



## **CONTACT INFORMATION**

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Phoenix, AZ 85007  
602-771-1601  
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Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 03/05/2003

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: HOMESTEAD MINE

ALTERNATE NAMES:

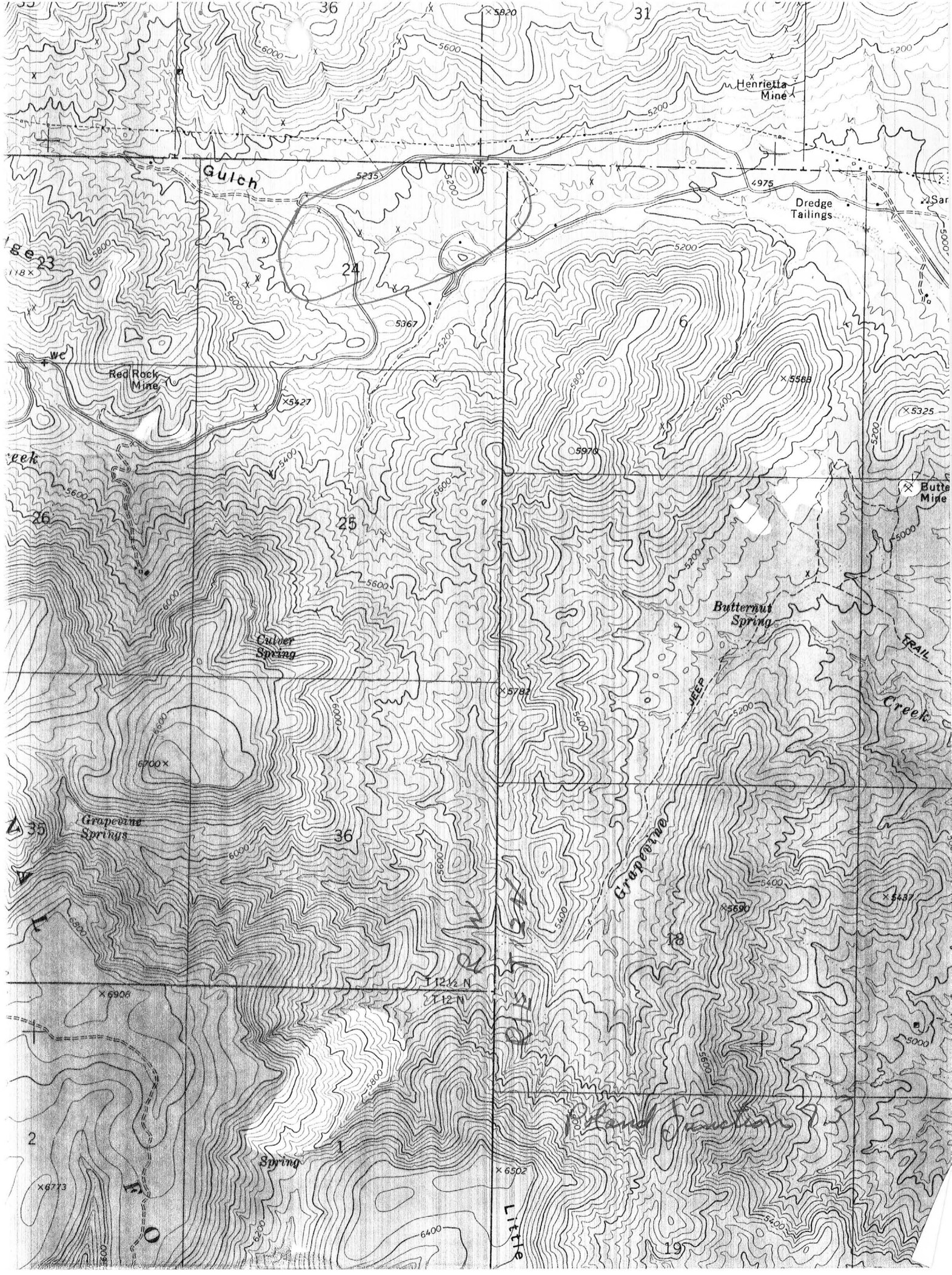
YAVAPAI COUNTY MILS NUMBER: 1362

LOCATION: TOWNSHIP 12.5N RANGE 1 W SECTION 24 QUARTER N2  
LATITUDE: N 34DEG 27MIN 16SEC LONGITUDE: W 112DEG 18MIN 47SEC  
TOPO MAP NAME: POLAND JUNCTION - 7.5 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:  
GOLD PLACER

BIBLIOGRAPHY:  
ADMMR HOMESTEAD MINE FILE



HOMESTEAD MINE

YAVAPAI COUNTY

KAP WR 6/27/86: Met Dave Hamm, deputy State Mine Inspector in the field at the Iron King Assay Office in Humbolt. He had just completed a visit to the Homestead Placer operation on Big Bug Creek and reported Goldstar was operating the placer.

SECURITIES DIVISION  
BETTINA CHANDLER

255-4242

4242

RRB WF 5/15/86 Accompanied by Jack Pursley I visited the Homestead Mine reportedly being operated by Gold Star Inc. (Sec. 24, T12.5N, R1W, Yavapai County). There was no evidence of production or equipment except for a trommell and two small floating dredges that could have been used in a series of ponds constructed along the creek. Workers were setting up a screening plant on higher grounds. Mr. Bob Frost pointed out the "Mother Lode Vein" in the creek bottom. It is a well mineralized vein containing considerable sulfides and at the exposure appeared to be about 12 feet thick, striking SSW and dipping about 80° to the SE.

RRB WR 10/24/86: Dr. William Coumb of San Francisco, CA called for information about Gold Star, Inc (c) - add reference to Homestead Mine (f) Yavapai County.

NJN WR 3/20/87: Nick Caruso (c) reports that a couple thousand tons of Homestead (file) Yavapai County material has been mined and stockpiled. Some of this material is being milled on a pilot basis at the Button Mine (file) Yavapai County mill.

RRB WR 10/11/87: To clarify possible confusion of Gold Star, Inc. which is the operator of the Homestead Mine (file) Yavapai County and the Gold Star Mining Co. which is a subsidiary of Energy Fuels Nuclear, I called Wayne Seick of Energy Fuels Nuclear in Flagstaff. Mr. Seick told me and later Pam Hall, Public Relations Representative, Energy Fuels Nuclear, Tabor Center, Suite 500, 1200 17th St., Denver, CO 80202 confirmed that Gold Star Mining Co has no connection whatsoever with Gold Star Inc. Gold Star Mining Co is operator of the Bessie G Mine in Colorado and it is not now active in Arizona. I sent information about the Department to Ms. Hall and she said that she would send us a video on the Canyon Mine.



