



CONTACT INFORMATION

Mining Records Curator
Arizona Geological Survey
1520 West Adams St.
Phoenix, AZ 85007
602-771-1601
<http://www.azgs.az.gov>
inquiries@azgs.az.gov

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Arizona Department of Mines and Mineral Resources Mining Collection

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08/04/97

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: MARTIN PEAK AREA MARBLE

ALTERNATE NAMES:

WREGGITT MARBLE
ARIZONA PINK MARBLE
DECO CLAIMS

LA PAZ COUNTY MILS NUMBER: 400

LOCATION: TOWNSHIP 4 N RANGE 13 W SECTION 27 QUARTER C
LATITUDE: N 33DEG 39MIN 34SEC LONGITUDE: W 113DEG 34MIN 58SEC
TOPO MAP NAME: HARRISBURG VALLEY 7.5 - MIN

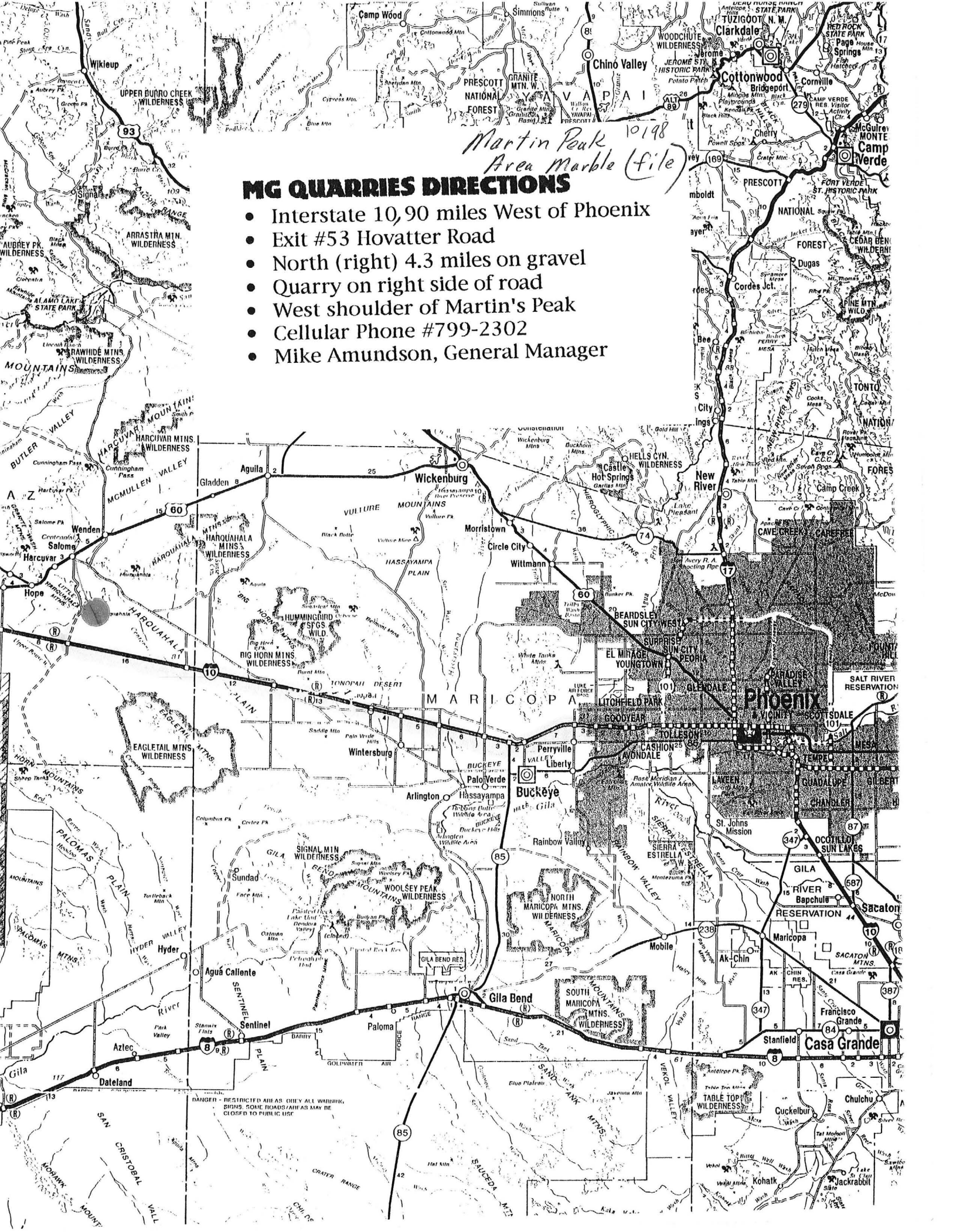
CURRENT STATUS: EXP PROSPECT

COMMODITY:

STONE MARBLE
STONE LIMESTONE
CALCIUM MARBLE

BIBLIOGRAPHY:

ADMMR MARTIN PEAK AREA MARBLE MINE FILE
ELEVATORSKI, E.A., 1978, ARIZONA INDUSTRIAL
MINERALS, P. 69

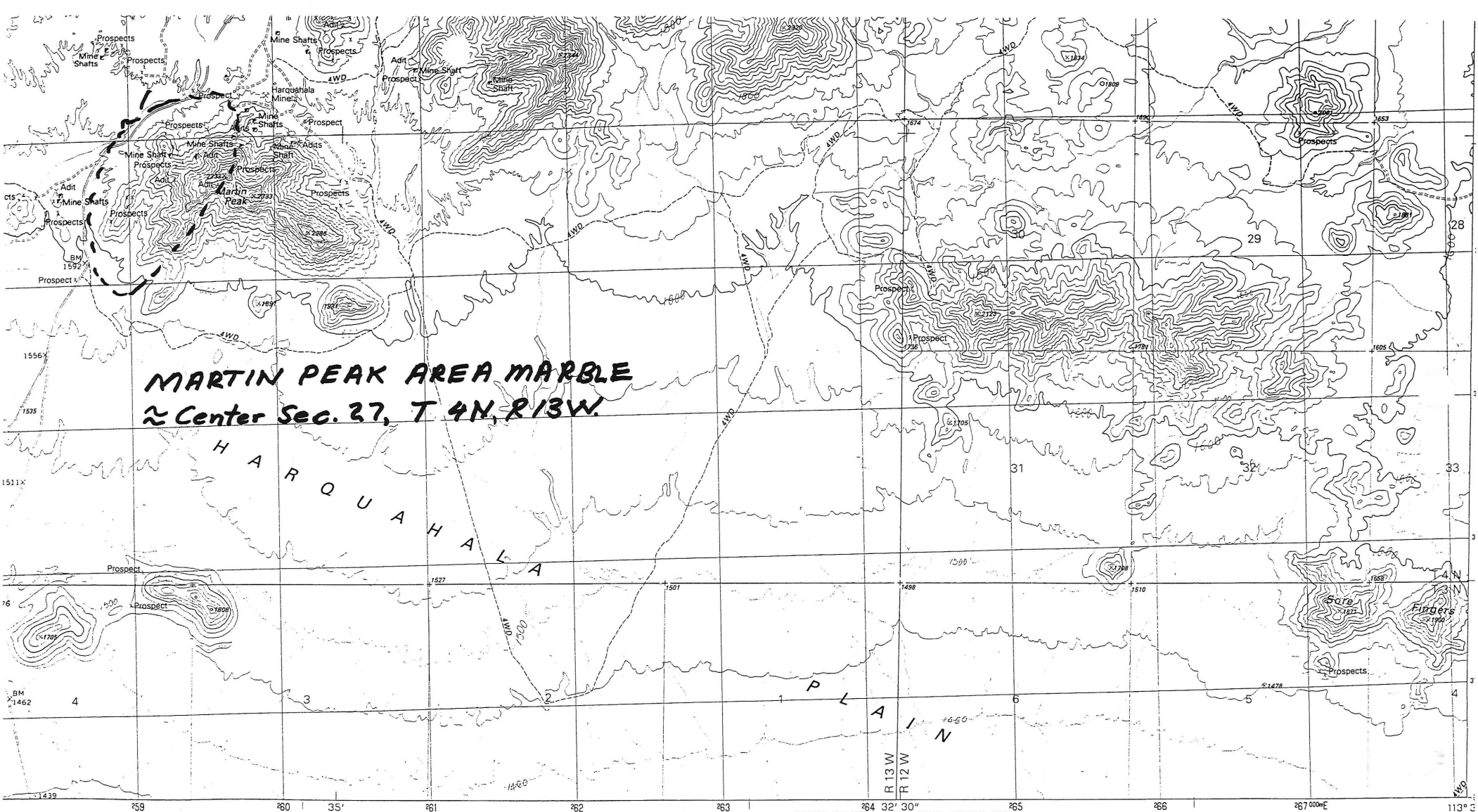


Martin Peak 10198
Area Marble (file)

MG QUARRIES DIRECTIONS

- Interstate 10, 90 miles West of Phoenix
- Exit #53 Hovatter Road
- North (right) 4.3 miles on gravel
- Quarry on right side of road
- West shoulder of Martin's Peak
- Cellular Phone #799-2302
- Mike Amundson, General Manager

⚠ DANGER - RESTRICTED AIR AS ONLY ALL WARNING SIGNS, SOME ROADS/AREAS MAY BE CLOSED TO PUBLIC USE



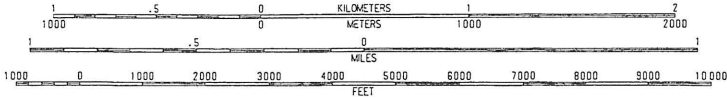
MARTIN PEAK AREA MARBLE
≈ Center Sec. 27, T 4N, R 13W.

H A R Q U A H A L A
 P L A T E A U

TOPOGRAPHICAL SURVEY
 ... USGS NOS/NOAA
 ... 1951 AND 1960
 ... 1961
 ... 1965
 ... 1990
 TRANSVERSE MERCATOR
 ... ZONE 12
 ARIZONA, WEST ZONE
 ... 112° WEST
 ... 12° 30' EAST
 ... DATUM OF 1929
 ... AMERICAN DATUM
 Datum of 1983,
 tied corner ticks



SCALE 1:24 000



CONTOUR INTERVAL 40 FEET
 SUPPLEMENTARY CONTOUR INTERVAL 20 FEET
 To convert feet to meters multiply by .3048
 To convert meters to feet multiply by 3.2808



QUADRANGLE LOCATION

1	2	3	1 Harovar
			2 Salome
			3 Socorro Peak
4		5	4 Hope
			5 Socorro Mine
			6 Hope SW
			7 Harovar SW

ROAD LEGEND

- Improved Road
- Unimproved Road
- Trail
- Interstate Route ◻ U.S. Route ○ State Route

HARRISBURG VALLEY, ARIZONA
 PROVISIONAL EDITION 1990

Dicaperl Minerals Corp.

October 15, 1998

Nyal Niemuth
Arizona Mines & Minerals
1502 Washington
Phoenix, AZ 85007

Dear Nyal:

The following excerpt is from a letter to the shareholders by Mike Amundson.

"MG had an appraisal and evaluation completed on the property by an Arizona registered mining engineer. We formulated and approved a realistic business plan which included market research indicating a probable absorption of 240,000 tons of marble per year, representing approximately 5% of the annual Phoenix Rockscape business."

This would mean that just that Maricopa County uses almost 5 million tons of decorative stone per year or expressed another way, 2.5 tons per person per year. When you stop laughing, can you tell me if you have Arizona production figures for decorative stone or maybe even total aggregate consumption state-wide.

Thanks, I want to post it in their chat room.

Sincerely,

Tim Hall

Tim Hall
Plant Manager

MARTIN PEAK AREA MARBLE (A LA PAZ)

RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2001 FEB 28 A 9:06

ARIZONA CORPORATION COMMISSION DOCUMENT 00312217

1 WILLIAM A. MUNDELL
2 Chairman
3 JIM IRVIN
4 Commissioner
5 MARC SPITZER
6 Commissioner

6 In the matter of)
7 M.G. NATURAL RESOURCES CORPORATION)
8 fka Mariah International, Guildmark Industries and)
9 M.G. Gold Corporation, currently known as)
10 Xenolix Technologies, Inc.)
11 34 Maple St.)
12 Summit, NJ 07901)
13 ALVIN CHARLES JOHNSON, JR.)
14 1930 East Third Street, Suite 11)
15 Tempe, AZ 85281,)
16 Respondents.)

DOCKET NO. S-03356A-01-0000

NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION

15 NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING

16 The Securities Division ("Division") of the Arizona Corporation Commission ("Commission")
17 alleges that Respondents have engaged in acts, practices and transactions, which constitute violations of the
18 Securities Act of Arizona, A.R.S. § 44-1801 *et seq.*, ("Securities Act").

19 I.
20 JURISDICTION

21 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
22 Constitution, and the Securities Act.

23 II.
24 RESPONDENTS

25 2. M.G. NATURAL RESOURCES CORPORATION fka Mariah International, Guildmark
26 Industries and M.G. Gold Corporation cka Xenolix Technologies, Inc. ("M.G. NATURAL

FOR ENTIRE DOCUMENT SEE - MERRILL CRATER (F) COCONINO CO.

BN



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: March 1, 2001
CONTACT: Heather Murphy (602) 542-0844

MINING COMPANY ACCUSED OF FRAUD IN STOCK PROMOTION

PHOENIX – The Securities Division of the Arizona Corporation Commission has accused a company with operations in Arizona of fraud in the sale of unregistered securities.

The Division filed its administrative action against M.G. Natural Resources Corporation, a company that has been known under various names such as Mariah International, Guildmark Industries and M.G. Gold Corporation. M.G. Natural Resources most recently changed its name to Xenolix Technologies, Inc., incorporated in Nevada. The action also names Alvin Charles Johnson Jr., of Tempe, who is vice president of Technology, Research and Development.

