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602-771-1601
http://www.azgs.az.gov
inquiries@azgs.az.gov

The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

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12/14/90

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES FILE DATA

PRIMARY NAME: SOCORRO MINE

ALTERNATE NAMES:

LA PAZ COUNTY MILS NUMBER: 89

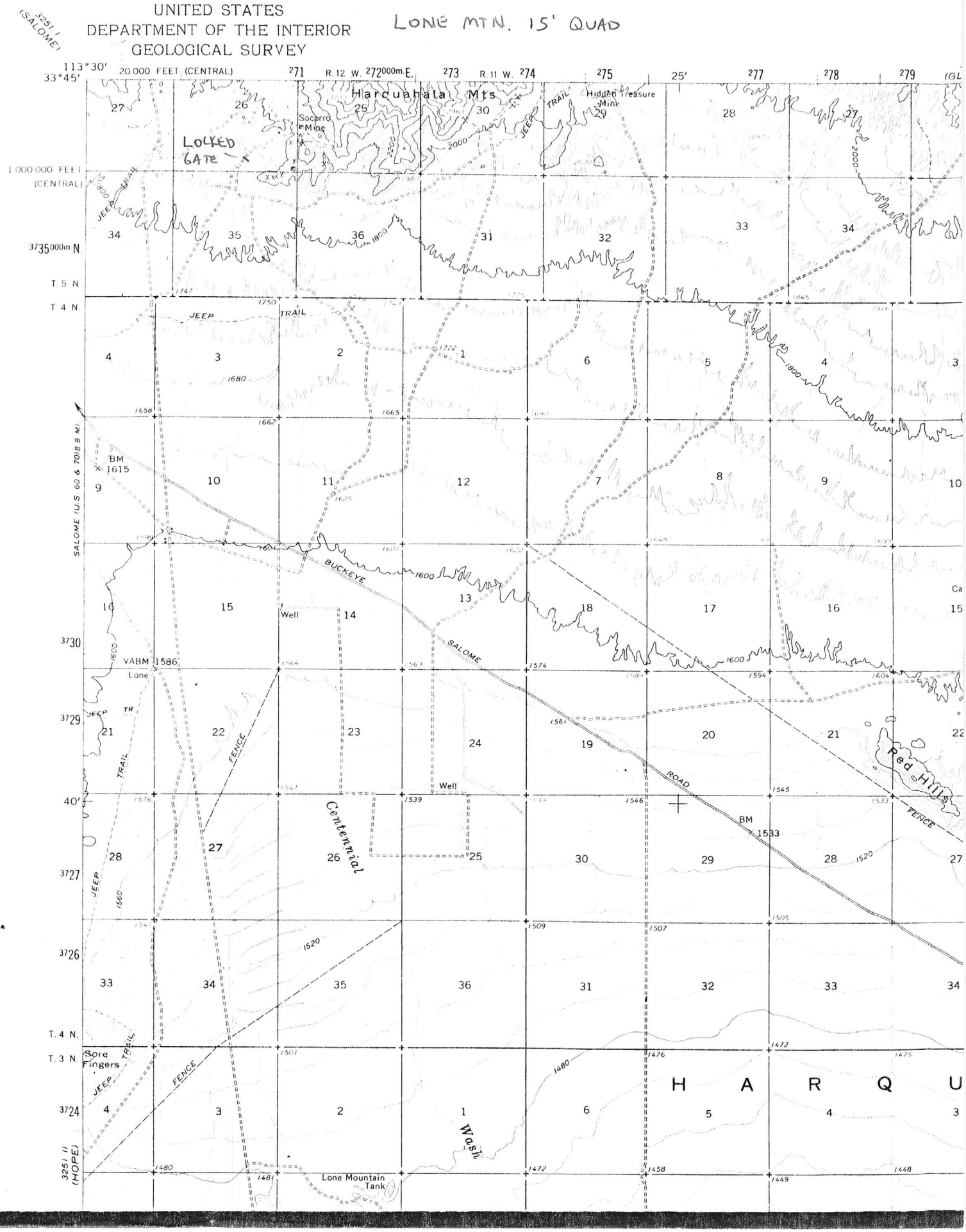
LOCATION: TOWNSHIP 5 N RANGE 12 W SECTION 25 QUARTER SW
LATITUDE: N 33DEG 44MIN 41SEC LONGITUDE: W 113DEG 28MIN 12SEC
TOPO MAP NAME: LONE MOUNTAIN - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:
GOLD LODE
SILVER
LEAD

BIBLIOGRAPHY:
KEITH, S.B., 1978, AZBM BULL. 192, P. 154
ADMMR SOCORRO MINE FILE
AGS 1988 SPRING FIELD TRIP

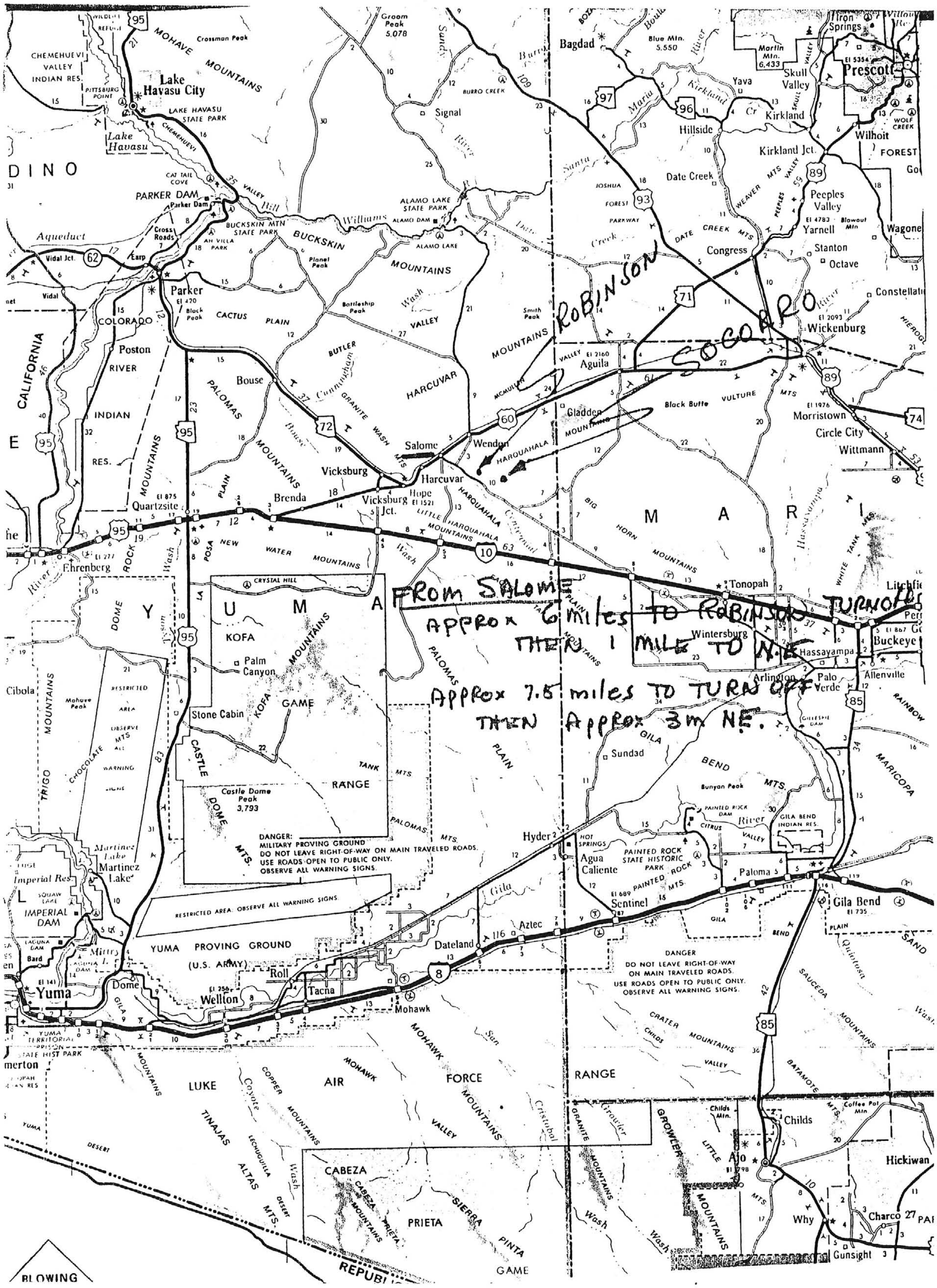
Folder
4 of 5


UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
LONE MTN. 15' QUAD
3251 I (SALOME)
113°30'
33°45'
20 000 FEET (CENTRAL)
271
R. 12 W.
272000m E.
273
R. 11 W.
274
275
277
278
279
Harcuahala Mts
Socorro Mine
Hidden Treasure Mine
LOCKED GATE
JEEP TRAIL
1 000 000 FEET (CENTRAL)
3735 000m N
T. 5 N.
T. 4 N.
SALOME (U.S. 60 & 70) 8 MI.
BUCKEYE
SALOME
BM 1615
Well
VABM 1586
Lone
Centennial
Red Hills
ROAD
FENCE
BM 1533
Sore Fingers
Lone Mountain Tank
Wash
T. 3 N.
3730
3729
3727
3726
3724
40'
3251 II (HOPE)
H A R Q U

2/84
NJN

SOCORRO MINE

Harquahala District, Yuma County



3/2000
SOCORRO REEF @ LA PAZ

Gold Mine Claim For Sale

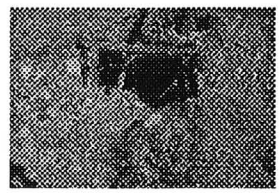
Bill entering a mine tunnel.

Gold - Silver- Copper

~ Proven Reserves ~

Located in Southwestern Arizona

Call (520) 859-3489



This old tunnel produces water.

Owners Location Assays Maps Work Ore Email Us

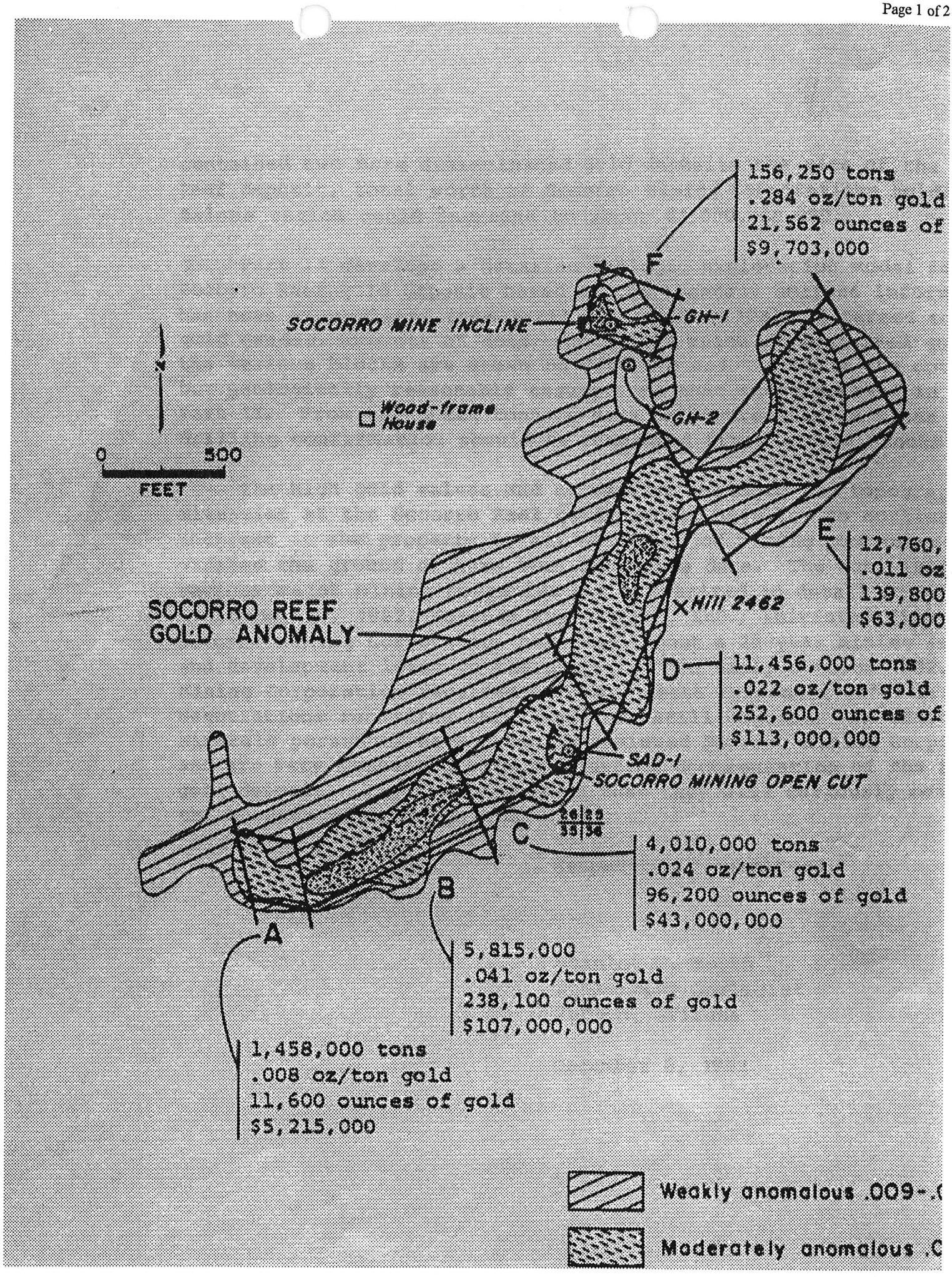
This is a collection of adjoining mining claims that lie over a large precious metal bearing ore body that is approximately 3,500' long by 300' wide and approximately 350' deep. While the precious metals content does vary from one portion of the ore body to another, the property has been shown to have substantial precious metals recoveries in many locations. This is evidenced by chip & core samples taken & analyzed over many years. We believe that the Socorro Reef area of the property offers the highest probability for a commercial operation. The latest operation was a small pilot operation in Socorro Reef area where 1 ounce per ton of Gold was consistently recovered.

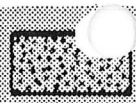
These 14 claims cover 160 acres of BLM land and have been known by a number of names in the past and are still segregated into different areas by names. Claim names today are the the Bell Henry Claims and Ed's Dream Claims but were previously known as the Tres Padres, Palo Verde, Bell, Bell Henry, Socorro Anne, Blue Bird, and Socorro Reef claims. The old names are still often used to describe particular portions of this large area.

