain Mine Overview”.

Those documents make numerous false statements including:

1. the value of the property (\$152.2 Billion),
2. “ore reserves” of initial mining area would be \$515,495,605.00,
3. IER owns a 90% interest in the Chastain Mine, and
4. investors would receive a 25.76:1 return on their investments after ten years of production.

Those documents fail to disclose any risk to investors, IER’s financial statement or that IER has no experience in mining.

DATE

EVENT

2002	IER is believed to have contracted with Miesen Development Corp. (unsigned contract attached to Spooner Complaint below) to solicit investors in Chastain Mine for commissions. Ohio Division of Securities Cease and Desist Order No. 05-048 ordered Miesen to cease and desist from advertising an oil and gas joint venture investment on its website.
2002 to Present	IER continues issuing brochures and offerings containing identical or similar false statements and omitting necessary information.
March, 2003	Rogers Carrington visited Chastain Mine and invested \$15,000 in working interests by a credit card run through another company.
June 2, 2004	IER registered as a foreign corporation to do business in Arizona.
February 11, 2005	Scott D. Spooner filed Complaint in A.C.C. Securities Division. Attachments to Complaint include documents described below and documents submitted later to the Securities Division.
March 10, 2004	IER brings three lawsuits in La Paz County, Arizona to quiet title in the Chastain Mine and claiming \$1 Million in damages for defendants interfering with IER's sales of working interests plus \$6 Million for other claimed damages.

DATE

EVENT

2002-2006

IER frequently brings investors to the Chastain property to offer working interests. Witnesses:

Ed Sweeney -- 928-685-4347
Frank Magini 928-859-3226
Richard Austin 602-920-5670
Russ Dugdale 406-494-0600

July 8, 2004

Arizona Securities Division issues Certificates of Non-registration of IER and Chastain Mine Offering.

2005

Principals of IER formed, and caused IER to become a subsidiary of, US American Resources, Inc. ("USAR").

USAR not registered as a foreign corporation to do business in Arizona.

USAR has not registered securities with the Arizona Corporation Commission.

2005 to Present

USAR advertises on its website www.usarinc.com and invites persons to request information for investing in five USAR properties in La Paz County, Arizona and describes those properties with false information including the following:

.40 ounces of gold per ton average

Resources valued at \$1.4 Billion +

Gold visible to the naked eye

\$12 million dollars invested in production on 7- Claim EW Target

DATE

EVENT

Mineable "reserve": 30 million tons (Phases 1-4), 78 million tons (Phase 5)

Total gold production 13,086,000 ounces.
(only about 16,000,000 total ounces produced in Arizona's entire history)

USAR does not disclose litigation over title to the Chastain Mine.

IER does not disclose that title to the Chastain Mine is not held by IER.

September 17, 2005

Washington State Securities Division issues Statement of Charges In The Matter of International Energy and Resources, Inc.; U.S. American Resources. Findings:

IER telemarketers are not registered as securities sales persons or broker-dealer.

IER offering documents projected an individual investing \$100,000.00 would make \$1,526,204.00 over a ten year period.

The offering documents did not include risks associated with mining.

Telemarketers represented that mine production would begin in August 2005.

IER did not provide material information including an IER financial statement and risks involved with gold mining.

November 29, 2005

State of Washington Securities Division issues Consent Order ordering IER and employees to:

Cease and desist from offering or selling securities in violation of the Securities Act of Washington.

Cease and desist from acting as unregistered securities broker/ dealer or sales person.

Cease and desist from violating the anti-fraud section of the Securities Act of Washington.

- 2005-2006 No disclosure of the Washington State actions in IER or USAR's marketing materials.
- September 6, 2005 BLM issued Decision holding IER is not authorized to engage in any form of occupancy on the Chastain Mining Claims.
- 2005-2006 No disclosure of the BLM Decision in IER's marketing material.
- March 28, 2006 Venture Research Institute Website (attached) (www.vcresearch.info/open/forums.asp) publishes numerous instances of IER telemarketers cold calling potential investors.

RECENT ARIZONA SECURITIES DIVISION ACTIONS AGAINST SIMILAR SALES OF MINING INTERESTS

In The Matter of Mid America Energy, Inc., et al., Docket No. S-20442A-06-0110 dated February 28, 2006:

Found Mid America violated Arizona securities laws by advertising through its website with unregistered securities and false and misleading information for Kentucky oil wells, omitting necessary information, and ordering Mid America to cease and desist.