According to the action filed by the Division, between 1997 and 1999, when the company was known as M.G. Natural Resources, it offered and sold stock while quoted on the electronic Bulletin Board. The company claimed to have a patented technology that would extract gold and other precious metals from the company's volcanic cinders on property it owned east of Flagstaff. The stock was removed from the electronic Bulletin Board in 2000, and is currently being promoted on the pink sheets. The pink sheets consist of printed stock quotations for little known and thinly traded stocks. Pink sheets do not provide detailed information of the companies and virtually no standards are required for a listing. The various offerings conducted over the years were not registered nor were the persons selling the stock registered with the Division.

The Securities Division also alleges that M.G. Natural Resources Corporation committed fraud by withholding from investors the fact that the technology the company was relying on had failed for some 20 years to produce any economically viable product from processing the cinders. The company is accused of issuing

press releases that tout the technology as being on the verge of producing highly successful results. There are no known successful operations in Arizona for extracting economically viable quantities of precious metals from volcanic cinders.

The Securities Division action alleges that Alvin Charles Johnson, Jr. assisted in issuing information through press releases that misrepresented or otherwise gave the misleading impression about M.G.'s ability to economically produce precious metals from the cinders. Currently, the company, under its successor name, is claiming to have developed a process for extracting precious metals from fly ash, the by-product of coal mining, generally used in concrete and road building operations.

M.G. Natural Resources and Mr. Johnson have 10 days to request a hearing on this matter. If a hearing is requested, it will begin 20 to 60 days after the request for hearing is made. The Securities Division is seeking a cease and desist order, administrative penalties and any other action deemed appropriate by the Arizona Corporation Commission.

The public is encouraged to always check out an investment proposal by contacting the Division, which offers many educational resources on mining and precious metals investments. The Securities Division can be contacted at (602) 542-4242, toll free at 1-877-811-3878, or visit the website at www.ccsd.cc.state.az.us.

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Southwest Water &
Mineral Resources

SOUTHWEST WATER AND MINERAL RESOURCES, L.L.C.

P.O. BOX 50245
PHOENIX, ARIZONA 85076
602.893.2523

3 July 1997

SWMR #97-219

Mr. Ray Wreggitt, President
Arizona Pink Marble Inc.
P.O. Box 457
Salome, AZ 85348

*(Martin Peak Area Marble (F))
La Paz County*

SUBJECT: Review of Arizona Pink Marble Surface Geology and Reserves

Dear Mr. Wreggitt,

On 30 June 1997, I conducted a reconnaissance level geologic field review of the lithology of limestone/marble deposit found on your five existing claims. I also did a quick overview of the structures to the north and west of your present claims. During the investigation, I collected 56 strikes and dips of bedding planes, joints and fractures. The general dip of the formation on the western side of Martin Peak is approximately 30 to 35 degrees to the northwest. The estimated volume of pink and the blue/black "Deco" material available for mining that is located on the five existing claims is about 13 million cubic yards. A second analysis was conducted to estimate the volume of material based on the future addition of several new claims to the north and west. This additional area would include most of the available premium material and result in a total estimated volume at about 41 million cubic yards for the western half of the Martin Peak structure. The volumes indicated above are based on a surface mining elevation of about 1,600 for the hills located west of the main north-south dirt road. The major portion of the Martin Peak structure baseline elevation used was 1,640 to 1,680 feet.

Based on my experience of the different lithologic formations within the State of Arizona, I would classify the western half of Martin Peak and the premium Deco rock as Redwall limestone of early Mississippian age. The Redwall limestone disconformably overlies the Devonian Martin limestone. The eastern half of Martin Peak is believed consist entirely of this older Martin limestone. During the field investigations thick sections of crystalline pure limestone were found. From a

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

distance, it appears white, however, on close inspection is seen to be light to dark grayish blue to pink. Several beds estimated over 40 feet thick were abundant with chert. This chert was found in pods, lenses, layers and irregular-shaped masses. I believe this to be either the Mooney Falls Member or the Thunder Springs Member of the Redwall limestone Formation.

The Martin Formation found on the eastern portion of Martin Peak is diverse with many varieties of limestone and much contamination by silt and clay. The color of the Martin Formation is a yellowish brown to reddish brown, which is very easy to see at a distance. Several aerial photos were taken on July 1, 1997 to help show the structure of Martin Peak and can be found within this letter report.

Due to the limited time available for this review no literature searches were conducted for this general area. Additionally, the volumes of material calculated are based on a limited surface reconnaissance investigation. A test drilling program is recommended to more precisely estimate the volume of premium material available.

Please feel free to call me if you have any questions regarding this letter report.

Sincerely,



Gary B. Weesner

Owner/Geologist, CPG



Reviewed by:

Robin G. Weesner, R.G. Arizona No. 25559

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

VOLUME COMPUTATIONS FOR EXISTING FIVE DECO CLAIMS

UPPER SURFACE

Grid File: C:/SWMR/219-MA~1/CLAIM.GRD
Rows: 0 to 32766
Cols: 0 to 32766
Grid size as read: 43 cols by 49 rows
Delta X: 50
Delta Y: 50.2083
X-Range: 10580 to 12680
Y-Range: 9150 to 11560
Z-Range: -25.2765 to 512.144

LOWER SURFACE

Level Surface defined by Z = 0

VOLUMES

Approximated Volume by
Trapezoidal Rule: 3.36311E+008
Simpson's Rule: 3.38625E+008
Simpson's 3/8 Rule: 3.38086E+008

CUT & FILL VOLUMES

Positive Volume [Cuts]: 3.52593E+008
Negative Volume [Fills]: 1.62815E+007
Cuts minus Fills: 3.36311E+008

AREAS

Positive Planar Area
(Upper above Lower): 2.74739E+006
Negative Planar Area
(Lower above Upper): 1.51781E+006
Blanked Planar Area: 795802
Total Planar Area: 5.061E+006

Positive Surface Area
(Upper above Lower): 2.94573E+006
Negative Surface Area
(Lower above Upper): 1.5193E+006

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

VOLUME COMPUTATIONS – TOTAL FOR THE MARTIN PEAK STRUCTURE

UPPER SURFACE

Grid File: C:/SWMR/219-MA~1/SHEET2.GRD
Rows: 0 to 32766
Cols: 0 to 32766
Grid size as read: 220 cols by 145 rows
Delta X: 24.9772
Delta Y: 25
X-Range: 7930 to 13400
Y-Range: 9150 to 12750
Z-Range: -48.2683 to 646.046

LOWER SURFACE

Level Surface defined by Z = 0

VOLUMES

Approximated Volume by
Trapezoidal Rule: 1.09387E+009
Simpson's Rule: 1.09391E+009
Simpson's 3/8 Rule: 1.09383E+009

CUT & FILL VOLUMES

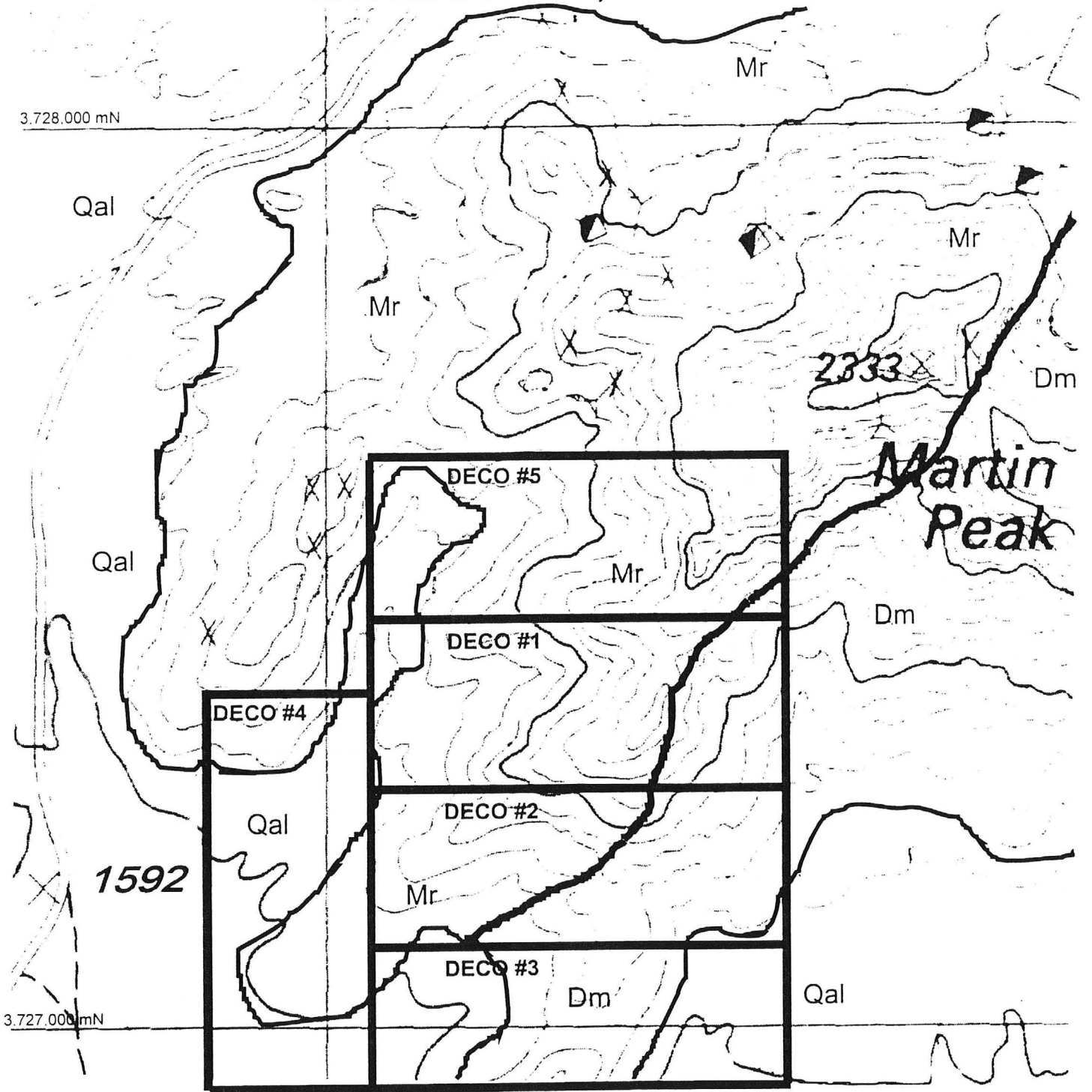
Positive Volume [Cuts]: 1.26004E+009
Negative Volume [Fills]: 1.66185E+008
Cuts minus Fills: 1.09386E+009

AREAS

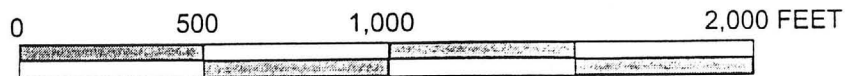
Positive Planar Area
(Upper above Lower): 9.3717E+006
Negative Planar Area
(Lower above Upper): 1.03203E+007
Blanked Planar Area: 0
Total Planar Area: 1.9692E+007

Positive Surface Area
(Upper above Lower): 1.0034E+007
Negative Surface Area
(Lower above Upper): 1.03774E+007

ARIZONA PINK MARBLE INC. LA PAZ COUNTY, ARIZONA



SCALE 1:6,000



- Qal Alluvium
- Mr Redwall Limestone
- Dm Martin Limestone

SWMR



ARIZONA PINK MARBLE, INC.

Landscaping material-budget proposal

1)	Independent drilling and blasting contractor to drill and shoot 20,000 tons of in-place material. Cost \$1.00/ton.	\$20,000.00
2)	Independent crushing and screening contractor to crush and stockpile 3 sizes, ½" minus, 1" minus and 2" minus. Cost \$4.50/ton.	\$90,000.00
3)	Drill, blast, sort and stockpile 2000 tons of boulders. Cost \$3.00/ton.	\$6,000.00
4)	Purchase and installation of weigh scales at quarry site.	\$25,000.00
5)	4 cu/yd rubber tired front end loader rental/purchase, 3 months @ \$5,400/month.	\$16,200.00
6)	Track excavator with bucket thumb for loading boulders, rental purchase, 3 months @ \$4,000/month.	\$12,000.00
7)	Fuel, lube, and maintenance - 3 months.	\$5,000.00
8)	Labor - 2 men @ \$2,500.00 per man per month.	\$15,000.00
9)	Contingency fee.	\$8,500.00
10)	Boulder trailer for hauling boulders to rock dealer yards.	\$15,000.00
11)	Genset.	\$3,000.00
12)	Water permit from Central AZ Project canal.	<u>\$1,000.00</u>
	TOTAL -	\$216,700.00

Items #4, 10, 11 & 12 are Capital Assets.

Deco Rock - 20,000 tons @ \$12.00/ton	\$240,000.00
Boulders - 2,000 tons @ \$40.00/ton	\$80,000.00

Above based on quarterly production.

Asper quarterly budget of \$216,700.00 of which \$44,000.00 are capital equipment costs, that should be amortized over the life of the operation.

On completion of the sale of stock piles, we would have a potential gross profit of 47%.

When funding available, A.P.M., Inc. to begin a sale promotion program, with rock brokers and landscape architects, to increase sales to maximum production.

Because of the reaction from the limited sales we've had to date, I believe this can be achieved in the first year.

The above projection is based on the fact that the Deco Rock operation will represent a small part of our profit margin when we are producing manufactured marble products.

The balance of the \$400,000.00 working fund will be utilized to research and develop the manufactured products plant as soon as possible.

Ray A Wreggitt
A.P.M., Inc.

MANUFACTURED MARBLE PRODUCTS

Resume

As per the following:

Two visits to New Mexico Travertine Inc. at Belen, New Mexico, who have a manufacturing plant there, and are the largest plant for processing marble and limestone in the southwest. They operate five of their own quarries in that immediate area. They have been in business for 27 years and are an invaluable source of information.