These claims have apparently been worked for over 400 years by Native Americans and Spaniards, as evidenced by a number of ancient mine tunnels with no recorded history on the property. They were an important source of Spanish Gold. Wyatt Earp himself worked this claim after his retirement. At one time there was a government assay office located on the property.

Recorded history in the early 1900's named two small operations. The Socorro Mine operated intermittently from 1902 through 1960 produced 1,800 tons of ore and production averaged 0.2 ounces of Gold per ton. The Henry Bell Mine operated from 1932 through 1939 produced 370 tons of ore that averaged 3.3 ounces per ton according to U of A Tucson reference materials.

(520) 859-3489


156,250 tons
.284 oz/ton gold
21,562 ounces of
$9,703,000
F
SOCORRO MINE INCLINE
GM-1
GM-2
N
Wood-frame House
0
500
FEET
E
12,760,
.011 oz
139,800
$63,000
SOCORRO REEF
GOLD ANOMALY
Hill 2462
D
11,456,000 tons
.022 oz/ton gold
252,600 ounces of
$113,000,000
SAD-1
SOCORRO MINING OPEN CUT
C
4,010,000 tons
.024 oz/ton gold
96,200 ounces of gold
$43,000,000
B
5,815,000
.041 oz/ton gold
238,100 ounces of gold
$107,000,000
A
1,458,000 tons
.008 oz/ton gold
11,600 ounces of gold
$5,215,000
Weakly anomalous .009-.
Moderately anomalous .



Strongly anomalous Au .9

Ore blocks

Figure B. Map of Socorro Reef gold anomaly showing drill
locations and grade-tonnage blocks discussed i

Claim Owners

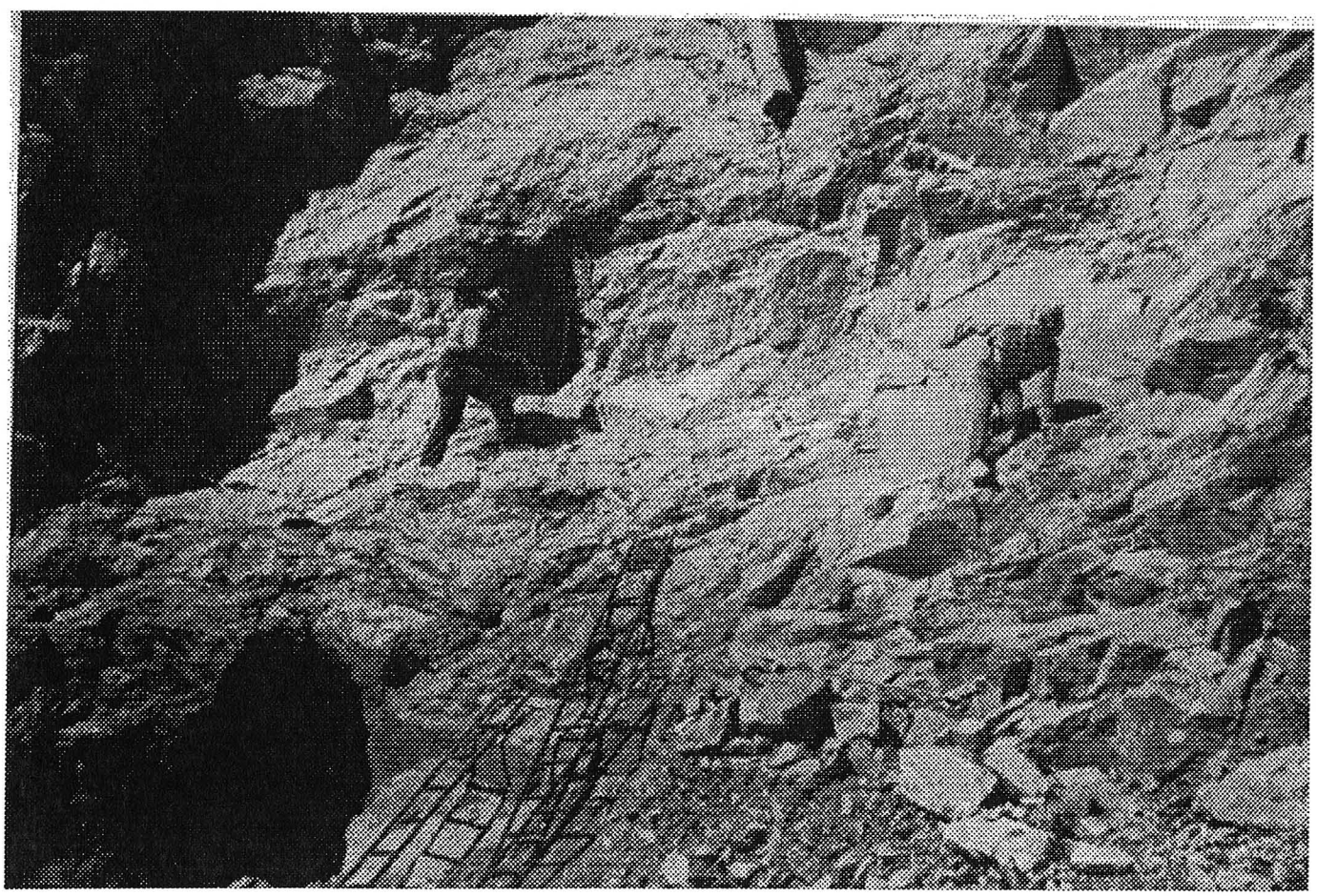
These claims are owned by

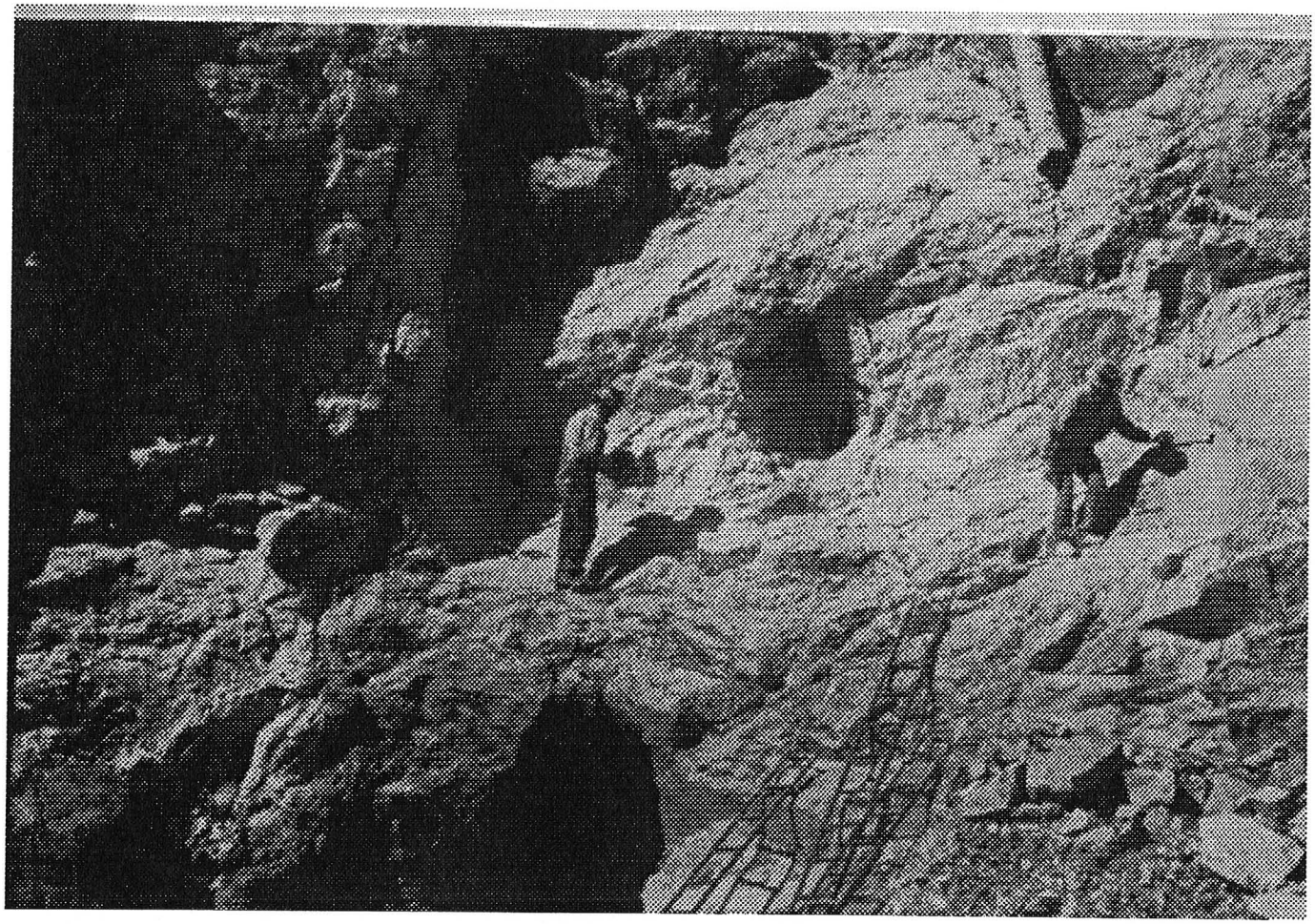
Norma & Robert Reynolds and Bill Johnson

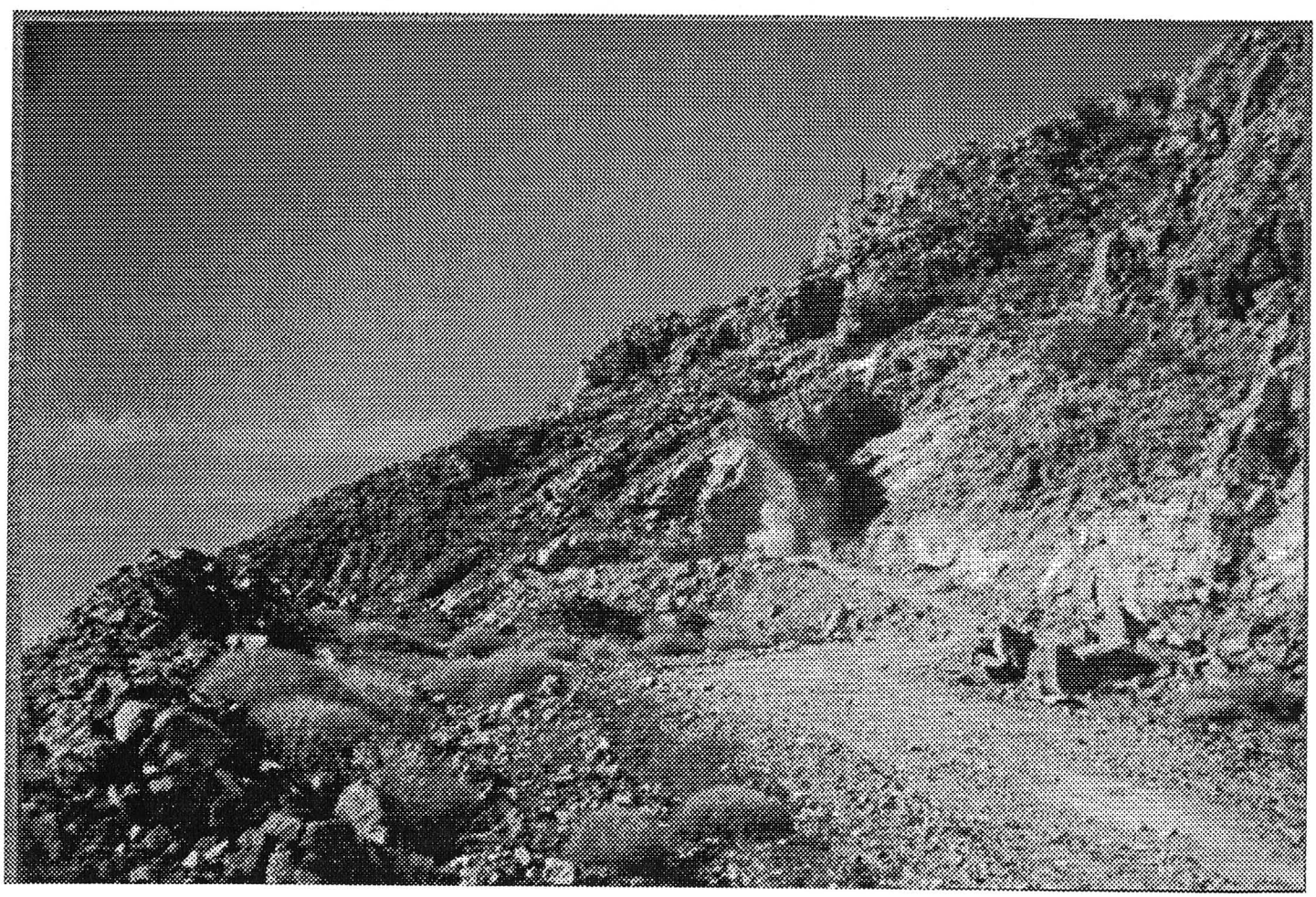
Norma & Robert live in Salome Arizona. Norma and her late husband George Campbell, Jr. worked this property together, most receiently recovering 1 ounce per ton average at the Soccoro Reef area.

Bill Johnson is a retired railroad bridge engineer who assisted the Campbells in management & operation of the properties.

