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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

3

JERRY L. HAGGARD, P.C.

ATTORNEY AT LAW
1248 EAST VICTOR HUGO AVENUE
PHOENIX, ARIZONA 85022-4950

February 20, 2006

Robert J. Pohlman, Esq.
Riley, Carlock & Applewhite
One North Central Avenue, Suite 1200
Phoenix, AZ 85004

Dear Bob:

Thank you for your February 9, 2006 letter responding to my February 1, 2006 letter. This responds to your letter.

I was surprised by your statement that "Mr. Spooner's calculated efforts to repeat his well-rehearsed testimony during the course of his deposition prevented Mr. Coury from covering every issue presented in the complaint and counterclaim." This is the first time we have been advised that Mr. Coury was prevented by time from covering all that he wanted to ask Mr. Spooner. Mr. Coury did not indicate he wanted more time and, in fact, after his deposing Mr. Spooner from 10:07 a.m. to 4:27 p.m. on January 24, Mr. Coury concluded by saying "I don't have any further questions".

Nevertheless, in keeping with the intent of A.R.C.P. Rule 30(d), please be advised that Mr. Spooner is willing for his deposition to be continued for whatever reasonable amount of time is required for Mr. Coury to cover those issues that he did not have time to cover. Furthermore, in order to conserve on the time and costs for all parties, Mr. Spooner is willing to travel to Phoenix for the continuation of his deposition. Alternatively, if you prefer, and depending on what stipulation we may reach with regard to a continuation of Mr. Owen's deposition, we can continue Mr. Spooner's deposition in Ragley, Louisiana.

In my February 1, 2006 letter, I carefully detailed the issues on which there was not time to depose Mr. Owen and provided my best estimate that an additional nine hours would be needed by Spooner defendants' counsel, not including the time required by counsel for the other defendants. You offered to allow Mr. Owen to be deposed for only one additional hour, and even that offer was conditioned upon my traveling to Texas and on Mr. Spooner paying Mr. Owen's attorneys' fees for that one additional hour.

Robert J. Pohlman
February 20, 2006
Page Two

You state that our "discovery rules are intended to avoid multiple day depositions, and require attorneys to make strategic choices as to the issues covered in a time-limited deposition." That statement suggests that you have a misunderstanding that Rule 30(d) places an absolute maximum of four hours for any deposition. However, I am sure that in your litigation practice you are aware of the following Rules Committee statement of the purpose and scope of the 1991 Amendment to Rule 30(d):

"Depositions are presumptively limited to four (4) hours. The Committee recognizes, however, that there are depositions which cannot be concluded within these presumptive limits. The presumptive limits can be exceeded upon stipulation of counsel. Counsel who refuse to agree to depositions which reasonably and necessarily require more than four (4) hours may subject themselves to sanctions pursuant to Rule 6(f) . . . The Committee intends that there be professional cooperation between counsel in regulating the necessary length and scope of depositions."

If you believe it would be helpful in economizing on the time of Mr. Owen and his counsel, we will identify, or provide copies of, the documents on which we intend to depose Mr. Owen. We are all aware that Mr. Owen makes frequent trips to Arizona to solicit more investors in IER, and it would be more economic and convenient for all involved to continue his deposition during one of those trips in Phoenix. Please advise by February 28 whether you will agree to our request for continuing Mr. Owen's deposition.

With reference to outstanding discovery issues, you state that IER in its Third Supplemental Disclosure Statement disclosed "the names of several investors who did not invest due to Mr. Spooner's actions, and the names of the sales representatives with whom the potential investors dealt." That Third Disclosure Statement names four persons all with addresses in the Dallas area who allegedly would have invested, but does not give their

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Page Three

telephone numbers and their telephone numbers cannot be found. Please furnish those telephone numbers as well as the names of the IER representatives (in addition to John Owen and James Somma) who solicited those investors.

Further, our interrogatory number 11 requested the names of all of those investors who were deterred from investing. Please confirm that there were no investors who were so deterred other than those named and, if there were, please provide the names, addresses and telephone numbers of those other investors and the names, addresses and telephone numbers of the persons or companies who offered to sell IER working interests to those investors.

As stated in your letter, IER has refused to furnish most of the information we have requested in this case because it is considered a trade secret and confidential by IER. You asked us to let you know for what purpose we would like to use this information. That purpose is simply this. That information will be used to defend my clients against the 89 allegations made by IER, and to assert the 33 allegations in my clients' counterclaims against IER. As stated in my email dated January 19, 2006 to you and Mr. Cruise, Spooner defendants will not use such information in their commercial activities and that should relieve IER's concerns about Mr. Spooner using that information in commercial competition with IER.

Additionally in your letter, you requested 11 categories of documents. A search is being made for those documents and those that are found will be provided to you as soon as they are found.

Sincerely,


Jerry L. Haggard

JLH:mb

c: W. Scott Donaldson, Esq.
Charles Cruise, Esq.
Christopher A. Coury, Esq.

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8 Attorney for Defendants Named Below

9 SUPERIOR COURT OF ARIZONA
10 IN AND FOR THE COUNTY OF MARICOPA

11	INTERNATIONAL ENERGY and)	No. CV 2005-019015
12	RESOURCES, INC.,)	
13)	SPOONER DEFENDANTS'
14	Plaintiff,)	COMPLIANCE WITH LOCAL
15)	RULE 3.2h.
16	v.)	
17)	
18	SCOTT SPOONER, et al.,)	(Assigned to the Honorable
19)	Timothy J. Ryan)
20	Defendant.)	
21)	

22 Scott Spooner, Linda Spooner, his wife, and Spooner & Associates, Inc. ("Spooners
23 Defendants") have pending before this Court (1) Motion to Compel Answers to
24 Interrogatories dated March 2, 2005, (2) Motion dated May 5, 2005 to Compel Production
25 of Documents, and (3) Motion dated September 1, 2005 for Rulings on the foregoing two
26 motions. Those Motions were filed while this case was before the La Paz County
Superior Court which Court does not have a Local Rule corresponding to Local Rule 3.2
h. of the Maricopa County Superior Court. Because this case was transferred to the

1 Maricopa County Superior Court and the foregoing three Motions remain pending before
2 this Court, Spooner Defendants hereby submit, pursuant to Local Rule 3.2 h. the
3 following specifications of deficiencies in Plaintiff's responses to Spooner Defendants'
4 discovery requests.
5

6 **A. Interrogatories and Deficient Answers.**

7
8 Interrogatory No. 4

9 (1) The question propounded:

10 *"State whether you have been, or are, a party to a civil lawsuit."*

11 (2) The answer:

12 **"Objection. Vague and Ambiguous; overly broad and unduly burdensome.**

13 **Without waiving such objections the following answer is given as to plaintiff IER**
14 **only and as lawsuits commenced on or after January 1, 2003".** (Emphasis added.)

15 (3) Reason response is deficient:

16 This is one of the uniform interrogatories under A.R.C.P. Rule 84 for contract
17 actions. The instructions to the interrogatories define "you" to include IER and "its
18 agents, representatives, employees, consultants and attorneys. Whether principals of IER
19 were a party to any lawsuit, before or after January 1, 2003, could be relevant, or lead to
20 relevant evidence, related to allegations in Counts One, Two, Three, Five, Nine and
21 Eleven involving contract issues.

22 Interrogatory No. 10

23 (1) The question propounded:

24 *"Please furnish the names, addresses, and telephone numbers of those persons*
25 *who have invested money or other things of value in your mining operation on the*
26

1 *Robison Mining Claims, the IER Mining claims, or on the lands occupied by those*
2 *mining claims in return for your granting interests in those operations or mining claims”.*

3
4 (2) The answer:

5 **“Objection; vague and ambiguous; trade secrets and confidential information;**
6 **irrelevant and not reasonably calculated to lead to relevant evidence.”**

7
8 (3) Reason response is deficient:

9 This interrogatory is related directly to paragraph 21 of Plaintiff’s Complaint and
10 paragraph 23 of Plaintiff’s first Amended and Supplemental Complaint alleging that
11 “Plaintiff has experienced problems with investors who, in the absence of the actions of
12 Spooner, would otherwise have invested in Plaintiff’s mining operation on the Claim”. It
13 is certainly relevant or would appear reasonably calculated to lead to the discovery of
14 admissible evidence to discover the identity of those persons who did invest in Plaintiff’s
15 mining operations and why those persons were not deterred by the alleged actions of
16 Defendant Spooner.
17

18 Interrogatory No. 11.

19
20 (1) The question propounded:

21 *“Please furnish the names, addresses and telephone numbers of those ‘investors*
22 *who in the absence of the actions of Spooner, would have otherwise invested in plaintiff’s*
23 *mining operation on the Claim’ referred to in paragraph 21 of your Complaint.”*

24
25 (2) The answer:

26

1 **“Will Supplement.”**

2 Without reference to Interrogatory No. 11, IER disclosed in its Third Supplemental
3 Rule 26.1 Disclosure Statement dated October 4, 2005 “approximately four potential
4 investors who failed to carry out their intentions to invest in the Chastain Mine because of
5 the delays in getting to production caused by defendants.”, and did not provide telephone
6 numbers of those four persons. In the undersigned counsel’s email dated October 12,
7 2005 to Plaintiff’s counsel, Mr. Cruise, counsel asked whether the four persons listed were
8 the only ones who did not invest because of actions of Spooner and requested the
9 telephone numbers of those four persons. No response has been received to the questions
10 in that email.
11

12 (3) Reason response is deficient:

13 Due to the qualifications that “approximately four potential investors” were
14 interfered with by Defendant Spooner and the coincidence that all four of those persons
15 had addresses in the Dallas metropolitan area, it is doubtful that these are the only persons
16 based on whom IER alleges it has been damaged in the amount of approximately
17 \$1,000,000 by alleged interferences by Mr. Spooner. This interrogatory should be
18 answered in full naming all such potential investors with their telephone numbers.
19
20
21

22 Interrogatory No. 12.

23 (1) The question propounded:

24 *“Describe what ‘actions of Spooner’ referred to in paragraph 12 of your*
25 *Complaint.”*
26

1 (2) The answer:

2 **“Objection, vague and ambiguous. Cannot find language referred to in**
3 **paragraph 12.”**

4 (3) Reason response is deficient:

5 IER is claiming that “actions of Spooner” damaged IER. The reference to
6 “paragraph 12” was a typographical error and with the quotation “actions of Spooner”,
7 was obviously referring to paragraph 21.

8 Interrogatory No. 13.

9 (1) The question propounded:

10 *“Please identify the names, addresses and telephone numbers of the persons or*
11 *companies who made offers to sell or assisted in making offers to sell to those investors*
12 *and potential investors referred to in interrogatories numbered 10 and 11 above and*
13 *furnished (sic) a copy of all documents relating to or arising from such offers.”*

14 (2) The answer:

15 **“Objection; vague and ambiguous; trade secrets and confidential information;**
16 **irrelevant and not reasonably calculated to lead to relevant evidence.”**

17 By letter dated January 26, 2005, counsel for IER continued to refuse to answer
18 interrogatory number 13 regarding the identification of sales persons of IER’s working
19 interests because Defendant has “disclosed no facts upon which to base your allegations”.

20 (3) Reason response is deficient:

21

1 It is Defendants' position that, even if Mr. Spooner interfered with sales of IER's
2 working interests, IER could not have been damaged because those sales and offers were
3 made illegally by persons not registered as sales persons as required by federal and state
4 securities laws.
5

6 Interrogatory No. 14.

7 (1) The question propounded:

8 *"Do you contend that the sales or offers to sell interest in your operations on the*
9 *Robison Mining Claims or IER Mining Claims did not require registration of those*
10 *interests as securities with the Arizona Corporation Commission or the United States*
11 *Securities and Exchange Commission?"*
12

13 (2) The answer:

14 **"Objection. Calls for legal conclusions; compound, vague and ambiguous."**

15 (3) Reason response is deficient:

16 It is obviously relevant whether Plaintiff is claiming some exemption from
17 Federal and State securities laws.
18
19
20
21

22 Interrogatory No. 15.

23 (1) The question propounded:

24 *"Please identify and furnish a copy of all promotional literature used in selling and*
25 *making offers to sell the interests in your mining operations referred to in interrogatories*
26

1 *number 10 and 11."*

2 (2) The answer:

3 **"Objection; vague and ambiguous; trade secrets and confidential information;**
4 **irrelevant and not reasonably calculated to lead to relevant evidence."**
5

6
7 (3) Reason response is deficient:

8 Mr. Spooner's affirmative defense is that, even if Mr. Spooner interfered with the
9 sales of working interests, IER could not have been damaged because those sales
10 materials were false and misleading and in violation of Federal and State securities laws.
11

12 Interrogatory No. 16.

13 (1) The question propounded:

14 *"Are you aware of any complaints or proceedings having been filed or brought*
15 *before any regulatory agency as a result of the sales or offers to sell interests referred to*
16 *in interrogatories numbered 10 and 11 above and, if so, please identify the complaint or*
17 *proceeding and the agency involved."*
18

19 (2) The answer:

20 **"Objection; vague and ambiguous; trade secrets and confidential information;**
21 **irrelevant and not reasonably calculated to lead to relevant evidence."**
22

23 By letter dated December 16, 2004 IER stated IER would answer if the question
24 were limited to Arizona.
25

26 (3) Reason response is deficient:

1 IER's allegation is not limited to Mr. Spooner interfering with potential investors
2 in Arizona. Therefore, such limitation to the question proposed by IER is not acceptable.