~~BIG BUG PLACER~~ *Homestead*

YAVAPAI COUNTY

MG WR 4/26/85: Mayer Mining & Materials is no longer operating on the Overlook Placer in the Big Bug placer district (Yavapai County). Messrs. Steve Wilson & Doug Peckham, Overlook Mining Co., P O Box 552, Mayer, Az. 86333, are the current operators.

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RRB WR 5/24/85: Found an address for John Frost (c) at the request of the Bureau of Water Quality, Dept. of Health. Mr. Frost is reportedly now with Cherry Creek Mining Company and is taking water from Big Bug Creek and passing himself off as the "Water Commissioner."

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RRB WR 12/20/85: Steve Goldfarb of Calif. reports that a promotion is being conducted in California by a company called Goldstar. The principals of the company are John Frost, Frank Amavisca and Sherman D. Gardner. The claims are called the Homestead and Bell and are two miles from Poland Junction. They claim that the placer material overlies the mother lode.

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RRB WR 12/27/85: Received another call from Steve Goldfarb with further information on Goldstar Incorporated promoting a placer operation near Poland Junction. Mr. Goldfarb said that the forest service had shut down the operation and made them fill in the trench they had dug because they had not filed a plan of operations. He asked that we contact him if we get any further information about the operation. His address is Steve Goldfarb, % EOMHC, #10 Eastmont Mall, Suite 400, Oakland, Calif. 94605 (415) 632-4100.

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John Jett - telephone call - 2/4/86: Mr. Mike Manning, Tampa, Florida called wanting information on Gold Star Inc. (note 2 words in name). John Frost, Chairman of Board. Being promoted in Florida. Big strike with vein 20 feet wide and 15,000 feet long. Supposed to be working now. Promised to send data he received. Will visit our office in about 2 months.

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RRB WR 3/7/86: Received two calls within a half hour requesting information on the Gold Star Inc. mine which is supposed to be producing gold near Poland Junction. One call was from a possible investor, Barbara Masztowski from Michigan and the other from Chuck Ireland with Dean Whitter in Chicago.

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MEMO FOR FILE

From: Leroy E. Kissinger  
Director

Date: April 27, 1990

Received a telephone inquiry from a Tony Cadrin at the University of Saskatchewan concerning the "Homestead Mine" being operated by Gold Star Inc. Gold Star Inc. is identified by Mr. Cadrin as a subsidiary of NCI Minerals, Vancouver, B.C. Mr. Cardin's telephone number is (306) 966-5719.



STATE OF ARIZONA  
DEPARTMENT OF MINES AND MINERAL RESOURCES

MEMO FOR FILE

9-8-86

From: John H. Jett, Director

Telephone call from Dr. William Koon, Redwood City, Calif. concerning Homestead Mine operated by Gold Star Inc. The mine is being promoted on a local TV station (channel 48) a financial news network station. It was reported as a good buy and that the mine had shipped platinum to the Smithsonian. After discussing, I suggested to telephone Bettina Chandler of Securities Division.

From: The Silver Baron 9/11/85

- 2 -

Most brokers do not know how to find stocks that their customers can earn money with. If it happens that the customer does earn money, then everyone is happy. But most investors lose money in the stock market, and that's probably why you are reading THE SILVER BARON, to learn what goes on behind the scenes as well as which stocks to purchase and why to purchase them.

So here's one to purchase now at 5/8.

GOLD STAR, INC.

OTC Pink Sheets

Address: 1751 North Robert Road

Prescott Valley, Arizona 86321

Mailing address: Box 482

Litchfield Park, Arizona 85340

Shares outstanding: 5,000,000 of which 2,500,000

are restricted and cannot be sold until August 15, 1987.

1985 price range: 1/2 to 5/8

The company, by its subsidiary, Golden Sands Mining Corp., incorporated in Nevada on June 4, 1985, was formed to mine certain mining claims located in Yavapai County, Arizona. These two properties, which are contiguous, are in the Homestead and Bell mining claims group, approximately two miles of Poland Junction, Arizona. The combined area is approximately 180 acres. We visited the mine, located approximately 25 miles south of Prescott, on May 30, 1985 and found production to be in progress at the rate of approximately 10 ounces of gold per shift, with one shift a day, five days per week.

Since our visit, in fact only last week, another mining area has been opened which is now producing 300 yards per day with a profit of \$43.00 per yard, after labor and all other expenses. With more equipment and personnel on the property, this will be stepped up to 1000 yards per day on about November 1, 1985. Another plant to be brought into the property is expected to bring production to 2500 yards per day by January 1, 1986.

Based upon current production, the earnings per share are now at the rate of 76¢ per year. However, Gold Star, Inc. and Golden Sands Mining Corp. own only 50% of the project, and are the operators. So the earnings per share of Gold Star, Inc. are now at the rate of 38¢ per share per year. This is expected to triple by early November and be further increased by January 1, 1986. There is reportedly enough placer property to mine for another ten years. The company feels they know where the lode claims are and in the future will be seeking them out. They are not interested in the lode claims at this time because placer mining is much more profitable. Please remember that the current 38¢ per share profit, over the next year was estimated from current production. The officers are Frank Amavisca, President and Director; John Frost, Director and Assistant Secretary; Sherman D. Gardner, Director; Suszy Frost, Secretary-Treasurer. We are convinced that these people are all reputable and legitimate. We saw the operation; they are producing gold, and with the earnings projected, we see prices much higher than 5/8 for the stock of this fine company.



JOHN FROST, CHAIRMAN OF THE BOARD, GOLD STAR INC

February 27, 1986

Dear Fellow Shareholder:

The first six months of your company's history have been filled with activity and I want to bring you up-to-date on the past and talk about the future of Gold Star.

Our placer gold production began in September 1985 and continued through November 1985. We were temporarily interrupted by the U.S. Forest Service with the requirement for an expanded operation plan. The new plan was filed and has now been approved. Placer gold production started again on a small scale this week and should be at maximum capacity within 30 days. As a result of initial placer production at least 100 tons of placer concentrates were acquired for inventory and over \$30,000 in gold sales were made to defray expenses.

The mother lode vein system was discovered during excavation of placer materials and is now undergoing extensive testing. The result from this testing to date has determined that recoverable gold and platinum minerals in the mother lode vein have an average of \$5846 per ton.

We recently received a commitment from a private investor to finance the production equipment and provide necessary funds for mining and metals processing of the ore from the mother lode vein. We have received \$50,000 towards this commitment. Management is now in the process of preparing overall production plans and budgeting funds for their immediate effect on operations.