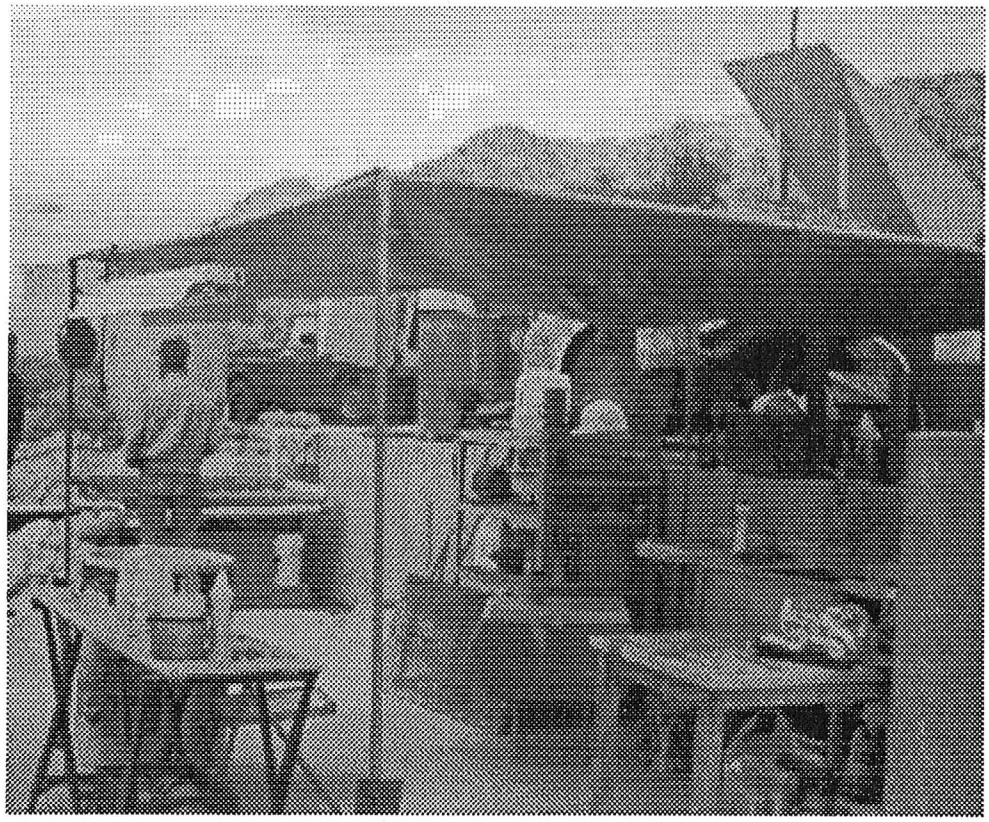
Ore Photos

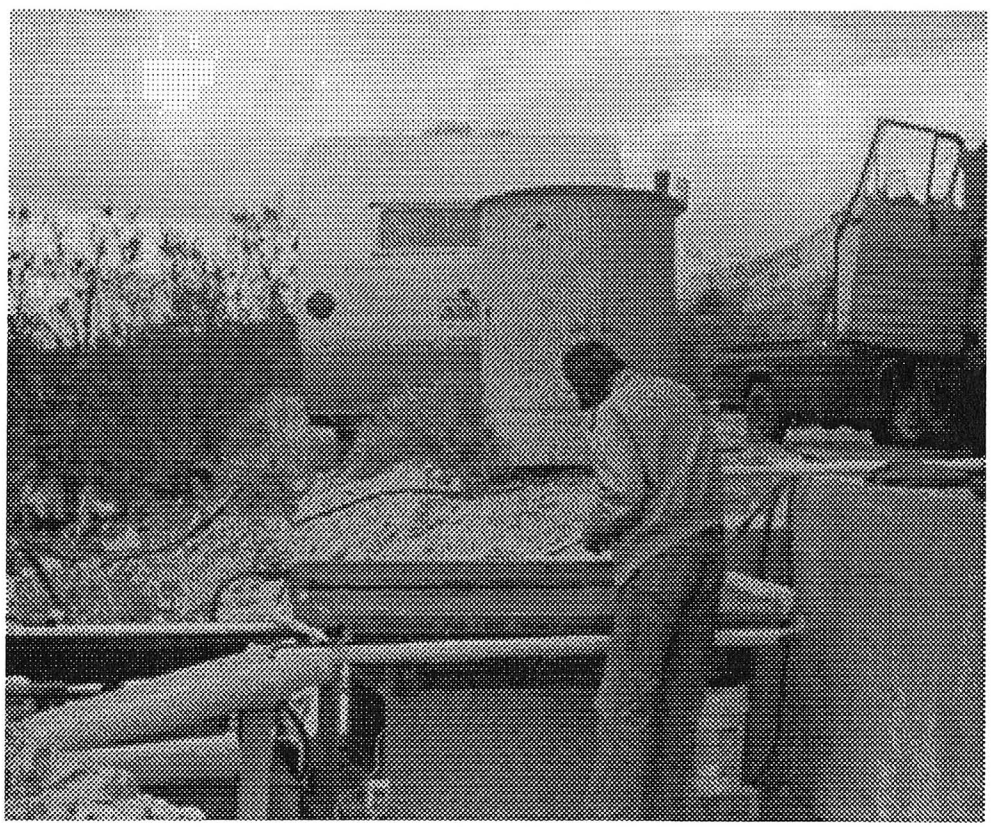


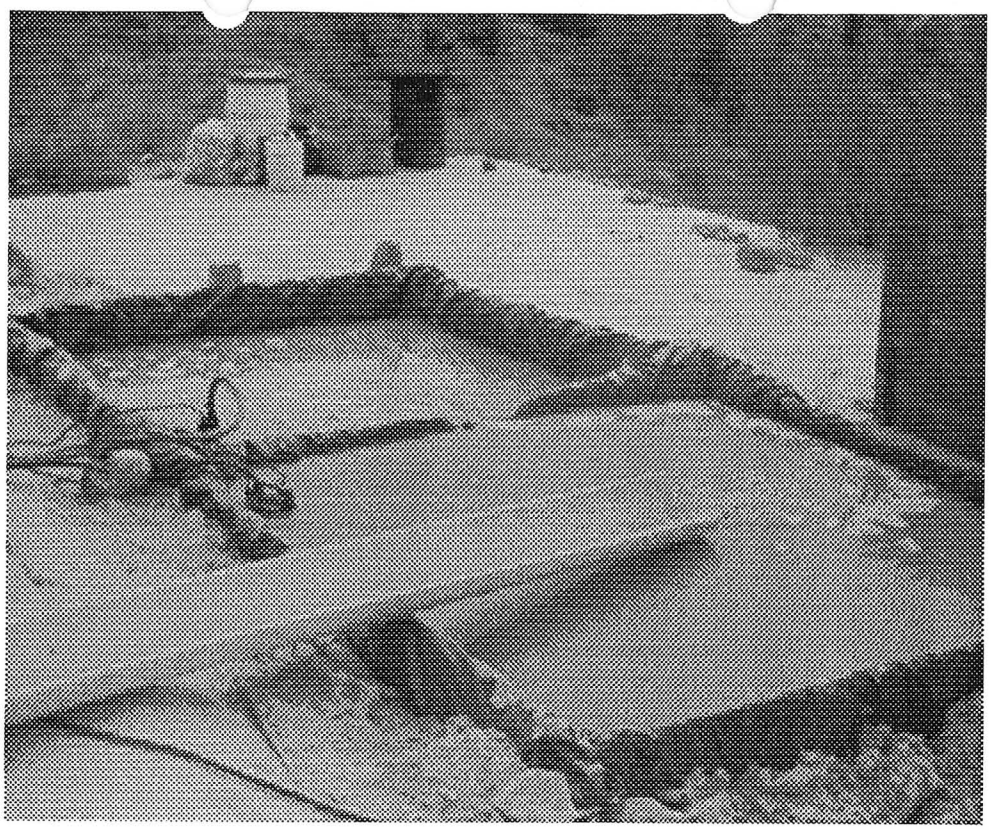


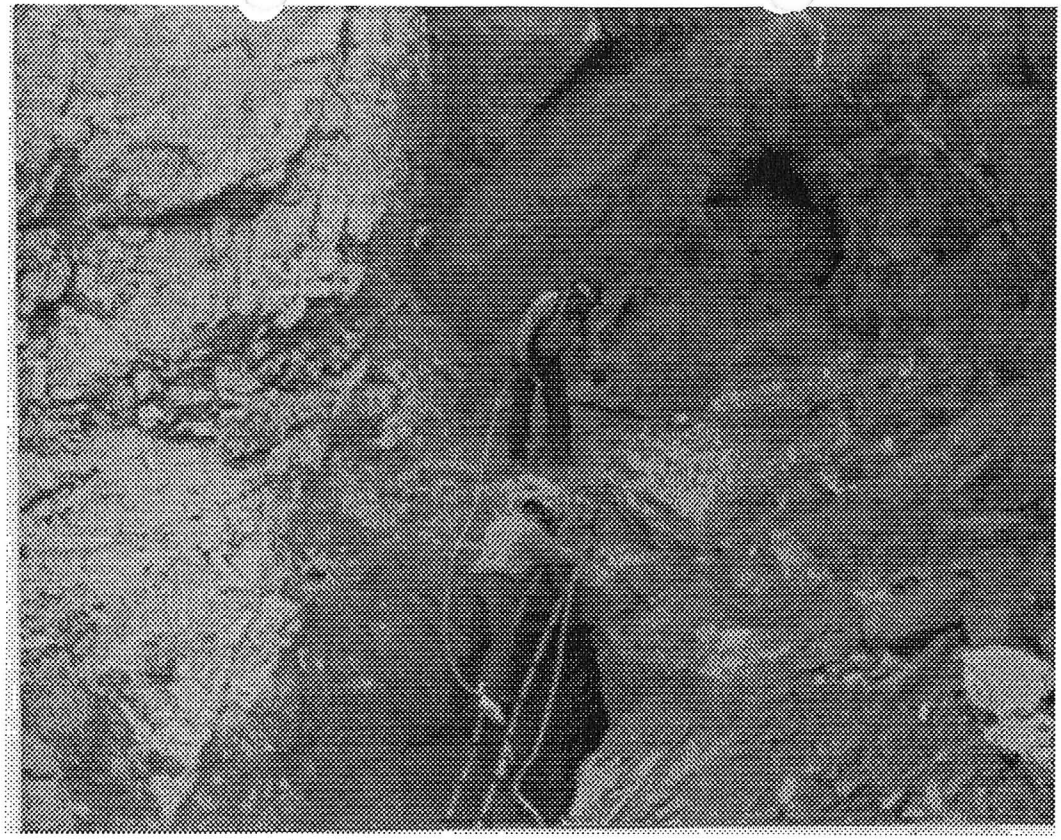


Photos of Previous Work









CAN-EX RESOURCES LTD.
BOX 12542, OCEANIC PLAZA
2580 - 1066 W. HASTINGS ST.
VANCOUVER, B.C. V6E 3X2
TEL: (604) 682-2269

PRESS RELEASE

- CAN-EX REGAINS 100% OWNERSHIP OF ARIZONA - GOLD PROPERTIES

- DRILL INDICATES INCREASED TONNAGES AND GRADES -

The company has recently recaptured a 100% interest in its S.W. Arizona gold properties by their return from Billiton Minerals, U.S.A., Inc. Prior work done by Can-Ex as well as drilling performed by Billiton on the El Tigre property has increased potential ore reserves to approximately 50,000 tons of 0.1 to 0.3 ounces of gold per ton. This would equate to some 5,000 to 15,000 ounces of gold. Drilling by Billiton intersected a flat lying zone with assays as high as 0.51 ounces of gold per ton across ten feet. The zone of interest is open to extension.

Also, Billiton's work on the Knabe and Molly D properties identified geophysical and geological targets, from which the drainage has been placer gold mined to bedrock. These areas therefore become prime drilling targets for in place gold mineralization. The company will continue accumulating and interpreting this incoming data before formulating an on-going program.

SOCORRO REEF PROGRAM

The recently acquired Socorro Reef Property has yielded good results in the first phase of drilling by extending a gold bearing surface zone to a depth of 200 feet (limit of drilling). The over all vertical extent is now in excess of 300 feet and a strike length of some 250 feet has been studied in detail, with 1500 feet of the zone being identified by prospecting and channel sampling. The drill results have shown a vertical system of approximately 5 to 15 feet in width with grades ranging from 0.01 to 0.43 ounces of gold per ton. Surface sampling of this zone disclosed 10 to 20 foot widths with grades ranging from 0.01 to 1.73 ounces of gold per ton.

/over

The property covers a three mile strike length of thrust faulted Paleozoic limestones and quartzites favorable to gold mineralization in the Western Harquahala Mountains.

Three holes drilled in an area of quartzites previously drilled by Noranda, confirmed the presence of a large tonnage gold bearing zone with grades ranging from 0.01 to 0.07 ounces of gold per ton.

Further work is being planned for the Socorro Reef property.

On Behalf of the Board
CAN-EX RESOURCES LTD.

Gary L. Anselmo

G.L. Anselmo, B.A.
President

July 25, 1988

- FOR FURTHER INFORMATION -
- CONTACT G.L. ANSELMO, AT (604) 682-2269 -

- TRADING SYMBOL, V.S.E. - CXZ -

CAN-EX RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)
(Prepared by Management)

1. BASIS OF PRESENTATION

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting of normally recurring adjustments) which are, in the opinion of management, necessary for a fair statement of results for the interim periods.

2. MINERAL PROPERTIES AND DEVELOPMENT

(a) Property acquisition - Gold Hill East Prospect
On January 24, 1988, the Company acquired an option to purchase the Gold Hill East prospect through the assignment of Tri-Con's interest in an option agreement. The Gold Hill East prospect is contiguous to the Company's Gold Hill West prospect. The Company agreed to pay to Tri-Con 5% of net profits derived from operations conducted on the prospect and $62,750 U.S. as reimbursement for costs incurred by Tri-Con in the acquisition and maintenance of the prospect.

Under the terms of the option agreement, the Company is committed to make minimum expenditures on the property of $3,000 U.S. per year and to make the following option payments to a maximum aggregate amount to maintain the property in good standing:

Annual fixed payment U.S. $	Annual contingent payment U.S. $	Aggregate payment U.S. $
$12,000	7.5% of net smelter returns in excess of $12,000.	$1,000,000

(b) Property acquisition - Socorro Mine parcel.
On March 7, 1988, the company acquired an option to purchase the Socorro Mine parcel through the assignment of a mining lease and option agreement. The Socorro Mine parcel consists of two contiguous lode claims physically within the boundary of the Company's Socorro Reef Property. The Company agreed to pay the assignor $55,000 U.S., of which $15,000 U.S. was paid on signing, and the balance payable in monthly payments of $200 U.S..

7/25/88

Under the terms of the mining lease and option agreement, which expires July 28, 1992, the Company is committed to make minimum expenditures of $200 U. S. per year and to make annual lease payments of $2400 U.S.. In addition to the lease payments, the Company is required to pay a contingent royalty of 10% of the proceeds from the sale of gold derived from the claims. The Company may, at any time during the lease, purchase the parcel for $30,000 U.S..

(c) Granting of option

On January 25, 1988, the Company granted a three-year option to Billiton Minerals (U.S.A.), Inc. to purchase an 80% undivided interest in its Gold Hill West prospect, Gold Hill East prospect and Big Horn property. The Company received a $50,000 U.S. signing bonus upon the approval of the agreement by regulatory authorities. The option was exercisable for a three-year period and if exercised would have resulted in payment of $500,000 U.S. to the Company. Under the terms of the option agreement, Billiton was required to perform work commitments and reimburse the Company for monthly option payments. Subsequent to May 31, 1988, the option agreement was terminated, and the Company's full interest in the Gold Hill East and West prospects and the Big Horn property was restored.