3 Interrogatory No. 17.

4
5 (1) The question propounded:

6
7 *"Do you contend that the persons or companies making those sales or offers to*
8 *sell, referred to in interrogatory numbered 13 above, were not required to be registered*
9 *as dealers, brokers or salesmen with the Arizona Corporation Commission or the United*
10 *States Securities and Exchange Commission? If so, please explain the reason."*

11
12 (3) The answer:

13
14 **"Objection; vague and ambiguous; calls for a legal conclusion; trade secrets**
15 **and confidential information; irrelevant and not reasonably calculated to lead to**
16 **relevant evidence; overly broad and unduly burdensome; requires the plaintiff to**
17 **speculate as to legal requirement, advice and decisions on which are deferred to legal**
18 **counsel; calls for plaintiff to speculate as to true intent of interrogatory;**
19 **argumentative compound; calls for narrative"**

20
21 IER's counsel supplemented this answer in his letter dated September 16, 2004 by
22 saying "Yes. Because no sales were made *within or from* the state of Arizona, Arizona
23 has no jurisdiction to require such registration."

24
25 (3) Reason response is deficient:

26 IER's response does not answer the question with respect to the United States

1 Securities and Exchange Commission.

2 Interrogatory No. 18.

3 (1) The question propounded:

4
5 *"When the Complaint was filed in this case, did you know that the interests in your*
6 *mining operations that were sold or offered to be sold, referred to in interrogatories*
7 *numbered 10 and 11 above, should have been registered with the Arizona Corporation*
8 *Commission or the United States Securities and Exchange Commission."*

9
10 (2) The answer:

11 **"Objection; vague and ambiguous; calls for a legal conclusion; trade secrets**
12 **and confidential information; irrelevant and not reasonably calculated to lead to**
13 **relevant evidence; overly broad and unduly burdensome; requires the plaintiff to**
14 **speculate as to legal requirements, advice and decisions on which are deferred to**
15 **legal counsel; calls for plaintiff to speculate as to true intent of interrogatory;**
16 **argumentative compound; calls for narrative."**

17
18 (3) Reason response is deficient:

19
20 IER's knowledge of whether or not its working interests were being offered or sold
21 illegally is relevant to IER's claim for damages due to Mr. Spooner's alleged interference
22 with offers for sales.

23 Interrogatory No. 20.

24 (1) The question propounded:

25
26 *"Was IER registered with the Arizona Corporation Commission and qualified as a*

1 *foreign corporation to conduct business in Arizona at the time the interests referred to in*
2 *interrogatories numbered 10 and 11 were sold or offered to be sold to investors”.*

3
4 (2) *The answer:*

5 **“Objection; vague and ambiguous; calls for a legal conclusion; trade secrets**
6 **and confidential information; irrelevant and not reasonably calculated to lead to**
7 **relevant evidence; overly broad and unduly burdensome; requires the plaintiff to**
8 **speculate as to legal requirements, advice and decisions on which are deferred to**
9 **legal counsel; calls for plaintiff to speculate as to true intent of interrogatory;**
10 **argumentative compound; calls for narrative; also, the question assumes the legal**
11 **necessity that IER be so registered at the time of the sales, an assumption that is not**
12 **necessarily correct Without waiving said objection, Yes, IER is registered to do**
13 **business in Arizona”.**

14
15
16 (3) Reason response is deficient:

17 The response is evasive by saying “IER is registered to do business in Arizona.”

18 The question was whether IER was registered at the time the working interests allegedly
19 interfered with by Mr. Spooner were sold or offered for sale. Such registration to do
20 business in Arizona is a requirement to sell or offer securities for sale.
21

22 Interrogatory No. 21.

23 (1) The question propounded:

24 “Has IER allowed or caused any liens or encumbrances to be attached to the
25 Robison Mining Claims or IER Mining Claims?”
26

1 (2) The answer:

2 **“Objection, irrelevant and not reasonably calculated to lead to relevant**
3 **evidence.**

4
5 (3) Reason response is deficient:

6
7 IER claims an interest in the Robison claims and its IER claims located over the
8 Robison claims, title to which is now held by Scott Spooner. Any liens or encumbrances
9 on the land covered by those claims is relevant to Mr. Spooner’s counterclaim for quiet
10 title.
11

12 Interrogatory No. 24.

13 (1) The question propounded:

14 *“Please identify and furnish all documents supporting such identification, the*
15 *markets to which IER could sell gravel from the Robison and IER Mining Claims to*
16 *generate \$180,000 per month as stated in paragraph 7 of your Initial Rule 26.1*
17 *Disclosures Statement.”*
18

19 (2) The answer:

20 **“Objection; overly broad and unduly burdensome; requires the plaintiff to**
21 **speculate whether documents furnished meet the requirements of the propounding**
22 **party; see General Objection. Without waiving said objections, the following answer**
23 **is given: IER has a gravel plant set up that can make 600 tons per day of screened**
24 **gravel at the average price per ton of \$15.00. There is a ready market for gravel at**
25
26

1 **this price.”**

2 (3) Reason response is deficient:

3 IER has claimed that Defendant Spooner damaged IER by interfering with sales of
4 gravel to markets that would generate \$180,000 per month. The documentation of such
5 markets is certainly relevant and could lead to relevant evidence. IER declined to identify
6 any such documents or to state whether or not they exist.
7

8 **B. Requests for Production of Documents and Refusals of such Requests.**

9 (1) Request made:

10 “2. *Furnish a copy of all documents used in, relating to or arising from offers to*
11 *sell and sales of any interests in the mining operation on the Robison Mining claims, the*
12 *IER mining claims or the lands occupied by those claims.”*
13

14 (2) The answer:

15 “**Objection: Confidential trade secrets. Irrelevant and not reasonably**
16 **calculated to lead to relevant evidence.”**
17

18 (3) Reason response is deficient:

19 IER is charging that Defendant Spooner interfered with the sales and offers of
20 working interests in the Chastain Mine. If those sales and offers were made illegally, IER
21 could not have been damaged. A.R.S. § 44-1991 makes it illegal for any promotional
22 literature used in selling or making offers to sell to make any untrue statement, or
23 omission of material fact. Defendant Spooner needs to discover the documents to
24 determine whether they were used illegally.
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Request No. 3.

(1) The request stated:

"Furnish all documents filed by IER in the Arizona Corporation Commission and in agencies of other states that regulate sales of securities."

(2) The response stated:

Objection: Incorrectly assumes that any such documents are required to be filed. Further asks for information relating to states or other jurisdictions having no legitimate connection with this lawsuit. Irrelevant and not reasonably calculated to lead to relevant evidence."

(3) Reason response is deficient:

The same relevance discussed above applies to this request for production. If the working interests were not registered in the states in which they were offered or sold, IER could not have been damaged even if Mr. Spooner had interfered with those sales and offers.

Request No. 4.

(1) The request made:

"Furnish all documents filed by IER in the United States Securities and Exchange Commission."

(2) The response was:

Objection: Incorrectly assumes that any such documents are required to be

1 filed. Further asks for information relating to the SEC, the breach of regulations of
2 which have not been alleged. Irrelevant and not reasonably calculated to lead to
3 relevant evidence.”

4
5 (3) Reason response is deficient:

6 Defendant did allege in its amended answer to paragraph 21 of Plaintiff's
7 Complaint that "Plaintiff has sold, and/or offered to sell, said unregistered securities in
8 violation of the United States Securities Act of 1933." Again, if those working interests
9 were sold in interstate commerce or through the United States mail, without being
10 registered or qualified in the SEC, those sales and offers were made illegally and IER
11 could not have been damaged by any interference of Scott Spooner with those sales and
12 offers.
13

14
15 Request to Produce No. 5.

16 (1) The request stated:

17 *"Furnish a copy of all documents filed in all regulatory agencies relating to any*
18 *complaints or proceedings resulting from your sales or offers to sell interests in our*
19 *operation on the Robison Mining claims, the IER claims or lands occupied by those*
20 *claims.*

21
22 (2) The response was:

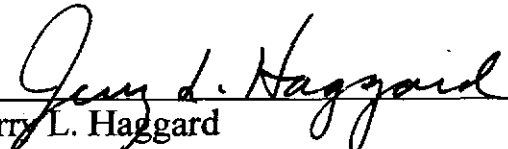
23 **"Objection: This request does not make sense. IER has never offered to sell**
24 **interests in defendants' operations on the Robison mining claims, the IER claims or**
25 **lands occupied by those claims."**
26

1 (3) Reason that response is deficient:

2 Although the word "our" was obviously a typographical error of the intended word
3 "your", the undersigned counsel corrected that error in his April 25, 2005 email to IER's
4 counsel, Mr. Cruise. Even with that correction, IER has not responded or furnished the
5 documents requested.
6

7
8 Respectfully submitted this 31st day of March, 2006.
9

10 JERRY L. HAGGARD, P.C.

11
12 
13 _____
14 Jerry L. Haggard
15 Attorney for Spooner Defendants

16 ORIGINAL of foregoing filed this 31st day of
17 March, 2006, with:

18 Clerk Maricopa County Superior Court
19 201 West Jefferson Street
20 Phoenix, AZ 85003

21 COPY of foregoing lodged this 31st day of
22 March, 2006, with:

23 The Honorable Timothy J. Ryan
24 Judge of the Superior Court
25 101 West Jefferson Street, 614
26 Phoenix, AZ 85003

27 COPY of foregoing mailed this 31st day of
28 March, 2006, to:

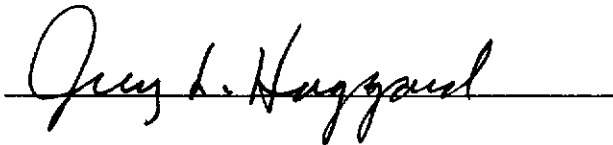
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A handwritten signature in cursive script, reading "Greg D. Haggard", is written over a solid horizontal line.

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7 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**

8 **IN AND FOR THE COUNTY OF MARICOPA**

9 INTERNATIONAL ENERGY AND
10 RESOURCES, INC.,

11 Plaintiff,

12 vs.

13 SCOTT SPOONER and LINDA
14 SPOONER, his wife; SPOONER &
ASSOCIATES, INC., a corporation;
15 WESTERN EXPLORATION & MINING
CO., a corporation; INTER-AMERICAS
16 MINING, INC., a corporation; RALPH
HODGES and JANE DOE HODGES, his
17 wife; DOES 1-10 INCLUSIVE; BLACK
COMPANIES 1-10 INCLUSIVE,

18 Defendants.

No. CV 2005-019015

(Consolidated)

**PLAINTIFF'S SUPPLEMENTAL
RESPONSES TO
INTERROGATORIES**

19
20 Plaintiff, by and through counsel, hereby supplements its earlier Responses to
21 certain interrogatories previously propounded:

22 8. *Describe by dates, activities, location and witnesses what "actions of*
23 *Defendants" are referred to in paragraphs 42, 43 and 72 of IER's Complaint:*

24 **RESPONSE**

25 IER incorporates by reference previous disclosures that are responsive to
26 Interrogatory No. 8 as well as the testimony of Messrs. Chastain, Spooner and Owen
27

1 given on January 23, 24 and 26, 2006, respectively, and of Mr. Rogers Carrington given
2 on June 13, 2006, including, without limitation, the following facts:

3 Robert Chastain located 10 mining claims on or about September 1, 1995 ("1995
4 Robison Claims"). In 2001, IER learned through discussions with Chastain that certain
5 land situated within and near the 1995 Robison Claims was potentially rich in minerals,
6 including gold. In August 2001, IER and Mr. Chastain entered into an agreement
7 whereby IER would stake claims, and Mr. Chastain would get a royalty in those claims
8 in exchange for his claims. IER never entered into a lease concerning the Robison
9 Claims. IER planned to develop the 1995 Robison Claims and surrounding areas, the
10 whole of which will be referred to herein as "the Mine."

11 Scott Spooner ("Spooner") worked at the U.S. Bureau of Land Management
12 ("BLM") for more than ten (10) years. Spooner offers consulting services relating to
13 mining through his company, Spooner and Associates ("S&A"). Chastain is an
14 employee of S&A, who has worked for S&A since at least 2000.

15 IER hired Spooner to provide his expertise, and to guide IER in connection with
16 the development of the Mine. Spooner employed Chastain to advise and provide
17 direction related to the 1995 Robison Claims and surrounding areas.

18 Spooner retained Eric Monk to prepare maps of the Mine and specifically to
19 produce CADD (computerized) drawing maps as to the physical location of mining
20 claims. Maps of the mining claims were prepared by subcontractor Eric Monk in the
21 fall of 2001, who then informed Spooner that the monuments related to the 1995
22 Robison Claims were not physically located where the mining notice identified that they
23 were located. In January 2002, 102 mining notices were prepared for IER by Mr. Monk
24 at Spooner's direction.

25 On January 14, 2002, Chastain, on behalf of IER, recorded notices for 102
26 mining claims with the La Paz County Recorder with Spooner's guidance. Spooner
27 billed IER for the preparation of the 102 mining notices. Upon the recording of the 102
28 mining claims, IER had 90 days to file the notices with the BLM. IER's 90-day period

1 expired on April 14, 2002. Spooner never informed IER that it had to file the mining
2 notices with the BLM or monument and stake its mining claims. Rather, Spooner told
3 IER that recording its mining notices with the County was sufficient to perfect the
4 location of IER's mining claims.

5 On September 1, 2001, Mr. Chastain failed to file a required small miner's
6 maintenance fee waiver for the 1995 Robison Claims, and the claims were immediately
7 voided as of that day. In March, 2002, Chastain (and Spooner) learned via a telephone
8 call from the BLM that the wavier had not been filed and that the 1995 Robison Claims
9 were voided.

10 In March, 2002, Spooner and Chastain traveled together to the BLM to confirm
11 that the maintenance fee waiver was not in the BLM file. After confirming that no
12 waiver was on file, Spooner and Chastain did not inform IER that the 1995 Robison
13 Claims were invalid and open.

14 On or about March 10, 2002, Spooner and Chastain traveled to the site of the
15 1995 Robison Claims and changed the papers held in tins for each claim. Spooner
16 prepared new Notices of Mining Claim Location which referenced all of the monuments
17 associated with the 1995 Robison Claims, and Chastain signed and filed the new
18 Notices with the BLM on or about June 4, 2002, creating what will be referred to herein
19 as the 2002 Robison Claims. In 2002, Mr. Spooner did not inform IER and its CEO
20 John Owen that Messrs. Spooner and Chastain had relocated the Robison Claims in
21 March, 2002.