Due to the discovery of the large concentration of platinum group metals in the mother lode vein we re-tested the placer concentrates in our inventory and found those concentrates to be rich in those same minerals.

We have employed the services of Alvin C. Johnson, Jr., PhD., exploration geochemist, formerly with Shell Oil Company and an expert in the recovery and extraction of platinum group metals. He will design the recovery system and formulate the extraction process for these metals.

Dr. Johnson has assayed and extracted platinum group metals from bulk samples of the ore out of the mother lode vein and the following assays represent the average values determined from those tests. These values are reported in troy ounces per ton.



Received  
4/16/76

P.O. Box 2610  
Scottsdale, Arizona 85252

(602) 946-8188

PROGRESS REPORT FROM JOHN FROST  
CHAIRMAN OF THE BOARD, GOLDSTAR, INC.

Your company is happy to report the results of actual pilot plant production runs on the Homestead Mine placer and mother lode vein ores.

Actual quantities of random samples of placer and vein head ore were run thru a gravity concentrating plant which is a smaller version of the plant presently on order and scheduled to start up in six weeks at the Homestead Mine.

Below are the results of this pilot plant run listed in troy oz. per ton of head ore recovered by gravity means.

	<u>Placer Deposit</u>		<u>Vein Deposit</u>	<u>Placer</u>	<u>Vein</u>
Gold	.219	350	1.230	76.65	430.50
Platinum	1.674	350	10.041	585.90	3514.35
Paladium	.704	96	3.285	67.58	315.31
Silver	.732	5.30	22.767	3.88	120.64
Osmium	.452	1000	2.406	452.00	2406.00
Iridium	4.982	380	25.641	1843	4743.53
Ruthenium	1.842	70	8.507	2128.94	545.41
Rhodium	1.362	705	7.335	960.21	5171.18
				<u>4168.43</u>	<u>21947.00</u>

Spot 21271  
accepted 3,1000

Needless to say your management is very excited by these results.

Processing equipment presently on order will have the capacity to run 250 tons per day of placer material on a one shift basis. As this processing equipment is very expensive, your management did not order this equipment until we were absolutely sure it would produce maximum recovery. I'm sure you are all aware of the many instances where companies rushed to order equipment only to later find it was not suitable for optimum processing of their material. To avoid these costly mistakes your management waited until the actual results of the pilot plant run were in before ordering equipment so we could be assured that the 250 ton plant would produce the same results, only on a larger scale.

Mining the placer first has several advantages.

First the equipment required is less costly and the ore could be processed for approximately \$5.00 per ton.

(over)

Second, with values in excess of \$1,000.00 per ton in the placer, a large cash flow and profit would be immediately generated. Placer material is estimated to be in excess of one million tons and mining will continue until this is exhausted.

Third, processing the placer would serve the purpose of removing the over-burden material which sits on top of the vein, thus exposing it for less expensive removal.

Fourth, from the large influx of cash generated by the placer operation, monies could be directed to mining the vein without the necessity of raising outside capital. A core drilling program will be started to more clearly define the vein material reserves. Preliminary indications show over 2,000 foot length of vein material on the property. Where exposed on the surface, the vein varies from 12 feet to 40 feet in width. Core drilling is necessary to find the vein depth and underground dimensions.

To summarize; in a few short weeks your company will begin to reap the benefits of these very rich ore bodies.

  
\_\_\_\_\_  
John Frost, Chairman

JOHN FROST, CHAIRMAN OF THE BOARD, GOLD STAR INC

February 27, 1986

Dear Fellow Shareholder:

The first six months of your company's history have been filled with activity and I want to bring you up-to-date on the past and talk about the future of Gold Star.

Our placer gold production began in September 1985 and continued through November 1985. We were temporarily interrupted by the U.S. Forest Service with the requirement for an expanded operation plan. The new plan was filed and has now been approved. Placer gold production started again on a small scale this week and should be at maximum capacity within 30 days. As a result of initial placer production at least 100 tons of placer concentrates were acquired for inventory and over \$30,000 in gold sales were made to defray expenses.

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Dr. Johnson has assayed and extracted platinum group metals from bulk samples of the ore out of the mother lode vein and the following assays represent the average values determined from those tests. These values are reported in troy ounces per ton.



<u>Precious Metal</u>	<u>Troy Oz./Ton (Average)</u>	<u>Spot Price (2-27-86)</u>	<u>Gross Value Per Ton</u>
Gold	0.445	\$350	\$166
Platinum	2.300	\$350	\$805
Palladium	0.879	\$96	\$84
Iridium	6.995	\$380	\$2642
Osmium	0.619	\$1,000	\$619
Ruthenium	2.282	\$70	\$160
Rhodium	1.959	\$705	\$1381
	15.034		<hr/> \$5846

We will be issuing follow-up reports during the next six months on production start-up on the mother lode vein along with figures on total metals produced, sales made, and projections of future income.

In closing I would like to thank each of you for your support these past few months and I look forward with you to greater things for Gold Star.

Sincerely,

*John Frost by Arthur Lee*

JOHN A. FROST

Chairman of the Board of Directors

# National Securities Corporation

October 22, 1985

Enclosed please find the latest assay report released from the Homestead Vein located on the Gold Star, Inc. property near Prescott, Arizona.

Please note on the memorandum from Sungold, Inc., which is a joint partner with Gold Star, Inc., that this sample was taken from the center of the vein and is not representative of the entire vein. However, be aware that an assay that reports 1 ounce of gold per ton is considered excellent. This could be a gold discovery of enormous proportions.