2. CAPITAL STOCK

(a) Authorized Share Capital

10,000,000 common shares of no par value

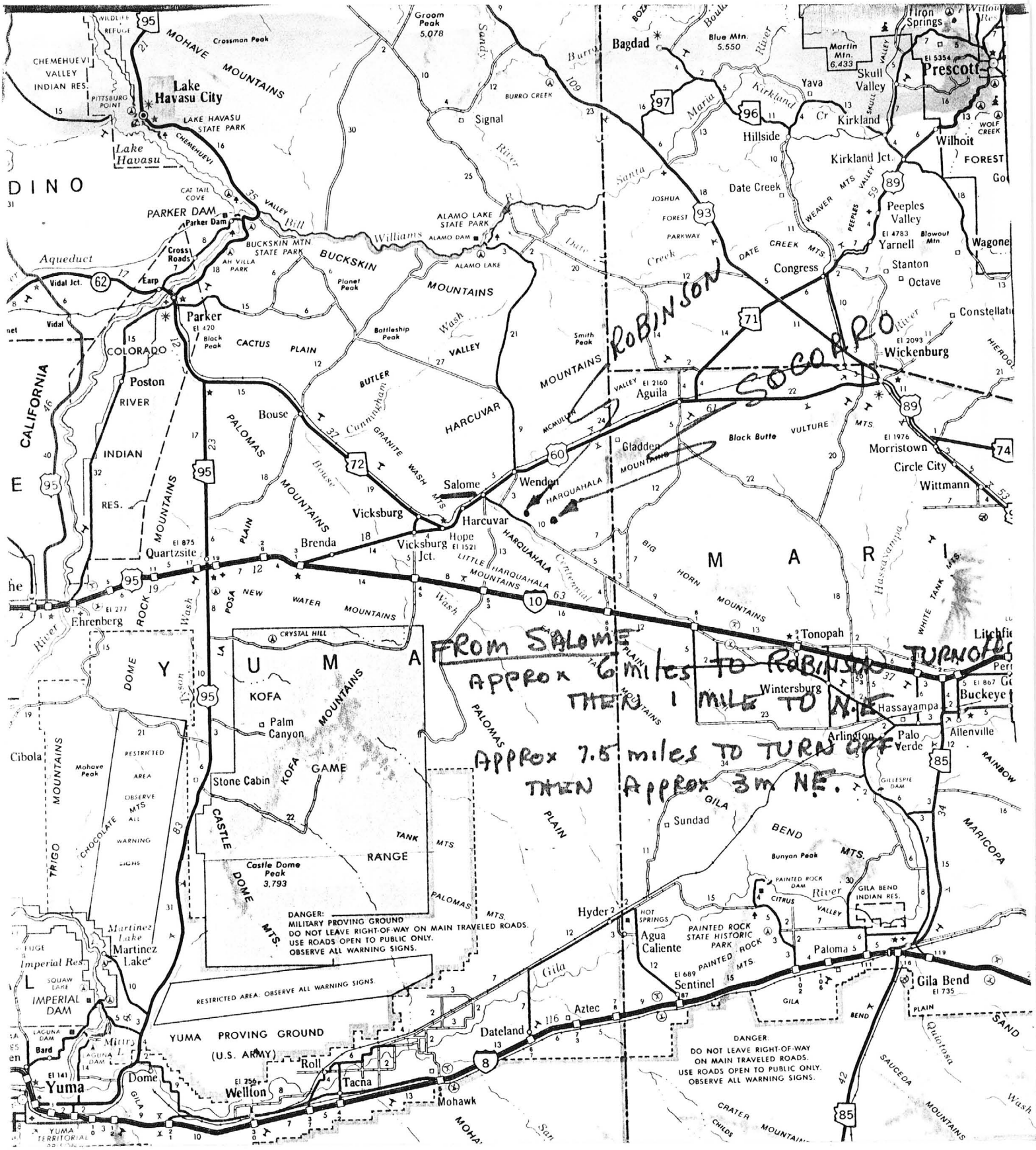
(b) Issued and Outstanding

The issued capital stock is as follows:

	Number of Shares	Amount
Balance at November 30, 1987 and May 31, 1988	6,230,738	$2,297,604

SOCORRO MINE

Harquahala District, Yuma County



Socorro (F)

KNABE F/I

MOLLY DAVENPORT F/I

12 13

CAN-EX

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VANCOUVER, B.C. V6E 3X2
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(OVER)

NORRIS x (4) P 2+3

CAN-EX RESOURCES LTD.

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(Unaudited)
(Prepared by Management)

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7/25/88

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P.O. BOX 10363 STOCK EXCHANGE TOWER
VANCOUVER, B.C.
V7Y 1G5
683-7265
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$300.00 PER YEAR

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JUNE 8, 1988

George Cross News Letter

"Reliable Reporting"

WESTERN CANADIAN INVESTMENTS

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NO.110(1988)
JUNE 8, 1988

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Socorro (f)

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VANCOUVER. B.C. V6E 3X2
TEL: (604) 682-2269

PRESIDENT'S LETTER TO SHAREHOLDERS

1987 proved a significant year for the company. Five of Can-Ex's gold properties in S.W. Arizona have been optioned to Billiton Minerals (U.S.A.), Inc., who are currently active in the exploration of these properties. In addition, the company has secured an option to purchase the Socorro Reef Gold Mine and surrounding area. Initial sampling and geologic results have indicated the presence of a large and rich gold and silver bearing formation. Exploration of this area is continuing.

The company has ample funds to conduct its programs. 1988 promises to be an exciting and rewarding year for Can-Ex.

On Behalf of the Board
CAN-EX RESOURCES LTD.

Larry L. Anselmo

G.L. Anselmo, B.A.
President

April 12, 1988

1. MINERAL PROPERTIES AND DEVELOPMENT (Continued)

(a) Mineral claims and options (Continued)

Arizona properties (Continued)

Socorro Reef property

This gold property, acquired during 1987, consists of 58 unpatented mineral claims located in La Paz County, Arizona, U.S.A., comprising the White Eagle #1 - #12, Reef #3 - #22, Reef #44, #46, #48, #50, #53, #55, #57, #59, #61, #63, #65, #67, #69, #71, Iron Door #1 - #6, Tres Padres #1, Henry Bell #1, Palo Verde #1, Yellow Gold #1 and Blue Bird #1 and #2. The property is situated approximately 6 kilometres south of Salome, Arizona.

British Columbia properties

American Boy property

The Company is the sole beneficial owner of 25 contiguous mineral claims located in the Omineca Mining Division of the Province of British Columbia, comprising the Janelle, Cindy Lou, Roosevelt Recovery, Silver Bell, AB-1 through AB-8, AB-13 through AB-21, AB-23, AB-24, Cassiar Swift Water and Cassiar Clear Water claims. The property is situated in central British Columbia 10 kilometres northeast of Hazelton, B.C.

Mohawk property

This property consists of four mineral claims known as the Mohawk, Bunker Hill, F.N. Fraction and Lucky Jim claims which adjoin the American Boy property. The claims are located 3 kilometres northeast of New Hazelton, B.C., in the Omineca Mining Division of the Province of British Columbia.

Under the terms of option agreements, the Company is committed to make minimum expenditures on the properties and to make option payments to a maximum aggregate amount for each property to maintain the properties in good standing. The Company may abandon its interests and cease to make payments at any time.

1. MINERAL PROPERTIES AND DEVELOPMENT (Continued)

(a) Mineral claims and options (Continued)

	Annual fixed payment U.S $	Annual contingent payment U.S. $	Aggregate payment U.S. $
Arizona properties			
Gold Crown prospect	$ 3,600	7.5% of net smelter returns in excess of $3,600	$ 50,000
Pump prospect	3,600		50,000
Overshot prospect	12,000	7.5% of net smelter returns in excess of $12,000	1,000,000
Gold Hill West prospect	12,000		1,000,000
Big Horn property			
Mollie D parcel	6,000	7% of net smelter returns in excess of $6,000	500,000
El Tigre parcel	-	15% of net profits	3,000,000
		Royalty of 2% of net profits subsequent to payment of aggregate amount	
Knabe parcel	-	15% of net profits	2,000,000
		Royalty of 2% of net profits subsequent to payment of aggregate amount	
Socorro Reef property	42,000	5% of net smelter returns	5,500,000
	$79,200		

The Company has also agreed to issue up to 75,000 shares of the Company to the optionors of the Knabe parcel (see note 3(i)).

See: USGS Bull. 451 Page 111

2-24-74

TC. FROM
Sved Johnson
Vice President
University of New Mexico
Albuquerque N. Mex.
87131

Dr George A Cochran
V.P & Chairman of
Board - Jordon
Industries -

wants free office space
In town and donate
percent of profit to
University Library

IN 1981 I NORMA REYNOLDS MARRIED GEORGE CAMPBELL JR. IN SALOME AZ WE WORKED THE HURCULES MINE UNTILL 1983 WHEN THE OWNER MR SPLAWN DECIDED TO SHUT IT DOWN AND SELL PROPERTY TO A CACTUS LANDSCAPING CO.
THE SOCORRO MINE PROPERTY WAS LEASED TO A NEW YORK CO TRU MR SRYBNIC. WHEN THEY DROPPED THEIR LEASE GEORGE AND I AND GEORGE AND ANNIE CAMBELL SR. BEGAN SOME REMOOVAL OF ORE FROM THE SOCORRO PROPERTY FROM WHAT IS NOW CALLED BELL HENRY # 1. WE WOULD HAUL THE ORE IN 5 GALLON BUCKETS GETTING ½ TON PER PICKUP LOAD . WE HAULED THE ORE TO OUR HOME IN SALOME WHERE WE HAD A JAW CRUSHER AND A BALL MILL AND BELTS AND TABLES AND WATER AND ELECTRICITY. IT TOOK US ONE DAY TO HAUL ORE AND ONE DAY TO CRUSH AND ONE DAY TO TABLE AND RECOVER ONE OUNCE GOLD PER TON OF ORE. WE WORKED AS THE WEATHER WOULD ALLOW . THEN WE HAD TO START BLASTING TO GET LOOSE ORE ALL APPROOVED BY B.L.M. RULES. THE ORE WAS LIMESTONE OR LIMINITE AND WHITE QUARTZ STRINGERS CONTAINING VISABLE GOLD.

ON 1988 GEORGE JR BECAME ILL WITH EMPHSEMA AND CEASED OPERATIONS AS HE WAS ON OYYGEN 24-7. HE LIVED UNTILL MARCH OF 1993.

I THEN TOOK IN WILLIAM {BILL} JOHNSON AND HIS WIFE SHELBA AS PARTNERS AS THE PRIOR PARTNERS DID NOT WANT TO SHARE EXPENSES FOR FILING CLAIMS. WE LEASED CLAIMS OUT DURING NEXT MONTHS TO AN INDIVIDUAL FOR ONE YEAR FOR $10,000.00. THEY DID NOT RELEASE IT OR DO ANY WORK.

IN 1997 MY SON. BILL HUCKABY AND MY BROTHER, ED WITHEY PUT THE BALL MILL OM CLAIM #9 WITH TABLES AND RECOVERT EQUIPMENT. WE HAULED WATER AND USED A GENERATOR FOR ELECTRICITY AGAIN ALL PERMITTED BY B.L.M.
VERN SHEPPARD A LICENSED CONTRACTOR DID SOME BLASTING IN CLAIM # 1 .

BILL AND ED THEN BROUGHT ORE AGAIN DOWN FROM #1 TO #9 AND SCREENED ORE AND PUT IN BALL MILL WITH A 200 MESH SCREEN AND TABLED AND ADDED A SMALL RECOVERY TABLE FROM UTECH CO AT END OF TABLES SEPERATING HEAVY METALS TO ONE SIDE. THEY THEN USED A FURNACE FROM LITTLE HADIES CO USING PROPANE HEAT TO RECOVER .999 GOLD . RECOVERED 1 OUNCE PER TON . ED STAYED ON PROPERTY AS A WATCHMAN ALSO.

IN SEPTEMBER OF 1998 THEY WERE GETTING READY TO GO AT IT AGAIN AND WHILE STANDING ON A CHAIR TO CLEAN HIS CAMPER WINDOWS,ED FELL, BROKE RIBS. BILLS GRAND FATHER VERY ILL IN STOCKTON CAL. BILL WENT TO HIM AND THE OPERATION WAS CLOSED DOWN AND PUT UP FOR SALE.

WE HAVE HAD LOTS OF LOOKERS AND TALKERS BUT NO SALE WITH ERNEST MONEY I REMARIED FOR 3 YEARS SO MY NAME IS REYNOLDS INSTEAD OF CAMPBELL . SIGNED---Norma Reynolds---NORMA REYNOLDS{NOT MARRIEDNO ☺)

14 claims - Socorro, LA PAZ

August 2006

Attached 10/29/80 mjw

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine	SOCORRO	Date	October 27, 1980
District	Harquahala (Yuma County)	Engineer	John H. Jett
Subject:	Mine Visit		

Property has been taken over by Socorro Reef Associates. Mill has been set but not operating. 7-Yard front-end loader, service truck, lay crane (50 ft boom) and small back-hoe were on the property.

It was stated 250 tons of .25 tr.oz.Au/ton was in the ore storage bin. 9 Cases of rip-proof plastic fabric (Reef Industries - Griffloyn Co., Houston, Texas) of 40X100' size was on the property.

They plan on starting with cyanide plant. A Mr. Jim Jacobson is manager. He will visit the office tomorrow for assistance.

JHJ:mw

SOCORRO MINE LA PAZ COUNTY

KAP WR 6/7/85: Larry Vernon, P O Box 136, Salome, Arizona 85348 requested information on rubidium. He thinks he may have some alloyed with the gold he is recovering at the Socorro Mine (file). Some information on the element and field tests was sent.

CHJ WR 10/24/86: Visitor: Paul Van Driessche, Agent, Confol, Inc Box 3, Sasabe Star Rt., Tucson, az 85736, phone 625-3306. Discussed Au mineral potential of area ±5000' SW of the Socorro Mine, La Paz Co. (MILS #89). The area which is in the NW¼, Sec 34, T5N R12W has been drilled by Texasgulf with some modest gold intercepts in the Socorro granite. Texasgulf apparently has no further interest. Confol is looking for backers for further drilling.

NJN WR 4/22/88: Parry Willard (card) representing Can-Ex REsources Ltd (card) reported they have leased the Socorro Mine (file) La Paz County from George Campbell Jr. Can-Ex is currently interested in the mineralized limestone composing the Henry Bell section of the property. They believe the crackle breccia and the structural control to be keys to controlling the mienralization. The Paleozoic section can be described as a stack of shingles, NW striking, dipping to the NE. Preliminary sampling indicates that the lower Redwall appears most favorable for mineralization.