22 Chastain received stamped copies of the Notices of Mining Claim Location filed
23 with the BLM for the 2002 Robison Claims, and changed the date of location from
24 March 10, 2002 to March 18, 2002, and changed the claim type from "relocation" to
25 "location" prior to filing them with the La Paz County Recorder on or about June 13,
26 2002. Chastain did not redact the BLM file number from the notices he filed with the
27 La Paz County Recorder.

28

1 Mr. Chastain was notified by the BLM on May 29, 2002 that the 1995 Robison
2 claims were void. Mr. Chastain had 30 days to appeal the BLM's decision to void the
3 1995 Robison Claims. However, Mr. Chastain never appealed the decision and, instead,
4 decided to relocate the Robison Claims in March, 2002 ("2002 Robison Claims").

5 For assessment years 2002 and 2003, Spooner billed IER for assessment work
6 done on the 2002 Robison claims, without informing IER of his doing so. Chastain
7 filed with the BLM affidavits of labor for the 2002 Robison Claims for assessment years
8 2002 and 2003 citing the work Spooner performed on behalf of and at the expense of
9 IER.

10 On February 13, 2003, Chastain transferred via quit claim deed the 2002 Robison
11 Claims to Spooner. Spooner did not disclose his acquisition of the 2002 Robison
12 Claims via quit claim deed to IER.

13 Spooner still performed and charged IER for "Chastain Mine setup assistance,
14 exploration and planning" between March 6 and March 19, 2003. IER paid Spooner
15 approximately \$200,000 in connection with the development of the Mine.

16 In September 2003, IER located its 102 mining claims again. Not only were the
17 2003 IER Claims staked on the ground, but the location notices for the claims were filed
18 with the BLM and perfected by recording with the La Paz County Recorder.

19 10. *Describe by dates, activities, location and witnesses what actions*
20 *constituted "active concealment" referred to in paragraph 46 of IER's Complaint:*

21 **RESPONSE**

22 IER incorporates by reference previous disclosures that are responsive to
23 Interrogatory No. 10 as well as the testimony of Messrs. Chastain, Spooner and Owen
24 given on January 23, 24, and 26, 2006, respectively, and of Mr. Rogers Carrington
25 given on June 13, 2006, including, without limitation, the following facts:

26 Spooner never informed IER that it had to file its mining notices with the BLM
27 or monument and stake its mining claims. Rather, Spooner told IER that recording its
28

1 mining notices with the County was sufficient to perfect the location of IER's mining
2 claims.

3 After confirming that no maintenance fee waiver was on file, Spooner and
4 Chastain did not inform IER that the 1995 Robison Claims were invalid and "open."

5 In 2002, Mr. Spooner did not inform IER and its CEO John Owen that Messrs.
6 Spooner and Chastain had relocated the Robison Claims in March, 2002. Spooner also
7 did not inform IER or John Owen as to the requirements necessary to locate and perfect
8 a mining claim.

9 Chastain received stamped copies of the Notices of Mining Claim Location filed
10 with the BLM for the 2002 Robison Claims, and changed the date of location from
11 March 10, 2002 to March 18, 2002, and changed the claim type from "relocation" to
12 "location" prior to filing them with the La Paz County Recorder on or about June 13,
13 2002. Chastain did not redact the BLM file number from the notices, and copies of the
14 forged notices were never filed with the BLM.

15 During this time, Spooner and Chastain, through S&A, continued to work for
16 IER in developing IER's mining claims at the Mine. However, Spooner never disclosed
17 to IER (a) that the 1995 Robison Claims had been voided by the BLM, (b) that Spooner
18 had helped Chastain locate the 2002 Robison Claims, or (c) that the 2002 Robison
19 Claims were located over IER's 102 claims. Spooner continued to bill IER for work
20 done by S&A and its subcontractors after locating the 2002 Robison Claims.

21 On February 13, 2003, Chastain transferred via quit claim deed the 2002 Robison
22 Claims to Spooner. Spooner did not disclose his acquisition of the 2002 Robison
23 Claims via quit claim deed to IER.

24 In March 2003, one month after Spooner acquired the 2002 Robison Claims,
25 Spooner met with Rogers Carrington, an IER investor. Mr. Carrington wanted to invest
26 \$15,000 in IER, but wanted to do so using a credit card. Spooner helped Mr. Carrington
27 invest in IER, by not only talking about the geology of the claims, but also by
28 processing Mr. Carrington's credit card payment. Of the \$15,000 that Mr. Carrington

1 invested, Spooner kept \$5,000, before paying the balance to IER. Spooner did not tell
2 Mr. Carrington that he, and not IER, owned the 2002 Robison Claims.

3 Spooner still performed and charged IER for "Chastain mine setup assistance,
4 exploration and planning" between March 6 and March 19, 2003.

5 22. For each person and entity named in paragraph 100 of IER's Complaint,
6 please identify by dates, activities, location and witnesses each act of "unlawful
7 activity" and "actions" referred to in paragraphs 101 through 114 of IER's Complaint:

8 **RESPONSE**

9 Plaintiff incorporates herein by reference its responses to the Spooner
10 Defendants' Non-Uniform Interrogatories Nos. 8 and 10.

11 Further, upon information and belief, the Spooner Defendants intentionally
12 promoted and/or furthered the criminal objective(s) of a criminal syndicate by inducing
13 Mr. Nyal James Niemuth of the Arizona Department of Mines and Mineral Resources to
14 act as an expert witness in a civil proceeding in violation of his official duties.

15 Plaintiff reserves the right to supplement these responses should further
16 investigation reveal the existence of other information subject to disclosure.

17 DATED this 13 day of September, 2006.

18 **RYLEY CARLOCK & APPLEWHITE**

19 By 

20 Robert J. Pohlman
21 Cynthia M. Chandley
22 Christopher A. Coury
23 Nancy S. Hawkins
24 One North Central Avenue, Suite 1200
25 Phoenix, Arizona 85004-4417

26 Charles E. Cruise
27 **CRUISE LAW OFFICES, P.L.L.C.**
28 1301 Joshua Avenue, Suite C
Parker, Arizona 85344

Attorneys for Plaintiff International Energy
and Resources, Inc.

1 ORIGINAL of the foregoing mailed
2 on this 13th day of September, 2006 to:

3 Jerry L. Haggard, Esq.
4 **Jerry L. Haggard, P.C.**
5 1248 East Victor Hugo Ave.
6 Phoenix, AZ 85022-4950
7 Attorney for Defendants, Scott and Linda Spooner
8 and Spooner & Associates, Inc.

9 COPY of the foregoing hand-delivered on
10 this 13th day of September, 2006 to:

11 James G. Speer, Esq.
12 **GUST ROSENFELD, P.L.C.**
13 201 East Washington Street, Suite 800
14 Phoenix, Arizona 85004
15 Attorney for Defendants, Scott and Linda Spooner
16 and Spooner & Associates, Inc.

17 COPY of the foregoing mailed on
18 this 13th day of September, 2006 to:

19 W. Scott Donaldson, Esq.
20 6868 North 7th Avenue, Ste. 204
21 Phoenix, AZ 85013-1150
22 Attorney for Western Exploration & Mining, Inc.,
23 Inter-Americas Mining, Inc.,
24 and Ralph Hodges

25 By Carmen Boygo

26
27
28

1 JERRY L. HAGGARD, P.C.
2 Jerry L. Haggard, SBN 002667
3 1248 East Victor Hugo Avenue
4 Phoenix, Arizona 85022
5 Telephone: (602) 863-1119
6 Fax: (602) 863-1119
7 Email: jhaggard@azbar.org

8 GUST ROSENFELD, P.L.C.
9 James G. Speer, SBN 003103
10 201 East Washington Street, Suite 800
11 Phoenix, Arizona 85004
12 Telephone: (602) 257-7472
13 Fax: (602) 2540-4878
14 Email: jgspeer@gustlaw.com
15 Attorneys for Spooner Defendants

16 SUPERIOR COURT OF ARIZONA
17 IN AND FOR THE COUNTY OF MARICOPA

18 INTERNATIONAL ENERGY and) No. CV 2005-019015
19 RESOURCES, INC.,)
20 Plaintiff,) **SPOONER DEFENDANTS'**
21 v.) **DISCLOSURE OF EXPERT**
22) **WITNESSES**
23 FRANK MAGINI and JEANNE MAGINI,)
24 Husband and wife,)
25 Defendants.)
26)
INTERNATIONAL ENERGY AND)
RESOURCES, INC.,)
Plaintiff,) (The Honorable Timothy J.
v.) Ryan)
SCOTT SPOONER, et al.,)
Defendants.)

1 Pursuant to this Court's Minute Entry filed on April 7, 2005, Spooner Defendants
2 hereby disclose the following expert witnesses they may call at trial. Included are
3 preliminary accounts of the anticipated areas of their testimony. Their opinions may be
4 duly supplemented depending upon developments in further discovery:

- 5 1. Joseph P. Richardson, Esq.
6 Bryan Cave LLP
7 Two North Central Avenue
8 Phoenix, AZ 85004
9 Phone: 602/364-7000

10 Mr. Richardson's Memorandum dated May 31, 2006 describing his
11 qualifications and summary of preliminary opinions is attached as Exhibit A.


- 12 2. Mr. Nyal James Niemuth
13 Arizona Department of Mines and Mineral Resources
14 1502 West Washington
15 Phoenix, AZ 85007
16 Phone: 602/255-3795

17 Mr. Niemuth's Resume is attached as Exhibit B and a summary of his
18 preliminary opinions dated May 31, 2006 is attached as Exhibit C.

19 Dated this 2nd day of June, 2006.

20 **JERRY L. HAGGARD, P.C.**

21 **GUST ROSENFELD, P.L.C.**

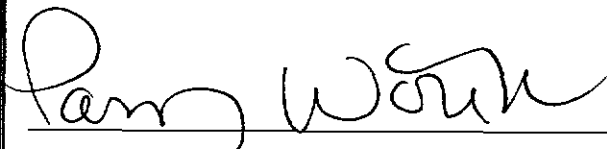
22 By 
23 Jerry L. Haggard, James G. Speer
24 Attorneys for Spooner Defendants
25
26

1 *Original/copies of foregoing mailed this
2 anc day of June, 2006, to:

3 *Robert J. Pohlman
4 Ryley Carlock & Applewhite
5 One North Central Avenue, Suite 1200
6 Phoenix, Arizona 85004-4417

6 Charles E. Cruise
7 Cruise Law Offices, PLLC
8 1301 Joshua Avenue, Suite C
9 Parker, Arizona 85344

9 W. Scott Donaldson
10 Attorney at Law
11 6868 North 7th Avenue, Suite 204
12 Phoenix, Arizona 85013

12
13 
14 _____

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25

26

EXHIBIT A



Memorandum

Date: May 31, 2006
To: Jerry L. Haggard, P.C.
From: Joseph P. Richardson
Partner
Email: jprichardson@bryancave.com
Direct Dial: (602) 364-7454
Re: Potential Securities Law Expert Witness Testimony

Bryan Cave LLP
One Renaissance Square
Two North Central Avenue
Suite 2200
Phoenix, AZ 85004-4406
Tel (602) 364-7000
Fax (602) 364-7070
www.bryancave.com

This summarizes relevant education and professional experience relating to my potential engagement as an expert witness by Jerry L. Haggard, P.C., in connection with certain issues arising in connection with the offer and sale of securities.

Personal Background.

Born in Pullman, Washington, April 25, 1951.

Current residence: 4498 East Lafayette Boulevard, Phoenix, Arizona 85018.

Married, four children, ages 17 through 25.

Education Background.

B.A., Lawrence University, Appleton, Wisconsin, 1973.

M.A., Columbia University, New York, New York, 1974.

M.S., Columbia University, New York, New York, 1976.

J.D., University of Kansas, Lawrence, Kansas, 1985.

Professional Background.

Streich, Lang, Weeks & Cardon, P.A., Phoenix, AZ. Associate, 1985-1991. Partner, 1991-1994.

Brown & Bain, P.A., Phoenix, AZ. Partner, 1994-1997

Bryan Cave LLP, Phoenix, AZ, Partner, 1997-present.

Admitted in Arizona (state and federal courts) and Ninth Circuit Court of Appeals.

Member: Arizona Bar Association, American Bar Association.

Listed in Chambers' *America's Leading Lawyers for Business*, 2004 and 2005.

Relevant Securities Law Experience.

Representation of issuers in connection with public offerings and private placements of equity and debt securities. Representative clients include (i) in connection with public offerings, America West Airlines, Inc., Circuit Research Labs, Inc., Leasing Solutions, Inc., Medicis Pharmaceutical Corporation, Megafoods Stores, Inc., Mobile Mini, Inc., Pilgrim America Group, Inc. (f/k/a First Western Corporation), Quality Care Solutions, Inc., Simula, Inc., Universal Technical Institute, Inc., Viad Corp., VistaCare, Inc., and Western Savings & Loan Association, and (ii) in connection with private placements, Amigos Investments II, LLC, Avondale Integrated Medical Services, LLC, HKE Enterprises, Inc., Juice Island, Inc., National Airlines, Inc., National IPF Funding, Inc., Paradise Valley Integrated Medical Services, LLC, Sonoran Lending Group, Inc., Quality Care Solutions, Inc., RA Sushi, Inc., Terra Capital, LLC, and numerous syndications of real estate investment limited liability companies.

Representation of underwriters and placement agents in public offerings and private placements of debt and equity securities. Representative clients include (i) in connection with public offerings, A.G. Edwards & Sons, Inc., Cruttenden Roth Incorporated, Paradise Valley Securities, Inc., and Sutro & Co., Inc., and (ii) in connection with private placements, Paradise Valley Securities, Inc.