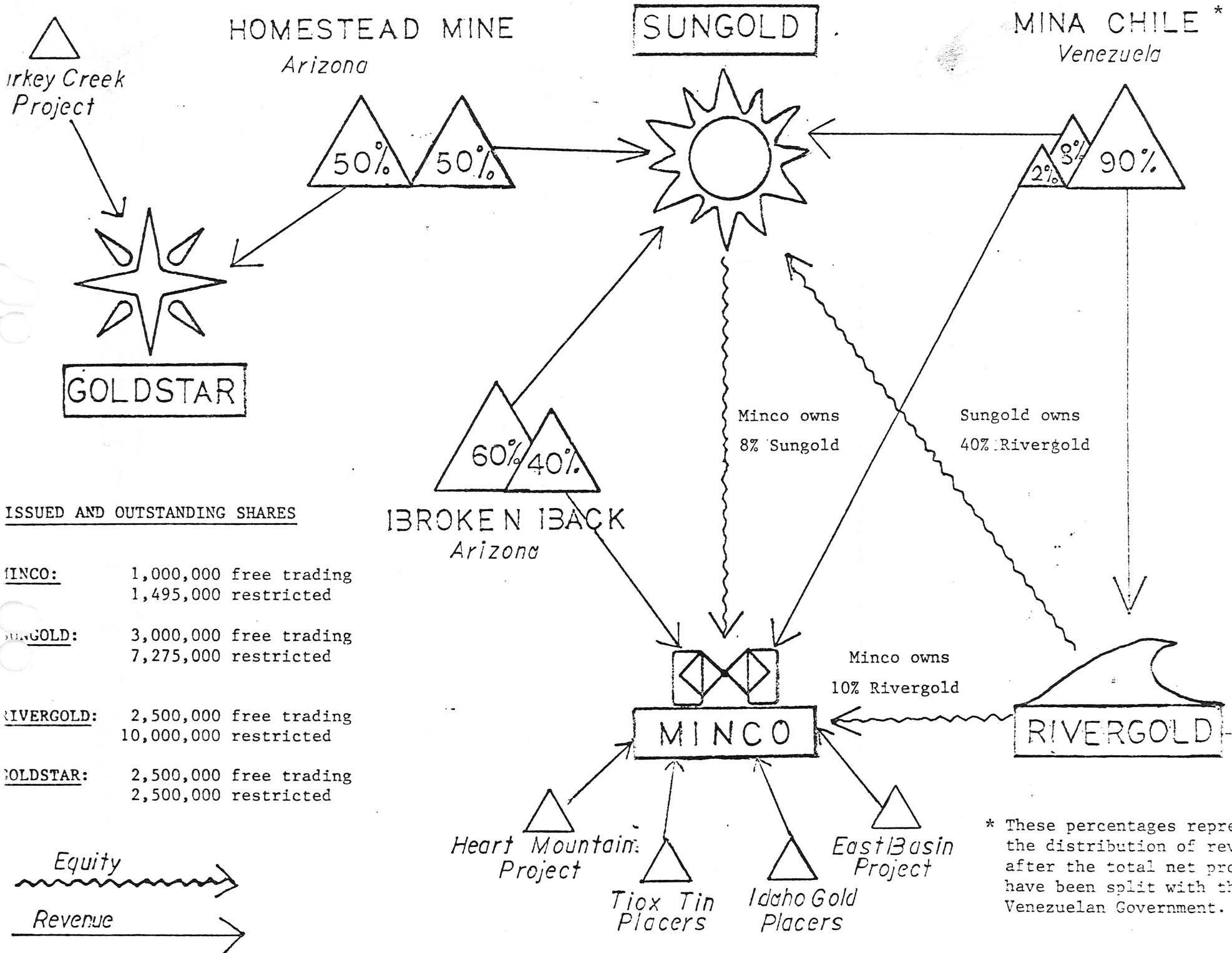
For clarification, the anatomical symbol for gold is Au and the anatomical symbol for silver is Ag. These figures are based on ounces per ton of processed material.

If you have any questions call toll free in Washington 800-223-6791 or if you are out of state call 800-223-4968.

Sincerely,

*Richard W Thomas*

Richard W. Thomas  
Account Executive



114 DAVE

T12 1/2 N, R1W 24

STATE MINE INSPECTOR

MAY 29 1985



# Office of State Mine Inspector

705 West Wing, Capitol Building  
Phoenix, Arizona 85007  
602-255-5971

BIG BUG PLACER (file)

## NOTICE TO ARIZONA STATE MINE INSPECTOR

In compliance with Arizona Revised Statute Section 27-303\*, we are submitting this written notice to the Arizona State Mine Inspector (705 West Wing, Capitol Building, Phoenix, Arizona 85007) of our intent to start/stop (please circle one) a mining operation.

COMPANY NAME Cherry Creek Gold Corporation SAME AS CHERRY CREEK MINING CO.  
CHIEF OFFICER John Frost, President  
COMPANY ADDRESS 5751 E. Robert Rd., Prescott Valley, AZ 8630  
COMPANY TELEPHONE NUMBER (602) 775-5340  
MINE OR PLANT NAME Homestead Placer

MINE OR PLANT LOCATION (including county and nearest town, as well as directions for locating by vehicle)

Approximately 3 miles west Highway 69 on  
Breezy Pine Rd, (Poland Jct)

T12 1/2 N R1W Sec 24 JCT EUGENE + BIG BUG CREEK

TYPE OF OPERATION Placer mining PRINCIPAL PRODUCT Gold  
STARTING DATE 5-17-85 CLOSING DATE unknown  
DURATION OF OPERATION \_\_\_\_\_  
PERSON SENDING THIS NOTICE Nicholas H. Caruso  
TITLE OF PERSON SENDING THIS NOTICE Vice-President of Mining Cherry Creek Gold Corp.  
DATE NOTICE SENT TO STATE MINE INSPECTOR \_\_\_\_\_

\*A.R.S. Section 27-303 NOTIFICATION TO INSPECTOR OF BEGINNING OR SUSPENDING OPERATIONS: When mining operations are commenced in any mine or when operations therein are permanently suspended, the operator shall give written notice to the inspector at his office prior to commencement or suspension of operations.



456--44th Street  
Oakland, Ca 94609  
May 7, 1986

John Jett  
Department of Mines and Mineral Resources  
Mineral Building  
Fairgrounds  
Phoenix, Arizona 85007

Dear John:

As I promised during our telephone coversation, here are copies of reports mailed by Gold Star, Inc. regarding their large findings. The company reports having enough mineral rich placer to mine for 20 years. The sample reported early in April totals to over \$4000 per ton, mostly in platinum group metals. The vein is considerably richer.

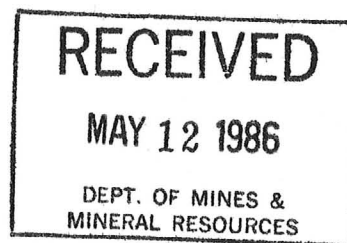
Any report of your own observations would be appreciated.

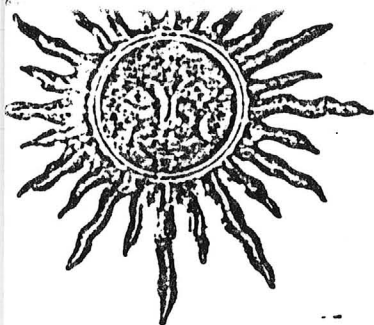
Sincerely,

*Stephen Goldfarb*

Stephen Goldfarb

(415) 658-1050 Home  
(415) 632-4100 Work





SUNGOLD, INC.

*Troy Mining Company, Inc.*

1345 N. 16TH STREET • PHOENIX, ARIZONA 85006  
(602) 252-1261

MEMORANDUM

October 21, 1985

On September 25, 1985, Gold Star, Inc. issued a press release wherein they stated they had uncovered a vein system on their Homestead gold mine near Prescott, Arizona. Company engineers are presently mapping and testing the vein structure to determine the gold reserves.