We delivered samples of pink marble from our quarry to experiment with on our first visit. The first test was to make a center cut with a wire saw to check the time frame of the cut and determine the hardness of our material. After this was completed it was obvious that our material was harder than the material from their quarries. Using a hardness factor of 1 to 100, their material checks out at about 13, and our material checked out at 36. Because of this the wear on their diamond blades was considerably higher. Due to this fact, and the high degree of fractures in our sample material as it was drilled and blasted material (resulting in a shattering effect), we end the testing at this time. It was decided that we should get back to our quarry and get clean, unfractured samples of the pink marble, and also samples of our blue marble, to experiment with.

On our second visit we delivered samples of our pink and blue marble for further testing. Center cuts were made on both types of marble. The pink marble was of the same hardness, but the blue marble was slightly softer, approximately 32.

After observing the above test we arranged a conference with Mr. Jim Lardner Sr., semi-retired owner, and Mr. Jim Lardner Jr., present manager of the plant. At the conference the following items were discussed:

- 1) All the marble was capable of being made into a finished product, but the blue marble would make a very premium product and command a much better price.
- 2) Both colors of marble were capable of being made into salable products, but the saws used by New Mexico Travertine were for softer material and without changing the blades being used the cost would be prohibitive, however it was simply a matter of determining the correct blade composition and using these blades.
- 3) It was suggested by Mr. Lardner that we should contact Inex International Inc., of Alberton, Georgia and talk to Mr. Heaph (sic) Yarbrough (tel. # 1-800-368-4639).

The purpose being to discuss with Mr. Yarbrough what the correct composition of the cutting blades should be for this type of material.

Upon contacting Mr. Yarbrough he stated all he would require is a sample of the material in order to determine the correct matrix and diamond size for the blades.

On my first visit to N.M.T.'s plant I was made aware that N.M.T. did custom manufacturing, and I discussed the possibility of N.M.T. doing our first 6 months of production in order to determine a cost factor on production. They gave me the following verbal contract, which is standard for their custom work:

12"x12"x3/8" tile, polished, cleaned and boxed, ready for shipment- \$1.65, based on an initial monthly order of 6,500 tiles.

This price to be decreased depending on a major increase in monthly requirement on our end. Projected time frame required to cut, polish and box 6500 tiles is 4 days per month. This would be subject to raw material delivered at their plant.

Also discussed at the conference with the Lardners was the average percentage of tile made from a ton of raw quarry rock. They felt that 40% was good, but that a number of quarries were operating successfully on 20%. At 16 tiles per cubic foot 40% would be 80 tiles per ton, 20% would be 40 tiles per ton.

From the limited amount of sales research completed by A.P.M. to date, and from the invaluable information we have received from the Lardners, we should realize the following sales price for our product:

-one ton raw quarried material producing 40% manufactured product- 80 tiles

80 tiles @ \$6.50/tile= \$520.00/ton

--at 20% manufactured product per ton= \$260.00

-estimating our total cost of production at 60% per ton our gross profit per ton would be as follows:

-40% product per ton- 80 tiles per ton= \$208.00/ton

-20% product per ton- 40 tiles per ton= \$104.00/ton

We must take into consideration that all waste material is salable product, either as deco rock or any other form subject to sales promotion.

A good deal of the above information is based on indepth questioning

of the Lardners at N.M.T., who have been in the business very successfully for 27 years and very much appear to have a handle on the manufactured rock business nationally and internationally. At the time of my last visit they were quoting on a Japanese order for plus 200,000 tile. They are more than willing to help and provide any assistance that we may require.

One of the first items of business should be to continue the research with Inex International Inc. regarding the cutting blades, and also to check out the prices of new and used equipment that they have advised me they have available. One other point to would be to draw on their contacts within the business to determine the availability of an experienced sawn rock quarry operator to train our personnel.

From the information I have recieved from the Lardners it is apparent that the sale of colored tile is a regional situation that changes yearly. It is apparent that New York and Chicago are very hot areas for pink tile at present. However Dave Woods, one of our investors, has done some checking in the San francisco/Bay area, and pink is moving very well there as well.

Ray A. Wreggitt

Arizona Pink Marble Inc.

Proposed sale of crushed, sized and stockpiled material, based on a 20,000 ton contract, as per page 1.

crushed rock sales, 5% increase per month, beginning first month at 500tons @ \$12.00/ton

1	500 tons	\$6,000.00	<u>no profit</u>
2	525	\$6,300.00	
3	548.25	\$6,579.00	2nd quarter
4	575.66	\$6,907.92	
5	604.44	\$7,253.28	
6	634.66	\$7,615.92	3rd quarter
7	666.39	\$7,996.68	
8	699.71	\$8,396.52	
9	734.71	\$8,816.52	4th quarter
10	771.44	\$9,257.28	
11	810	\$9,720.12	
12	850.5	\$10,206.00	5th quarter
13	898	\$10,716.30	
14	937.65	\$11,251.80	
15	984.5	\$11,814.40	6th quarter
16	1,033.72	\$12,404.70	
17	1,085.40	\$13,024.87	
18	1,139.67	\$13,676.00	7th quarter
19	1,196.65	\$14,359.84	
20	1,256.48	\$15,077.80	
21	1,319.30	\$15,831.65	8th quarter
22	1,385.26	\$16,623.18	
23	<u>1,454.52</u>	<u>\$17,454.28</u>	
	20,607 tons	\$247,283.26	

The above figures are based on selling the initial 20,000 ton stockpile.

boulder sales, 2% increase per month, beginning first month at 250 tons @ \$40.00/ton

1	250 tons	\$10,000.00	
2	255	\$10,200.00	
3	260.10	\$10,404.00	2nd quarter
4	265.30	\$10,612.08	
5	270.60	\$10,824.24	
6	276.00	\$11,048.48	3rd quarter
7	281.52	\$11,260.80	
8	287.15	\$11,486.00	
9	292.90	\$11,715.72	4th quarter
10	298.76	\$11,950.32	
11	304.73	\$12,189.41	
12	<u>310.82</u>	<u>\$12,433.00</u>	
	3,353.00 tons	\$134,524.05	

combined total-	\$381,807.31
expenditure-	\$231,700.00
capital asset-	<u>\$44,000.00</u>
gross profit-	\$190,107.31

Looking at the above numbers it is obvious that we should increase our drilling and blasting contract to 25,000 tons to realize the increase in boulder requirements. This would add an additional \$5,000.00 to our initial cost but result in \$200,000.00 worth of product that does not require crushing.

The above figures are based on a very minimal sales increase, and we should be able to realize an increase of 5% on boulder sales and 10% to 20% on crushed material.

crushed rock sales, 20% increase per month, beginning first month at 500 tons (20 truckloads) @ \$12.00/ton

1	500 tons	\$6,000.00	<u>1st quarter</u>
2	600	\$7,200.00	
3	780	\$9,360.00	2nd quarter
4	936	\$11,232.00	
5	1,123.20	\$13,478.40	
6	1,347.84	\$16,174.08	3rd quarter
7	1,617.41	\$19,408.90	
8	1,940.89	\$23,290.70	
9	2,329.07	\$27,948.82	4th quarter
10	2,794.88	\$33,538.61	
11	3,353.85	\$40,246.27	
12	<u>4,024.62</u>	<u>\$48,295.44</u>	
total-	21,347.76	total-	\$256,173.22
average-	1,347.62		\$16,171.44
gross sales-	20,000 tons		\$240,001.78

boulder sales, 5% increase per month, beginning first month
at 250 tons (10 truckloads) @ \$40.00/ton

1	250 tons	\$10,000.00	
2	262.50	\$10,500.00	
3	275.62	\$11,025.00	2nd quarter
4	289.40	\$11,576.04	
5	303.87	\$12,154.80	
6	319.06	\$12,762.54	3rd quarter
7	335.00	\$13,400.52	
8	351.75	\$14,070.00	
9	369.34	\$14,773.50	4th quarter
10	387.81	\$15,512.28	
11	407.20	\$16,288.00	
12	<u>427.56</u>	<u>\$17,102.40</u>	
	3,979.11	total-	\$146,002.54

credit on 5,000 ton stockpile- 1,020.89 tons

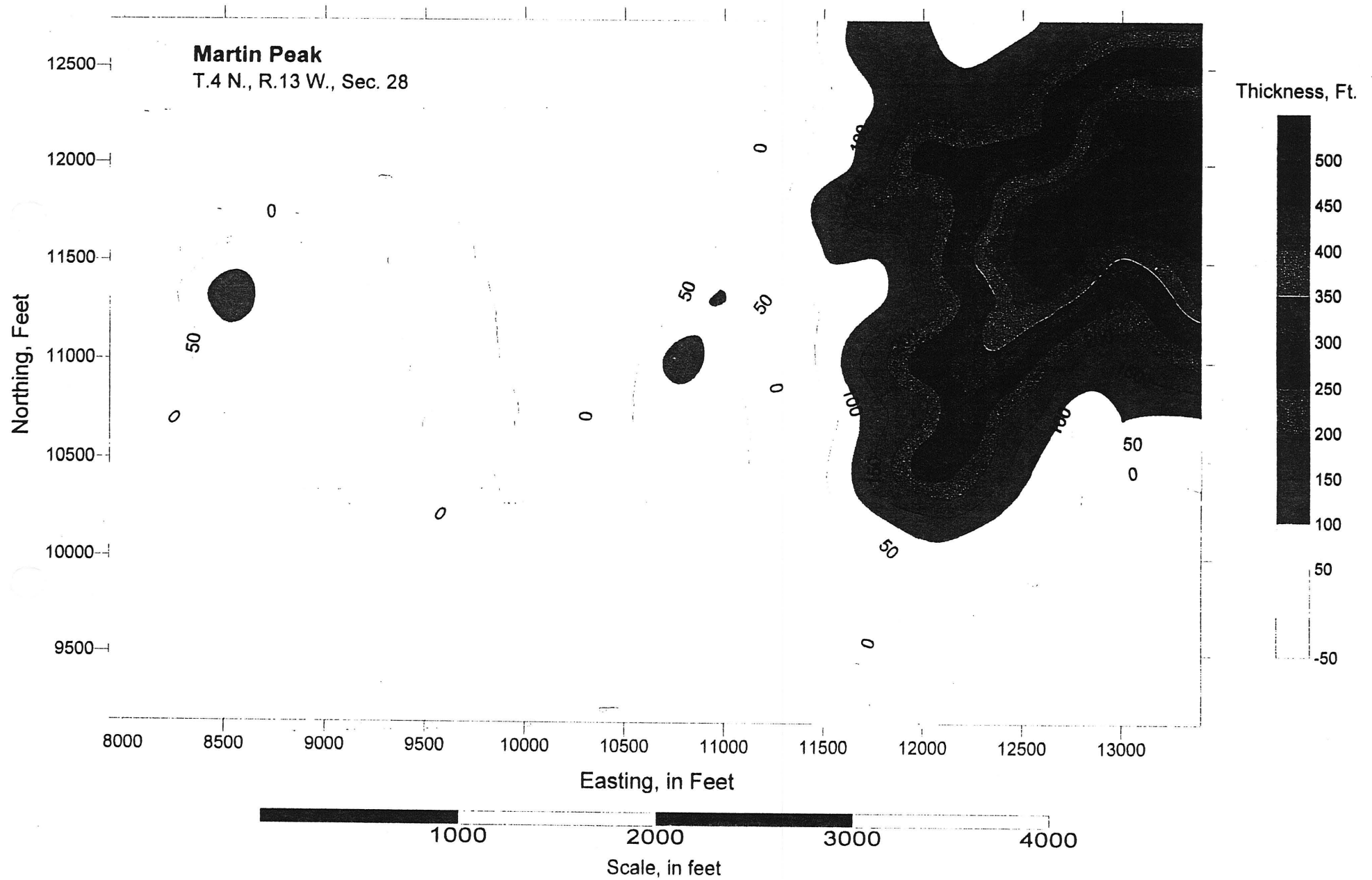
value- \$40,835.60

combined gross sales-	\$386,004.32
expenditure-	<u>\$231,700.00</u>
	\$154,304.32
capital asset, expenditure	
\$44,000.00, \$4,000.00	
amortization	<u>\$40,000.00</u>
gross profit	\$194,304.32