Participate as a speaker at various legal educational and other forums. Recent examples include: (1) speaker at the "Executive Compensation Under IRS, SEC Scrutiny" national teleconference presented by Strafford Publications, Inc. on March 9, 2006; and (ii) co-presenter at "Mergers and Acquisitions in Arizona: the Art of Doing Deals" conference on April 21, 2004 in Phoenix, Arizona presented by National Business Institute.

Publications include (i) "Gun Jumping: Publicity Considerations in an Initial Public Offering," *Corporate Counsel Review* XI:2 (November 1992), 60-81 (with Joseph E. Reese); (ii) "Sarbanes-Oxley Act of 2002," *The Corporate Counselor*, 16:4 (Fall 2002), 6-8 (with Benjamin Larson), and (iii) "The SEC Moves Toward Freer Communication During Securities Offerings," *The Wall Street Lawyer* 9:4 (September 2005), 14-19 (with Michael R. McCoy).

Summary of Expected Testimony -- International Energy and Resources v. Scott Spooner, et al.

I have reviewed International Energy & Resources, Inc.'s "Offering in the Chastain Mine" (undated) and the website of International Energy's parent entity, US American Resources, Inc. (www.usarinc.com) (collectively, the "Offering Materials"), as well as the Certificates, each dated July 8, 2004, of the Director of Securities of the Arizona Corporation Commission (the "ACC") stating the International Energy & Resources has not filed with the ACC a notice filing for securities pursuant to A.R.S. §1841 et seq. or otherwise filed as stated in such certifications. I have

also reviewed the Statement of Charges, dated September 7, 2005, in the Matter of International Energy and Resources, Inc.; US American Resources, Inc.; Jinson Jose; Mark Marshall, before the Securities Administrator of the State of Washington and the Consent Order dated November 29, 2005, entered in that matter. Lastly, I reviewed on May 31, 2006 the website of the securities and Exchange Commission (www.sec.gov) and determined that neither International Energy nor US American has filed any Form D or other document through the SEC's EDGAR system relating to any claim of exemption from the registration requirements under the Securities Act of 1933, as amended. My opinion is that the Offering Materials are insufficient to meet the disclosure requirements under applicable federal or Arizona securities laws. My opinion may be supplemented as discovery in this case progresses.

JPR/shw

EXHIBIT B

Nyal James Niemuth

Home (602) 266-0244
Work (602) 255-3795 x14, Fax (602) 255-3777
Email njn22r@hotmail.com

Areas of Expertise

Arizona mineral resources. Economic geology. Computer systems and applications. Administration. Mineralogy.

Education

University of Wisconsin - Madison, Wisconsin
Degree: Bachelor of Science Geology, 1977

Employment

Arizona Department of Mines and Mineral Resources

1502 West Washington
Phoenix, Arizona 85007
(602) 255-3795

Chief Engineer, May 2005 - present

Mining Engineer, September 1987 – April 2005

Mineral Resource Specialist, April 1981 - August 1987

Current Duties: Provide economic mineral and Arizona geologic information. Suggest exploration ideas, properties, markets, and finance sources. Supply information on federal and state mining laws and environmental rules and regulations. Provide mining engineering and metallurgical extraction analysis and assistance. Visit and report on active and undeveloped mining properties. Write articles on geology and the mining industry. Prepare publications, including maps and photographs for printing. Manage growth as well preservation of technical library and files. Review and abstract technical literature for the Department's information systems. Answer public inquiries. Conduct public seminars. Represent the Department at industry conferences. Supervise staff and direct projects and publications. Recruit external funds and supervise volunteers for special tasks. Create and execute strategic plan for Information Technology. Administrate microcomputer network. Within budget and other limits operate and purchase upgrades for computers, software, LAN, and WAN services. Develop and maintain mine, mineral reserve, technical literature and other databases, including necessary programming and documentation. Provide website content, design, support and analysis.

Coe & Van Loo Consulting Engineers

4550 North 12 Street
Phoenix, Arizona 85014
(602) 264-6831

Geologist, July 1979 - April 1981

Duties: Map, sample, and evaluate prospects and surface and underground mines. Conduct geologic mapping and geochemical sampling programs. Calculate ore reserves. Prepare discounted cash flow analyses. Determine land status and acquire mineral rights.

Professional Organizations and Activities

Arizona Board of Technical Registration, Registered Geologist #28253, 1994 - present

Arizona Board of Technical Registrations' Enforcement Advisory

Committee - Geologists, June, 1998 - present

Society for Mining, Metallurgy and Exploration (SME)

Keynote speaker and field trip committee chairman, 1988 national meeting

Maricopa Section SME

Secretary, Treasurer, Program Chairman, President, 1984 – 1988 and 2003 - present

Central Arizona Geological Society

Program Chairman, Secretary-Treasurer, President, 1986 - 88
Geological Society of America
Arizona Geological Society
University of Wisconsin - Mentor Program - Geology and Geophysics Dept., 2001 - present

Computer Skills

Network System Administrator, 1985 - present

Install and maintain all software and hardware for Novell 4.2, 4.1 and SFT 2.15, Linux Suse 9.0 and 3COM Ethershare operating systems on PC based Ethernet local area networks

Software: **Operating Systems** DOS, Windows 3.x, 95 98 and XP, Linux Suse **Databases** - dBase, ALPHA 3, Access, **Word Processing** - Microsoft Word, Wordstar, **Spreadsheets** - Excel, Lotus 123, Quattro, **Desk Top Publishing** - Ventura Publisher, Publisher **Graphics** - Corel Draw, Paint Brush, Harvard Graphics, Irfanview **CAD, GIS and geologic software** - Mapinfo, ESRI, MAPTECH, Rockworks and associated utilities. **Web design and support** - Frontpage, Adobe Acrobat, WsFTP, WebAnal

Hardware: Installation and support of microcomputers CPU's through 8086 through Pentium generation (2005), printers including postscript and PCL (Hewlett Packard) laser formats, plotters and large format printers, flatbed scanners, custom monitors, laptops, Networking equipment - Ethernet switches, firewalls and routers.

Arizona Department of Mines and Mineral Resources Publications

Arizona Mining Consultants 1987, 1993, 2004

The Primary Copper Industry of Arizona 1979-80, 1981, 1992

Directory of Active Mines in Arizona, 1983 - present,

Exploration Offices - 1988

Directory of Exploration and Mineral Development, 1984 - 1986

Arizona Mining Update, 1987 - present, annually

Metallogenic Provinces of Arizona, scale 1:1,000,000

Arizona Metallic Resources - Trends and Opportunities 2006

Numerous Department circulars, open file reports, maps and flyers

Other Publications

Arizona Mineral Summary, U.S. Geological Survey, 1997 to present

Arizona Mining/Exploration Review, Mining Engineering magazine (SME) 1984 to present

Arizona Mining Review, California Mining Journal's feature article, August, 1988

Ashfork Karst Area Field Trip Guide, Central Arizona Geological Society, May, 1988

Niemuth, N.J., O'Hara, P.F., and Ryberg, G.E., 1989, *Metallogenic province zonation in Arizona* [abs.]:

Geological Society of America Abstracts with Programs, v. 21, no. 6, p. A250 [poster session for Geological Society of America's national meeting, November, 1989]

O'Hara, P.F., Ryberg, G.E., and Niemuth, N.J., 1991, Primary element zonation of veins associated with Laramide stocks in the Groom Creek and Poland Junction 7.5' quadrangles, Yavapai County, Arizona, in Karlstrom, K.E., ed., Proterozoic geology and ore deposits of Arizona: Arizona Geological Society Digest 19, p. 283-290.

EXHIBIT C



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

1
2
3 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
4 **IN AND FOR THE COUNTY OF MARICOPA**

5 INTERNATIONAL ENERGY AND
6 RESOURCES, INC.,

7 Plaintiff,

8 vs.

9 FRANK MAGINI and JEANNE MAGINI,
10 husband and wife,

11 Defendants.

12 INTERNATIONAL ENERGY AND
13 RESOURCES, INC.,

14 Plaintiff,

15 vs.

16 SCOTT SPOONER and LINDA
17 SPOONER, his wife; SPOONER &
18 ASSOCIATES, INC., a corporation;
19 WESTERN EXPLORATION & MINING
20 CO., a corporation; INTER-AMERICAS
21 MINING, INC., a corporation; DOES 1-10
22 INCLUSIVE; BLACK COMPANIES 1-10
23 INCLUSIVE,

24 Defendants.

No. CV 2005-019015

**STIPULATED PROTECTIVE
ORDER**

25 Plaintiff International Energy and Resources, Inc. ("IER") and Defendants
26 Scott Spooner, Linda Spooner, Spooner and Associates, Inc., Western Exploration &
27 Mining Co., Inter-Americas Mining Inc., Frank Magini and Jeanne Magini (collectively
28 "Defendants") hereby stipulate and agree that the Court may enter the following
Protective Order ("Protective Order"):

1. This Protective Order covers the use, disclosure, and designation as
confidential of documents and information produced during all discovery in this action,

1 including without limitation, depositions, entry onto land or premises, inspection and
2 copying of books, records, documents and tangible things, and responses to
3 interrogatories and requests to admit. IER and Defendants stipulate and agree that (i)
4 certain documents, information and things which will be produced during discovery, or
5 produced pursuant to a subpoena *duces tecum*, (ii) evidence which will be adduced prior
6 to or at the time of trial hereof and portions of testimony to be taken (whether at
7 deposition, or at trial), and (iii) complaints, answers, affidavits, briefs, motions,
8 transcripts and other writings, which may be filed, and which constitute trade secrets, or
9 include information sensitive to the party's business or affairs ("Proprietary" materials),
10 shall be entitled to protection against the use of such information by the receiving
11 parties in their commercial activities pursuant to this Protective Order. Such protection
12 shall not extend to the use of such information by any party other than in their
13 commercial activities.

14 2. This Protective Order shall be without prejudice to the right of any
15 of the parties to this action (i) to bring before this Court at any time the question of
16 whether any particular information is or is not relevant to any issue of this case or
17 whether any information is or is not protected as provided for in Paragraph 1 of this
18 Protective Order, (ii) to seek a further protective order to obtain additional protections if
19 necessary and warranted, (iii) to exercise any right or raise any objection otherwise
20 available, or (iv) by application and notice, to seek relief from any provision of this
21 Protective Order on any ground. During the pendency of any challenge to the
22 applicability of this Protective Order to any document, information or thing, however,
23 said document, information or thing shall remain subject to the provisions of this
24 Protective Order.

25 3. If a party reasonably and in good faith determines that a document
26 or thing of any description to be furnished, produced, or made a part of any pleadings or
27 papers to be filed, or any briefs, testimony, affidavits and/or evidence to be offered,
28 contains or may contain information which that party believes to be protected pursuant

1 to Paragraph 1 of this Protective Order, the party requesting protection shall designate
2 such document, testimony or affidavit as "Proprietary" in the following manner:

3 (a) In the case of Proprietary documents and written materials,
4 the party seeking protection shall affix to the documents, by stamp or otherwise, a clear
5 statement that the material is "Proprietary" and produced pursuant to this Protective
6 Order. The party producing the Proprietary documents shall provide a written list
7 identifying the Proprietary documents by their production numbers upon written request
8 of the opposing party.

9 (b) In the case of pleadings or other papers or writings, by
10 advising the other party in writing of the portions deemed to be Proprietary.

11 (c) In the case of transcribed hearings, transcribed files,
12 deposition testimony or affidavit, by advising the other party in writing of the witness
13 whose testimony is to be deemed Proprietary and the portions of testimony deemed
14 Proprietary.

15 4. Documents, things, testimony, pleadings, various matters and
16 information designated by any party to this action as "Proprietary" pursuant to
17 Paragraph 3 of this Protective Order:

18 (a) Shall not be used in their commercial activities.

19 (b) If any party shall disclose "Proprietary material(s) or
20 Proprietary information to his or her employee, consultant, expert witness, deponent or
21 witness, it is the obligation of the disclosing party to notify such person of this
22 Protective Order and, in the case of consultants or experts, obtain a signed
23 Confidentiality Agreement (in the form attached hereto as Exhibit A) whereby such
24 person agrees to be bound by the terms of this Protective Order. A copy of each
25 executed Confidentiality Agreement shall be maintained by counsel for the disclosing
26 party in a secure place and, upon request, shall produce same to counsel for the non-
27 disclosing party. Attorneys for the parties shall be responsible for informing their
28 employees of the obligations under the Protective Order and ensuring compliance

1 herewith.

2 5. Nothing in this Protective Order shall be deemed to preclude any
3 party from seeking and obtaining, on an appropriate showing, such additional protection
4 with respect to documents or other discovery material as that party may consider
5 appropriate; nor shall any party be precluded from claiming that any matter designated
6 hereunder is not entitled to protection or that a lesser form of protection than designated
7 is appropriate.

8 6. A party shall not be obligated to challenge the propriety of any
9 designation for protection at the time the designation is made, and the failure to do so
10 shall not preclude a subsequent challenge thereto. In the event that any party to the
11 proceeding disagrees at any point in these proceedings with any designation made under
12 this Protective Order, the party shall first try to dispose of such dispute in good faith on
13 an informal basis. If the dispute cannot be resolved, the party objecting to the
14 designation may seek appropriate relief from the Court, including a demand for costs
15 and attorneys' fees for the motion involved, which costs and fees may be awarded if the
16 Court finds that the designation was made or maintained in bad faith or without
17 substantial justification. The party seeking to protect the use of such information shall
18 have the burden of proving the appropriateness of the designation applying the
19 definition of a trade secret set forth in Section 1 of the Uniform Trade Secrets Act
20 (1985) or the standards recognized by *Ariz.R.Civ.P.* 26(c).

21 7. This Protective Order shall not limit the receiving party's use of
22 documents, tangible things, or other information, lawfully obtained other than through
23 discovery herein, either prior to the effective date of this Protective Order, or from a
24 source other than the opposing party and/or the opposing party's vendors or customers,
25 and not subject to any restriction as to use made thereof, nor shall this Protective Order
26 limit the opposing party's right to seek a further Protective Order to prevent the use of
27 Proprietary of documents in the possession of such party's customers, vendors, or other
28 third parties in a manner protected by Paragraph 1 hereof.