Attached hereto is an assay that has everyone very excited. This sample was taken from the center of the vein, and of course is not representative of the entire vein. It was hand picked to see how high the gold and silver content might be.

SUNGOLD has a 50% net revenue interest in this project.

The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not considered all inclusive. It is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. NATIONAL SECURITIES CORPORATION and/or its individual partners and/or members of their families may have a position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Additional information concerning the securities mentioned in this review may be obtained upon request.

*Troy Mining Company* • A Wholly Owned Subsidiary

# IRON KING ASSAY INC.

Page 1

14-Oct-85

LAB JOB #: MSC00159

Client name: Gold Star Inc. No. Samples: 1

Billing address: 610 Delano St Date Received: 10-09-85  
Prescott, Az 86301 Submitted by: John Frost

Phone number: 445-1074

INVOICE ATTACHED

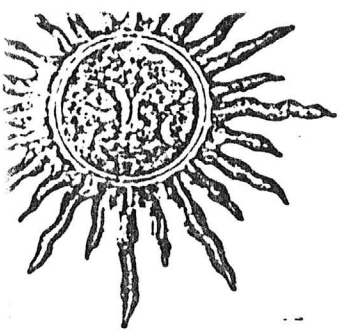
## ANALYTICAL REPORT

Client ID	Lab ID	Fire Assay	
		Au oz/ton	Ag oz/ton
MSC00159			
Homestead Vein		102.6	11.93
Eluvial Deposit			



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P.O. Box 56 • Humboldt, Arizona 86329 • Phone (602) 632-7410



SUNGOLD, INC.

*Troy Mining Company, Inc.*

1345 N. 16TH STREET • PHOENIX, ARIZONA 85006

(602) 252-1261

MEMORANDUM

October 21, 1985

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# IRON KING ASSAY INC.

14-Oct-85

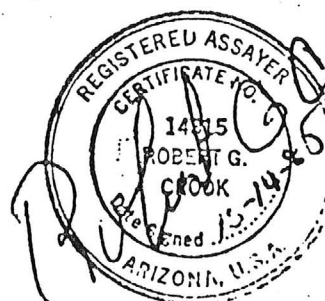
LAB JOB #: MSC00159  
Client name: Gold Star Inc.  
Billing address: 610 Delano St  
Prescott, Az 86301  
Phone number: 445-1074

No. Samples: 1  
Date Received: 10-09-85  
Submitted by: John Frost

INVOICE ATTACHED

## ANALYTICAL REPORT

Client ID	Lab ID	Fire Assay	
		Au oz/ton	Ag oz/ton
MSC00159			
Homestead Vein		102.6	11.93
Eluvial Deposit			



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FOR IMMEDIATE RELEASE  
September 25, 1985

JOHN FROST, chairman of the board of GOLD STAR, INC., a Phoenix, Arizona based gold mining company, announced today that a new gold strike has been made at GOLD STAR'S Homestead Mine, located seventy five miles northwest of Phoenix in the Bradshaw Mountains.

GOLD STAR has been recovering up to fifty dollars in gold per yard from placer deposits located on the property while company engineers searched for the source. Frost said excavation last week uncovered the "Mother Lode Vein System" that produced these rich placers. The vein system has a strike length of at least 1500 feet and is 8 feet wide at the point of discovery. GOLD STAR engineers are systematically mapping and testing the vein structure to determine the quality and quantity of the gold reserves.

Progress reports to shareholders will be released on a timely basis while work continues.

For further information, contact:

John Frost John Frost  
Gold Star, Inc. 1111 N. 1st Ave.  
P.O. Box 482  
Litchfield Park, Arizona 85340

or call (602) 775-5340

Lloyds Gold 3N13W  
Sunshine 11N 1W  
Keystone 11N 1W  
Jordan 11N 1W

John Frost & Ass.

The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not considered all inclusive. It is not to be construed as and does not constitute an offer to sell or buy the securities herein mentioned. NATIONAL SECURITIES CORPORATION and/or its individual partners and/or members of their families may have a position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Additional information concerning the securities mentioned in this review may be obtained upon request.

THE BOARD OF DIRECTORS  
GOLD STAR, INC.

In connection with my acquisition of \_\_\_\_\_ shares of common stock of  
GOLD STAR, INC.

I wish to advise you as follows:

1. I understand that said securities have not been registered in any state or with the federal government under the Securities Act of 1933, as amended. I understand that said shares are being issued by reason of a specific exemption under the provisions of the Act, which depends upon my intent. I represent that I have such knowledge and experience in financial and business matters so that I am capable of evaluating the merits and risk of this investment, and that I am able to bear the economic risk of this investment.
2. I represent that I am acquiring the shares for investment for my own account and not as a nominee or agent. I further represent that I do not have any contract, undertaking agreement or arrangement with any person to sell, transfer or grant participations in any of the shares to any third parties.
3. I realize these securities are of a speculative nature and that the company is conducting its business in a highly speculative industry. In addition, I presently have a net worth which enables me to make an investment of this kind.
4. I acknowledge that I have received sufficient information concerning the company, both financial and otherwise. I believe that the securities are of the kind I wish to acquire and hold for investment and that the nature and amount of shares are consistent with my investment program.
5. I understand that said securities are to be issued pursuant to Rule 144. I understand that the certificate which I receive will be issued to me with a legend on its face which will be in substantially the following form:

"The shares represented by this Certificate have not been registered under the Securities Act of 1933. The shares represented by this Certificate have been taken by the registered owner for investment and without a view to resale and distribution thereof, and may not be transferred or disposed of without an opinion of counsel satisfactory to the issuer that such transfer or disposition does not violate the Securities Act of 1933, as amended, or the rules and regulations thereunder."

6. I understand that but for this letter, and the representations it contains, you would not issue the securities to me and I will accept them on each of the conditions contained in this letter.