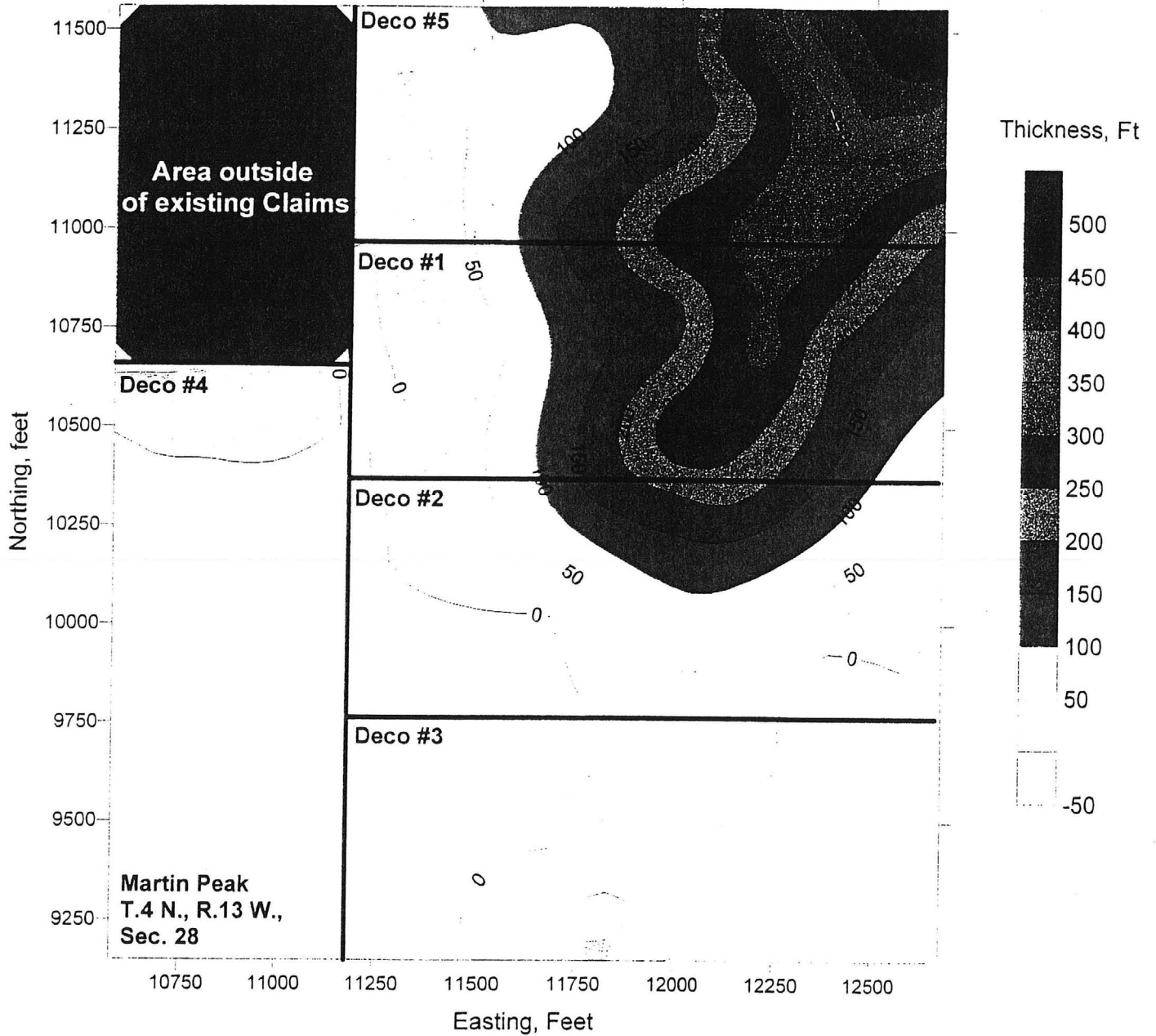
Ray A. Wreggitt

Arizona Pink Marble Inc.

ESTIMATED DECO ROCK THICKNESS - ARIZONA PINK MARBLE INC. LA PAZ COUNTY, ARIZONA

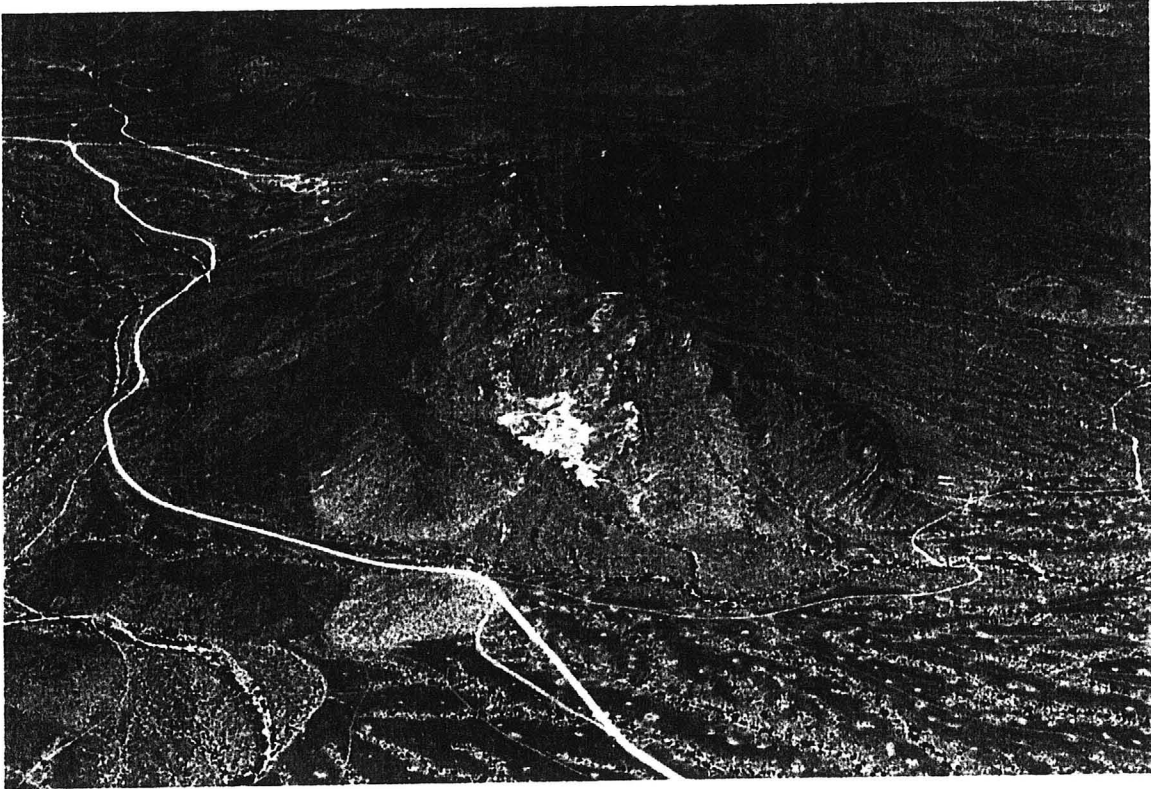


**ESTIMATED DECO ROCK THICKNESS FOR EXISTING CLAIMS
ARIZONA PINK MARBLE INC.
LA PAZ COUNTY, ARIZONA**









View of Martin Peak looking northeast



View of Martin Peak looking north



BTR

Disciplinary action was taken against the individuals/firms listed below. The information provided is a brief summary. Although every effort is made to ensure that the information is correct, before making any decision based upon the information below, you should check with the Board office to assure accuracy. The listing may not reflect a change occurring near or following the publication date. Further, the listing does not reflect pending appeals for rehearings.

March 10, 2000			
Case No.	Respondent	Allegation	Board Action
c99-098	James R. Armstrong Nonregistrant	Engaged in the practice of geology and advertised in the U.S. Yellow Pages under the heading of "Geologist" that he was qualified to practice geology without the benefit of registration in the State of Arizona.	Assurance of Discontinuance from practicing, offering to practice or by any implication holding himself out as qualified to practice geology or engineering, advertising or displaying any card, sign or other device that may indicate to the public that he is a registered professional geologist or engineer, or is qualified to practice as such; and assuming the title of "Professional", "Registered", "Registered Professional" or "Professional Registered" geologist or engineer within the State of Arizona until he is granted registration by the Board. Cost – Pay \$200.00 for cost associated with Board's investigation.

VERBAL INFORMATION SUMMARY

File Name	<u>Martin Peak Area Marble</u>
AZMILS Primary Name	<u>Martin Peak Area Marble</u>
AZMILS County and AZMILS No.	<u>La Paz 400</u>

SOURCE: Dave Taylor, BLM Lake Havasu Field Office

ABOUT: Martin Peak Area Marble

DATE: November 4, 1999

PHONE:

INFORMATION

The MG Natural Resources news release of Tuesday November 2, 1999 was discussed. In the release it was stated

“MG Quarries

The board has reviewed the first full year of quarry operations. While the company has made significant inroads in the crushed marble market, evidence would suggest that a major expansion of the quarry would be necessary to gain additional market share.

This type of expansion would divert capital from the main focus of the company, which is to develop an economically viable technology for precious metals extraction from refractory ore. The board has determined that continuing quarry operations at current production levels would serve to weaken the economic viability of MGNR.

The board has accepted an offer from a private group to assume ownership and operation of the quarry immediately. Terms of the agreement call for the assumption, by the purchaser, of \$1.2 million of MGNR debt associated with quarry operations.”

Dave said that he understood that Mike Amundson is the private entity that the MG Quarry has been assigned to. Dave further explained that about 12,000 tons of material has been moved and paid for. The material sale that MG Natural Resources took over from Arizona Pink Marble was for 50,000 tons and expires in August 2000. The royalty rate (purchase price) was 55¢ per ton. On his last visit to the property a few months ago he said the site was clean and orderly, that approximately 12,000 tons appeared to be removed and that the operation looked rather quiet.

Arizona Department of Mines and Mineral Resources

Verbal Information Summary

Mine: Martin Peak Marble
County: La Paz
Location: T: 4 N, R 13 W, Sec. 27

Date: October 19, 1998
Engineer: Nyal Niemuth

Mike Amundson, president of MG GOLD visited and reported on activities of the company, mostly concerning the Martin Peak Marble property that MG Gold is developing.

Mike Amundson reported that he wishes the "gold discovery" had not been announced or found. It has caused him trouble within the corporation particularly with board members L. Furlong and Paul Mentzer who have since resigned. They were the individuals who wrote and released the information about gold mineralization. They were reported as encouraging promoting it to sell stock to raise funds to spend on the property. Mike Amundson preferred borrowing money to develop the property at present and building shareholder's value. Also part of this conflict was a deal made on a nearby property called Sticklizard held by Galleon Exploration and Mining L.L.C., 3140 Cahaba Heights Rd. #102, Birmingham, AL 35243. The property acquired by Board Chairman Furlong for 1.5 million shares of MG Gold plus warrants was not approved by others in the company. Although work to develop the marble deposit will continue, efforts are being directed to raising funds for drilling and executing the drilling program at Marble Peak. Jim Armstrong is staff geologist on site (along with geologist Tom Dodge?) and consulting geologist Dick Ahearn of Tucson is directing the drilling program. MG Gold has purchased 50,000 tons of marble from the BLM at a rate of 55 cents per ton. This is lower than normal due to the property's greater distance from markets. This amount of marble is considerably less than the quantity discussed as in the company's releases as projected sales.

services were \$644,600. 1,140,000 shares of common stock have been issued for these services, with an additional 320,000 shares to be issued to settle these charges.

The Company has received consulting services from the Officers of the Company who were compensated by the issuance of 800,000 shares of common stock. These services have been capitalized as mining exploration expenditures.

The Company has loaned \$50,000 to International Precious Metals Corporation at 10% interest per annum.

NOTE 6 - PRIVATE PLACEMENT AND WARRANTS

The Company issued by private placement 1,500,000 shares of common stock at \$.50 per share. Consideration received was \$563,500 for 1,127,000 shares. The balance of the shares were distributed for services rendered to the Company and capitalized as exploration costs. These shares had warrants attached for 750,000 shares of stock at a price of \$2.00 per share, which expire on June 1, 1998. All warrants were outstanding as of December 31, 1997.

NOTE 7 - BUSINESS COMBINATIONS - POOLING OF INTERESTS

On January 13, 1997, Mariah International, Inc. and Guild Mark Industries, Inc. were combined and merged into MG Gold Corporation. The combination was accounted for by the pooling-of-interests method. Under terms of the agreement, 6,947,000 shares of MG Gold Corporation common stock was issued for the assets and liabilities of the above companies. 5,307,000 shares were issued to existing shareholders and directors of Mariah International, Inc. and Guild Mark Industries, Inc. 800,000 shares were issued to incoming management and 840,000 shares were issued to International Precious Metals Corporation for monies expended in regards to the merger.

NOTE 8 - COMMON STOCK

The Company's authorized common stock is 50,000,000 shares. A summary of the share transactions during the year is as follows:

	<u>No. of Shares</u>	<u>Amount</u>
Pooling of Interests	6,947,000	\$1,736,750.
Private Placement	1,127,000	563,500.
Issued for payment of loans acquired in pooling	130,650	82,650.
Issued to related parties for services, etc.	<u>673,000</u>	<u>486,500.</u>
Balance December 31, 1997	<u>8,877,650</u>	<u>\$2,869,400.</u>

NOTE 9 - SUBSEQUENT EVENTS

On March 16, 1998, the Company authorized a private placement to raise additional funds. It approved the placement of 1,000,000 shares of common stock at \$.40. Attached to each share is a warrant to buy one share of stock at \$1.00. These warrants expire on April 1, 1999.

The Company also issued 320,000 shares of stock at \$.42 per share to International Precious Metals Corporation as final payment for expenditures made on the Company's behalf.

Legal Council

Hale, Lane, Peek, Dennison, Howard, Anderson & Pearl
Attorneys at Law
P.O. Box 3237
100 West Library Street, Tenth Floor
Reno, NV 89505
Tel 702-786-7900 Fax 702-786-6179

Transfer Agent:

Intercontinental Transfer Agency
P. O. Box 62405
Boulder City, NV 89006
Tel 702-293-6717 Fax 702-293-3558

ISSUED AND AUTHORIZED SHARES

As of January 15, 1997 MG Gold Corporation has two classes of securities:

5,000,000 (Five Million) shares of preferred stock and (none issued or authorized)
50,000,000 (Fifty Million) shares of common stock

SHARES ISSUED 9,303,850

Shares issued at Merger	6,947,000
Shares issued in April 1997 PP	1,500,000
Shares issued to IPM for costs and fees	620,000
Shares issued for Mariah and Guildmark debts	161,850
Shares issued to 1997 Directors for fees	75,000

SHARES AUTHORIZED 4,511,850

Merrill Crater LLC	1,200,000
Private Placement at \$.40 closure 04/01/1998	1,000,000
Options, Mariah Holders at \$1.5625 closure 12/09/98	161,850
Options, MG Gold Mgmt at \$.50	400,000
Warrants at \$2.00 closure 06/01/1998	750,000
Warrants at \$1.00 closure 04/01/1999	1,000,000

TOTAL AUTHORIZED AND ISSUED SHARES 13,815,700

NOTE:

Of the issued shares International Precious Metals Corporation owns 15.7%

MG GOLD CORPORATION HISTORICAL DATA

Guildmark (GMKI)

On May 11, 1970, Fire Fly Enterprises was Incorporated in Delaware with authorized stock of 10,000,000 shares at par value of \$0.01 per share.
On March 4, 1976, the company changed its name to Geo-Energy Resources.
On August 3, 1987, the company changed its name to Guild Mark Industries, Inc.