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JERRY L. HAGGARD, P.C.

By _____
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9 SUPERIOR COURT OF ARIZONA
10 IN AND FOR THE COUNTY OF MARICOPA

11 INTERNATIONAL ENERGY and) No. CV 2004-0029
12 RESOURCES, INC.,)
13 Plaintiff,) **SPOONER DEFENDANTS'**
14 v.) **REPLY TO PLAINTIFF'S**
15) **MOTION FOR PROTECTIVE**
16 FRANK MAGINI and JEANNE MAGINI,) **ORDER**
17 Husband and wife,)
18 Defendants.)
19 INTERNATIONAL ENERGY AND) (Oral Argument Requested)
20 RESOURCES, INC.,)
21 Plaintiff,)
22 v.) (The Honorable Timothy J. Ryan)
23)
24 SCOTT SPOONER and LINDA SPOONER)
25 his wife; SPOONER & ASSOCIATES,)
26 INC., a corporation; WESTERN)
EXPLORATION & MINING CO., a)
corporation; INTER-AMERICAS MINING)
INC., a corporation; GARY ROOKS and)
JANE DOE ROOKS, his wife; RALPH)
HODGES and JANE DOE HODGES, his)
Wife; DOES 1-10 INCLUSIVE; BLACK)
COMPANIES 1-10 INCLUSIVE,)
Defendants.)

1 Defendants Scott D. Spooner, Linda Spooner, his wife, and Spooner & Associates,
2 Inc. ("**Spooner Defendants**") hereby reply to Plaintiff International Energy and
3 Resources, Inc.'s ("**IER**") Motion for Protective Order dated March 21, 2006. Spooner
4 Defendants respectfully request this Court to deny IER's Motion for Protective order or,
5 in the alternative, issue a Protective Order in the form attached hereto, and order IER to
6 respond fully and completely to Spooner Defendants' discovery request.

7 **MEMORANDUM OF POINTS AND AUTHORITIES**

8 **I. INTRODUCTION.**

9 At the outset, Spooner Defendants must correct misstatements made by IER in its
10 "Relevant Facts" on pages 1 and 2 of the Motion as follows:

11
12 Page 1, line 13: "Plaintiff IER is a mining company that is in
13 the process of developing a mine in Salome, Arizona
14 ("Mine"). "

15 IER was formed by John D. Owen only five years ago. Owen's affidavit, Exhibit
16 C to Defendants' Reply dated April 2, 2005. Mr. Owen's prior experience was in
17 highway construction, not mining, Id. There is no evidence that IER has ever developed
18 or operated a mine or is in the process of doing so. As detailed below, what IER has
19 developed in the last five years are considerable sums of money from misled investors
20 through telemarketers and false and misleading promotional materials, and litigation in at
21 least four lawsuits in Arizona and Kentucky.

22 Page 1, lines 15-16: "Defendant Scott Spooner . . . worked for
23 IER on the development of the Mine".

24 As stated above, there has been no development of a Mine by IER. Scott Spooner
25 provided only geological, mineral sampling and assaying services to IER.
26

1 Page 1, lines 20-22: "Spooner set up his own competing
2 mining operations by acquiring certain claims that were
3 intended for IER and that overlaid certain of IER's claims at
4 the Mine."

5 Mr. Spooner has not set up any "competing mining operations" and there is no
6 evidence of such. Since the 1980, Mr. Spooner has known and worked with Robert
7 Chastain, the owner of the Robison Mining Claims located on the land now claimed by
8 IER long before IER intruded into the picture. The Robison Claims have been in
9 existence since 1974 and have been subject to several relocations. IER located its mining
10 claims over those senior Robison Claims. Mr. Chastain conveyed the Robison claims to
11 Mr. Spooner because Mr. Chastain is an 87 year old man and had been pressured by IER
12 into signing documents he did not read or understand and was concerned that IER would
13 attempt to acquire the Robison claims by the same methods. Exhibit A hereto, Chastain
14 1/23/06 deposition transcript pp. 1, 9, 90-91, 106-109.

15 Page 2, lines 1-2: "IER objected to certain of the Spooner
16 Defendants' interrogatories because they asked for
17 confidential and trade secret information."

18 Out of 29 interrogatories propounded to IER, IER refused to answer or answer
19 adequately 14 of those interrogatories (Nos. 4, 10-18, 20, 21, 24, 28). Exhibit 3 to
20 Plaintiff's Motion.

21 Page 2, lines 9-10: "IER responded to the [Spooners] Request
22 for Production on February 25, 2005."

23 IER responded by refusing to provide a single document requested by Defendants.
24 Plaintiff's Motion, Exhibit 5.

25 Page 3, lines 8-9: "Judge Burke held that only information
26 dealing with potential investors was relevant to the litigation."

Judge Burke did not rule on any of the other requests made by Spooner Defendants
in their Motions to Compel Answers to Interrogatories and Production of Documents.

1
2
3 On March 10, 2004, IER filed this action against Scott D. Spooner, Linda Spooner,
4 his wife, and Spooner & Associates, Inc.¹ Among the many allegations against Spooner
5 Defendants is that IER has been damaged in an amount of not less than \$1,000,000 by
6 "actions of Spooner" causing potential investors not to invest in "working interests" in
7 IER. Complaint, ¶¶ 21, 23; Amended Complaint, ¶¶ 23, 25.

8 **II. LEGAL ARGUMENT.**

9 **A. Applicable Rules.**

10 Plaintiff is correct in recognizing (Motion at 4) that "The burden of showing good
11 cause for entry of a Protective Order is with the party seeking confidentiality." citing
12 A.R.C.P. Rule 26(c)(2). Also applicable in this proceeding is Rule 26(b) stating that
13 "parties may obtain discovery regarding any matter, not privileged, which is relevant to
14 the subject matter involved in the pending litigation . . . It is not grounds for objection that
15 the information sought will be inadmissible at the trial if the information sought occurs
16 reasonably calculated to lead to the discovery of admissible evidence."

17 **B. Necessity of Requested Discovery.**

18 Spooner Defendants deny Plaintiff's allegation that Scott Spooner interfered with
19 IER's sales of its working interests, and affirmatively allege that, even if Scott Spooner
20 had so interfered, IER could not claim any damages because those working interests were
21 being offered and sold illegally through telemarketers and promotional brochures stating
22 false and misleading information, and omitting necessary information to inform investors.
23 Spooner Defendants also affirmatively allege that those working interests were offered
24 and sold illegally for not being registered and for IER's sales persons not being registered

25
26 ¹ Spooner & Associates, Inc. is a consulting company located in Ragley, Louisiana and consists only of Scott
Spooner, Linda Spooner, his wife, and part-time employee Robert Chastain.

1 in violation of State and Federal securities laws.² Answer to Amended Complaint, ¶23.
2

3 Notwithstanding those potentially devastating charges against the Scott Spooner,
4 IER has refused to provide the information in discovery that is necessary for Spooner
5 Defendants to defend themselves. IER argues that it will not provide that information
6 because it is a trade secret and confidential and that Mr. Spooner would use that
7 information commercially to compete with IER in its supposed mining venture.

8 Spooner Defendants are entitled to discovery of information necessary to show that
9 the sales and offers of working interests in the Chastain property, with which Scott
10 Spooner allegedly interfered, were made illegally. If sales and offers were made illegally,
11 IER can recover no damages even if Mr. Spooner had interfered with those offers or sales.
12 *Academy Life Insurance Company v. Odiorne*, 165 Ariz. 188, 194 (Az.App. 1990)
13 (illegality defense may be asserted in Arizona); *Evans v. Cameron*, 121 Wisc.2d 421, 360
14 N.W. 2d 25, 28 (1985) (“no court will lend its hand to a man who founds his cause of
15 action upon an immoral or illegal act”).

16 Two issues are in dispute: (1) Whether the information and documents that IER
17 refuses to disclose are confidential, and (2) Even if those documents and information are
18 considered to be confidential, whether they are discoverable.

19 **C. The Information Sought by Spooner Defendants is not Confidential,
20 Proprietary or a Trade Secret.**

21 On page 5 of its Motion, IER sets forth the A.R.S. § 44-401 definition of a “trade
22 secret”. The exception in that definition is fatal to IER’s argument. That exception
23 requires a trade secret to be “the subject of efforts that are reasonable under the
24 circumstances to maintain its secrecy.”

25 IER also recites (Motion at 5) the discussion in The Restatement (First) Of Torts, §
26

² Such “working interests” are defined and regulated as securities under the Federal (15 U.S.C. § 77b) and State (A.R.S. §44-1801(26) securities laws.

1 757 which identifies several factors to be considered in determining whether given
2 information is a trade secret. Again, three of those factors are fatal to IER's position: (1)
3 "the extent to which the information is known outside of his business"; "(3) the extent of
4 measures taken by him to guard the secrecy of the information"; and "(6) the ease or
5 difficulty with which the information could be properly acquired or duplicated by others."

6 **D. The Information Has Been Widely Circulated.**

7 IER gave to Robert Chastain a document entitled "International Energy and
8 Resources, Inc. Offering in the Chastain Mine", attached as Exhibit A to Spooner
9 Defendants' Response dated March 19, 2005 to Plaintiff's Motion for Judgment on the
10 Pleadings. Among the false information and representations included in that Offering
11 document are the following:

12 "IER took over [the Chastain Claims] in the late part of 2001." Offering, page 5.

13 "Probable reserves of 66,500,000 short tons at a value of \$2,289.00 per short ton
14 give the property a value of \$152.2 billion". Offering, page 8.

15 "[T]he total ore reserves³ of the areas we elected to start mining would be
16 \$515,495,605." Offering, page 10.

17 "IER currently owns a 90% net revenue interest in 102 lode mining claims known
18 as The Chastain Mine". Offering, page 11.

19 "Based on current geological studies the estimated return on the investment would
20 be 25.76:1 after 10 years of production." Offering, page 11.

21 "Platinum, silver, copper and other valuable metals extracted with the gold could
22 equal or surpass the value of the gold itself." Offering, page 14.

23 "Economic Projections Year I"

24
25 ³ The terms "ore" and "reserves" are defined on IER's current website (www.usarinc.com). "Ore" is defined as
26 "[r]ock, generally containing metallic or non-metallic minerals, that can be mined and processed at a profit".
"Reserves" is defined as "[t]hat part of a mineral deposit which would be economically and legally extracted or
produced".

1	“Profit	\$	44,210,000.00”
2	“1 unit minimum investment (\$50,000.000) = (Offering, page 14)	\$	44,310.00”
3			
4	“Economic Projections Year 2”		
5	“Profit	\$	44,310,000.00”
6	“Year 2 return minimum investment = (Offering, page 15)	\$	38,517.00”
7			
8	“Economic Projections Years 3, 4 and 5”		
9	“Profit	\$	886,200,000.00”
10	“Return on minimum investment/YR (Offering, page 15)	\$	150,654.00”
11			
12	“Return on Investment <u>Year 1-2</u> ”		
13	“Return on minimum investment	\$	82,827.00”
14			
15	“ <u>Year 3-10</u> ”		
16	“Return on minimum investment	\$	1,205,232.00”
17			
18	“ <u>Total Return</u> ”		
19	“Minimum Investment of	\$	50,000.00”
20	“ = \$1,288,059.00”		
21	“ = \$25.7:1 R.O.I.”		
22	(Offering, page 16)		

21 Such an Offering is illegal under Arizona securities and anti-fraud laws. *State v.*
22 *Goodrich*, 151 Ariz. 118, 126 (Az. App. 1986) (offers and sales of unregistered gold and
23 silver contracts by unregistered telemarketers using offering materials not disclosing
24 material facts violate A.R.S. §§ 44-1801 et seq. and A.R.S. §§ 44-1521 et seq.). Attached
25 hereto as Exhibit B are two certificates dated July 8, 2004 by the Director of the Arizona
26 Corporation Commission Securities Division certifying that IER and Chastain Mine are

1 not registered or exempted as required by Arizona law.

2 IER represents that the Offering in the Chastain Mine described above was
3 among "many drafts of documents [which were] created by IER for the sole
4 purpose of submitting them to staff and outside experts and were never circulated
5 nor did they form the basis for any offer. It is believed that those two documents
6 are among these". Letter dated January 26, 2005 from IER's counsel, Charles
7 Cruise, to the undersigned counsel attached as Exhibit F to Spooner Motion to
8 Compel Answers to Interrogatories dated March 2, 2005.

9 While IER contends that the Offering in the Chastain Mine described above
10 was only a draft and not distributed to investors, it stretches the imagination to
11 believe that other offerings containing similar false information were not distributed
12 to potential investors. Nevertheless, IER, for the unsupportable reason that they are
13 confidential, refuses to disclose copies of those Offerings that were actually
14 distributed to potential investors and that are necessary for Spooner Defendants'
15 defense.

16 The State of Washington Department of Financial Institutions Securities
17 Division, found by its Statement of Charges dated September 7, 2005: (1) that two
18 of IER's telemarketers, Jensen Jose and Mark Marshall, mailed to a resident of
19 Washington Offering materials relating to the Chastain Mine, (2) that such
20 Offerings and sales persons were not registered in the Washington State Securities
21 Division, and (3) that such offering materials "made misstatements of material fact
22 or omitted to state material facts necessary in order to make the statements made . .
23 . not misleading." Statement of Charges attached as Exhibit 5 to Spooner
24 Defendants' Motion to Compel Deposition of John Owen dated March 20, 2006.
25 The Washington State Securities Division issued a Consent Order dated November
26

1 29, 2005 that identified and banned IER telemarketer salesmen, Jensen Jose and
2 Mark Marshall,⁴ and IER from offering to sell working interests in the Chastain
3 Mine and to cease and desist from violating the anti-fraud provisions of the
4 Washington State Securities Act. Consent Order attached as Exhibit 6 to Spooner
5 Defendants' Motion to Compel Deposition of John Owen dated March 20, 2006.