NJN WR 8/12/88: Mrs. George Campbell Sr. reported that Can-Ex Resources Ltd (card) completed a drilling program at the Socorro Mne (file) La Paz County this spring, but are not active there this summer. Work will continue this fall.

SOCORRO MINE (AKA Socorro Reef)
Sec 25, T5N, R12W

La Paz
~~Yuma~~ County

KAP WR 1/9/81: Duane Grey reported that he has been involved in establishing a cyanide heap leaching operation at the Socorro Reef Mine, Harquahala District, Yuma County. A leach pad of 10,000 tons of ore capacity was constructed along with solution handling system, carbon tower, and ethanol stripping and electro-winning. Mr. Grey went on to say that he had done extensive sampling on the property prior to erecting the leach pad and only constructed the plant under a direct order by property operators. He felt that as a result of the sampling, there was not sufficient ore proven to justify an operation.

RRB WR 3/27/81: Richard L. Nielsen, Nielsen Geoconsultants Inc., Suite 9B, CSB Bldg, 3560 N. Highway 74, Evergreen, Colorado 80439, was in the office looking at several properties in Yuma, Maricopa, and Mohave Counties for Hecla. He had the files for Socorro Mine, Yuma County, copied.

JHJ Memo 5/5/81: Socorro Mine. No activity at the mine. A Mr. Jerry Sira was acting as watchman. He stated they were waiting for additional monies to come from New York. He stated that Duane Gray would be the manager when they start up. They erected a 10,000 ton stockpile. Water had to be trucked in since recovery rate in Socorro Shaft was not sufficient. He stated 20 ounces of gold was recovered after 17 days of leaching. Jordon Industries have been bought out by new owners.

RRB WR 6/25/82: Visited the Socorro Reef and talked to Robert Johnson. He reports that Socorro Reef Associates are pulling out and selling all the equipment. He also reported that Jerry Sira was going to operate the mine as soon as he received the equipment he was waiting for. He thought they were going to mine underground and heap leach the ore.

NJN WR 1/4/85: George Campbell Jr. reported that no one is working at the Socorro Mine (f) La Paz County now. Apparently Noranda pulled out after completing their drilling project.

KAP WR 6/7/85: In the company of Hal Linder a visit was made to the Socorro Mine (file), La Paz County. Larry Vernon, (c) is caretaker on the property. He reported the property is still owned by George Campbell. Mr. Vernon is working a zone in some quartz veining in limestone. He claims he is recovering some free gold from he zone which contains pyrite cubes, galena and some oxide copper minerals. All f this work is being done with hand tools and some explosives. He went on to r port that Noranda drilled a number of holes in the west end of the property. H said that the property had been given a bad reputation by the various operations ca ried on by Joe Behunen in previous years.

Joe Behumin, phone 801-942-4669, address 2937 Fallentine Road, Sandy, Utah 84070, called and said that data on the Socorro Reef is referenced to the Bunker Hill, Yuma County. However, Behumin said that reference is to the old Socorro Gold Company's mine; where as his property is adjacent but different, located about 1700 feet from the old Socorro Gold shaft. He reports the property to be located in Sec. 10, T5N, R12W, and Sec. 24 & 25, T5N, R11W, G&SRB&M. Further, he reported that they (he and his group of owner-investors) have spent $500,000 in developing the property, have set up a ball mill and plan to build a 1000 ton per day mill. Reserves, if any, were not supplied. The economic mineral is assumed to be gold. In a later conversation with Joe Behumin, on Socorro Reef, he reported that the property operated in the early 30's as the Why Not Mine (Sec. 25, T5N, R11W). WR KP 7-15-77

JHJ/ Memo 3/26/79 - Mr. George Cochran, Vice-President of the company, was on the property with three other employees working on equipment. A crusher to ore bin. The ore bin feeds a ball mill (my estimate - a 7x7 Hardinge). Ball mill feed at this time to a belt (with lugs) classifier. Material then goes to riffles (est. 50 ft. long). Two wilfley tables were nearby but not installed. Pads were poured for the table erection. According to data received, the mill is rated 1000 TPD capacity. The ore will be ground to -150 to -200 mesh. No plans for cyaniding. No plans for amalgamation plates in the riffles. Source of water is from the nearby Socorro Mine. Mr. Cochran stated there was more than One Million Dollars invested. Other equipment included an air compressor, track drill and a 500 KW Baldwin Diesel (Navy surplus) generator. Mr. Cochran stated the gold would be recovered with tables and jigs. His expertise is not in mining or milling so we could not obtain details of the operation. A discussion was held on claim recordations. The HP of the ball mill was 250. The S.M.E. Handbooks give the capacity of an 8x8 ball mill, with a 308 HP motor, at 660 TPH. This is per 24 hours with a -1/2 inch feed and a grind of 80% minus 65 mesh. Approximately one mile west of the Jordon Industries plant is a small betonite mine. It is intermittently operated as sales are made. Owner unknown but lives in Wenden. 5/2/79 a.p.

CH/WR 10/31/79 - Janet Blainer, Geologist, Occidental Minerals examined the Socorro Mine file and reported the owner was a Milton Lunt of Salt Lake City.

RRB WR 9/5/80: Joseph Fisher, from Maryland, has acquired an interest in the Socorro Reef Mine near Salome, Yuma County, and is planning to operate a cyanide plant to recover gold.

RRB WR 10/31/80: James Jacobson Jr., 1100 Norman Place, Los Angeles, California, phone 472-2008, temporarily at Holiday Inn, has taken over the operation of the Socooro Reef Mine for a group of investors. Company address is: Soccoro Reef Associates, P.O. Box 118, Salome, Arizona 85348. He reports that he has a deadline to be in production by November 15, which he will satisfy by starting the heap leaching operation. Later he wants to investigate other extraction methods to determine the optinum process.

STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

Information from: George Campbell, Jr.
Mine: Socorro (f) and Why Not Gold Group (f)
County: La Paz
Location: T5N, R12W, Sec. 25 and T5N, R11W, Sec. 30

The old Why Not group is now located as the "Henry Bell". The property produced 370 tons grading 3.3 oz/ton gold and minor base metals during the period 1932-1937.George Campbell Sr. was the foreman during this time period. After which he staked 17 claims as the Henry Bells.

The property was then dormant until the late 60's. In 1969 the property was leased to Thomas King for its tungsten potential. This included the Treasure Hill Group in SEctions 17 and 20. The lease was then transferred to Damson Oil for 4 to 9 months. In 1971 the Campbells staked the Iron Door Group for gold and tungsten potential. They next staked the Reef Group but did not validate all the claims and so are left with 33 claims that have numbers out of sequence. In 1973 B & B mining Company optioned the property. George Ryberg, geologist mapped and chip sampled the claims. A decision was made that the property was not economic and so it was dropped.

Next Jordan Industries represented by Joe Behunin optioned the property in May 1975 and put a crew and D-7 to work on the gold and tungsten portions of the property. A gravity mill was put into production in 1977 on the Reef Group near the Socorro Shaft. The mill ran for 30 days but there is no record of the production. Both the concentrates produced and Behunin disappeared. A New York group called Socorro Reef Associates (then Socorro Mining Co.) had 1/2 interest in the project and took the entire property over. They put in cyanide pads containing about 4,000 to 8,000 tons about 1980. They had operating difficulties but did produce 37 oz. of dore (containing 25 oz of gold) from their carbon despite losing much of their solution. They then started drilling reverse circulation holes and evaluation for a disseminated deposit, but abandoned their efforts due to financial difficulties.

A new contract was made with the same Socorro Mining Group. They hired Stan Keith to interest large mining groups in the property. He brought in many companies and got some geochemical sampling and geological mapping done on the property. Most of the equipment at the property was auctioned off during this period.

Exxon wanted to option the property but Socorro Reef Associates were in arrears on payments and Exxon declined to

Mineral Building
State Fairgrounds
Phoenix, Arizona 85007
(602) 255-3791

416 W. Congress
Suite 161
Tucson, Arizona 85701
(602) 628-5399

become involved.

After resolving their payments with the Campbells they subleased the property to Noranda. Joe Leavitt was the project geologist who started a drilling project (Campbells have drill logs). They dropped the property after four months without significant findings after drilling mostly Bolsa quartzite.

Since the late 1982 the Campbells have worked a small high-grade portion of the property and operated a amalgam and gravity mill. Production records of gold produced and tons processed have been kept and are available for examination.

Reports available from the Campbells on the property are as follows:

Socorro Reef Project, Final Report by George Ryberg, 1974, done for B & B Mining company a subsidiary of NOranda.

Evaluation of Gold Deposit POtential in the Socorro Peak Area by Stan Keith, May 1982. Done for Socorro Reef aSsociates. 140 53rd Street, Brooklyn, New York 11232.

The Socorro Reef by Thomas C. King, November 1972.

1932 Report by Thompson on the Why Not Group recommending the property to United Verde Copper Company

Report of John C. Rutherford on the Why Not Gold Group, Circa early 1900's.

Evaluation of Gold Ore Near Salome Arizona. Final report prepared by J. D. Miller, Professor of Metallurgy, Utah Engineering Experimental Station, University of Utah, Salt Lake City, Utah 84112, submitted to Mr. Simon Srybnic with Socorro Reef Associates, 140 53rd St./ Brooklyn, New York 11232.

DATE: May 12, 1986 ENGINEER: Nyal J. Niemuth

Nyal J. Niemuth

DEPARTMENT OF MINERAL RESOURCES

STATE OF ARIZONA

FIELD ENGINEERS REPORT

Mine Socorro

Date February 9, 1984

District La Paz County - T5N, R12W, Sec. 25

Engineer Nyal J. Niemuth

Subject: Mine field visit

With Dick Parks, BLM Phoenix District Geologist, attempted to visit Socorro Mine but a locked gate prevented us from getting closer than a half mile to the camp. At the gate was posted a "No Lien Notice". It stated that the mine was leased from the owner Campbell to Socorro Reef Mining Company, who in March 1983 sub-leased it to Noranda Mining Company.

Mr. Parks pointed out the drill roads and sites which Noranda had cut since his last visit to the property. He also reported that their drilling had found an average grade of .025 oz Au/ton in the Bolsa quartzite unit (equivalent to the DOX Quartzite?) which probably accounted for the lack of activity on the property.

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Socorro Date May 1960

District Harquahala, Yuma Co. (Ellsworth Dist.) Engineer Lewis A. Smith

Subject: Interview with L.C. Huthmacher, Box 692, Wenden, Arizona.

Owner: Herman Klix, 4625 W. Burnham, West Milwaukee 14, Wisconsin.

Location: Southern base of Harquahala mountains, 11 miles from Salome.

Work: 375 ft. shaft
2300 ft. of drifts

History: Socorro Gold Mining Co. acquired mine in 1901 and built 20 ton mill, using amalgamation, concentration and cyanidation in 1904. Intermittent operations from 1906 to 1914, yielded $20,000 in gold bullion.

Geology: Geology was described by H. Bancroft, "Ore Deposits of Northern Yuma County, Arizona" - U.S.G.S. Bulletin 451, p 112, 1911 and by Eldred D. Wilson, J. B. Cunningham and G.M. Buttery, "Arizona Gold Lode Mines and Gold Mining, Arizona Bureau of Mines, Mineral Tech. Series, No. 37, Bulletin No. 137, pp 131-132, **ABM 140 p104.**

Socorro Mine Ellsworth District (Harquahala Mtns.) Yuma County

Note from Ted Johnson 10/25/65

According to Joe Allan, Wickenburg, George Campbell, of Salome, now has the Socorro. El Tigre Co., Mexico, reportedly sampled it and got an average grade of $10.00 per ton in gold.

MEMO LAS 10/25/65

Socorro Mine in the Ellsworth District about four miles southeast of Wenden - Mr. Herman Klix has been working three men in new development work.

CLH Quarterly Report 4/1968

Added Mine Rec 4/1968 - 3 men.

Carl Ludwigs has the Socorro mine SW of Salome and he wants to sell it. FTJ WR 12/18/74

DO NOT REPRODUCE Abstract & File in Appr Min File

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943

K

March 13, 1978

Mr. Joe Behunen
Box 136
Salome, AZ 85348

Dear Joe:

After considerable thought and discussion with Sam Rudy and Ken Phillips, the enclosed trip report presents some of our personal comments plus some geologic data you probably already know very well.

Essentially, after the very brief visit to the Socorro Reef--Henry Bell site, we are frankly worried about the sampling procedures and the fact that we cannot see a significant tonnage of proven ore reserves. We do not see an assurance that the values are more than just surficial and we believe the sampling to date may not present a true picture of the contemplated mill feed.

Second, and more important, I have serious doubts as to the amenability of the ore to cyanide leaching and/or gravity processing. Recoveries could be quite low and costs excessively high.

Massive sampling and metallurgical pilot-plant testing are needed to prove the mine and the mill. It appears to me there are too many unverified, unproven areas in the whole picture to risk going ahead with full-scale mill construction.

If you wish to discuss this matter further or if we can be of further service, please let me know.

Thank you for your time and effort in showing us around and for letting us visit your property. I hope you have recovered from your bad cold and are feeling better.

Sincerely,

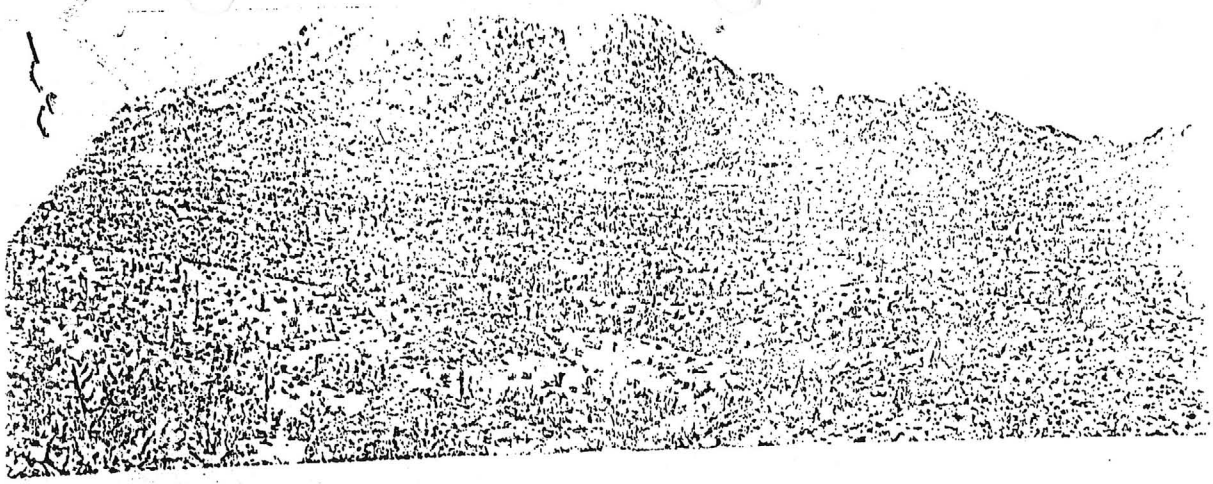
David D. Rabb

David D. Rabb
Mining Engineer-Metallurgist

cc: W. H. Dresher
Sam Rudy
Ken Phillips

File: Socorro Reef
Crossref: Joe Behunin

OBTAINED 7-19-79



The Socorro Reef near Salome, Arizona

PROSPECTUS JORDAN INDUSTRIES INC.