Mariah (MRHI)

On May, 22, 1977, the Cimarron Mining Corporation was formed in Utah with a capitalization of \$1,000.00 and authorized stock of 30,000,000 shares at par value of \$0.005 per share.
On May 6, 1987, the company established itself as a development stage corporation for precious metal extraction from volcanic ore deposits and changed its name to Mariah International, Inc.
On January 29, 1988 a joint venture with Guildmark Industries, Inc. and LV Professionals was commenced to acquire 117 acres of land near Flagstaff, Arizona.

Mariah and Guildmark

On August 27, 1987, Guildmark traded 16,000,100 shares of its stock to Mariah for 2,500 shares of Guild-Mark Mining, Inc. and formed a fifty percent joint venture partner in the Mariah-Guildmark Joint Venture.

MG Gold Corporation (MGAU)

On January 13, 1997, Mariah and Guildmark Shareholders voted to merge their companies into the newly formed MG Gold Corporation with 5,000,000 shares of preferred stock at par value of \$0.001 and 50,000,000 shares of common stock at par value of \$0.001.



FINANCIAL STATEMENTS
Year Ended DECEMBER 31, 1997

STEPHEN D. PLUMB, P.C.

Certified Public Accountant
2172 COMMONS PARKWAY
P.O. BOX 341
OKEMOS, MICHIGAN 48805
TELEPHONE (517) 349-1780
FACSIMILE (517) 349-1785

MG Gold Corporation
1334 E. Chandler
Building #5, B-72
PHOENIX, AZ 85048

We have compiled the accompanying Balance Sheet of MG Gold Corporation as of December 31, 1997, and the related Statement of Operations and Statement of Cash Flows for the period then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Stephen D. Plumb, P.C.

March 19, 1998

Dec. 1997 Financial Statement

MG GOLD CORPORATION

BALANCE SHEET
DECEMBER 31, 1997

ASSETS

CURRENT ASSETS

Cash	\$ 40,720.
Accounts receivable	145,441.
Due from related parties	50,000.
Stock subscriptions receivable	25,200.

TOTAL CURRENT ASSETS 261,361.

EQUIPMENT

37,464.

MINING PROPERTIES AND DEFERRED

MINERAL EXPLORATION EXPENDITURES 2,563,522.

ORGANIZATION EXPENSE

32,238.

TOTAL OTHER ASSETS 2,595,760.

\$ 2,894,585.

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Current portion of long-term debt	\$17,400.
Trade accounts payable	1,181.
Due to related parties	137,296.
Accrued expenses	4,798.

TOTAL CURRENT LIABILITIES 160,675.

LONG-TERM DEBT, less current portion

290,500.

STOCKHOLDERS' EQUITY

Common stock, no par value, 50,000,000 shares authorized and 8,877,650 shares issued	2,869,400.
Deficit	(425,990).
	<u>2,443,410.</u>

\$ 2,894,585.

See accompanying notes and accountant's report.

STATEMENT OF OPERATIONS

For The Year Ended December 31, 1997

INCOME

Production Income \$ 4,671.

COST OF PRODUCTION

124,083.

LOSS ON PRODUCTION

(119,412).

EXPENSES

Administrative 306,332.

Depreciation and amortization 7,468.

313,800.

OPERATING LOSS

(433,212).

INTEREST INCOME

7,222.

LOSS FOR THE PERIOD

425,990.

RETAINED EARNINGS, beginning of period

0.

RETAINED EARNINGS, end of period (deficit)

(425,990).

See accompanying notes and accountant's report.

STATEMENT OF CASH FLOWS

Year Ended December 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Loss for the period \$(425,990).

Adjustments to reconcile net loss to net cash provided (used) by operating activities

Depreciation 3,886.

Amortization 3,582.

(Increase) decrease in:

Receivables (220,641).

Increase (decrease) in:

Trade accounts payable 1,181.

Due to related parties 137,296.

Accrued expenses 4,798.

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

(495,888).

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of Equipment 41,350.

Mining property and mineral exploration expenditures 2,563,522.

Organization expenses 35,820.

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

(2,640,692).

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from issuing common stock 2,869,400.

New borrowings 526,999.

Debt reduction (219,099).

NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

3,177,300.

NET INCREASE IN CASH

40,720.

CASH AT THE BEGINNING OF THE YEAR

0.

CASH AT END OF YEAR

\$ 40,720.

See accompanying notes and accountant's report.

MG GOLD CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Company is a mining exploration and development company organized under the laws of the State of Nevada. All of its exploration activities are in the State of Arizona.

Depreciation

Equipment is stated at cost and is depreciated over their estimated useful lives using the Straight-line method.

Amortization

Organization costs will be amortized using the Straight-line method over a five-year period.

Mining Properties and Exploration Expenditures

All direct expenditures related to the exploration and development of mineral properties in which the Company has a continuing interest are deferred, pending the determination of the economic viability of the project. Costs related to projects terminated or abandoned are written-off; costs related to successful projects will be capitalized and amortized over the estimated life of the project using a unit of production method.

Income Taxes

The Company has made no provisions for income taxes due to the loss for the period. This loss will be available for carry forward to reduce income taxes which may be otherwise payable in future years. The carry-forward is approximately \$423,896.

NOTE 2 - CONTINUATION OF BUSINESS

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and satisfaction of liabilities in the normal course of business.

The Company is a development stage corporation and as all of the Company's properties are presently in the exploration stage, the continuation of the Company as a going concern is dependent upon its ability to obtain equity financing to permit the further exploration and development of its properties.

The financial statements do not give effect to adjustments, if any, that may be necessary should the Company be unable to continue as a going concern and be required to realize its assets and liquidate its liabilities in other than the normal course of business. In this event, the amounts realized on disposal of its assets may be substantially less than their recorded amounts.

NOTE 3 - EQUIPMENT

Equipment consisted of the following:

Furniture and fixtures	\$4
Vehicles	36
	<u>40,000.</u>
Accumulated depreciation	3,886.
	<u>\$ 36,114.</u>

NOTE 4 - DEBT

The Company's long-term debt consists of the following:

Land contract payable in monthly installments plus interest at 12%	\$290,500.
Land contract payable in quarterly installments plus interest at 9%	2,400.
Note payable, unsecured	<u>15,000.</u>

NOTE 5 - RELATED PARTY TRANSACTIONS

The Company receives a number of administrative services and mining exploration expenditures from International Precious Metals Corporation. Charges for these

Dec 1997 Financial Statement

CORPORATE GOALS
A DIVERSIFIED NATURAL RESOURCES COMPANY

"REPLACE SR SOIL REMINERALIZATION"

In 1993 Mariah International and Guildmark Industries pursued and obtained a trademark for a rock dust product for re-mineralizing depleted soils.

In 1996 a study was conducted by California State University, Fresno and the United States Department of Agriculture of the effect of replace on growing tall fescue. The results of that study are available in a 41 page report at the MG Gold Corporate offices.

The study summarizes substantial addition of essential nutrients to the soil and positive results in plant growth. MG Gold management and technology department is persuaded that a controlled study by another reputable Agricultural University/College is warranted and will be pursued in the near future.

Testing is currently underway to determine the optimum grind for precious metal extraction from the Sinagua scoria. Contracts have been proposed for the sale of the reconstituted tailings from normal mining operations.

The market indicates a large demand from agrarian countries whose soils have suffered mineral depletion from centuries of agricultural use without restoration.

MINE, LOAD AND HAUL PROPERTY

It is the intention of the company to obtain a "Mine, Load and Haul" property which produces road and landscape products in the Southwestern United States. The purpose of the company's involvement in the property is to formulate a financial baseline for funding the day-to-day operations.

An investigation has been made into the property and negotiations are being made to Joint Venture with the current owners.

MG Gold Management vision is for investor dollars to go into the acquisition, research and development of viable long-term mining properties, not daily operational costs.

UTILIZATION AND CAPITALIZATION OF LAND

MG Gold Corporation has ownership and control of nearly 700 acres of land in Northern Arizona that is surrounded by Bureau of Land Management and State Trust Land used for cattle grazing. A lease agreement for maximum resource utilization of the land is currently under consideration.

SINAGUA CINDER CONE - A PRECIOUS METALS MINING PROPERTY

It is the paramount and immediate aspiration of the Company to bring the potential asset of the Sinagua property to commercial realization.

To achieve this goal our research and development consultants are working to optimize the precious metal extraction process. The convergence of the highest yield and the lowest cost to grind the scoria material will result in the most economically feasible extraction method. Once the testing process has been completed bulk sampling will be undertaken to further delineate the Sinagua Cinder Cone as a mining resource.

NEW HORIZONS FOR MG GOLD CORPORATION

MG Gold plans to expand the horizons of the Company beyond Arizona by the acquisition of primary and advanced exploration properties located in favorable mining environments by Joint Venture or Acquisition. The MG Gold exploration and technological team will spearhead the additions to the Company's exploration portfolio.

Management has been and is investigating properties in Arizona, Montana, Idaho, Colorado and Nevada in the USA. There are properties in Australia, New Zealand and Chile that have invited MG Gold to Joint Venture as well.

DIRECTORS AND OFFICERS

VLR (Lee) Furlong, Director & Executive Chairman

A geophysicist with 37 years mineral exploration, technology and development experience. Former positions include: Placer Development Ltd (now Placer Dome 5 years in Australia, Papua New Guinea and Spain), Pancontinental Mining Ltd (8 years in Australia). Has served as a director with four publicly listed mining companies and a number of private companies and charities. Served a 2 year appointment as a Resource Finance Banker with European Banking Company, London now EBC Amro Bank in the mid 1980's. 1992-97 president and CEO of International Precious Metals, a Canadian Corporation. Mr. Furlong is principal of Third Millennium Technologies a company who provides worldwide mining exploration and technology services.

M. L. "Mike" Amundson, Executive Director and Chief Operating Officer

A self employed business man with a background in Real Estate Development, construction, sales and appraising. B.S. degree from Pillsbury Baptist Bible College. Vice President of Questor Services, Inc. from 1987 through 1996. Currently a partner in Amundson and Associates.

Paul E. Mentzer, Executive Director & Principal Scientist

An earth scientist with roots in laboratory research and analytical sciences. Undergraduate degree and graduate work from Purdue University. Nine years as a research scientist at Purdue before becoming the scientist in charge of research and development for International Precious Metals from 1993-1998. Aided in the development of procedures which were effectively utilized for geochemical analyses on the Black Rock property. His laboratory and research expertise has been employed to evaluate varying analytical and recovery techniques at the laboratory level. His computer skills provide graphics and visuals which benefit presentation and dissemination of technical data.

Billie J. Allred, Director

A Certified Public Accountant in the State of Arizona. Has a B.S. degree from Brigham Young University. Formerly the Deputy Auditor General for the State of Arizona and Senior Audit Manager of Arthur Young & Company. Served as the Treasurer and Chief Financial Officer of International Precious Metals Corporation.

James Rapisarda, Director

James has been in the Securities Industry since 1988 and currently manages over \$50 million in assets for clients across the United States. He is a Registered Principal with SunAmerica Securities, Inc. and Managing Partner of Glass Financial Services, Inc., a Registered Investment Advisory Firm. Since 1991, he has been a Member of NASD Board of Arbitrators. He is an accomplished author, and has appeared in a CNN special program entitled "Retiring Richer".

Jeanne M. Amundson, Corporate Secretary/Treasurer

A self employed business person with a background in Real Estate License Law, education, sales and appraising. Undergraduate degree and graduate degree from Purdue University. Served as a member and Chairperson of The Michigan Real Estate Commission from 1980-1987. President Questor Services, Inc. 1982-1996.

Forward looking statements in this release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation, commodity prices of precious metals, increased levels of competition for the Company, perfection of extraction technology, the Company's dependency upon third-party suppliers, intellectual property rights and other risks detailed from time to time in the Company's periodic reports. The Company assumes no obligation to update the information in this release.



Annual General Meeting

May 18, 1998
2 p.m. MST
Embassy Suites Hotel
4400 S Rural Road
Tempe, AZ 85282

**MG GOLD CORPORATION
MISSION STATEMENT**

Management is committed to maximizing shareholder value through exploration and development of precious metals mining properties and natural resource opportunities

1334 E Chandler Blvd
Building #5, B-72
Phoenix, AZ 85048

Tel: 602-460-7842 Fax: 602-460-6324

Annual General Meeting Page 2

THE SINAGUA PROJECT

An Exploration Project Whose Time Has Come For Development

Mineralization was discovered nearly 20 years ago at Sinagua, and Sinagua, like hundreds of other mineralization discoveries around the world, has waited until economic and technical viability conditions are met.

Aside from the obvious conditions affecting viable exploration of location, accessibility of infra-structure (power, roads, water), by far the most challenging criteria has been cracking the metallurgical keys to enable obtaining sustainable metal recoveries. Many mineralized formations have to "wait" while science can catch up with that which Mother Nature's geology has dished up.

Gold and other precious metals have been reported by numerous analytical laboratories during these past 20 years. Most often this is as far as the exploration was taken. During the early '90s, an attempt was made to recover the gold in a pilot column flotation cell and, although two small gold bars were poured weighing a total of 8.6 ounces. Technical follow through on evaluation and scale up was not organized.