**In The Matter of Centenarios Gold, Inc., Docket No. S-03584A-05-0000,
Opinion and Order dated September 23, 2005:**

Found that Centenarios offered unregistered securities in a gold mine in Mexico through the internet failing to disclose material information and providing misleading information by an unregistered dealer and/or salesman.

In The Matter of M.G. Natural Resources Corporation, Docket No. S-03356A-00-0000, Order dated December 28, 2001:

Found that M.G. Natural Resources was marketing unregistered securities with materials containing false and misleading information and omission of necessary information regarding M.G. Natural Resources' methods of recovering gold from scoria and volcanic cinders.

In The Matter of Mining Ventures International, L.L.C., Docket No. S-03406A-00-0000, Order dated July 27, 2000:

Found that Mining Ventures offered investments in mining claims near Lake Havasu City without being registered, containing false and misleading information regarding the value of the mining claims, omitting necessary information, and failing to tell potential investors that a principal of Mining Ventures had been ordered to cease and desist in other states.

BRIEFING POINTS TO COVER

- Arizona – a major mining state, but has had an unfortunately long list of mining scams – refer to Scott Donaldson’s 2002 paper on Arizona mining scams.
- This IER and USAR mining scam is one of the longest duration (since 2001), and the most elaborate, with telemarketer cold calling and internet advertising in Arizona and throughout the United States.
- Why we are here:
 - Nyal Niemuth is a mining engineer with ADMMR - has the statutory duty to advise the ACC in investigations regarding “sales of mining securities” (A.R.S. § 27-102(A)(9).
 - Scott Donaldson and Jerry Haggard are mining attorneys who represent major companies and individuals in the mining industry. The reputations of the mining industry and Arizona are being damaged by this mining scam.
 - Donaldson and Haggard also represent four individuals who have been sued by IER (1) for millions of dollars for supposedly interfering with IER’s sales of mining securities and (2) for IER to gain title to the defendants’ mining claims.
- IER was formed as a Texas corporation in 2001 and began activities in Arizona in early 2001.
- IER met the mining claim owner in 2001, Robert Chastain (an 87-year old man), who allowed IER to examine his mining claims.
- Then in the first IER “Offering of Working Interests” in the “Chastain Mine”, IER states it “took over” the Chastain claims in late 2001.
- IER and USAR (its parent) advertises with cold calling, brochures and internet website and advertising in Arizona and throughout the United States.

- Those advertisements state that IER's gold production will be more than 13 million ounces and investors will receive a return on investment of 26:1.
- There has only been about 16 million ounces total of gold produced in the entire State of Arizona.
- One of the persons sued by IER, Scott Spooner, filed a Complaint regarding IER in the Securities Division in February, 2005.
- The Securities Division staff says there are no currently active investigations of IER and they have deferred the matter to Texas.
- The Texas Securities Division says they have no active investigation.
- The Washington State Securities Division issued an Order dated November 29, 2005 for IER, USAR and their telemarketers to cease and desist from: (1) offering and selling working interests in the Chastain Mine, (2) acting as unregistered salespersons, and (3) violating Washington's anti-fraud statutes.
- It is crucial to Arizona and to persons being defrauded that the Securities Division actively investigate and proceed against IER and USAR.

BRIEFING POINTS TO COVER

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- IER met the mining claim owner in 2001, Robert Chastain (an 87-year old man), who allowed IER to examine his mining claims.
- Then in the first IER “Offering of Working Interests” in the “Chastain Mine”, IER states it “took over” the Chastain claims in late 2001.
- IER and USAR (its parent) advertises with cold calling, brochures and internet website and advertising in Arizona and throughout the United States.

- Those advertisements state that IER's gold production will be more than 13 million ounces and investors will receive a return on investment of 26:1.
- There has only been about 16 million ounces total of gold produced in the entire State of Arizona.
- One of the persons sued by IER, Scott Spooner, filed a Complaint regarding IER in the Securities Division in February, 2005.
- The Securities Division staff says there are no currently active investigations of IER and they have deferred the matter to Texas.
- The Texas Securities Division says they have no active investigation.
- The Washington State Securities Division issued an Order dated November 29, 2005 for IER, USAR and their telemarketers to cease and desist from: (1) offering and selling working interests in the Chastain Mine, (2) acting as unregistered salespersons, and (3) violating Washington's anti-fraud statutes.
- It is crucial to Arizona and to persons being defrauded that the Securities Division actively investigate and proceed against IER and USAR.