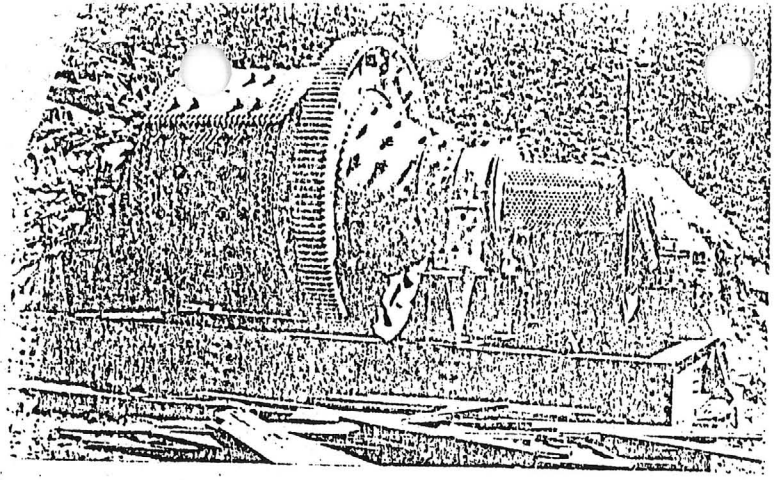
Jordan Industries is a Utah Corporation that was organized chiefly for the purpose of mining in the intermountain area. Jordan Industries was organized in 1975 by the reorganization of the Cherry Creek Silver Mining Company which was a Utah mining corporation that had been organized in 1918. Joseph Behunin is now the President and general manager of the corporation. The corporation was authorized to issue and has issued 15,000,000 shares of stock at no established par value. Joe and Joan Behunin now hold most of the corporation stock but there are also about 270 other stockholders The excess stock (above the 51percent level) will be sold by the Behunans through a New York City brokerage firm after the Socorro Reef open pit mine is in production and processing 1000 tons of ore per day. After all the stock is sold,it will trade at its free-market value level. The stock will be sold at $10.00 per share.

Joe Behunin has devoted his life to mining. Jordan Industries represents the culmination of his life's dream, the application of his life-long experience in all types of mining to a tremendous corporate mining endeavor. He has committed his life's earnings to the success of this venture and is developing the Socorro Reef mine with a most cautious, minimum-cost approach to get into production at a 1000-ton-per-day level.

The Socorro Reef ore is a dolomite that carries significant quantities of gold,silver, copper and lead. The rich gold veins in this ore body have been tunnel mined for more than 400 years and were an important source of Spanish gold. Many mine tunnels exist with no known recorded histories. Such underground shaft mining is now impractical because labor and machinery costs for this type of mining are prohibitive. Jordan Industries will mine the entire deposit by open pit methods at an excellent profit level.

An investment in a mining enterprise is usually considered to be a high risk type of investment. Because risks are generally higher the returns to the investor can also be much higher. Because the past experience of many mining investors has usually been unfortunate, a potential investor should try to compare risks against pay off potentia There are a number of unknowns that must be mentioned: 1) The future prices of recover minerals are uncertain. 2) Inflated costs of needed mining supplies for the future are unpredictable. 3) The mineral content and extent of most ore bodies are great unknown factors because they are usually buried deep in the earth.

The ore body of the Socorro Reef is on a mountain top where its surface can be sampled easily and the visible dimensions of the ore body (approximately 11,000 x 170 x200 ft. can be measured. Another important fact is that the ore body is not covered by any overburdon. Thus the expensive removal of worthless covering material, a usual experie in open pit mining, is avoided. This ore body has probably been more extensively surfa sampled than any other in history. All samplings have indicated a mineral content that has shown gold at .2 oz. per ton or higher along with the other accompanying minerals at levels that would usually approach the market value of the gold. Thus a most conser vative estimate for the current value of the minerals in the ore body would be $45./t From the above figure the cost of mining and processing must be subtracted. The Arizo State Bureau of Mines gives the following cost figures as current for 1000-ton/day ope pit mines: Drilling, blasting and hauling ore 1 mile $1.10/ton. Crushing, milling, jigging and cyaniding of ores $3.90/ton. Thus the total costs for these operations to recover mineral concentrates is $5./ton. Subtracting the $5. we have $40./ton as th estimated return from the ore body. It is calculated that the body contains 30,000,000 tons. Thus a conservative estimate of the recoverable profit from the Socorro Reef op pit mine is $1,200,000,000.00. This ore body is an asset that can be viewed like money in the bank. Of course as the market value of the minerals fluctuates the value of the undeveloped ore body will also fluctuate.



1000-ton-per-day ball mill at the Socorro Reef

Jordan Industries also has other extensive mineral claims and lease that are impossible to evaluate at the present because of insufficient explorative sampling. these will eventually be brought into production if economic feasibility justifies this action and all issue stocks will participate in the profits from these ventures.

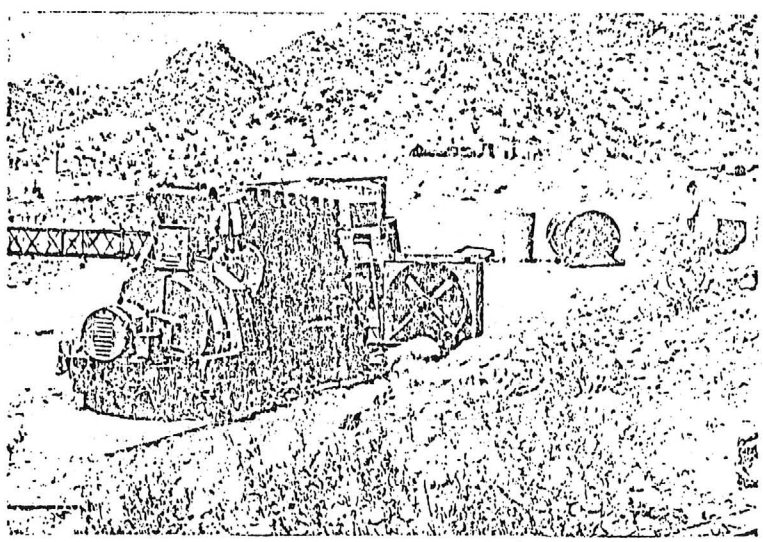
Statement of Jordan Industries Assets and Liabilities

Assets

Minerals (gold, silver, copper and lead) in the Socorro Reef Ore	$1,200,000,000.00
1000-ton-per-day mill and all auxillary equipment	5,000,000.00
Total Assets	$1,205,000,000.00

Liabilities

Mill construction costs	$1,000,000.00
Costs incident to establishing oil claims	760,000.00
15,000,000 shares of stock (nominally valued at $1.00 per share before the Socorro Reef mine is producing)	15,000,000.00
Total Liabilities	$16,760,000.00



500 KW Diesel-powered Electric Generator, The Principal Power Plant for the Socorro Reef Milling Operation

File: Behunin, Joe
Cross ref: Socorro Reef Mine

RESUME OF JOE BEHUNIN

Mr. Behunin was born May 25, 1924, in Duchesne County, Utah and attended elementary and secondary schools in Utah. He attended Carbon college on a scholarship from the U.S. Bureau of Mines and received a Certificate of Registration by the U. S. Bureau of Mines and the State of Utah.

Mr. Behunin has been self-employed a large part of the time, except for a tour of duty with the Army, in Mining and Metallurgy industry as a contractor and consultant. His experience includes the following:

Worked underground for American Gilsonite Company during summer vacations from high school.

As a member of the Armed Forces, he was sent by the Army to the Kennecott Copper Corporation Mine at Bingham Canyon, Utah as a production specialist.

Employed by Col-U-Mex Uranium Corporation,as a field superintendent for three years.

Plant superintendent and General Manager for Santa Fe Western and Pacific Chemical Company.

Owned and operated the Deer Creek Coal Mine and Consolidated #1 and #2 Wickiup Uranium Mines in Emery County, Utah.

Constructed a 1,530 ton per day Manganese Mill at Torreon Springs, New Mexico for the milling of Manganese ore for government stockpile.

Constructed a 2,000 ton per day mill for recovery of non-ferrous and precious metals in Santa Fe County, New Mexico.

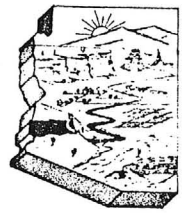
Since that time, he has been actively engaged as a consultant in the exploration and development mining and milling of minerals in the states of Utah, Montana and Arizona.

Since 1948, Mr.Behunin has been actively engaged in the oil business in the states of California, Montana, Utah and South Dakota. Most recently in South Dakota owning and operating the Lantry Field at Eagle Butte, South Dakota, consisting of over 30,000 acres with twenty-one wells each approximately one mile deep.

For the past five years Mr. Behunin has been involved in the development of ore and construction of a Mill for the purpose of processing ore on the Socorro Reef Property located in Yuma County, Arizona.

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943



Trip Report

To: Socorro Reef and Henry Bell mining claim
Yuma County, Harquahala Mountains
11 miles S-SE of Salome, Arizona

Date: Wednesday, March 1, 1978

By: Sam Rudy, Bureau of Geology and Mineral Technology
Dave Rabb, Bureau of Geology and Mineral Technology
Ken Phillips, Department of Mineral Resources

Owner-Operator: Joe Behunen (see letter 3-13-78)
Jordan Industries
SLC-Prescott-Salome

The Socorro vein appears to be a prominent shear zone in metamorphised dolomitic limestone, shale, and quartzite which extends several thousand feet over the flank of the hill, intensely faulted and brecciated. The strike is roughly east-west and the dip, about 30 degrees northerly. The zone shows thin stringers of dense white quartz, brecciated and recemented with silica; including masses of quartzite, intercolated argillite, schist, and metamorphised dolomitic limestone.

A University of Arizona, Geology MSci Thesis, 1976, presents a very complicated structural picture. The writer, R. J. Vargas, concluded that the basal crystalline granite intrusive occurred as a sill-like body along the Precambrian-Paleozoic boundary and postdated the formation of the schist and other metamorphics. He suggests that this surface was also the plane of a slight overthrust or "gravity gliding" prior to the granitic intrusion. He also found a strong lateral faulting and numerous high and low angle, normal and reverse faults which complicated the geologic setting and rendered impossible the prediction of ore deposition.

The mineralization is varied and complex. Early mining operations proved the erratic, inconsistent nature of the mineralization. Scattered values of gold, silver, copper, lead, and zinc occur in irregular pockets, usually associated, where oxidized, with iron oxides and gypsum. Ore values decrease with depth. The high grade pockets were relatively shallow and usually occurred in brecciated quartz and jasper veins in faults in the shear zone. Small erratic tabular pockets of sulphides are encountered at depth. The source of mineralization was thought to be the underlying granitic intrusive. Enrichment due to weathering was found at or near the surface.

Spotty tungsten values were reported associated with discontinuous quartz veins and lenses in scattered areas near the schist--limestone contact.

A 6-foot Marcy Ball Mill and drive motor were in place on a 10 to 12 inch I-beam on a concrete foundation. A primary Blake jaw-crusher was set above a concreted conveyor tunnel with two conveyor units ready nearby. Steel plates and beams were on site for the coarse ore bins. No intermediate crushing facility was evident. A large (600 HP?) diesel motor-generator was on a foundation at the mill site.

The portal to the old Socorro incline had been reopened and a 2½-inch water line installed. I do not believe the Mine Inspector would pass on the portal as was.

A water well capable of 300 gpm was reported 1000 feet down pediment. No line installed.

A rough access road led from the Socorro portal and mill site up the side of the Socorro Reef about 1800 feet to the Henry Bell. Shallow surface blasting exposed one small section of a vein of galena, 1 to 3 inches wide.

About 10000 tons or less of extremely fine, silty mill tails were dispersed in the area of the Socorro portal. A study of this material might be worthwhile to determine if and what values remained unrecovered and why. I believe this ore resembles that at the Congress Mine and some unusual metallurgy will be required to achieve optimum recovery.

I strongly recommend that a pilot plant test, handling at least a ton-a-day on a large (20 to 200 ton) sample of representative ore, take place as soon as possible, before further time and money are spent on the 1000 tpdy-mill construction.

Behunen plans to develop an open cut mine in the area of the Henry Bell claim, truck the ore down to the mill site near the Socorro and, after crushing and grinding, process the ore by agitation cyanide leaching and, possibly, gravity separation.

The ball mill observed on site might be a little small for the projected 1000 tpdy. I believe an 8-foot mill would be better on this ore, particularly if the feed is 3/4 inch and a very fine grind is required to attain liberation.

Behunen states hundreds of samples have been taken and assays made, but there has been no core drilling and apparently no valid sampling at depth. Since this type of deposit is apt to show higher values at or near the surface, I am afraid the assay results from samples thus far are not truly representative of the ore that will be going to the mill.

Also, as spotty, erratic, and refractory to leaching as this ore seems to be, I recommend that a large (100-ton) sample be cut across a clean face of

the area to be mined, that umpire (triplicate) fire-assays be obtained of representative cuts and that a 1 ton-a-day pilot plant be operated to verify recoverability of metal values.

In summary, I feel a true picture of the grade of ore to be mined has not been established, that the tonnage of proven ore is conjecture, and that the optimum flowsheet for the mill is unknown.

I suggest-put a hold on mill construction. Spend time and money on mine development.

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943

March 13, 1978

Mr. Joe Behunen
Box 136
Salome, AZ 85348

Dear Joe:

After considerable thought and discussion with Sam Rudy and Ken Phillips, the enclosed trip report presents some of our personal comments plus some geologic data you probably already know very well.

Essentially, after the very brief visit to the Socorro Reef--Henry Bell site, we are frankly worried about the sampling procedures and the fact that we cannot see a significant tonnage of proven ore reserves. We do not see an assurance that the values are more than just surficial and we believe the sampling to date may not present a true picture of the contemplated mill feed.