Some criticism was leveled at explorers because they dared to say that precious metals appear to be present in volcanic scoria, or so-called (incorrectly) cinders. There has been much discussion of the presence of precious metal occurrences in recent deposited volcanic material. Much of the discussion is evidenced by the documented technical news concerning mineralization (of many elements) being deposited daily surrounding undersea volcanic vents associated with the mid-Atlantic rift zone; and the Pacific rift zone north of Papua New Guinea. The famed "korokotype" mineralization in Japan is simply the product of secondary deposition for minerals by volcanic fumarolic (gas and hot water) activity which is trapped in the vugs and cavities of the rock rather than being deposited concurrently as disseminated mineralization within the molten material during the development of a volcanic cone.

M.G. Gold's first exploration priority was to systematically sample the project area by placing a grid upon the mountain feature then procuring samples from precise sites. The assay results from this systematic sampling is pictured in Figure "X." An average of all assays is 0.123 oz. per ton. This program has shown that the gold mineralization at Sinagua is widespread and documented.

Owing to the three-dimensional aspect of the cone, the sampling survey is an approximation of a potential geological resource that can be calculated. The potential resource tonnage may be in the order of 180 to 200 million tons — not an inconsequential occurrence.

With this potential grade and tonnage, your M.G. Gold Directors have launched an evaluation program designed to test a number of existing precious metal extraction processes as well as a number of newer leach recovery techniques.

Several recovery tests upon small samples of about a pound (500 grams) are returning encouraging analytical results, some with gold metal in hand. It is too early to speculate which recovery/process method may prove to be most efficient from among the tests underway, but the record so far is showing great promise that a simple process may finally show the best viability.

M.G. Gold has worked tirelessly to complete the review of the title holdings and acquisition of the land at Sinagua. Aside from some 15% of the Sinagua property being on State land, the remaining 85% is private ground of which the company either owns 100% or has the right to acquire. (See property map, Figure "Y.")

In preparation for development, M.G. Gold has been working with state and federal authorities for the determination of an improved access road to Sinagua. Surveys of available water resources are also underway. Although there is an existing access road to Sinagua, the obvious objective is a shorter and less precarious route with diminished environmental effect.

The company's goal is to move the Sinagua project to the pre-feasibility stage by late-1998. At that time, it may be anticipated that a full pilot scale test will be warranted, together with further engineering and planning. Shareholder awareness concerning progress is a management priority throughout the transition from exploration to mine development.

M.G. Gold was also active on other projects throughout the year. The Directors continue to review and evaluate selective projects in conjunction with technical support from recognized experts. The Payson project was evaluated in the spring using a proven technology and was seen to not be economically successful. A review of the potential for developing a commercial construction marble project was also reviewed and tested. The economics of the project were not sufficient to warrant further pursuit at this time.

M.G. Directors are continuing to evaluate and observe the changes that have occurred in the world gold mining market and its impact on our future development. There are companies that may be interested in sharing both risk and technical expertise as we proceed with the potential development of the Sinagua cinder cone. Your Directors will keep you apprised of those changes that may have both a positive or negative impact on this project. We will also be available to evaluate any number of potential exploration or production opportunities that may present themselves during the coming year.

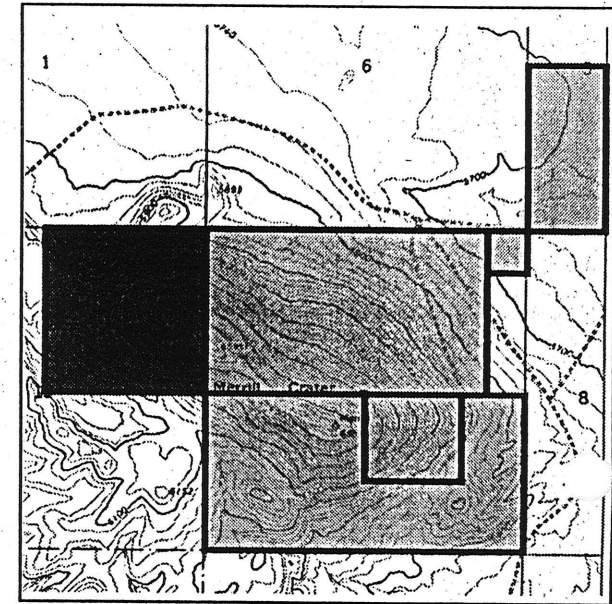


Figure Y: Map of Sinagua Land Position. Light area represents lands owned or under lease-purchase by MG Gold. The dark area represents State-owned land which may be explored under permit by MG Gold.

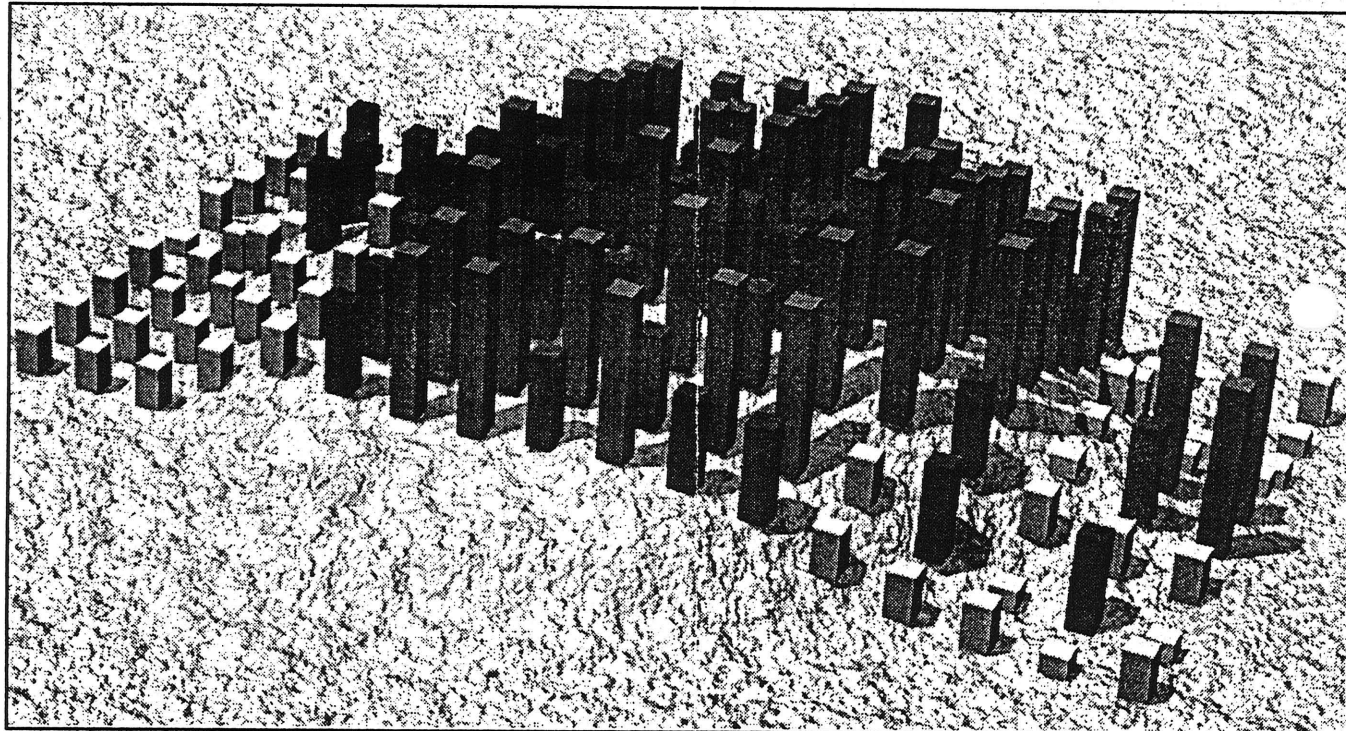


Figure X: Histogram of grid and gold values at Sinagua. The height of the bars are proportional to the gold assay value received. The tallest bars representing values of ≥ 0.20 oz/ton, the next shorter height bars representing values between 0.19-0.10 oz/ton, the next shorter bars 0.09-0.01 oz/ton, the shortest bars representing values of < 0.01 oz/ton. The average gold value across the total 153 sample grid is 0.123 oz/ton.

MANUFACTURED MARBLE PRODUCTS

Resume

As per the following:

Two visits to New Mexico Travertine Inc. at Belen, New Mexico, who have a manufacturing plant there, and are the largest plant for processing marble and limestone in the southwest. They operate five of their own quarries in that immediate area. They have been in business for 27 years and are an invaluable source of information.

We delivered samples of pink marble from our quarry to experiment with on our first visit. The first test was to make a center cut with a wire saw to check the time frame of the cut and determine the hardness of our material. After this was completed it was obvious that our material was harder than the material from their quarries. Using a hardness factor of 1 to 100, their material checks out at about 13, and our material checked out at 36. Because of this the wear on their diamond blades was considerably higher. Due to this fact, and the high degree of fractures in our sample material as it was drilled and blasted material (resulting in a shattering effect), we end the testing at this time. It was decided that we should get back to our quarry and get clean, unfractured samples of the pink marble, and also samples of our blue marble, to experiment with.

On our second visit we delivered samples of our pink and blue marble for further testing. Center cuts were made on both types of marble. The pink marble was of the same hardness, but the blue marble was slightly softer, approximately 32.

After observing the above test we arranged a conference with Mr. Jim Lardner Sr., semi-retired owner, and Mr. Jim Lardner Jr., present manager of the plant. At the conference the following items were discussed:

- 1) All the marble was capable of being made into a finished product, but the blue marble would make a very premium product and command a much better price.
- 2) Both colors of marble were capable of being made into salable products, but the saws used by New Mexico Travertine were for softer material and without changing the blades being used the cost would be prohibitive, however it was simply a matter of determining the correct blade composition and using these blades.
- 3) It was suggested by Mr. Lardner that we should contact Inex International Inc., of Alberton, Georgia and talk to Mr. Heaph (sic) Yarbrough (tel. # 1-800-368-4639).

The purpose being to discuss with Mr. Yarbrough what the correct composition of the cutting blades should be for this type of material.

Upon contacting Mr. Yarbrough he stated all he would require is a sample of the material in order to determine the correct matrix and diamond size for the blades.

On my first visit to N.M.T.'s plant I was made aware that N.M.T. did custom manufacturing, and I discussed the possibility of N.M.T. doing our first 6 months of production in order to determine a cost factor on production. They gave me the following verbal contract, which is standard for their custom work:

12"x12"x3/8" tile, polished, cleaned and boxed, ready for shipment- \$1.65, based on an initial monthly order of 6,500 tiles.

This price to be decreased depending on a major increase in monthly requirement on our end. Projected time frame required to cut, polish and box 6500 tiles is 4 days per month. This would be subject to raw material delivered at their plant.

Also discussed at the conference with the Lardners was the average percentage of tile made from a ton of raw quarry rock. They felt that 40% was good, but that a number of quarries were operating successfully on 20%. At 16 tiles per cubic foot 40% would be 80 tiles per ton, 20% would be 40 tiles per ton.

From the limited amount of sales research completed by A.P.M. to date, and from the invaluable information we have received from the Lardners, we should realize the following sales price for our product:

-one ton raw quarried material producing 40% manufactured product- 80 tiles

80 tiles @ \$6.50/tile= \$520.00/ton

--at 20% manufactured product per ton= \$260.00

-estimating our total cost of production at 60% per ton our gross profit per ton would be as follows:

-40% product per ton- 80 tiles per ton= \$208.00/ton

-20% product per ton- 40 tiles per ton= \$104.00/ton

We must take into consideration that all waste material is salable product, either as deco rock or any other form subject to sales promotion.

A good deal of the above information is based on indepth questioning

of the Lardners at N.M.T., who have been in the business very successfully for 27 years and very much appear to have a handle on the manufactured rock business nationally and internationally. At the time of my last visit they were quoting on a Japanese order for plus 200,000 tile. They are more than willing to help and provide any assistance that we may require.

One of the first items of business should be to continue the research with Inex International Inc. regarding the cutting blades, and also to check out the prices of new and used equipment that they have advised me they have available. One other point to would be to draw on their contacts within the business to determine the availability of an experienced sawn rock quarry operator to train our personnel.

From the information I have recieved from the Lardners it is apparent that the sale of colored tile is a regional situation that changes yearly. It is apparent that New York and Chicago are very hot areas for pink tile at present. However Dave Woods, one of our investors, has done some checking in the San Francisco/Bay area, and pink is moving very well there as well.

NOTE. ARIZONA STATE U. GEOLOGIST
PREPARING SUMMARY, WITH JUST EXPOSED
MARBLE ESTIMATES 21M TONS. IR
MARBLE GOES DOWN 400 FT THEN 61M TONS
TO 70M TONS.

combined total-	\$381,807.31
expenditure-	\$231,700.00
capital asset-	<u>\$44,000.00</u>
gross profit-	\$190,107.31

← 30K
TONS

Looking at the above numbers it is obvious that we should increase our drilling and blasting contract to 25,000 tons to realize the increase in boulder requirements. This would add an additional \$5,000.00 to our initial cost but result in \$200,000.00 worth of product that does not require crushing.