6 IER's claim that its promotional material is confidential is further belied in
7 litigation brought by Shield Environmental Associates, Inc. against IER in Federal
8 Court in Kentucky seeking (1) to recover \$240,000 that IER had failed to pay for
9 work done for IER and (2) to enjoin IER from distributing its marketing documents
10 containing false information attributed to Shield. See Exhibit B to Defendants'
11 Reply dated April 2, 2005.⁵ IER filed in that Kentucky litigation three promotional
12 documents of the Chastain property without claiming those documents were
13 confidential or trade secrets. Those documents were not submitted to the court
14 under seal or through any other protective means. Those promotional materials are
15 attached to Exhibit C to Spooners' Reply dated April 2, 2005. The undersigned
16 counsel readily obtained those marketing materials from the Kentucky Court files.
17 Unless and until material filed in a court is sealed by court order, that material is
18 "available to the public". *Danco Laboratories v. Chemical Works*, 711 N.Y.S.2d
19 419, 422-3 (N.Y. 2000). In its Opinion and Order dated July 15, 2004 (Exhibit D to
20 Spooners' Reply dated April 2, 2005), the Federal District Court in Kentucky found
21 (at p.5) that the information in IER's offering materials "could be misleading to
22 potential investors" in violation of the Federal anti-fraud Lanham Act (15 U.S.C.

23
24 ⁴ The Washington State Securities Division Orders on the identification of those telemarketers are available on the
internet at www.dfi.wa.gov/sd.

25 ⁵ The Complaint (Exhibit B, ¶¶ 18, 26, 29, 37) in that case raised many of the same allegations raised in Scott
26 Spooner's affirmative defenses - that IER's offering materials violated Federal Securities laws and other Federal
anti-fraud laws by making false and misleading statements in those materials.

1 1125(a).

2 IER alleges "the literature is only disseminated by one of six officers
3 including IER's CEO, John Owen". Plaintiff's Motion at 6-7. This is contrary to
4 the Statement of Charges of the Washington State Securities Division (at 2) finding
5 that Jensen Jose and Mark Marshall were "account representatives" who received
6 and distributed offering materials, after making "unsolicited telephone calls", to a
7 Washington resident.

8 IER alleges that "each person who receives IER's sales documents has
9 executed a confidentiality/non-disclosure agreement that bars dissemination of that
10 information". Motion at 7. Refuting that allegation is a letter from Don Brown,
11 President of IER, to a "Bill" in Oklahoma City enclosing "an overview of our
12 mining project" but not including or mentioning any confidentiality agreement.
13 Letter is attached to Exhibit EEE of IER's CEO, John Owen's affidavit in the
14 Kentucky litigation (Exhibit B to Spooner Reply dated April 2, 2005).

15 Attached as Exhibit C hereto is a printout from Venture Research Institute
16 which is a website open to the public for potential investors to discuss companies in
17 which they are considering investing. The printed page of that Exhibit is a series of
18 questions from an inquirer saying that he has been speaking with a person trying to
19 talk him "into an investment for a mining project in Arizona, called International
20 Energy and Resources (IER)," naming telemarketers Jeff Overature and Kenneth
21 Watts who sent "a package" to the inquirer. That investor states: "I'm not even an
22 accredited investor." Various other messages on that website raise questions about
23 IER's telemarketing as a "money raising scam". This contradicts the statement in
24 IER's Motion at 7 that it distributes final copies of its offering only to its
25 employees, and to "a select list of accredited potential and actual investors".
26

1 These statements in Exhibit C hereto demonstrate that IER distributes its
2 investment promotion information widely without preservation of confidentiality,
3 and further support Spooner Defendants' need to discover that information.

4 Furthermore, there is no evidence in this entire case that IER has produced a
5 single ounce of gold. There is no information on IER's website
6 (www.usarinc.com) that IER or USAR, Inc. has derived any income from
7 producing anything. Nevertheless, IER claims that it has spent "over \$2 Million to
8 obtain key information" and that it spends "approximately \$10,000 per month for
9 new investor lead information". Plaintiff's Motion at 6,7. In Exhibit EEE to
10 Exhibit C to Spooner's reply dated April 2, 2005, IER advertises that it donates "up
11 to 10% of its income from the Chastain Mine to help various causes" and that it has
12 established a Chastain Foundation, a Rex Curtiss, Jr. Foundation and an IER
13 Foundation to contribute to various causes. IER's current website advertises that it
14 is a sponsor of an Animal Relief Fund, a charity golf tournament, a "Buckners
15 Children's home" and a Redline GT Racing car.⁶ Spooner Defendants are entitled
16 to discover whether investors' money is being used for those purposes rather than
17 in the supposed development of the IER's purported mining, in violations of State
18 and Federal securities laws.

19 Under the standards and exceptions set forth above in A.R.S. § 44-401 and in
20 the Restatement (First) of Torts, § 757, the information sought by Spooner
21 Defendants cannot be regarded as confidential or trade secrets.

22 **E. There is No Absolute Protection of Confidential Information.**

23 Even if the information that IER refuses to disclose could be considered
24 confidential or trade secrets, that does not constitute a proper ground for refusing to
25

26 ⁶ IER's website (www.usarine.com) contains a media clip of the 2005 Denver race in which the announcer states the sponsor of the racing car is USAR Inc. that "opened some gold mines in Arizona and hit on all eight of them".

1 disclose that information in appropriate circumstances. The Court in *Cornet Stores*
2 *v. Superior Court*, 108 Ariz. 84, 88, 492 P.2d 1191 (1972) held: “We know of no
3 cases holding that this [objection on grounds of confidential information] is a
4 proper ground for objection to an otherwise proper interrogatory.” The Court
5 continued, stating: “If the [trade secret] information sought is relevant and
6 necessary at the discovery stage of this litigation to the preparation of the case . . .
7 disclosure is required.” *Id.*

8 The information that IER refuses to disclose is not confidential or trade
9 secret information and, even if it were, it is “relevant and necessary” for Spooner
10 Defendants to defend themselves against IER’s claims. Therefore, IER’s Motion
11 for Protective Order should be denied and IER should be ordered to comply with
12 Spooner Defendants’ discovery requests.

13 **F. In the Alternative, a Less Restrictive Protective Order Should be**
14 **Issued.**

15 IER is inaccurate by stating at page 1 of its Motion that its proposed
16 protective order would only “restrict[ing] all parties from using and disclosing
17 certain documents and information contained in IER’s records.” IER’s proposed
18 protective order provides in paragraph 1 that all “evidence . . . complaints, answers,
19 affidavits, briefs, motions, transcripts, and other writings, which may be filed, and
20 which constitute trade secrets are deemed confidential . . . [and] shall be entitled to
21 protection against disclosure”. Then, paragraph 3 would allow the party furnishing
22 information to designate any documents as “Confidential”, prohibit it from being
23 used “outside the reasonable conduct of this action”, and then place the burden on
24 the receiving party to show [in paragraphs 5 and 6] to this Court that such
25 information is not confidential.
26

1 The potential for abuse of such a protective order is obvious. It is no secret
2 that Scott Spooner is attempting to defend himself against IER's \$1,000,000
3 damage claim by seeking confirmation from State and Federal securities
4 enforcement agencies that IER's offerings of its working interest are unlawful.
5 Spooner Defendants are entitled to obtain and use the information they request for
6 that purpose as well as for all purposes in this litigation.

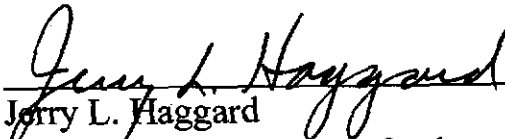
7 IER asserts (Motion at 1) the reason it will not disclose the information
8 requested by Spooner Defendants is that "Spooner set up his own competing mine
9 operations". Besides Mr. Spooner not having set up any competing mining
10 operations, if that is IER's true concern, that concern should be relieved by Spooner
11 Defendants' proposed protective order showing revisions in IER's proposal
12 (Exhibit 14 to Plaintiff's Motion). Spooner Defendants' proposed protective order
13 prohibits information furnished by IER from being used in Mr. Spooner's
14 commercial activities but would be used only in his defense of IER's charges
15 against him in this litigation. A clean version of Spooner Defendants' proposed
16 protective order is attached hereto.

17 **III. CONCLUSION.**

18 Accordingly, Spooner Defendants respectfully request that this Court (1)
19 order IER to answer fully and completely the interrogatories, and produce the
20 documents, requested in the attached Local Rule 3.2 h Statement and (2) deny
21 Plaintiff's Motion for Protective Order.

1 Respectfully submitted this 3/27 day of March, 2006.

2
3 JERRY L. HAGGARD, P.C

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5
6 
7 Jerry L. Haggard
8 Attorney for Spooner Defendants
9

10
11 ORIGINAL of the foregoing filed this
12 3/27 day of March, 2006, with:

13 Clerk of the Court
14 Maricopa County Superior Court
15 101 West Jefferson
16 Phoenix, AZ 85003

17 COPY of foregoing hand-delivered this
18 3/27 day of March, 2006, to:

19 Honorable Timothy J. Ryan
20 ECB 614
21 101 West Jefferson
22 Phoenix, AZ 85003
23 and
24 Robert J. Pohlman, Esq.
25 RYLEY, CARLOCK & APPLEWHITE
26 One North Central Avenue, Suite 1200
Phoenix, AZ 85004-4417

27 COPY of foregoing mailed this 3/27
28 day of March, 2006 to:

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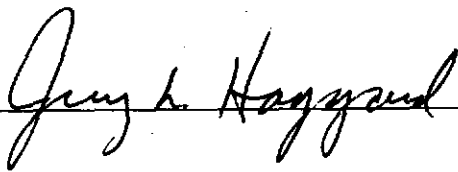


EXHIBIT A

Magini

IN THE SUPERIOR COURT OF THE STATE OF ARIZONA
IN AND FOR THE COUNTY OF MARICOPA

INTERNATIONAL ENERGY and)	
RESOURCES, INC.)	
Plaintiff,)	
vs.)	NO. CV 2005-019015
FRANK MAGINI and JEANNE MAGINI,)	(Consolidated)
husband and wife,)	
Defendants.)	
INTERNATIONAL ENERGY and)	
RESOURCES, INC.,)	
Plaintiff,)	
vs.)	
SCOTT SPOONER and LINDA SPOONER,)	
his wife; SPOONER & ASSOCIATES,)	
INC., a corporation; WESTERN)	
EXPLORATION & MINING CO., a)	
corporation; INTER-AMERICAS MINING,)	
INC., a corporation; DOES 1-10)	
INCLUSIVE; BLACK COMPANIES 1-10)	
INCLUSIVE,)	
Defendants.)	

VIDEOTAPED DEPOSITION OF ROBERT CHASTAIN
Phoenix, Arizona
January 23, 2006
10:00 a.m.

REPORTED BY:
JUDI A. WARMUTH, RPR
Certified Reporter
Certificate No. 50549
PREPARED FOR:
SUPERIOR COURT

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[1] about yourself.
 [2] First of all, how old are you, sir?
 [3] A: 87.
 [4] Q: You're 87. And you live in La Paz County, is that
 [5] correct?
 [6] A: The mine is in La Paz County. I live in Maricopa
 [7] County, though.
 [8] Q: Okay. Where do you live, sir?
 [9] A: Aguila.
 [10] Q: And how long have you lived there?
 [11] A: Let's see. A year — about 19 months.
 [12] Q: Sir, what — are you working at this time?
 [13] A: Whenever I can find a job, yeah.
 [14] Q: What sort of work do you do, sir?
 [15] A: Well, oh, just general — anything. I'll wash cars,
 [16] even.
 [17] Q: Have you been — have you been involved in the — in
 [18] mining, shall we say?
 [19] A: Most of my life.
 [20] Q: About how long would you say you've been working in
 [21] mining, sir?
 [22] A: Oh, it would be well over 50 years; maybe 60.
 [23] Q: Has that all been in Arizona?
 [24] A: No.
 [25] Q: Where else have you worked in mining outside of

[1] Arizona?
 [2] A: Oh, in Montana, Washington, Canada, Alaska, a little
 [3] short time in Russia, South America, Mexico.
 [4] Q: Okay. So you're vaguely familiar with the mining
 [5] requirements here in the United States, then, sir?
 [6] A: They keep changing.
 [7] Q: Okay. Before your deposition today, I'd like to find
 [8] out what you did to prepare yourself for the deposition, please?
 [9] A: There was very little preparation.
 [10] Q: Okay. Can you tell me what you did, please?
 [11] A: Well, I just read over some of the things, the
 [12] mistakes that were made, that I made.
 [13] Q: What things did you read over?
 [14] A: Well, erroneously, I signed a group of — a set of
 [15] questions.
 [16] Q: Okay. We'll get to those statements.
 [17] So, you're telling me you looked at some of the
 [18] statements that you signed?
 [19] A: Um-hum.
 [20] Q: Did you talk with anybody before the deposition?
 [21] A: Very little.
 [22] Q: Okay. First of all, who did you talk with? Did you
 [23] talk with Mr. Spooner?
 [24] A: No; with Mr. Haggard.
 [25] Q: When did you talk with Mr. Haggard?

[1] A: Just about an hour — or about ten minutes ago.
 [2] Q: Okay. Why don't you tell me what you talked about
 [3] with Mr. Haggard, please?
 [4] MR. HAGGARD: I object, and instruct the
 [5] counsel — the witness not to answer. That is attorney-client
 [6] privileged.
 [7] MR. COURY: Are you representing Mr. Chastain?
 [8] MR. HAGGARD: I'm representing Spooner and
 [9] Associates, of which Mr. Chastain is an employee.
 [10] BY MR. COURY:
 [11] Q: Let me follow up with this.
 [12] Mr. Chastain, how long have you worked for
 [13] Spooner and Associates?
 [14] A: Oh, at different times.
 [15] We first met in the early '80s, and we've been
 [16] more or less associated since then.
 [17] Q: More or less associated.
 [18] A: Yeah.
 [19] Q: Do you currently receive a paycheck from Spooner and
 [20] Associates?
 [21] A: Recently, no.
 [22] Q: Okay. When was the last paycheck that you received
 [23] from Spooner and Associates?
 [24] A: It would be in — well, 2004, or 5.
 [25] Q: 2005?