Name \_\_\_\_\_

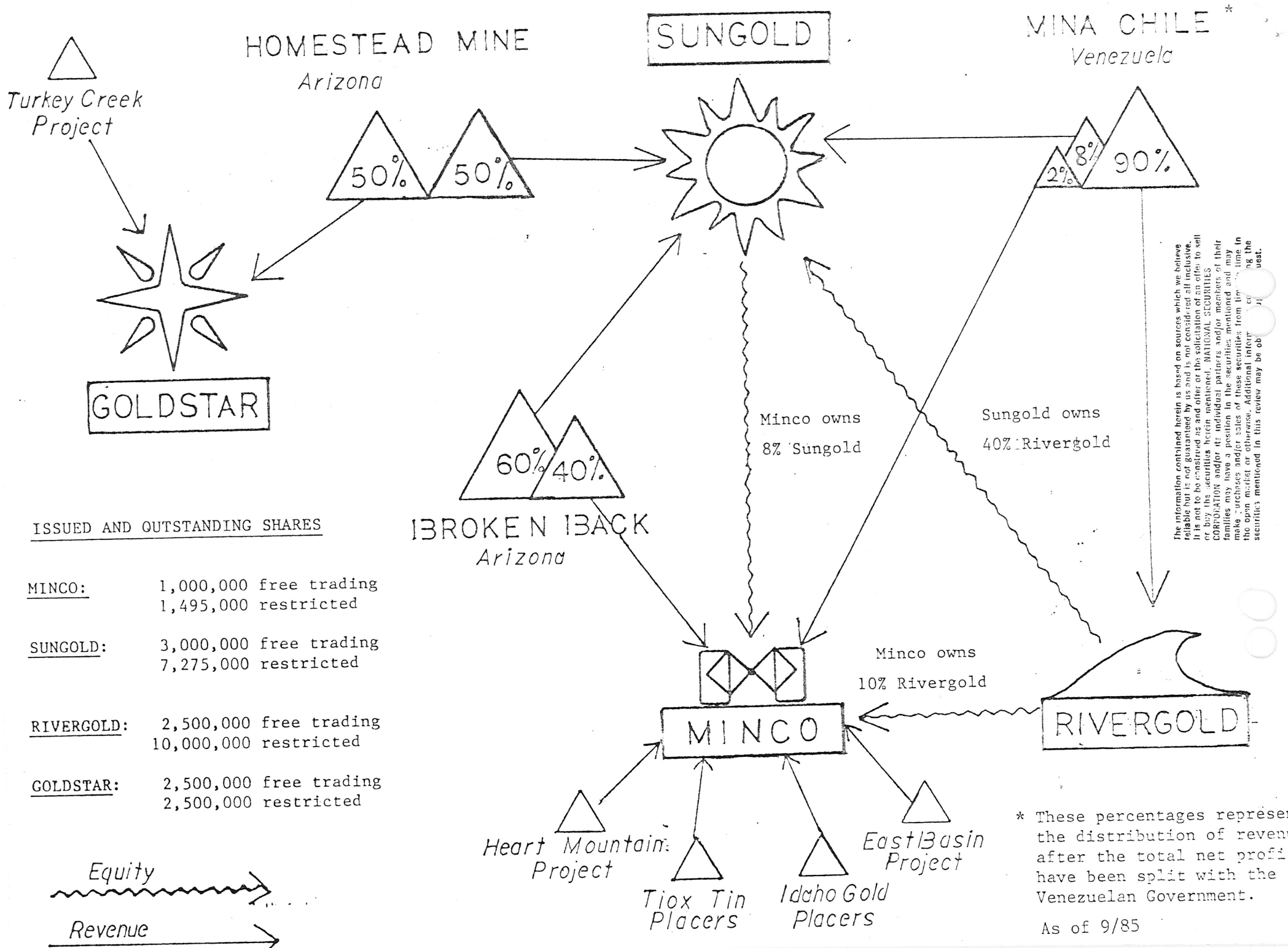
Address \_\_\_\_\_

City/State \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security Number



# IRON KING ASSAY INC.

Page 1

14-Oct-85

LAB JOB #: MSC00159  
Client name: Gold Star Inc.  
Billing address: 610 Delano St  
Prescott, Az 86301  
Phone number: 445-1074

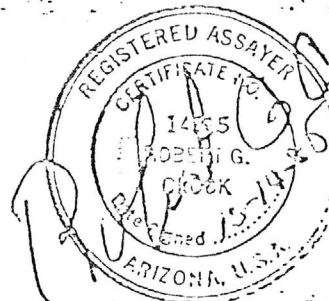
*composite*  
No. Samples: 1  
Date Received: 10-09-85  
Submitted by: John Frost

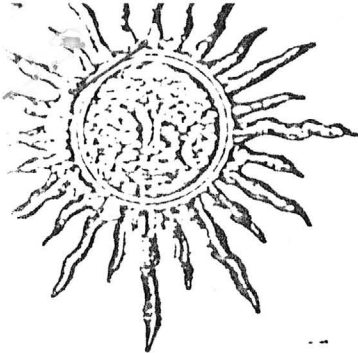
INVOICE ATTACHED

## ANALYTICAL REPORT

Client ID	Lab ID	Fire Assay	
		Au oz/ton	Ag oz/ton
MSC00159			
Bestead Vein		102.6	11.93
Eluvial Deposit			
		.023	

The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not considered all inclusive. It is not to be construed as and offer or the solicitation of an offer to sell or buy the securities herein mentioned. NATIONAL SECURITIES CORPORATION and/or its individual partners and/or members of their families may have a position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Additional information concerning the securities mentioned in this review may be obtained upon request.





SUNGOLD, INC.

*Troy Mining Company, Inc.*

1845 N. 16TH STREET • PHOENIX, ARIZONA 85006

(602) 252-1261

MEMORANDUM

October 21, 1985

On September 25, 1985, Gold Star, Inc. issued a press release wherein they stated they had uncovered a vein system on their Homestead gold mine near Prescott, Arizona. Company engineers are presently mapping and testing the vein structure to determine the gold reserves.

Attached hereto is an assay that has everyone very excited. This sample was taken from the center of the vein, and of course is not representative of the entire vein. It was hand picked to see how high the gold and silver content might be.

SUNGOLD has a 50% net revenue interest in this project.

The information contained herein is based on sources which we believe reliable but is not guaranteed by us and is not considered all inclusive. It is not to be construed as and offer or the solicitation of an offer to sell or buy the securities herein mentioned. NATIONAL SECURITIES CORPORATION and/or its individual partners and/or members of their families may have a position in the securities mentioned and may make purchases and/or sales of these securities from time to time in the open market or otherwise. Additional information concerning the securities mentioned in this review may be obtained upon request.

FOR IMMEDIATE RELEASE  
September 30, 1985

The management of SUNGOLD, INC. announces the completion of its sampling and pilot plant testing operations on the Broken Back elluvial gold placers, Greenlee County, Arizona. Sampling commenced in October of 1984 and operations concluded in September of this year. Mr. Dudley L. Davis, registered engineer and geologist, conducted the sampling program and verified the results of the mining program. As he states in his supplemental report, dated September, 1985, "The Broken Back property is an elluvial gold placer of major proportions". Mr. Davis confirms the results and statements of his October 1984 report that there are probable and potential reserves of 20 million cubic yards of minable elluvial gravels having a value of \$15.16 per cubic yard of processed gravel after the removal of boulders. This amounts to a potential gross gold content in excess of \$125,600,000.00. The pilot operation consisted of processing several thousand cubic yards of gravel and it was determined that with additional properly designed equipment that a recovery of 90 to 95% of the gold could be obtained.