SUMMARY OF SALES OF MINING WORKING INTERESTS IN ARIZONA
BY
INTERNATIONAL ENERGY AND RESOURCES, INC.
AND
U.S. AMERICAN RESOURCES, INC.

DATE

EVENT

January 3, 2001

IER incorporated in Texas.

2001-2002

IER distributed brochures to potential investors:

“International Energy and Resources, Inc.’s Offering in the Chastain Mine” in La Paz County, Arizona.

“International Energy and Resources, Inc. Chastain Mine Overview”.

Those documents make numerous false statements including:

1. the value of the property (\$152.2 Billion),
2. “ore reserves” of initial mining area would be \$515,495,605.00,
3. IER owns a 90% interest in the Chastain Mine, and
4. investors would receive a 25.76:1 return on their investments after ten years of production.

Those documents fail to disclose any risk to investors, IER’s financial statement or that IER has no experience in mining.

DATE

EVENT

2002	IER is believed to have contracted with Miesen Development Corp. (unsigned contract attached to Spooner Complaint below) to solicit investors in Chastain Mine for commissions. Ohio Division of Securities Cease and Desist Order No. 05-048 ordered Miesen to cease and desist from advertising an oil and gas joint venture investment on its website.
2002 to Present	IER continues issuing brochures and offerings containing identical or similar false statements and omitting necessary information.
March, 2003	Rogers Carrington visited Chastain Mine and invested \$15,000 in working interests by a credit card run through another company.
June 2, 2004	IER registered as a foreign corporation to do business in Arizona.
February 11, 2005	Scott D. Spooner filed Complaint in A.C.C. Securities Division. Attachments to Complaint include documents described below and documents submitted later to the Securities Division.
March 10, 2004	IER brings suits in La Paz County, Arizona to quiet title in the Chastain Mine and claiming \$1 Million in damages for defendants interfering with IER's sales of working interests.

DATE

EVENT

2002-2006

IER frequently brings investors to the Chastain property to offer working interests. Witnesses:

Ed Sweeney – 928-685-4347
Frank Magini 928-859-3226
Richard Austin 602-920-5670
Russ Dugdale 406-494-0600

July 8, 2004

Arizona Securities Division issues Certificates of Non-registration of IER and Chastain Mine Offering.

2005

Principals of IER formed, and caused IER to become a subsidiary of, US American Resources, Inc. (“USAR”).

USAR not registered as a foreign corporation to do business in Arizona.

USAR has not registered securities with the Arizona Corporation Commission.

2005 to Present

USAR advertises on its website www.usarinc.com and invites persons to request information for investing in five USAR properties in La Paz County, Arizona and describes those properties with false information including the following:

.40 ounces of gold per ton average

Resources valued at \$1.4 Billion +

Gold visible to the naked eye

\$12 million dollars invested in production on 7- Claim EW Target

DATE

EVENT

Mineable "reserve": 30 million tons (Phases 1-4), 78 million tons (Phase 5)

Total gold production 13,086,000 ounces.

USAR does not disclose litigation over title to the Chastain Mine.

IER does not disclose that title to the Chastain Mine is not held by IER.

September 17, 2005

Washington State Securities Division issues Statement of Charges In The Matter of International Energy and Resources, Inc.; U.S. American Resources. Findings:

IER telemarketers are not registered as securities sales persons or broker-dealer.

IER offering documents projected an individual investing \$100,000.00 would make \$1,526,204.00 over a ten year period.

The offering documents did not include risks associated with mining.

Telemarketers represented that mine production would begin in August 2005.

IER did not provide material information including an IER financial statement and risks involved with gold mining.

November 29, 2005

State of Washington Securities Division issues Consent Order ordering IER and employees to:

Cease and desist from offering or selling securities in violation of the Securities Act of Washington.

Cease and desist from acting as unregistered securities broker/ dealer or sales person.

Cease and desist from violating the anti-fraud section of the Securities Act of Washington.

- | | |
|-------------------|--|
| 2005-2006 | No disclosure of the Washington State actions in IER or USAR's marketing materials. |
| September 6, 2005 | BLM issued Decision holding IER is not authorized to engage in any form of occupancy on the Chastain Mining Claims. |
| 2005-2006 | No disclosure of the BLM Decision in IER's marketing material. |
| March 28, 2006 | Venture Research Institute Website (attached) (www.vcresearch.info/open/forums.asp) publishes numerous instances of IER telemarketers cold calling potential investors. |

**RECENT ARIZONA SECURITIES DIVISION ACTIONS
AGAINST SIMILAR SALES OF MINING INTERESTS**

In The Matter of Mid America Energy, Inc., et al., Docket No. S-20442A-06-0110 dated February 28, 2006:

Found Mid America violated Arizona securities laws by advertising through its website with unregistered securities and false and misleading information for Kentucky oil wells, omitting necessary information, and ordering Mid America to cease and desist.