Second, and more important, I have serious doubts as to the amenability of the ore to cyanide leaching and/or gravity processing. Recoveries could be quite low and costs excessively high.

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If you wish to discuss this matter further or if we can be of further service, please let me know.

Thank you for your time and effort in showing us around and for letting us visit your property. I hope you have recovered from your bad cold and are feeling better.

Sincerely,

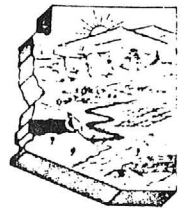
David D Rabb

David D. Rabb
Mining Engineer-Metallurgist

cc: W. H. Dresher
Sam Rudy
Ken Phillips

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943



Trip Report

To: Socorro Reef and Henry Bell mining claim
Yuma County, Harquahala Mountains
11 miles S-SE of Salome, Arizona

Date: ~~Wednesday, March 1, 1978~~

By: Sam Rudy, Bureau of Geology and Mineral Technology
Dave Rabb, Bureau of Geology and Mineral Technology
Ken Phillips, Department of Mineral Resources

Owner-Operator: Joe Behunen (see letter 3-13-78)
Jordan Industries
SLC-Prescott-Salome

The Socorro vein appears to be a prominent shear zone in metamorphised dolomitic limestone, shale, and quartzite which extends several thousand feet over the flank of the hill, intensely faulted and brecciated. The strike is roughly east-west and the dip, about 30 degrees northerly. The zone shows thin stringers of dense white quartz, brecciated and recemented with silica; including masses of quartzite, intercolated argillite, schist, and metamorphised dolomitic limestone.

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A 6-foot Marcy Ball Mill and drive motor were in place on a 10 to 12 inch I-beam on a concrete foundation. A primary Blake jaw-crusher was set above a concreted conveyor tunnel with two conveyor units ready nearby. Steel plates and beams were on site for the coarse ore bins. No intermediate crushing facility was evident. A large (600 HP?) diesel motor-generator was on a foundation at the mill site.

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About 10000 tons or less of extremely fine, silty mill tails were dispersed in the area of the Socorro portal. A study of this material might be worthwhile to determine if and what values remained unrecovered and why. I believe this ore resembles that at the Congress Mine and some unusual metallurgy will be required to achieve optimum recovery.

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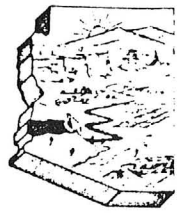

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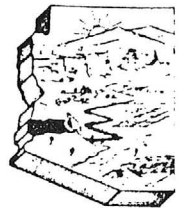
I suggest-put a hold on mill construction. Spend time and money on mine development.



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Jordan Industries Incorporated
POST OFFICE BOX 136
SALOME, ARIZONA 85348

believed to be most conservative, we have a gross value of one Billion one hundred Fifty Five Million Dollars before mining, milling and taxes.

On September 28th, 1977, costs of a thousand tons per day of mining and milling of such an ore body as exists on the Socorro Reef was obtained from the Arizona State Bureau of Mines and are as follows: (this is on a haulage of a mile or less from mine to mill) A top price of $4.00 a ton milling cost, this includes crushing, fine grinding, re-cycling and cyaiding of the tails or in other words a complete milling cycle. Mining costs of one dollar per ton includes drilling, breaking and hauling for a total mining and milling cost on a thousand tpd operation of $5.00 per ton. These figures wewe obtained from Mr. Pierce, State Mining Geologist and Mr. Rabb, State Mining Engineer. Thus, when we take the One Billion One Hundred Fifty Five Million Dollar gross and subtract the mining and milling costs of TwentySeven Million Five hundred Thousand tons @ $5.00 per ton or One Hundred Thirty Seven Million Five Hundred Thousand Dollars mining and milling cost we have a figure of One Billion seventeen Million Five Hundred Thousand Dollars net before taxes.

The total Liabilities as opposed to the Assets of the Corporation presents a very attractive situation. However, it is well to remember that any mining and milling proposition is highly speculative and the above statements are not to be construed as an offer to sell stock or to entice any investments.

JORDAN INDUSTRIES, INC.

Joe Behunin
President

JB/jb

Updated 10/29/80 mjw

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine	SOCORRO	Date	October 27, 1980
District	Harquahala (Yuma County)	Engineer	John H. Jett
Subject:	Mine Visit		

Property has been taken over by Socorro Reef Associates. Mill has been set but not operating. 7-Yard front-end loader, service truck, lay crane (50 ft boom) and small back-hoe were on the property.

It was stated 250 tons of .25 tr.oz.Au/ton was in the ore storage bin. 9 Cases of rip-proof plastic fabric (Reef Industries - Griffloyn Co., Houston, Texas) of 40X100' size was on the property.

They plan on starting with cyanide plant. A Mr. Jim Jacobson is manager. He will visit the office tomorrow for assistance.

JHJ:mw

SOCORRO MINE LA PAZ COUNTY

KAP WR 6/7/85: Larry Vernon, P O Box 136, Salome, Arizona 85348 requested information on rubidium. He thinks he may have some alloyed with the gold he is recovering at the Socorro Mine (file). Some information on the element and field tests was sent.

CHJ WR 10/24/86: Visitor: Paul Van Driessche, Agent, Confol, Inc Box 3, Sasabe Star Rt., Tucson, az 85736, phone 625-3306. Discussed Au mineral potential of area ±5000' SW of the Socorro Mine, La Paz Co. (MILS #89). The area which is in the NW¼, Sec 34, T5N R12W has been drilled by Texasgulf with some modest gold intercepts in the Socorro granite. Texasgulf apparently has no further interest. Confol is looking for backers for further drilling.

NJN WR 4/22/88: Parry Willard (card) representing Can-Ex REsources Ltd (card) reported they have leased the Socorro Mine (file) La Paz County from George Campbell Jr. Can-Ex is currently interested in the mineralized limestone composing the Henry Bell section of the property. They believe the crackle breccia and the structural control to be keys to controlling the mienralization. The Paleozoic section can be described as a stack of shingles, NW striking, dipping to the NE. Preliminary sampling indicates that the lower Redwall appears most favorable for mineralization.

NJN WR 8/12/88: Mrs. George Campbell Sr. reported that Can-Ex Resources Ltd (card) completed a drilling program at the Socorro Mne (file) La Paz County this spring, but are not active there this summer. Work will continue this fall.

SOCORRO MINE (AKA Socorro Reef)
Sec 25, T5N, R12W

La Paz
~~Yuma~~ County

KAP WR 1/9/81: Duane Grey reported that he has been involved in establishing a cyanide heap leaching operation at the Socorro Reef Mine, Harquahala District, Yuma County. A leach pad of 10,000 tons of ore capacity was constructed along with solution handling system, carbon tower, and ethanol stripping and electro-winning. Mr. Grey went on to say that he had done extensive sampling on the property prior to erecting the leach pad and only constructed the plant under a direct order by property operators. He felt that as a result of the sampling, there was not sufficient ore proven to justify an operation.

RRB WR 3/27/81: Richard L. Nielsen, Nielsen Geoconsultants Inc., Suite 9B, CSB Bldg, 3560 N. Highway 74, Evergreen, Colorado 80439, was in the office looking at several properties in Yuma, Maricopa, and Mohave Counties for Hecla. He had the files for Socorro Mine, Yuma County, copied.

JHJ Memo 5/5/81: Socorro Mine. No activity at the mine. A Mr. Jerry Sira was acting as watchman. He stated they were waiting for additional monies to come from New York. He stated that Duane Gray would be the manager when they start up. They erected a 10,000 ton stockpile. Water had to be trucked in since recovery rate in Socorro Shaft was not sufficient. He stated 20 ounces of gold was recovered after 17 days of leaching. Jordon Industries have been bought out by new owners.

RRB WR 6/25/82: Visited the Socorro Reef and talked to Robert Johnson. He reports that Socorro Reef Associates are pulling out and selling all the equipment. He also reported that Jerry Sira was going to operate the mine as soon as he received the equipment he was waiting for. He thought they were going to mine underground and heap leach the ore.

NJN WR 1/4/85: George Campbell Jr. reported that no one is working at the Socorro Mine (f) La Paz County now. Apparently Noranda pulled out after completing their drilling project.

KAP WR 6/7/85: In the company of Hal Linder a visit was made to the Socorro Mine (file), La Paz County. Larry Vernon, (c) is caretaker on the property. He reported the property is still owned by George Campbell. Mr. Vernon is working a zone in some quartz veining in limestone. He claims he is recovering some free gold from he zone which contains pyrite cubes, galena and some oxide copper minerals. All f this work is being done with hand tools and some explosives. He went on to r port that Noranda drilled a number of holes in the west end of the property. H said that the property had been given a bad reputation by the various operations ca ried on by Joe Behunen in previous years.

Joe Behumin, phone 801-942-4669, address 2937 Fallentine Road, Sandy, Utah 84070, called and said that data on the Socorro Reef is referenced to the Bunker Hill, Yuma County. However, Behumin said that reference is to the old Socorro Gold Company's mine; where as his property is adjacent but different, located about 1700 feet from the old Socorro Gold shaft. He reports the property to be located in Sec. 10, T5N, R12W, and Sec. 24 & 25, T5N, R11W, G&SRB&M. Further, he reported that they (he and his group of owner-investors) have spent $500,000 in developing the property, have set up a ball mill and plan to build a 1000 ton per day mill. Reserves, if any, were not supplied. The economic mineral is assumed to be gold. In a later conversation with Joe Behumin, on Socorro Reef, he reported that the property operated in the early 30's as the Why Not Mine (Sec. 25, T5N, R11W). WR KP 7-15-77

JHJ/ Memo 3/26/79 - Mr. George Cochran, Vice-President of the company, was on the property with three other employees working on equipment. A crusher to ore bin. The ore bin feeds a ball mill (my estimate - a 7x7 Hardinge). Ball mill feed at this time to a belt (with lugs) classifier. Material then goes to riffles (est. 50 ft. long). Two wilfley tables were nearby but not installed. Pads were poured for the table erection. According to data received, the mill is rated 1000 TPD capacity. The ore will be ground to -150 to -200 mesh. No plans for cyaniding. No plans for amalgamation plates in the riffles. Source of water is from the nearby Socorro Mine. Mr. Cochran stated there was more than One Million Dollars invested. Other equipment included an air compressor, track drill and a 500 KW Baldwin Diesel (Navy surplus) generator. Mr. Cochran stated the gold would be recovered with tables and jigs. His expertise is not in mining or milling so we could not obtain details of the operation. A discussion was held on claim recordations. The HP of the ball mill was 250. The S.M.E. Handbooks give the capacity of an 8x8 ball mill, with a 308 HP motor, at 660 TPH per 24 hours. This is with a -1/2 inch feed and a grind of 80% minus 65 mesh. Approximately one mile west of the Jordon Industries plant is a small betonite mine. It is intermittently operated as sales are made. Owner unknown but lives in Wenden. 5/2/79 a.p.

CH/WR 10/31/79 - Janet Blainer, Geologist, Occidental Minerals examined the Socorro Mine file and reported the owner was a Milton Lunt of Salt Lake City.

RRB WR 9/5/80: Joseph Fisher, from Maryland, has acquired an interest in the Socorro Reef Mine near Salome, Yuma County, and is planning to operate a cyanide plant to recover gold.

RRB WR 10/31/80: James Jacobson Jr., 1100 Norman Place, Los Angeles, California, phone 472-2008, temporarily at Holiday Inn, has taken over the operation of the Socooro Reef Mine for a group of investors. Company address is: Soccoro Reef Associates, P.O. Box 118, Salome, Arizona 85348. He reports that he has a deadline to be in production by November 15, which he will satisfy by starting the heap leaching operation. Later he wants to investigate other extraction methods to determine the optinum process.

STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES

VERBAL INFORMATION SUMMARY

Information from: George Campbell, Jr.
Mine: Socorro (f) and Why Not Gold Group (f)
County: La Paz
Location: T5N, R12W, Sec. 25 and T5N, R11W, Sec. 30

The old Why Not group is now located as the "Henry Bell". The property produced 370 tons grading 3.3 oz/ton gold and minor base metals during the period 1932-1937.George Campbell Sr. was the foreman during this time period. After which he staked 17 claims as the Henry Bells.

The property was then dormant until the late 60's. In 1969 the property was leased to Thomas King for its tungsten potential. This included the Treasure Hill Group in SEctions 17 and 20. The lease was then transferred to Damson Oil for 4 to 9 months. In 1971 the Campbells staked the Iron Door Group for gold and tungsten potential. They next staked the Reef Group but did not validate all the claims and so are left with 33 claims that have numbers out of sequence. In 1973 B & B mining Company optioned the property. George Ryberg, geologist mapped and chip sampled the claims. A decision was made that the property was not economic and so it was dropped.

Next Jordan Industries represented by Joe Behunin optioned the property in May 1975 and put a crew and D-7 to work on the gold and tungsten portions of the property. A gravity mill was put into production in 1977 on the Reef Group near the Socorro Shaft. The mill ran for 30 days but there is no record of the production. Both the concentrates produced and Behunin disappeared. A New York group called Socorro Reef Associates (then Socorro Mining Co.) had 1/2 interest in the project and took the entire property over. They put in cyanide pads containing about 4,000 to 8,000 tons about 1980. They had operating difficulties but did produce 37 oz. of dore (containing 25 oz of gold) from their carbon despite losing much of their solution. They then started drilling reverse circulation holes and evaluation for a disseminated deposit, but abandoned their efforts due to financial difficulties.

A new contract was made with the same Socorro Mining Group. They hired Stan Keith to interest large mining groups in the property. He brought in many companies and got some geochemical sampling and geological mapping done on the property. Most of the equipment at the property was auctioned off during this period.

Exxon wanted to option the property but Socorro Reef Associates were in arrears on payments and Exxon declined to

Mineral Building
State Fairgrounds
Phoenix, Arizona 85007
(602) 255-3791

416 W. Congress
Suite 161
Tucson, Arizona 85701
(602) 628-5399

become involved.

After resolving their payments with the Campbells they subleased the property to Noranda. Joe Leavitt was the project geologist who started a drilling project (Campbells have drill logs). They dropped the property after four months without significant findings after drilling mostly Bolsa quartzite.

Since the late 1982 the Campbells have worked a small high-grade portion of the property and operated a amalgam and gravity mill. Production records of gold produced and tons processed have been kept and are available for examination.

Reports available from the Campbells on the property are as follows:

Socorro Reef Project, Final Report by George Ryberg, 1974, done for B & B Mining company a subsidiary of NOranda.

Evaluation of Gold Deposit POtential in the Socorro Peak Area by Stan Keith, May 1982. Done for Socorro Reef aSsociates. 140 53rd Street, Brooklyn, New York 11232.