The above figures are based on a very minimal sales increase, and we should be able to realize an increase of 5% on boulder sales and 10% to 20% on crushed material.

crushed rock sales, 20% increase per month, beginning first month at 500 tons (20 truckloads) @ \$12.00/ton

1	500 tons	\$6,000.00	<u>1st quarter</u>
2	600	\$7,200.00	
3	780	\$9,360.00	2nd quarter
4	936	\$11,232.00	
5	1,123.20	\$13,478.40	
6	1,347.84	\$16,174.08	3rd quarter
7	1,617.41	\$19,408.90	
8	1,940.89	\$23,290.70	
9	2,329.07	\$27,948.82	4th quarter
10	2,794.88	\$33,538.61	
11	3,353.85	\$40,246.27	
12	<u>4,024.62</u>	<u>\$48,295.44</u>	
total-	21,347.76	total-	\$256,173.22
overage-	1,347.62		\$16,171.44
gross sales-	20,000 tons		\$240,001.78

boulder sales, 5% increase per month, beginning first month
at 250 tons (10 truckloads) @ \$40.00/ton

1	250 tons	\$10,000.00	
2	262.50	\$10,500.00	
3	275.62	\$11,025.00	2nd quarter
4	289.40	\$11,576.04	
5	303.87	\$12,154.80	
6	319.06	\$12,762.54	3rd quarter
7	335.00	\$13,400.52	
8	351.75	\$14,070.00	
9	369.34	\$14,773.50	4th quarter
10	387.81	\$15,512.28	
11	407.20	\$16,288.00	
12	<u>427.56</u>	<u>\$17,102.40</u>	
	3,979.11	total-	\$146,002.54

credit on 5,000 ton stockpile- 1,020.89 tons
value- \$40,835.60

combined gross sales-	\$386,004.32
expenditure-	<u>\$231,700.00</u>
	\$154,304.32
capital asset, expenditure	
\$44,000.00, \$4,000.00	
amortization	<u>\$40,000.00</u>
gross profit	\$194,304.32

Ray A. Wreggitt

Arizona Pink Marble Inc.

Deco Rock - 20,000 tons @ \$12.00/ton	\$240,000.00
Boulders - 2,000 tons @ \$40.00/ton	\$80,000.00

Above based on quarterly production.

As per quarterly budget of \$216,700.00 of which \$44,000.00 are capital equipment costs, that should be amortized over the life of the operation.

On completion of the sale of stock piles, we would have a potential gross profit of 47%.

When funding available, A.P.M., Inc. to begin a sale promotion program, with rock brokers and landscape architects, to increase sales to maximum production.

Because of the reaction from the limited sales we've had to date, I believe this can be achieved in the first year.

The above projection is based on the fact that the Deco Rock operation will represent a small part of our profit margin when we are producing manufactured marble products.

The balance of the \$400,000.00 working fund will be utilized to research and develop the manufactured products plant as soon as possible.

Ray A Wreggitt
A.P.M., Inc.

ARIZONA PINK MARBLE, INC.

Landscaping material-budget proposal

1)	Independent drilling and blasting contractor to drill and shoot 20,000 tons of in place material. Cost \$1.00/ton.	\$20,000.00
2)	Independent crushing and screening contractor to crush and stockpile 3 sizes, 1/2" minus, 1" minus and 2" minus. Cost \$4.50/ton.	\$90,000.00
3)	Drill, blast, sort and stockpile 2000 tons of boulders. Cost \$3.00/ton.	\$6,000.00
4)	Purchase and installation of weigh scales at quarry site.	\$25,000.00
5)	4 cu/yd rubber tired front end loader rental/purchase, 3 months @ \$5,400/month.	\$16,200.00
6)	Track excavator with bucket thumb for loading boulders, rental purchase, 3 months @ \$4,000/month.	\$12,000.00
7)	Fuel, lube, and maintenance - 3 months.	\$5,000.00
8)	Labor - 2 men @ \$2,500.00 per man per month.	\$15,000.00
9)	Contingency fee.	\$8,500.00
10)	Boulder trailer for hauling boulders to rock dealer yards.	\$15,000.00
11)	Genset.	\$3,000.00
12)	Water permit from Central AZ Project canal.	<u>\$1,000.00</u>
	TOTAL -	\$216,700.00

Items #4,10,11 & 12 are Capital Assets.

Southwest Water &
Mineral ResourcesP.O. BOX 50245
PHOENIX, ARIZONA 85076
602.893.2523

3 July 1997

SWMR #97-219

Mr. Ray Wreggitt, President
Arizona Pink Marble Inc.
P.O. Box 457
Salome, AZ 85348

SUBJECT: Review of Arizona Pink Marble Surface Geology and Reserves

Dear Mr. Wreggitt,

On 30 June 1997, I conducted a reconnaissance level geologic field review of the lithology of limestone/marble deposit found on your five existing claims. I also did a quick overview of the structures to the north and west of your present claims. During the investigation, I collected 56 strikes and dips of bedding planes, joints and fractures. The general dip of the formation on the western side of Martin Peak is approximately 30 to 35 degrees to the northwest. The estimated volume of pink and the blue/black "Deco" material available for mining that is located on the five existing claims is about 13 million cubic yards. A second analysis was conducted to estimate the volume of material based on the future addition of several new claims to the north and west. This additional area would include most of the available premium material and result in a total estimated volume at about 41 million cubic yards for the western half of the Martin Peak structure. The volumes indicated above are based on a surface mining elevation of about 1,600 for the hills located west of the main north-south dirt road. The major portion of the Martin Peak structure baseline elevation used was 1,640 to 1,680 feet.

Based on my experience of the different lithologic formations within the State of Arizona, I would classify the western half of Martin Peak and the premium Deco rock as Redwall limestone of early Mississippian age. The Redwall limestone disconformably overlies the Devonian Martin limestone. The eastern half of Martin Peak is believed consist entirely of this older Martin limestone. During the field investigations thick sections of crystalline pure limestone were found. From a

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

distance, it appears white, however, on close inspection is seen to be light to dark grayish blue to pink. Several beds estimated over 40 feet thick were abundant with chert. This chert was found in pods, lenses, layers and irregular-shaped masses. I believe this to be either the Mooney Falls Member or the Thunder Springs Member of the Redwall limestone Formation.

The Martin Formation found on the eastern portion of Martin Peak is diverse with many varieties of limestone and much contamination by silt and clay. The color of the Martin Formation is a yellowish brown to reddish brown, which is very easy to see at a distance. Several aerial photos were taken on July 1, 1997 to help show the structure of Martin Peak and can be found within this letter report.

Due to the limited time available for this review no literature searches were conducted for this general area. Additionally, the volumes of material calculated are based on a limited surface reconnaissance investigation. A test drilling program is recommended to more precisely estimate the volume of premium material available.

Please feel free to call me if you have any questions regarding this letter report.

Sincerely,



Gary B. Weesner

Owner/Geologist, CPG



Reviewed by:

Robin G. Weesner, R.G. Arizona No. 25559

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

VOLUME COMPUTATIONS FOR EXISTING FIVE DECO CLAIMS

UPPER SURFACE

Grid File: C:/SWMR/219-MA~1/CLAIM.GRD
Rows: 0 to 32766
Cols: 0 to 32766
Grid size as read: 43 cols by 49 rows
Delta X: 50
Delta Y: 50.2083
X-Range: 10580 to 12680
Y-Range: 9150 to 11560
Z-Range: -25.2765 to 512.144

LOWER SURFACE

Level Surface defined by Z = 0

VOLUMES

Approximated Volume by
Trapezoidal Rule: 3.38311E+008
Simpson's Rule: 3.38625E+008
Simpson's 3/8 Rule: 3.38086E+008

CUT & FILL VOLUMES

Positive Volume [Cuts]: 3.52593E+008
Negative Volume [Fills]: 1.62815E+007
Cuts minus Fills: 3.36311E+008

AREAS

Positive Planar Area
(Upper above Lower): 2.74739E+006
Negative Planar Area
(Lower above Upper): 1.51781E+006
Blanked Planar Area: 795802
Total Planar Area: 5.061E+006

Positive Surface Area
(Upper above Lower): 2.94573E+006
Negative Surface Area
(Lower above Upper): 1.5193E+006

3 July 1997

Mr. Ray Wreggitt

Arizona Pink Marble Inc.

VOLUME COMPUTATIONS - TOTAL FOR THE MARTIN PEAK STRUCTURE

UPPER SURFACE

Grid File: C:/SWMR/219-MA~1/SHEET2.GRD
Rows: 0 to 32766
Cols: 0 to 32766
Grid size as read: 220 cols by 145 rows
Delta X: 24.9772
Delta Y: 25
X-Range: 7930 to 13400
Y-Range: 9150 to 12750
Z-Range: -48.2683 to 646.046

LOWER SURFACE

Level Surface defined by Z = 0

VOLUMES

Approximated Volume by
Trapezoidal Rule: 1.09387E+009
Simpson's Rule: 1.09391E+009
Simpson's 3/8 Rule: 1.09383E+009

CUT & FILL VOLUMES

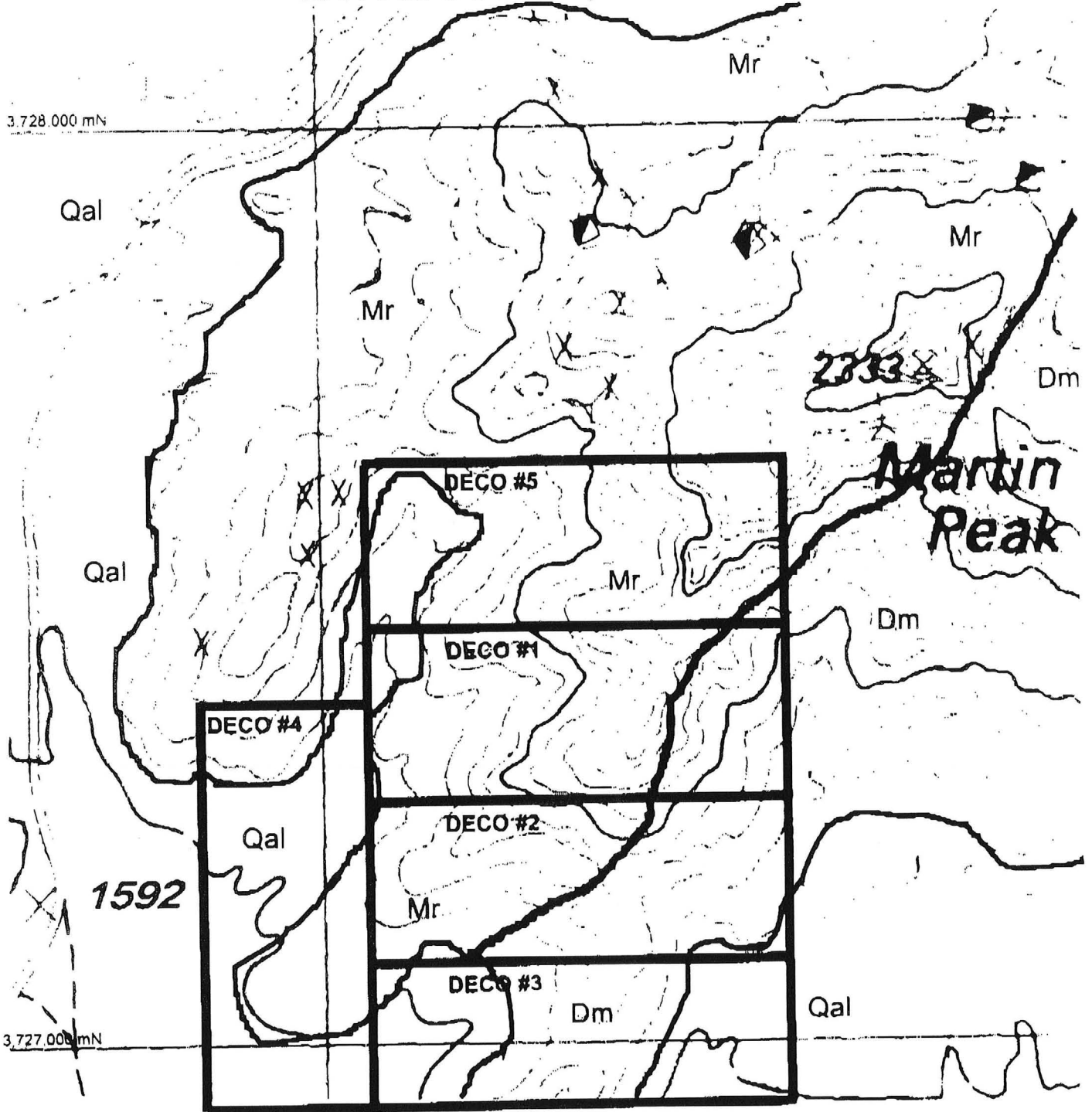
Positive Volume [Cuts]: 1.26004E+009
Negative Volume [Fills]: 1.66185E+008
Cuts minus Fills: 1.09386E+009

AREAS

Positive Planar Area
(Upper above Lower): 9.3717E+006
Negative Planar Area
(Lower above Upper): 1.03203E+007
Blanked Planar Area: 0
Total Planar Area: 1.9692E+007

Positive Surface Area
(Upper above Lower): 1.0034E+007
Negative Surface Area
(Lower above Upper): 1.03774E+007