In The Matter of Centenarios Gold, Inc., Docket No. S-03584A-05-0000,
Opinion and Order dated September 23, 2005:

Found that Centenarios offered unregistered securities in a gold mine in Mexico through the internet failing to disclose material information and providing misleading information by an unregistered dealer and/or salesman.

In The Matter of M.G. Natural Resources Corporation, Docket No. S-03356A-00-0000, Order dated December 28, 2001:

Found that M.G. Natural Resources was marketing unregistered securities with materials containing false and misleading information and omission of necessary information regarding M.G. Natural Resources' methods of recovering gold from scoria and volcanic cinders.

In The Matter of Mining Ventures International, L.L.C., Docket No. S-03406A-00-0000, Order dated July 27, 2000:

Found that Mining Ventures offered investments in mining claims near Lake Havasu City without being registered, containing false and misleading information regarding the value of the mining claims, omitting necessary information, and failing to tell potential investors that a principal of Mining Ventures had been ordered to cease and desist in other states.

Conversation Record

On March 21, 2005, I returned a phone call to Cathy O'Connor-Burros who was interested in investing in the Chastain Mine and called to ask about the status of the mine. The Chastain Mine is an operation that International and Energy Resources (IER) wants to develop within T. 5 N., R. 12 W., section 28. I told Ms. O'Connor-Burros that IER has an acknowledged notice for exploration activities, consisting of drilling and bulk sampling, within section 28. Ms. O'Connor-Burros said that an IER representative told her that IER would be able to begin processing under a plan in 30 days. She asked if they would be able to begin operations in that time frame. I told Ms. O'Connor-Burros that I have 30 days to review a plan of operations, once I receive it, and the process of approving a mining plan usually takes longer because there is environmental work to be completed among other things. I told Ms. O'Connor-Burros that I have not received a mining plan of operations from IER at this time. Ms. O'Connor-Burros stated that IER has 300,000 ounces (or tons) of proven resources and she wants to check on their claim. I suggested that she verify the sources IER used to come to their resource estimate and that she may be able to find some additional information about the area from the Arizona State Mine Inspector and the Arizona Geological Survey may have some information.

On March 21, 2005, Ms. O'Connor-Burros called back with a question about the sand and gravel contract for reclamation. I told her that BLM can issue a separate authorization for a sand and gravel contract when there are no other claimants involved or the other claimants agree to the sale. I briefly explained that there are two other mining claimants that have claims covering the area IER has requested for a sand and gravel contract and that BLM needs to have them sign a waiver before the sale can proceed. From what Ms. O'Connor-Burros was stating I was unclear if the sand and gravel contract she was talking about was for the reclamation of an existing notice (Mr. Chastain's) or for reclamation of the plan of operations. I told Ms. O'Connor-Burros that I haven't seen the plan of operations therefore I didn't know if IER was addressing reclamation for the existing notice (held by Mr. Chastain) or reclamation for the mining plan.

On March 22, 2005, Ms. O'Connor-Burros called again. She stated that IER representative James Corvenas told her that IER has all of the permits needed to mine. Ms. O'Connor-Burros was told that all of the processing and permitting was transferred to another office (the "main" office) because I was new and inexperienced. I told Ms. O'Connor-Burros that nothing has been transferred to another office and if something was I would know about it. She again stated that Mr. Corvenas told her that another office was handling the paperwork and that IER would be able to begin production in 10 days. I told Ms. O'Connor-Burros that IER may have the permits they need for private and/or state lands but they do not for BLM. She also asked again about the sand and gravel reclamation contract and I told her that the contract hasn't been issued because of the conflict with another mining claimant.

**Summary of Mining Activities within
T. 5 N., R. 12 W., SECTION 28
Located southeast of Salome, AZ**

Major Players:

Robert Chastain

Mr. Chastain historically had the mining claims in the central portion of section 28 and the claims have been signed over to Scott Spooner. Mr. Chastain has an older mining notice for a cyanide heap leach operation that requires reclamation. There is also an assay lab at the site. Mr. Chastain wants to continue doing exploration.