[1] A: Uh-huh. I think 5.
 [2] Q: What part of 2005 did you receive a paycheck from
 [3] Spooner and Associates?
 [4] A: I believe it was in August.
 [5] Q: Okay. Are you an officer of Spooner and Associates?
 [6] A: No.
 [7] Q: And do you have your own separate attorney, sir?
 [8] A: Yes.
 [9] Q: And what is the name of your personal attorney?
 [10] A: Well, Mr. Haggard here.
 [11] Q: I'm a bit confused.
 [12] Mr. Haggard, are you representing Mr. Chastain?
 [13] MR. HAGGARD: I think we should clarify that.
 [14] I represent Mr. Chastain as an employee of
 [15] Spooner and Associates.
 [16] MR. COURY: If he is an employee of Spooner and
 [17] Associates, correct.
 [18] MR. HAGGARD: As an employee.
 [19] MR. COURY: I'm not going to concede that, but so
 [20] be it.
 [21] Q: Aside from talking with Mr. Haggard — and I take it
 [22] he has instructed you not to answer — who else have you spoken
 [23] with prior to your deposition here about the events leading up
 [24] to this lawsuit between IER and Mr. Spooner?
 [25] A: No one.

[1] off the Chastain mine project?
 [2] A: No, not completely, no.
 [3] Q: Not completely off, or not — you didn't say that
 [4] completely?
 [5] A: Yeah.
 [6] Q: Which one is it, sir?
 [7] A: It would be no.
 [8] Q: No, you did not say that?
 [9] A: Yeah.
 [10] Q: Did you ever meet with John Owen, Tom Couste,
 [11] Mr. Monk, and Dan Brown at the mine to discuss taking Scott
 [12] Spooner off the project?
 [13] A: They talked me into — or they talked to me to do
 [14] that, see, but I was a little skeptical.
 [15] Q: You never said that, that you wanted Mr. Spooner off
 [16] the project?
 [17] A: No, hu-huh.
 [18] (Thereupon, Exhibit No. 8 was marked.)
 [19] Q: Mr. Chastain, if you would look here at Exhibit Number
 [20] 8, please.
 [21] This is a quit claim deed that was recorded in La
 [22] Paz County.
 [23] Do you see that, sir?
 [24] A: Yes.
 [25] Q: Okay. If you would turn to the second page of that

[1] document, at the upper right corner, you see two — it looks
 [2] like a signature and your printed name. Is that your signature,
 [3] sir?
 [4] A: That's my signature.
 [5] Q: And is that your printed name, sir?
 [6] A: Yes.
 [7] Q: And did you personally print your name there?
 [8] A: I did.
 [9] Q: And —
 [10] A: And that's my signature.
 [11] Q: That is your signature. Okay.
 [12] Can you tell me why you decided to quit claim the
 [13] claims that are referenced on this deed to Mr. Spooner?
 [14] A: Could I elaborate a little bit on this?
 [15] Q: Sure.
 [16] A: At the time, there hadn't been very little — there
 [17] hadn't been any — I'd put it this way: There was no
 [18] production, there was practically nothing done by John Owens,
 [19] and what they had done wasn't right, and I knew that I just
 [20] wasn't — I wasn't capable of dealing with John Owens.
 [21] He was just a little too swift for me, and I knew
 [22] once that he got any kind of a signature, that that would be the
 [23] end of my claims. He would — he'd wind up with them, see,
 [24] through either a lawsuit or something, and I didn't have the
 [25] money and I got too old to get out and work, and — like I used

[1] to, and I couldn't start the mine to go again, and I was just
 [2] skeptical of doing any business with him.
 [3] I figured that I better just get rid of the whole
 [4] thing, and I deeded them over to him.
 [5] Q: Okay. A couple of things.
 [6] When you say deeded it over to him, you mean
 [7] Mr. Spooner?
 [8] A: Yes.
 [9] Q: Did Mr. Spooner approach you to deed this over to him?
 [10] A: No.
 [11] Q: Not at all?
 [12] A: That was my —
 [13] Q: Who prepared this document, sir?
 [14] A: I did.
 [15] Q: Where did you obtain the form?
 [16] A: Hm?
 [17] Q: Where did you obtain the form, sir?
 [18] A: I have these forms.
 [19] Q: So you have quit claim deeds?
 [20] A: Yes.
 [21] Q: And you said that nothing had been done by Mr. Owen,
 [22] correct?
 [23] A: Well, they had done things out there, but it was
 [24] mostly on the promotion side.
 [25] Q: Okay. You signed an affidavit, did you not, sir, that

[1] there was \$50,000 worth of assessment work done?
 [2] A: Yes.
 [3] Q: And that does not count as anything done in your
 [4] opinion?
 [5] A: Well, that was done for — that was done — it wasn't
 [6] done for John Owens.
 [7] Q: And that was your understanding —
 [8] A: Yes.
 [9] Q: — is it wasn't done for John Owens?
 [10] A: Yeah.
 [11] Q: Do you think Mr. Spooner may have done that work, been
 [12] paid by John Owens, and not told you?
 [13] A: Now, I'm not sure who done the paying, or who done the
 [14] work.
 [15] Q: So you weren't sure about that?
 [16] A: No.
 [17] Q: Did you and Mr. Spooner discuss this deed and what you
 [18] were going to do with it before you transferred — before you
 [19] signed it?
 [20] A: No.
 [21] Q: No discussions at all?
 [22] A: No. Because, you know, we'd been — well, from back
 [23] in the '80s, see, we'd prospected together, we done things
 [24] together, and — well, I watched his children grow up.
 [25] Q: Did you — did you know Mr. Spooner was still sending

[1] appears that it's your signature, is that correct?
 [2] A: Yeah.
 [3] Q: So your signature is on each page, and it appears that
 [4] each page has been witnessed by Eric Monk, correct?
 [5] A: Yes.
 [6] Q: And it also appears that each of the four pages on
 [7] Exhibit Number 10 was dated February 13, 2004. Correct?
 [8] A: Yes.
 [9] Q: Okay.
 [10] Let me ask you a question, first of all — I'm
 [11] sorry, you're looking at Exhibit — I'd like you to look at
 [12] Exhibit 10 and not Exhibit 9, okay?
 [13] First of all, who else was — I take it Mr. Monk
 [14] was with you when you signed these documents?
 [15] A: Yes.
 [16] Q: Where were you?
 [17] A: At the house.
 [18] Q: At your house?
 [19] A: At my house.
 [20] Q: Who else was present?
 [21] A: Just the three of us.
 [22] Q: You and Mr. Monk and who else?
 [23] A: Nobody. There was another fella there, but he was
 [24] gone in and out, and — but he was not interested, very
 [25] uninterested party.

[1] A: He was staying with me at the time.
 [2] Q: Mr. Nichols was?
 [3] A: Yeah.
 [4] Q: But he was not present during this conversation?
 [5] A: No.
 [6] Q: And did Mr. Monk ask you to read each one of the
 [7] pages?
 [8] A: No. They — they said, well, here, we — in order to
 [9] get him — get this audit, see, we need to get him out here and
 [10] talk these things out.
 [11] Q: Hadn't these documents been prepared for you and sent
 [12] out to you earlier?
 [13] A: They had.
 [14] Q: A couple of months earlier?
 [15] A: They had.
 [16] Q: And you had been holding onto them, right?
 [17] A: No.
 [18] Q: You sent them back?
 [19] A: Huh?
 [20] Q: Did you send these documents back without signing
 [21] first?
 [22] A: They tore them up.
 [23] Q: Okay. And how did the conversation — strike that.
 [24] Did you tell Mr. Monk, let's talk about the
 [25] papers that you want me to sign?

[1] Q: So, it was basically you and Mr. Monk?
 [2] A: Yeah, and John Owens.
 [3] Q: John Owens was present at the time that you signed —
 [4] A: All of these.
 [5] Q: — exhibit 10 as well?
 [6] A: All of these.
 [7] Q: Okay.
 [8] A: He is the one that insured me that they would get
 [9] Scott out here.
 [10] Q: Okay. Now, again, I'm focusing only on Exhibit Number
 [11] 10, the document signed on February 13, 2004, okay?
 [12] A: Yeah.
 [13] Q: Just to make sure we're all clear here.
 [14] At the time that you signed these documents,
 [15] Mr. — the people at your house were you, and Mr. Monk, and you
 [16] said John Owen as well?
 [17] A: John Owens.
 [18] Q: What time of day did you sign these documents?
 [19] A: It would be — oh, it would be around — I think it
 [20] was around 1500 or 1800 or about 5 to 6:00, or maybe 7. It was
 [21] along in the evening.
 [22] Q: And was your other friend that was in and out, that
 [23] was uninvolved, was that Phil Nichols.
 [24] A: Phil Nichols.
 [25] Q: And —

[1] A: Yeah.
 [2] Q: You raised the issue. And did you talk about the
 [3] documents with Mr. Monk?
 [4] A: Yes. I talked about it to he and John Owens both.
 [5] Q: Okay. Did you read the documents?
 [6] A: Maybe just glanced at them.
 [7] Q: You maybe just glanced at them, but you didn't read it
 [8] before you signed it?
 [9] A: No.
 [10] Q: Did Mr. Monk read the documents to you?
 [11] A: The one — he fixed the one, the number four.
 [12] Q: Let's look at which one you're talking about.
 [13] Would that be the one on the third page of
 [14] Exhibit 10, the one in handwriting?
 [15] A: The handwriting one, yeah.
 [16] Q: So he fixed that document — Mr. Monk rewrote that, is
 [17] that what you're telling me?
 [18] A: That's right.
 [19] Q: And you said he fixed it, so he made that an accurate
 [20] statement?
 [21] A: He made that — well, these were made, like I told you
 [22] before, to have Mr. Spooner get — bring these papers out on
 [23] where the money went.
 [24] Q: Okay. Mr. Monk — which of these documents in Exhibit
 [25] 10 — which of the four pages did Mr. Monk read to you, sir?

[1] A: This last one, or the —
 [2] Q: Page three?
 [3] A: Three.
 [4] Q: He read that to you —
 [5] A: Yeah.
 [6] Q: — before you signed it?
 [7] A: Uh-huh.
 [8] Q: Okay. And you already said that that was your
 [9] signature?
 [10] A: Yeah.
 [11] Q: Did you ask Mr. Monk to leave you alone and let you
 [12] read these documents again?
 [13] So you didn't ask him?
 [14] A: No.
 [15] Q: And you didn't — and Mr. Monk did not walk away and
 [16] give you a chance to think about the documents and then come
 [17] back before you signed them?
 [18] A: No. They assured me that these were to be — to have
 [19] Mr. Spooner come to Arizona and see whether — how we could
 [20] rectify these things and let the project go ahead and move
 [21] ahead.
 [22] At that time, we all wanted to help John Owens
 [23] out and see if we couldn't get him going.
 [24] Q: And this was in February of '04 that you wanted to get
 [25] IER going on the project?

[1] Q: Had the payments you received from Mr. Spooner
 [2] occurred between February 13, 2004, and the present?
 [3] A: I really don't remember about it.
 [4] Q: Okay.
 [5] A: Sometimes there'd be money put in my bank account and
 [6] sometimes I'd be gone.
 [7] Q: Okay. Now, you said — let me ask you this: We were
 [8] talking before about Exhibit Number 9 that was signed in October
 [9] of 2003 —
 [10] A: Um-hum.
 [11] Q: — and Mr. Monk's name is not signed on there as a
 [12] witness, but on all of the exhibits — all of the documents in
 [13] Exhibit Number 10, Mr. Monk has signed as a witness.
 [14] Does that refresh your recollection as to who may
 [15] have been present in October of '03, sir?
 [16] A: Well, yes, um-hum.
 [17] Q: And Mr. Monk might not have been present when that was
 [18] signed?
 [19] A: He wasn't. He wasn't on this one.
 [20] Q: Mr. Monk was not present when Exhibit Number 9 was
 [21] signed?
 [22] A: No. Hu-huh.
 [23] Q: And you said, with respect to Exhibit Number 10, what
 [24] you did was you signed these four documents in Exhibit Number 10
 [25] in order to get John Owen going with the project. You wanted to

[1] A: Yeah.
 [2] Q: If you'd look at the second page of Exhibit Number 10,
 [3] please.
 [4] The very last sentence said, "I also never
 [5] received any payment from Spooner and Associates or Scott
 [6] Spooner for time billed to IER or for any other matter."
 [7] Do you see — I read that correctly, is that —
 [8] A: Yes, you read that correctly.
 [9] Q: Okay. As of February 13, 2004, had you received
 [10] payment from Mr. Spooner?
 [11] MR. HAGGARD: I object to the question.
 [12] You need to clarify for what purpose and when.
 [13] MR. COURY: Let me back up. I'll ask it this
 [14] way.
 [15] Q: You testified earlier, Mr. Chastain, that Mr. Spooner
 [16] no longer owes you any money?
 [17] A: That's right.
 [18] Q: That was your testimony from earlier.
 [19] And after — your statement here says that, as of
 [20] February 13, 2004, you had not received any payment from Spooner
 [21] and Associates or Scott Spooner for the time billed to IER.
 [22] That's what this says?
 [23] A: Um-hum.
 [24] Q: That last sentence?
 [25] A: Yeah.