ARIZONA PINK MARBLE ..JC. LA PAZ COUNTY, ARIZONA



SCALE 1:6,000

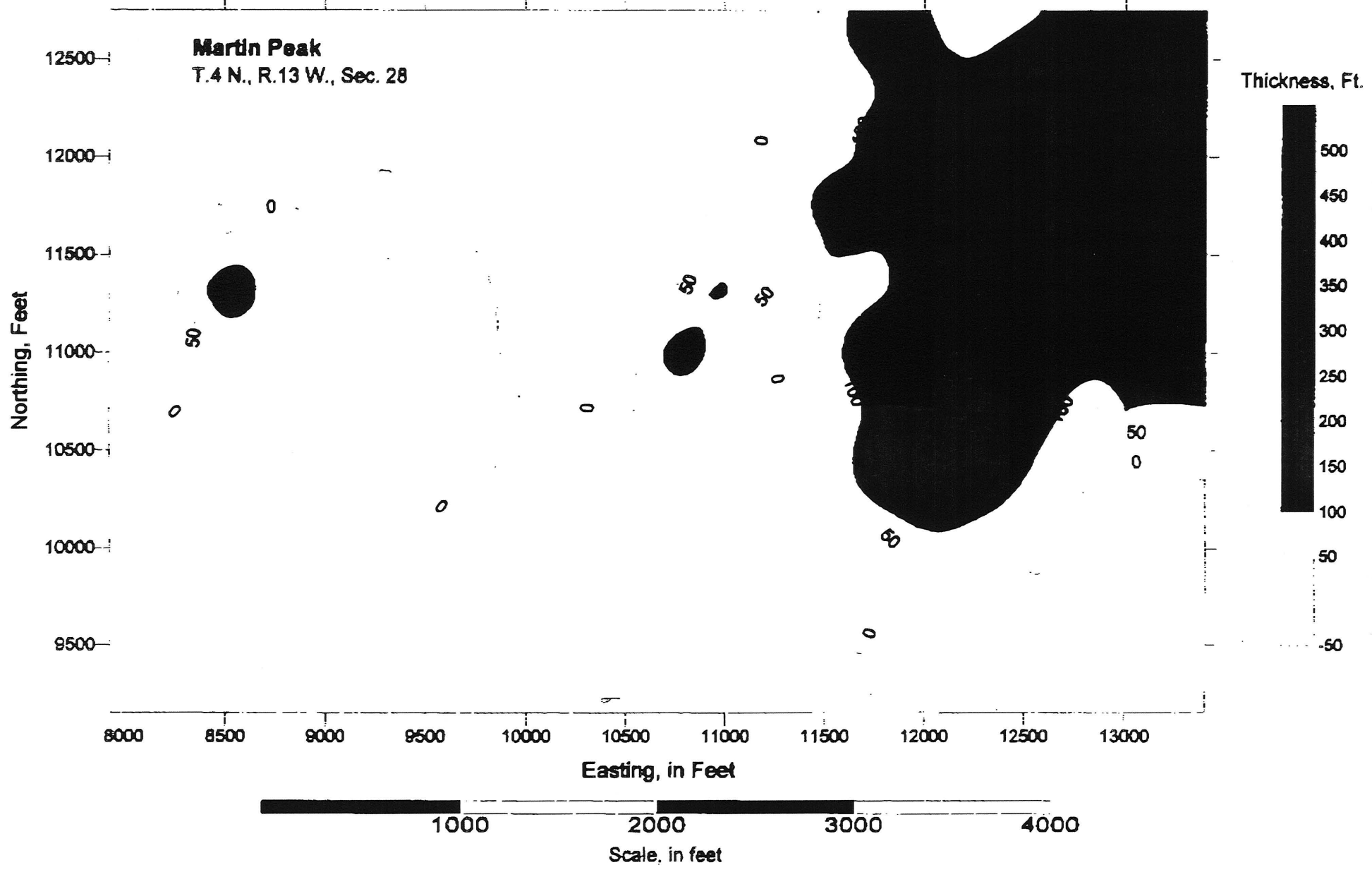


- Qal Alluvium
- Mr Redwall Limestone
- Dm Martin Limestone



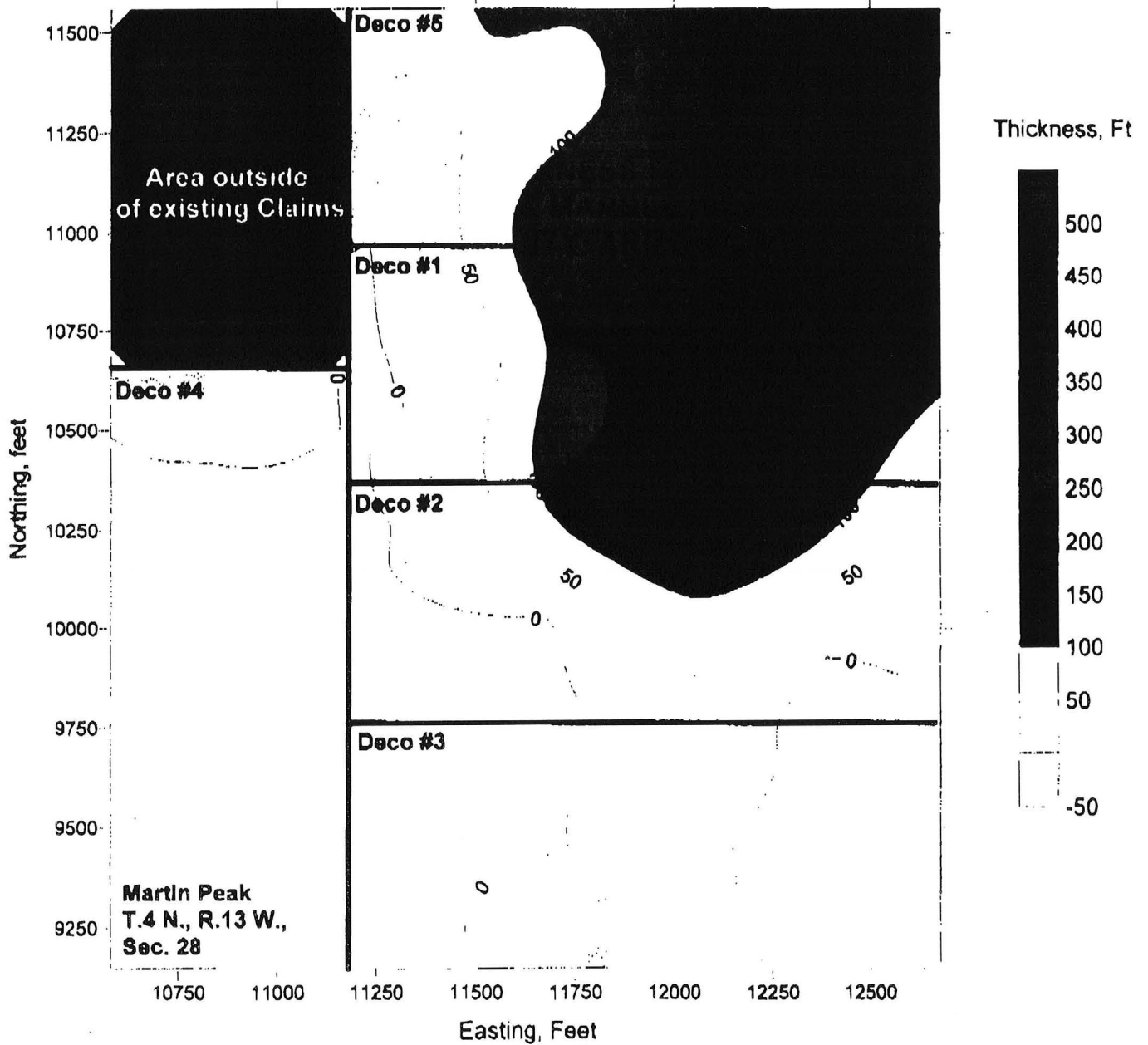
SWMR

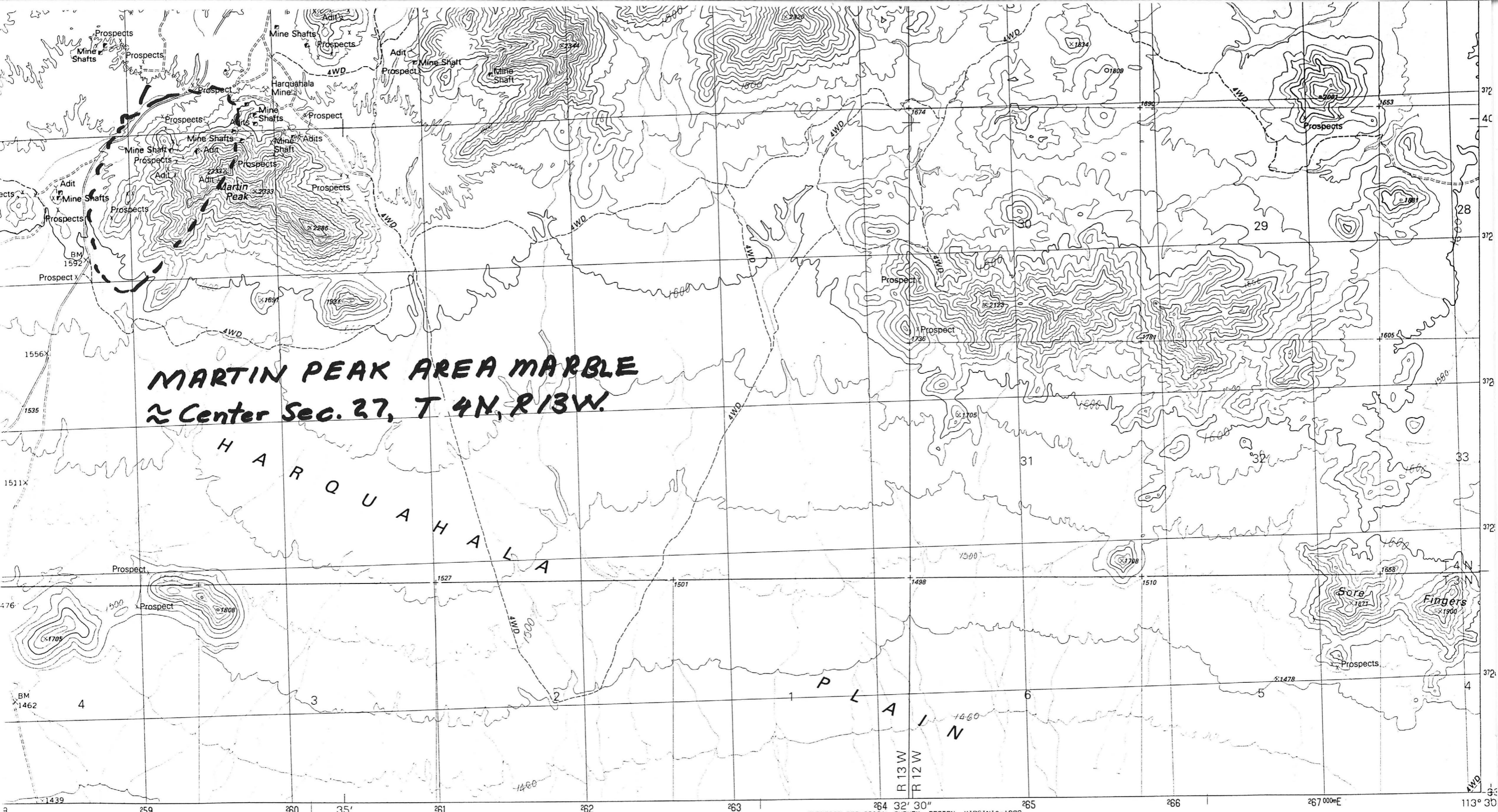
ESTIMATED DECO ROCK THICKNESS - ARIZONA PINK MARBLE INC. LA PAZ COUNTY, ARIZONA



SWMR

ESTIMATED DECO ROCK THICKNESS FOR EXISTING CLAIMS ARIZONA PINK MARBLE INC. LA PAZ COUNTY, ARIZONA



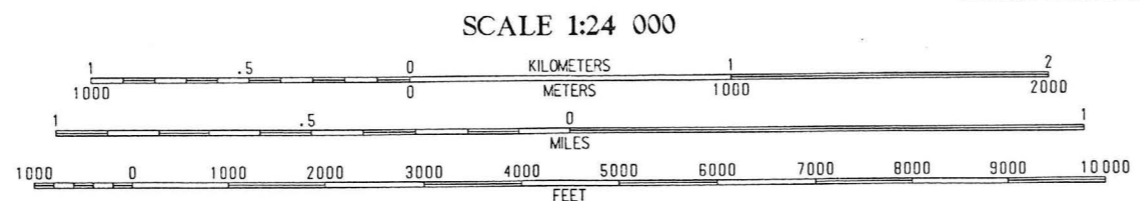


MARTIN PEAK AREA MARBLE
 ≈ Center Sec. 27, T 4N, R 13W.

H A R Q U A H A L A

P L A I N

LOGICAL SURVEY
 USGS, NOS/NOAA
 1951 AND 1960
 1961
 1985
 1990
 TRANSVERSE MERCATOR
 R 13W
 ARIZONA, WEST ZONE
 12°30' WEST
 CRITICAL DATUM OF 1929
 H AMERICAN DATUM
 Datum of 1983,
 shed corner ticks



CONTOUR INTERVAL 40 FEET
 SUPPLEMENTARY CONTOUR INTERVAL 20 FEET

To convert feet to meters multiply by .3048
 To convert meters to feet multiply by 3.2808



QUADRANGLE LOCATION

ROAD LEGEND

- Improved Road
- Unimproved Road
- Trail
- Interstate Route
- U.S. Route
- State Route

1	2	3	1 Harcuvar
			2 Salome
			3 Socorro Peak
4		5	4 Hope
			5 Socorro Mine
			6 Hope SW

HARRISBURG VALLEY, ARIZONA
 PROVISIONAL EDITION 1990

MG QUARRIES
1334 E. Chandler
Building #5 B-72
Phoenix, AZ 85048

Telephone 602-460-7843
Facsimile 602-460-6324
Compuserve 73624,3350

QUALITY MARBLE
LANDSCAPE PRODUCTS

SOUTHWESTERN
UNITED STATES



CALIFORNIA

ARIZONA

NEVADA

- Marble is metamorphosed limestone, used for centuries in decorative application
- Marble is chemically inert to basic solutions and will not "break down" in alkaline water
- Marble does not dissolve and produce chemicals harmful to surrounding vegetation
- Marble does not precipitate and discolor surrounding landscape with white crust.
- Marble is not photo-sensitive and will not fade in bright sunlight.
- Marble is very hard and will not diminish in dimension.
- Marble boulders are attractive because of their color and glossy appearance

MG QUARRIES WILL PROVIDE CONSISTENT QUALITY PRODUCT

The most commonly used crushed Southwest Landscape materials, bleach, leach and deteriorate within months of application. Our Marble product will stand up like the Columns of Corinth. A hundred years from now it will be the same color, size and quality as the original application. It is time to go with Quality..... Go with MG Quarries!

The before photo below was taken of granite material in place for just two years. It had turned to clay and alkali deposits on surrounding walkways. We replaced with Marble.



BEFORE



AFTER