John Owen of International and Energy Resources Inc. (IER)

IER has an authorized mining notice for exploration activities within the central portion of section 28. IER has a very large mining claim block (~100 claims) in section 28 and some surrounding sections. IER also requested occupancy with the mining notice which was not processed immediately because of the RMP timeframes and they have since stated that they don't need occupancy.

IER has volunteered to do the reclamation for Mr. Chastain's notice, which consists of removing the assay lab and selling the gravel from the old heap leach to help reclaim the area. IER was allowed to set up a small screening plant at the site to begin screening materials. The contract for the sale of the gravel has not been approved since there are additional mining claims held by two other claimants, Mr. Spooner and Mr. Magini. The additional claims cover the area of the heap leach and BLM needs to get their permission before selling mineral materials. Mr. Spooner has recently signed the waiver. IER has sued Mr. Spooner and Mr. Magini because their mining claims have kept BLM from issuing the gravel contract. Spooner has reportedly been sued for \$1,000,000.

IER has stated that they have gone to court to settle the claim dispute and judge found their claims to be the senior claims. IER has also stated that they have a restraining order against Mr. Hodges and the people with Western Exploration and Mining Company to keep those persons off the mining claims. IER is in the process of getting ready to file a mining plan for an area of section 28. They have recently hired former BLM employee Gordon Cheniae as their consultant. IER also has private land immediately to the southwest of section 28 and have some equipment set up.

Scott Spooner

Mr. Spooner is one of the current mining claimants for a small group of claims (~10 claims) in the central portion of section 28. Mr. Spooner has served as a consultant for IER, Robert Chastain and Ralph Hodges for filing mining notices. Mr. Cheniae has stated that IER is going the filing racketeering charges against Mr. Spooner and that some old supervisors may be called to testify regarding Mr. Spooner's performance with BLM.

Frank Magini

Mr. Magini is another current mining claimant for a small group of claims (~10 claims) in the central and southern portions of section 28 and has leased his claims to Western Exploration and Mining Company. He has requested a small sand and gravel contract in section 28 but IER, who also has claims covering the area requested, will not sign the waiver to issue the contract. Mr. Magini lives immediately to the southwest of section 28 and has a mill set up on his property that I believe Mr. Hodges is operating.

Ralph Hodges

Mr. Hodges is the operator the mining notice for the Magini mining claims.

Western Exploration and Mining Company (WEMCO)

WEMCO has leased Mr. Magini's mining claims and posted the bond for Ralph Hodges mining notice.

From the desk of . . .

Jerry L. Haggard

Doug Sawyer -

Doug - I expect you,
Ken and Nyal will be
interested in the enclosed
complaint regarding
International Energy
and Resources, Inc.

Jerry

Cathy Burroughs

707-778-2117 - hm

707-778-1145 - wk

707-481-6009 - cell

4/04

SN 12W 50028 - C HASTAN

CARRY NATURAL GARD MEMES - 28 C

Robinson MEMES (F) - 29 C

7/31/04

IER International Energy and Resources, Inc.

10112 papa valley drive
frisco, texas 75035 u.s.a.

John Owen
C.E.O.

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4/8/04

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Kevin Jones
Managing Principal

Louisville, KY
Lexington, KY
Charlotte, NC
Guadalajara, Mexico

4/04
SN 12W SW 28 - CHASTAN
CARR NATURAL GARD MEMBERS - 29 C
Registered members (F) - 29 C

((

Santa Maria mine or project.
2001

Excerpted info from offering document

Annotations to information by ADMMR are in ()

Property consists of 141 unpatented mining claims surrounding the Crosby Mine T13N, R8W, Sec. 9

Company names:

U.S. Metals and Minerals Inc. (Registered in Arizona)
(4706 N. 31 Drive
Phoenix, AZ 85017)

International Energy and Resources Inc. (Not registered in Arizona)
3839 Briargrove Lane, Suite 6307
Dallas TX 75287

\$50K minimum investment, 43:1 ROI

Reserve estimate: \$54 billion (gold value)

Full production by end of Sept. 2001

Offering documents contain correspondence and data from Spooner and Associates.

Scott Spooner - Senior Project geologist (not registered in AZ)

Other staff: Robert Chastain, Thomas Couste, Russell Dugdale, Erik Monk

Assayer

Special "oxidation assays" by Ken Hill (not registered in AZ) allow prior values to be multiplied by 5.8