SUNGOLD, also has completed and signed the agreements with AMAX Exploration for the mining of AMAX's portion of the Broken Back property. At least 80% of the minable gravels are owned outright by SUNGOLD.

SUNGOLD has contracted with MINCO, INC. for the financing and commercial mining of the Broken Back property. Construction of the custom mining equipment, as outlined in the report of Dudley Davis, will commence by October 15, 1985, and full scale production will commence on or about December 1, 1985. The first phase of the operation will consist of mining and processing approximately 200 cubic yards per hour or 1,600 cubic yards per shift, having a potential recoverable gross of \$24,256 per day. Mining costs are calculated to be \$1.34 per cubic yard amounting to \$2,144 per shift, leaving a net daily profit of \$22,112. This amounts to a yearly profit of \$6,368,256. If a larger operation is warranted additional facilities and equipment will be added. Under the terms of the Mining Venture agreement with Minco, Inc., SUNGOLD will receive 60% of the profits, and Minco will receive 40% of the profits. Minco will be the operator of the project and is responsible for the initial financing to put the project into operation.

SUNGOLD has a 50% net revenue interest in a gold project near Prescott, Arizona. Gold Star, Inc. is the operator of the project, which is presently in production. On September 25, 1985, Gold Star, Inc. issued the following news release:

"JOHN FROST, chairman of the board of GOLD STAR, INC., a Phoenix, Arizona based gold mining company, announced today that a new gold strike has been made at GOLD STAR'S Homestead Mine, located seventy five miles northwest of Phoenix in the Bradshaw Mountains."

"GOLD STAR has been recovering up to fifty dollars in gold per yard from placer deposits located on the property while company engineers searched for the source. Frost said excavation last week uncovered the "Mother Lode Vein System" that produced these rich placers. The vein system has a strike length of at least 1500 feet and is 8 feet wide at the point of discovery. GOLD STAR engineers are systematically mapping and testing the vein structure to determine the quality and quantity of the gold reserves."

The Broken Back property, along with SUNGOLD's one half interest in Gold Star's Homestead gold mine near Prescott, Arizona, should return a sizeable profit to our shareholders.

FOR FURTHER INFORMATION, Write SUNGOLD, INC., 1345 N. 16th Street  
Phoenix, Arizona 85006





received  
4/1/16

P.O. Box 2610  
Scottsdale, Arizona 85252

(602) 946-8188

PROGRESS REPORT FROM JOHN FROST  
CHAIRMAN OF THE BOARD, GOLDSTAR, INC.

Your company is happy to report the results of actual pilot plant production runs on the Homestead Mine placer and mother lode vein ores.

Actual quantities of random samples of placer and vein head ore were run thru a gravity concentrating plant which is a smaller version of the plant presently on order and scheduled to start up in six weeks at the Homestead Mine.

Below are the results of this pilot plant run listed in troy oz. per ton of head ore recovered by gravity means.

	Placer Deposit	Spot 21271 Percent Silver	Vein Deposit	Placer	Vein
Gold	.219	350	1.230	76.65	430.50
Platinum	1.674	350	10.041	585.90	3514.35
Paladium	.704	96	3.285	67.58	315.31
Silver	.732	530	22.767	3.88	120.04
Osmium	.452	1000	2.406	452.00	2406.00
Iridium	4.982	380	25.641	1893	4743.51
Ruthenium	1.842	70	8.507	2128.94	595.41
Rhodium	1.362	705	7.335	960.21	5171.18
				4108.43	21947.00

Needless to say your management is very excited by these results.

Processing equipment presently on order will have the capacity to run 250 tons per day of placer material on a one shift basis. As this processing equipment is very expensive, your management did not order this equipment until we were absolutely sure it would produce maximum recovery. I'm sure you are all aware of the many instances where companies rushed to order equipment only to later find it was not suitable for optimum processing of their material. To avoid these costly mistakes your management waited until the actual results of the pilot plant run were in before ordering equipment so we could be assured that the 250 ton plant would produce the same results, only on a larger scale.

Mining the placer first has several advantages.

First the equipment required is less costly and the ore could be processed for approximately \$5.00 per ton.


(over)

Second, with values in excess of \$1,000.00 per ton in the placer, a large cash flow and profit would be immediately generated. Placer material is estimated to be in excess of one million tons and mining will continue until this is exhausted.

Third, processing the placer would serve the purpose of removing the over-burden material which sits on top of the vein, thus exposing it for less expensive removal.

Fourth, from the large influx of cash generated by the placer operation, monies could be directed to mining the vein without the necessity of raising outside capital. A core drilling program will be started to more clearly define the vein material reserves. Preliminary indications show over 2,000 foot length of vein material on the property. Where exposed on the surface, the vein varies from 12 feet to 40 feet in width. Core drilling is necessary to find the vein depth and underground dimensions.

To summarize; in a few short weeks your company will begin to reap the benefits of these very rich ore bodies.

A handwritten signature in cursive script, appearing to read "John Frost", is written over a horizontal line.

John Frost, Chairman

<u>Precious Metal</u>	<u>Troy Oz./Ton (Average)</u>	<u>Spot Price (2-27-86)</u>	<u>Gross Value Per Ton</u>
Gold	0.445	\$350	\$166
Platinum	2.300	\$350	\$805
Palladium	0.879	\$96	\$84
Iridium	6.995	\$380	\$2642
Osmium	0.619	\$1,000	\$619
Ruthenium	2.282	\$70	\$160
Rhodium	1.959	\$705	\$1381
			<hr/> \$5846

We will be issuing follow-up reports during the next six months on production start-up on the mother lode vein along with figures on total metals produced, sales made, and projections of future income.

In closing I would like to thank each of you for your support these past few months and I look forward with you to greater things for Gold Star.

Sincerely,



JOHN A. FROST  
Chairman of the Board of Directors

# FREEPORT SECURITIES COMPANY

OIL and GAS DIVISION

1305 South Harlem  
208 W. STEPHENSON ST.  
P. O. BOX 56

FREEPORT, ILLINOIS

AREA CODE 815  
TELEPHONE 235-1661

61032

March 11, 1986

Arizona Department of Mines & Mineral Resources  
State Office Building  
416 W. Congress. Room 161  
Tucson, Az. 85701

Gentlemen/Women:

I am enclosing a report we received from the chairman of the board of Goldstar Inc. This is a gold mine near Prescott, Arizona.