[1] resolve everything with Mr. Spooner, correct?
 [2] A: That's right.
 [3] Q: And then have John Owen move ahead with the
 [4] development of the Chastain mine, correct?
 [5] A: That's right.
 [6] Q: And that was the purpose for you signing Exhibit 10,
 [7] the four documents?
 [8] A: Right.
 [9] Q: What happened between October of '03, when you signed
 [10] Exhibit 9, and February of '04, when you signed Exhibit 10?
 [11] A: I just don't remember what happened in that span of
 [12] time.
 [13] Q: Did you think an audit was going on during this
 [14] period?
 [15] A: No.
 [16] Q: You did not think an audit was going on?
 [17] A: I did, um-hum. I didn't.
 [18] Q: Okay.
 [19] (Thereupon, Exhibit No. 11 was marked.)
 [20] Mr. Chastain, I'm going to show you again what's
 [21] been previously marked as Exhibit Number 5. Those are your
 [22] notice of mining claim location. You recognize this document
 [23] from earlier today?
 [24] A: Um-hum.
 [25] Q: Okay. And again, just so we all are on the same page,

EXHIBIT B

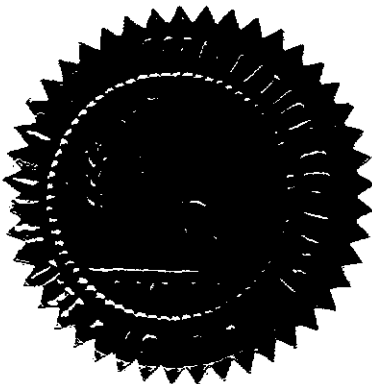
STATE OF ARIZONA



Corporation Commission

To all to Whom these Presents shall Come, Greeting:

I, MATTHEW J. NEUBERT, Director of Securities of the Arizona Corporation Commission, do hereby certify that I am a public officer having official duties with said Commission and having legal custody of the records of said Division and that I have caused to be made, under my direction, a diligent search of the records of the Securities Division of the Arizona Corporation Commission and said search discloses that during the period of January 1, 2000 to present, International Energy and Resources, Inc. has not filed with the Arizona Corporation Commission a notice filing for securities pursuant to Article 4 of the Securities Act of Arizona (A.R.S. § 44-1841 *et seq.*) or Article 12 of the Arizona Investment Management Act (A.R.S. § 44-3321 *et seq.*); has not registered securities with the Arizona Corporation Commission by description as provided in Article 6 of the Securities Act of Arizona (A.R.S. § 44-1871 *et seq.*) or by qualification as provided in Article 7 of the Securities Act of Arizona (A.R.S. § 44-1891 *et seq.*); has not received an exemption from the Arizona Corporation Commission authorizing the sale of securities pursuant to the provisions of A.R.S. §§ 44-1846 or 44-1843.01(B), or R14-4-101, R14-4-102, R14-4-126, R14-4-135, R14-4-137, R14-4-139 or R14-4-140 of the Arizona Administrative Code; has not been registered with the Arizona Corporation Commission as a dealer pursuant to Article 9 of the Securities Act of Arizona (A.R.S. § 44-1941 *et seq.*); and has not made a notice filing or been licensed with the Arizona Corporation Commission as an investment adviser pursuant to Article 4 of the Arizona Investment Management Act (A.R.S. § 44-3151 *et seq.*).



IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 8th DAY OF JULY, 2004 A.D.

BY 
MATTHEW J. NEUBERT, Director of Securities

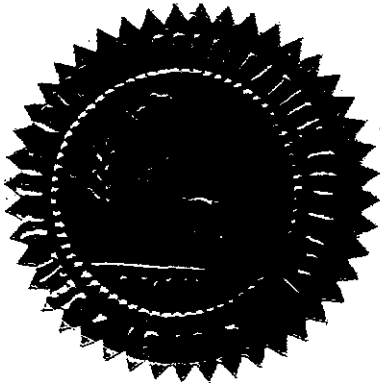
STATE OF ARIZONA



Corporation Commission

To All to Whom these Presents shall Come, Greeting:

I, MATTHEW J. NEUBERT, Director of Securities of the Arizona Corporation Commission, do hereby certify that I am a public officer having official duties with said Commission and having legal custody of the records of said Division and that I have caused to be made, under my direction, a diligent search of the records of the Securities Division of the Arizona Corporation Commission and said search discloses that during the period of January 1, 2000 to present, Chastain Mines has not filed with the Arizona Corporation Commission a notice filing for securities pursuant to Article 4 of the Securities Act of Arizona (A.R.S. § 44-1841 *et seq.*) or Article 12 of the Arizona Investment Management Act (A.R.S. § 44-3321 *et seq.*); has not registered securities with the Arizona Corporation Commission by description as provided in Article 6 of the Securities Act of Arizona (A.R.S. § 44-1871 *et seq.*) or by qualification as provided in Article 7 of the Securities Act of Arizona (A.R.S. § 44-1891 *et seq.*); and has not received an exemption from the Arizona Corporation Commission authorizing the sale of securities pursuant to the provisions of A.R.S. §§ 44-1846 or 44-1843.01(B), or R14-4-101, R14-4-102, R14-4-126, R14-4-135, R14-4-137, R14-4-139 or R14-4-140 of the Arizona Administrative Code.



IN WITNESS WHEREOF, I HAVE HEREUNTO SET
MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE
ARIZONA CORPORATION COMMISSION, AT THE
CAPITOL, IN THE CITY OF PHOENIX, THIS 8th DAY OF
JULY, 2004 A.D.

BY

A handwritten signature in black ink, appearing to read "M J Neubert".

MATTHEW J. NEUBERT, Director of Securities

EXHIBIT C



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PURPOSE

This is a website of, for and by private investors, looking for investment opportunities in companies that will:

1. Take their business seriously; by providing objective evidence of potential profits.
2. Treat their investors fairly; with potential rewards proportionate to current risk.
3. Handle investor funds responsibly; providing transparency and monitoring of the use of investor money.
4. Provide recourse; Should the company fail to create a profitable company, the investors will assume control of assets, products and/or services developed with investor funds.
5. Avoid exposing investors to Regulatory Risk; by refraining from the unlawful sale of unregistered securities, and the payment of illegal commissions to unlicensed securities salespersons.

CLOSED FORUM

For qualified investors only
(See Open Forum for details)

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The Closed Forum contains information on Companies that agree to contractually obligate themselves to these basic investing principles.



Please note:

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Tuesday, February 28, 2006

VENTURE RESEARCH INSTITUTE OPEN FORUMsearch forums [go >>](#)**CLICK HERE TO ENTER****3 PAGES : INTERNATIONAL ENERGY & RESOURCES info request : Replies**

Would you have time to check out yet another investment? I have a guy on the phone trying to talk me into an investment for a mining project in Arizona, called International Energy and Resources (IER). It is a little different in that the project includes sales of sand and gravel and they claim to have contracts already - so why do they need my money? They've already used (based on comments on the phone) about 12,000,000 and now they want 5,000,000 more for 2% working interest and 4% of the profits of this 2% (the paper says 1% but they said it is double now to entice more investors). To me it says they think the project is worth 500M (since 5M they are trying to raise is 1%) and that the cost of the project and overhead is all from the fund raising. Capital recovery is suppose to be less then 2 years and 80% per year for 10+ years. Anyway, there is about 57 acres ownership called Chastain Mines, and 2000 acre mineral rights leased for 99 years (renewed every 3 years). usarinc.com, enter site is where they gave me a websight. A Mr. Jeff Overature has more pictures since he is also raising funds. His site is whitecollarboxing.com/gold.htm which is interesting. I have a package from them from Kenneth Watts at 866-543-4653 x233. I told him I would check with you before ever making a solicited phone call investment again since I've lost on every one of them without a single exception - in fact I'm not even an accredited investor anymore. EMAIL REQUEST

admin
12/1/2005 2:40:09 PM

Well, **The Division further alleged that the Respondents violated the anti-fraud provisions of the Securities Act of Washington** from the Cease and Desist pretty much tells you what you want to know, doesn't it?

guest
11/30/2005 7:00:59 PM

After evaluating their current prospectus it is my opinion that this is nothing but a UNREGISTERED money raising scam with claims of big returns. One of the IER Premier Property Highlights on page 1 reads: "GOLD VISIBLE TO THE NAKED EYE". Yes, like all the gold in the investors backyards! There may be some "gold" in the IER bank accounts after foolish investors send in their money. Call the TX State Securities Board at 512-305-8332 BEFORE investing in this scam.

admin
11/21/2005 3:49:17 PM

DISCLAIMER: The opinions of Guest Posters to the VRI website are not necessarily the opinions of VRI or it's staff. The information contained in such opinions are often impractical or impossible for VRI to confirm, and no one should make an assumption that any attempt has been made to confirm them. VRI cannot determine if negative information is from investors or disgruntled ex employees. VRI cannot determine if positive information is from investors, or company shills. Each investor should consider the source, and treat such postings as part of their own due diligence effort.

GUEST: They cold called with a "sure hit" investment in Gold strip mining in Arizona. \$ 150,000 will give 0.5% of profit. Last years profit was \$ 250,000, but this year and next year they forecast 80 million in profit each year. The TX SSB told me that they have no registration on file. Any information?

GUEST: What state are they incorporated (or operating) in? Do you think they can find a more generically named group of officers than John Owen and Donald Brown? Maybe Smith and Jones????????? LOL!

GUEST: They are located in Dallas, TX. "Energy and Resources" sounds like oil and gas. Years ago some oil promoters also sold Ostrich (a bird) partnerships in between oil programs. So gold mining is not that far off from other scams out of Dallas.

GUEST: International Energy and Resources, Inc. 3839 Briargrove Lane, Suite 6305, Dallas, TX. 75287 They have a prospectus that includes a lot of information about the principal's, and the Shield Environmental Associates reports/findings. www.shieldenv.com It definitely is a "to good to be true deal". Although I have a lot of information about this at my disposal, I still don't know how to confirm that this isn't a rip off. Who can suggest a "proper due diligence"?

GUEST: International Energy and Resources out of Dallas, TX is NOT REGISTERED with the TX State Securities Board and therefore no further due diligence is required unless you take the risk of investing with an unregistered cold calling promoter.

GUEST: I attempted to research International Energy and Resources, Inc through Google searches and saw that there was such a company, but not this group of individuals. My question is, is it legal to take the name of an existing corporation as your own if you do not register it? By the way, as part of the due diligence, they have offered numerous reports created by the Shield Environmental Associates. They do promise a return commensurate to the proportion of the investment amount. They called again and when I told the caller that his company was not registered, he stated that the company was privately owned and therefore needed no registration. ADMIN: No need to register, but they need to file an EXEMPTION to securities registration called a Red D exemption filing. If not, you end up with nifty little items like this...

CEASE AND DESIST ORDER

International Energy and Resources, Inc., US American Resources, Inc., Jinson Jose and Mark Marshall - S-05-118-05-SC01 - Statement of Charges

On September 7, 2005, the Securities Division entered a Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and Intent to Impose Fines against International Energy and Resources, Inc. ("IER"), US American Resources, Inc. ("USAR"), Jinson Jose ("Jose") and Mark Marshall ("Marshall"). IER, a wholly owned subsidiary of USAR, is purportedly a mining exploration and development company. The Division alleged that on or about June of 2005, IER, Jose and Marshall offered unregistered interests in a gold mine. **The Division further alleged that the Respondents violated the anti-fraud provisions of the Securities Act of Washington** in connection with the offer of such securities. The Respondents have a right to request a hearing in this matter.

For the full PDF file on the cease and desist go to <http://www.dfi.wa.gov/sd/orders/S-05-118-05-SC01.pdf>



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Wednesday, March 29, 2006

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CLICK HERE TO ENTER**3 PAGES : INTERNATIONAL ENERGY AND RESOURCES email info request : Replies**

Please E-mail or mail info about International Resources and Energy, Inc.

Posted by**Reply****admin**

3/27/2006 5:26:15 PM



What information do you have about investors with this company and about its gold production?

Frank

3/9/2006 10:29:24 PM



Company Information: INTERNATIONAL ENERGY AND RESOURCES INC 3839 BRIARGROVE LN APT 8206 DALLAS, TX 75287-6382 Status: IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through May 15, 2006 Registered Agent: ALFRED OWEN 3839 BRIARGROVE LANE #8206 DALLAS, TX 75287 Registered Agent Resignation Date: State of Incorporation: TX File Number: 0161088500 Charter/COA Date: January 3, 2001 Charter/COA Type: Charter Taxpayer Number: 32003062018

guest

3/9/2006 4:28:41 PM



Cold-calling investors with the "stolen" list from Northstar Energy/TSPI.

admin

3/3/2006 2:58:15 PM



TRANSFERRED FROM A DIFFERENT FORUM

MIKENY: Regarding the company International Energy and Resources Inc. Has anyone been to the Chastain Mine? I to have been contacted by phone and asked to invest a min. amount of 25,000 and received the brochure which is extremely well done. Also the marketing rep. a Michael Young sounded very honest and convincing and also sent pictures of the mining area which included trucks rocks and workers. But when I asked for some real proof of what's been going on down there, like news articles in which the mine or the company was mentioned he could not provide any. He did invite me to come down and see for myself though, and if I wasn't satisfied with what I saw he would give my investment monies back on the spot. When I said that would not work for me I suggested he'd put me in touch with some one in the New York area who has invested in the company so I may ask him some questions .He said he would work on that and call me back in one hour, well its been 5 hours and no call back. So again I ask has anyone been to the mine? Mike from NY

admin

2/28/2006 5:22:31 PM



International Energy and Resources, Inc., US American Resources, Inc., Jinson Jose and Mark Marshall - S-05-118-05-SC01 - Statement of Charges

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and Notice of Intent to Enter Order to Cease and Desist and Intent to Impose Fines against International Energy and Resources, Inc. ("IER"), US American Resources, Inc. ("USAR"), Jinson Jose ("Jose") and Mark Marshall ("Marshall"). IER, a wholly owned subsidiary of USAR, is purportedly a mining exploration and development company. The Division alleged that on or about June of 2005, IER, Jose and Marshall offered unregistered interests in a gold mine.

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The Respondents have a right to request a hearing in this matter.

admin

2/28/2006 5:22:21 PM

PREVIOUS GUEST POSTINGS - Feb 05

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