We have many holdings in the State of Arizona, but this is the first time we have ever received a report on the discovery of Platinum in such a large quantity per ton. For that matter, we do not recall seeing Platinum in any U.S.A. states.

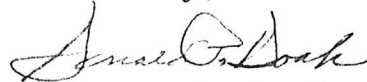
In lieu of the above statements we are very concerned about the possibility of a massive stock manipulation from the hyping of these rare earth metal reports. (assays)

Our question to your office: (1) has the state of Arizona ever had a discovery of Platinum, Osmium, etc. in mineable quantities? (2) Is a report like the enclosed, geologically possible in the Bradshaw mountain area? (3) How can we verify this report?

We would appreciate your comments to our questions and have enclosed a SASE for your convenience.

Thanking you in advance for your consideration,

Sincerely,



Donald P. Doak, Business Manager

RE: Goldstar, Inc. Phoenix, Az.  
"Homestead Mine"

75 miles N.W. of Phoenix in the Bradshaw mountains

*Copies made  
for more files.*



STATE OF ARIZONA  
DEPARTMENT OF MINES AND MINERAL RESOURCES

March 22, 1986

Mr. Donald P. Doak, Business Manager  
Freeport Securities Company  
1305 South Harlem  
P.O. Box 56  
Freeport, Illinois 61032

Dear Mr. Doak:

This letter is in response to your letter to our Tucson office requesting information about the reported discovery of platinum group elements in commercial quantities on the Goldstar Inc. properties. Although your letter was the first we had heard of the reports, we have in the last couple of days received a number of similar inquiries.

I will attempt to answer your specific questions:

In answer to your first question, to our knowledge there has never been a discovery of platinum group metals in mineable quantities in Arizona.

Your second question is not so simply answered; that is, is the occurrence of such quantities of platinum group elements geologically possible? Based on our current knowledge of Arizona geology and of the geochemistry of the platinum group elements there is some question that a discovery of such quality and in mineable quantity could be found in Arizona. I have enclosed a copy of the "Platinum-Group Elements" chapter from Mineral and Water Resources of Arizona published as Bulletin 180 by the Arizona Bureau of Geology and Mineral Technology at the University of Arizona in Tucson. Also enclosed is a copy of our Circular Number 3, Platinum in Arizona. Both may provide you with some useful information.

It could be difficult to impossible to verify the reports of values. To our knowledge Alvin Johnson is neither a registered assayer or metallurgist. Arizona State law requires anyone providing assaying or metallurgical services to the public to be licensed (registered) by the State Board of Technical Registration. You may want to contact them. Our agency does not have the authority to enter into an investigation of promotion activities except as a consultant to another agency with law enforcement duties; and then, only at their request.

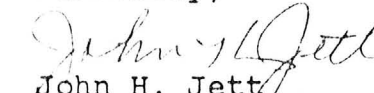
If you believe there might be some form of securities manipulation or fraud, I would recommend contacting the Securities Division of the Arizona Corporation Commission.

-2-

Their address is 1200 West Washington Street, Phoenix, Arizona 85007 and their telephone number is (602) 255-4242. We will send a copy of your letter to us, along with a copy of this letter to the Corporation Commission.

Please feel free to contact us if I may be of further assistance or if you are able to obtain additional information. We will appreciate any written data you can provide us for our permanent files.

Sincerely,

  
John H. Jett  
Director

jhj:at

# FREEPORT SECURITIES COMPANY

OIL and GAS DIVISION

XXXXXXXXXXXXXXXXXX  
208 W. STEPHENSON ST.  
P. O. BOX 56

FREEPORT, ILLINOIS

61032

AREA CODE 815  
TELEPHONE 235-1661

May 2, 1986

State of Arizona  
Dept. of Mines & Mineral Resources  
416 W. Congress- Suite 161  
Tucson, Ariz. 85701  
Attention: Mr. John H. Jett, Director

RE: Platinum in Arizona

Dear Mr. Jett,

I am enclosing an article on the Goldstar Inc... If you remember, you sent me some materials on March 22, 1986 concerning the improbability of such a discovery. (Platinum)

The National Securities Company of Seattle, Washington is really pushing this stock based on the enclosed findings. John Gant, being the principal broker involved. If this discovery is a valid one, then there will certainly be some fantastically rich investors, but if it is indeed a scam, there will be an awfully lot of poor investors.

I have divested myself of any ownership in the stock of Goldstar and of it's parent Company, Sun Gold, Inc., so am out of it.

Appreciate your previous interest and just though you might want the latest.

Sincerely,



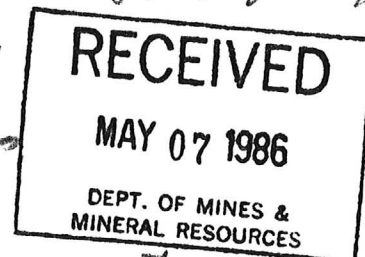
Donald P. Doak, Business Manager

Dear Mr Doak

Thank you for your courtesy and thoughtfulness in sending us the article on Goldstar Inc. It will be put in our file on the mine. As you suggest, if the figures are valid it will be on "fantastic" mine.

As promoters of Arizona mineral Resources we must be optimists, but yet

maintain a degree of realism at the same time. For when anything is available to support your decision we will forward data to you so you will know for sure.





456--44th Street  
Oakland, Ca 94609  
May 7, 1986

John Jett  
Department of Mines and Mineral Resources  
Mineral Building  
Fairgrounds  
Phoenix, Arizona 85007

Dear John:

As I promised during our telephone conversation, here are copies of reports mailed by Gold Star, Inc. regarding their large findings. The company reports having enough mineral rich placer to mine for 20 years. The sample reported early in April totals to over \$4000 per ton, mostly in platinum group metals. The vein is considerably richer.

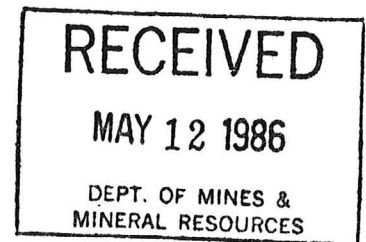
Any report of your own observations would be appreciated.

Sincerely,

*Stephen Goldfarb*

Stephen Goldfarb

(415) 658-1050 Home  
(415) 632-4100 Work





Rec'd  
4-21/86

P.O. Box 2610  
Scottsdale, Arizona 85252

(602) 946-8188

PROGRESS REPORT FROM JOHN FROST  
CHAIRMAN OF THE BOARD, GOLDSTAR, INC.

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John Frost, Chairman