The Socorro Reef by Thomas C. King, November 1972.

1932 Report by Thompson on the Why Not Group recommending the property to United Verde Copper Company

Report of John C. Rutherford on the Why Not Gold Group, Circa early 1900's.

Evaluation of Gold Ore Near Salome Arizona. Final report prepared by J. D. Miller, Professor of Metallurgy, Utah Engineering Experimental Station, University of Utah, Salt Lake City, Utah 84112, submitted to Mr. Simon Srybnic with Socorro Reef Associates, 140 53rd St./ Brooklyn, New York 11232.

DATE: May 12, 1986 ENGINEER: Nyal J. Niemuth

Nyal J. Niemuth

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Socorro Date February 9, 1984

District La Paz County - T5N, R12W, Sec. 25 Engineer Nyal J. Niemuth

Subject: Mine field visit

With Dick Parks, BLM Phoenix District Geologist, attempted to visit Socorro Mine but a locked gate prevented us from getting closer than a half mile to the camp. At the gate was posted a "No Lien Notice". It stated that the mine was leased from the owner Campbell to Socorro Reef Mining Company, who in March 1983 sub-leased it to Noranda Mining Company.

Mr. Parks pointed out the drill roads and sites which Noranda had cut since his last visit to the property. He also reported that their drilling had found an average grade of .025 oz Au/ton in the Bolsa quartzite unit (equivalent to the DOX Quartzite?) which probably accounted for the lack of activity on the property.

DEPARTMENT OF MINERAL RESOURCES
STATE OF ARIZONA
FIELD ENGINEERS REPORT

Mine Socorro Date May - 1960

District Harquahala, Yuma Co. (Ellsworth Dist) Engineer Lewis A. Smith

Subject: Interview with L.C. Huthmacher, Box 692, Wenden, Arizona.

Owner: Herman Klix, 4625 W. Burnham, West Milwaukee 14, Wisconsin.

Location: Southern base of Harquahala mountains, 11 miles from Salome.

Work: 375 ft. shaft
2300 ft. of drifts

History: Socorro Gold Mining Co. acquired mine in 1901 and built 20 ton mill, using amalgamation, concentration and cyanidation in 1904. Intermittent operations from 1906 to 1914, yielded $20,000 in gold bullion.

Geology: Geology was described by H. Bancroft, "Ore Deposits of Northern Yuma County, Arizona" - U.S.G.S. Bulletin 451, p 112, 1911 and by Eldred D. Wilson, J. B. Cunningham and G.M. Buttery, "Arizona Gold Lode Mines and Gold Mining, Arizona Bureau of Mines, Mineral Tech. Series, No. 37, Bulletin No. 137, pp 131-132, **ABM 140 p104.**

Socorro Mine Ellsworth District (Harquahala Mtns.) Yuma County

NOte from Ted Johnson 10/25/65

According to Joe Allan, Wickenburg, George Campbell, of Salome, now has the Socorro. El Tigre Co., Mexico, reportedly sampled it and got an average grade of $10.00 per ton in gold.

MEMO LAS 10/25/65

Socorro Mine in the Ellsworth District about four miles southeast of Wenden - Mr. Herman Klix has been working three men in new development work.

CLH Quarterly Report 4/1968

Active Mine List 4/1968 - 3 men.

Carl Ludwigs has the Socorro mine SW of Salome and he wants to sell it. FTJ WR 12/18/74

DO NOT REPRODUCE Abstract & File in App Mine File

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943

March 13, 1978

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Box 136
Salome, AZ 85348

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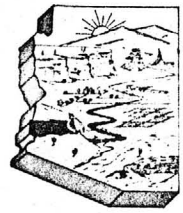

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Date: Wednesday, March 1, 1978

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Ken Phillips, Department of Mineral Resources

Owner-Operator: Joe Behunen (see letter 3-13-78)
Jordan Industries
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Salome, AZ 85348

Dear Joe:

After considerable thought and discussion with Sam Rudy and Ken Phillips, the enclosed trip report presents some of our personal comments plus some geologic data you probably already know very well.

Essentially, after the very brief visit to the Socorro Reef--Henry Bell site, we are frankly worried about the sampling procedures and the fact that we cannot see a significant tonnage of proven ore reserves. We do not see an assurance that the values are more than just surficial and we believe the sampling to date may not present a true picture of the contemplated mill feed.

Second, and more important, I have serious doubts as to the amenability of the ore to cyanide leaching and/or gravity processing. Recoveries could be quite low and costs excessively high.

Massive sampling and metallurgical pilot-plant testing are needed to prove the mine and the mill. It appears to me there are too many unverified, unproven areas in the whole picture to risk going ahead with full-scale mill construction.

If you wish to discuss this matter further or if we can be of further service, please let me know.

Thank you for your time and effort in showing us around and for letting us visit your property. I hope you have recovered from your bad cold and are feeling better.

Sincerely,

David D Rabb

David D. Rabb
Mining Engineer-Metallurgist

cc: W. H. Dresher
Sam Rudy
Ken Phillips

State of Arizona
Bureau of Geology and Mineral Technology

Mineral Technology Branch
University of Arizona
Tucson, Arizona 85721
(602) 884-1943

Trip Report

To: Socorro Reef and Henry Bell mining claim
Yuma County, Harquahala Mountains
11 miles S-SE of Salome, Arizona

Date: Wednesday, March 1, ~~1978~~

By: Sam Rudy, Bureau of Geology and Mineral Technology
Dave Rabb, Bureau of Geology and Mineral Technology
Ken Phillips, Department of Mineral Resources

Owner-Operator: Joe Behunen (see letter 3-13-78)
Jordan Industries
SLC-Prescott-Salome

The Socorro vein appears to be a prominent shear zone in metamorphised dolomitic limestone, shale, and quartzite which extends several thousand feet over the flank of the hill, intensely faulted and brecciated. The strike is roughly east-west and the dip, about 30 degrees northerly. The zone shows thin stringers of dense white quartz, brecciated and recemented with silica; including masses of quartzite, intercolated argillite, schist, and metamorphised dolomitic limestone.

A University of Arizona, Geology MSci Thesis, 1976, presents a very complicated structural picture. The writer, R. J. Vargas, concluded that the basal crystalline granite intrusive occurred as a sill-like body along the Precambrian-Paleozoic boundary and postdated the formation of the schist and other metamorphics. He suggests that this surface was also the plane of a slight overthrust or "gravity gliding" prior to the granitic intrusion. He also found a strong lateral faulting and numerous high and low angle, normal and reverse faults which complicated the geologic setting and rendered impossible the prediction of ore deposition.

The mineralization is varied and complex. Early mining operations proved the erratic, inconsistent nature of the mineralization. Scattered values of gold, silver, copper, lead, and zinc occur in irregular pockets, usually associated, where oxidized, with iron oxides and gypsum. Ore values decrease with depth. The high grade pockets were relatively shallow and usually occurred in brecciated quartz and jasper veins in faults in the shear zone. Small erratic tabular pockets of sulphides are encountered at depth. The source of mineralization was thought to be the underlying granitic intrusive. Enrichment due to weathering was found at or near the surface.

Spotty tungsten values were reported associated with discontinuous quartz veins and lenses in scattered areas near the schist--limestone contact.

A 6-foot Marcy Ball Mill and drive motor were in place on a 10 to 12 inch I-beam on a concrete foundation. A primary Blake jaw-crusher was set above a concreted conveyor tunnel with two conveyor units ready nearby. Steel plates and beams were on site for the coarse ore bins. No intermediate crushing facility was evident. A large (600 HP?) diesel motor-generator was on a foundation at the mill site.

The portal to the old Socorro incline had been reopened and a 2½-inch water line installed. I do not believe the Mine Inspector would pass on the portal as was.

A water well capable of 300 gpm was reported 1000 feet down pediment. No line installed.

A rough access road led from the Socorro portal and mill site up the side of the Socorro Reef about 1800 feet to the Henry Bell. Shallow surface blasting exposed one small section of a vein of galena, 1 to 3 inches wide.

About 10000 tons or less of extremely fine, silty mill tails were dispersed in the area of the Socorro portal. A study of this material might be worthwhile to determine if and what values remained unrecovered and why. I believe this ore resembles that at the Congress Mine and some unusual metallurgy will be required to achieve optimum recovery.

I strongly recommend that a pilot plant test, handling at least a ton-a-day on a large (20 to 200 ton) sample of representative ore, take place as soon as possible, before further time and money are spent on the 1000 tpdy-mill construction.

Behunen plans to develop an open cut mine in the area of the Henry Bell claim, truck the ore down to the mill site near the Socorro and, after crushing and grinding, process the ore by agitation cyanide leaching and, possibly, gravity separation.

The ball mill observed on site might be a little small for the projected 1000 tpdy. I believe an 8-foot mill would be better on this ore, particularly if the feed is 3/4 inch and a very fine grind is required to attain liberation.

Behunen states hundreds of samples have been taken and assays made, but there has been no core drilling and apparently no valid sampling at depth. Since this type of deposit is apt to show higher values at or near the surface, I am afraid the assay results from samples thus far are not truly representative of the ore that will be going to the mill.

Also, as spotty, erratic, and refractory to leaching as this ore seems to be, I recommend that a large (100-ton) sample be cut across a clean face of

the area to be mined, that umpire (triplicate) fire-assays be obtained of representative cuts and that a 1 ton-a-day pilot plant be operated to verify recoverability of metal values.

In summary, I feel a true picture of the grade of ore to be mined has not been established, that the tonnage of proven ore is conjecture, and that the optimum flowsheet for the mill is unknown.

I suggest-put a hold on mill construction. Spend time and money on mine development.

Jordan Industries Incorporated

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SALOME, ARIZONA 85348

A fair appraisal of a 1,000 ton per day Mill was done by the Research Foundation of the Colorado School of Mines in the fall of 1975. This alone with more recent appraisals of qualified enities would give a fair market value or cost value of a 1,000 ton per day mill of Five to Five and one-half Million Dollars.

Such a Mill has been under construction for the past two years on Jordan Industries Corporation Socorro Reef property located in Yuma County, Arizona; and will be ready for the first stage of ore processing within 30 to 60 days from this date September 29, 1977.

This mill has been constructedat the sole expense of Mr. Joe Behunin, President of Jordan Industries Corporation; and at a general stockholders meeting to be held yet this year, will be turned over to the Corporation at a cost not to exceed One Million Dollars ($1,000,000). This includes of course all the road work, construction of approximately 20 miles of road, development of of ore body and construction of the mill. This has been agreed to by and between the Executive Committee and Directors of Jordan Industries Corporation.

Mr. Behunin, at the time of this future stockholders meeting, will waive the Five Hundred Thousand ($500,000) Dollar obligation Jordan Industry Corporation has to him in connection with the South Dakota Oil Property.

In addition to the above liability ie; the mill, Jordan Industries has a liability of Five Hundred Fifty Thousand ($550,000) Dollars approximately, which is the full purchaseprice of the Arizona claims located on the Socorro Reef, and payable out of a 6½% royalty (see attached contract). The corporation has a $24,000 obligation to Mr. George Cochran for the purchase of electric generators.

ASSETS AND LIABILITIES

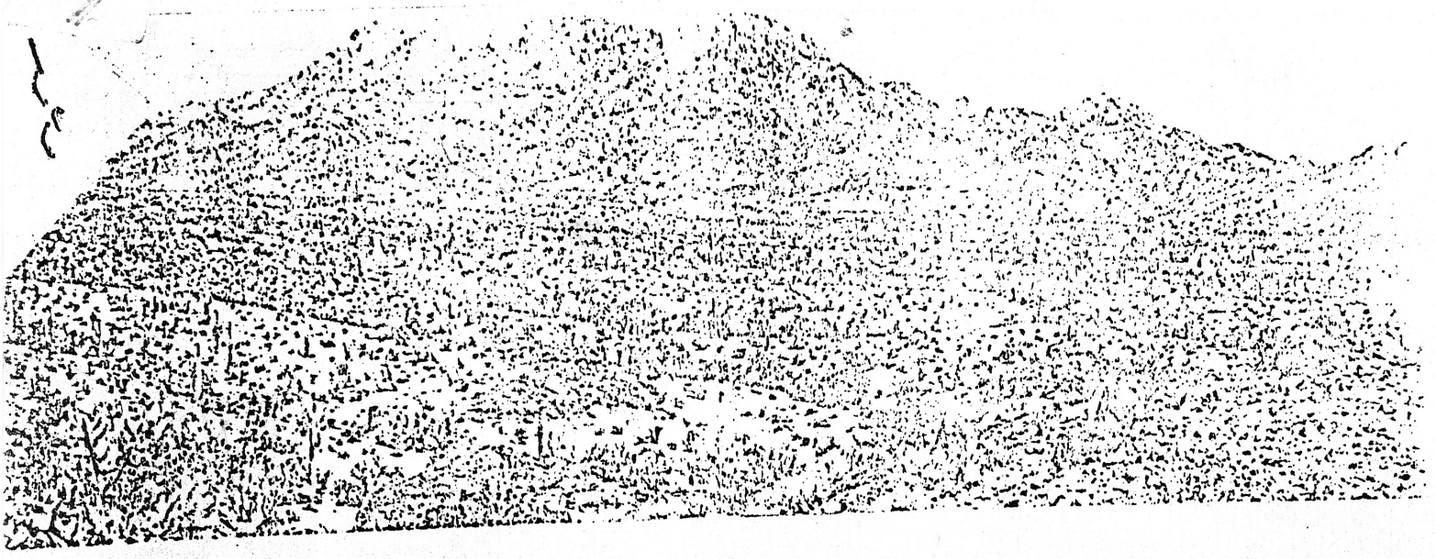
Other interests the Corporation has includes uranium, oil and coal interests, which is being held in a state of limbo at this time. All efforts and financial resources are being directed to the construction and development of ore on the Socorro Reef claims. Thus, the total liabilities of Jordan Industries would not exceed One Million seven hundred fifty thousand (1,750,000) Dollars at this time.

There exists on the Socorro Reef property an ore body visable for 11,000 feet in length, 200 feet wide and 150 feet thick. Using the current engineering method of evaluation , length x width x thickness equals cubic feet in place. It has been found that 12 cubic feet of ore in place on the socorro Reef weighs one ton. Thus the LxWxH divided by 12 gives the following figure of 27,500,000 tons of ore in place. Using a value of $42.00 per ton

EXHIBIT II

File: Socorro Reef
Cross ref: Joe Behunin

OBTAINED 7-19-79



The Socorro Reef near Salome, Arizona

PROSPECTUS JORDAN INDUSTRIES INC.

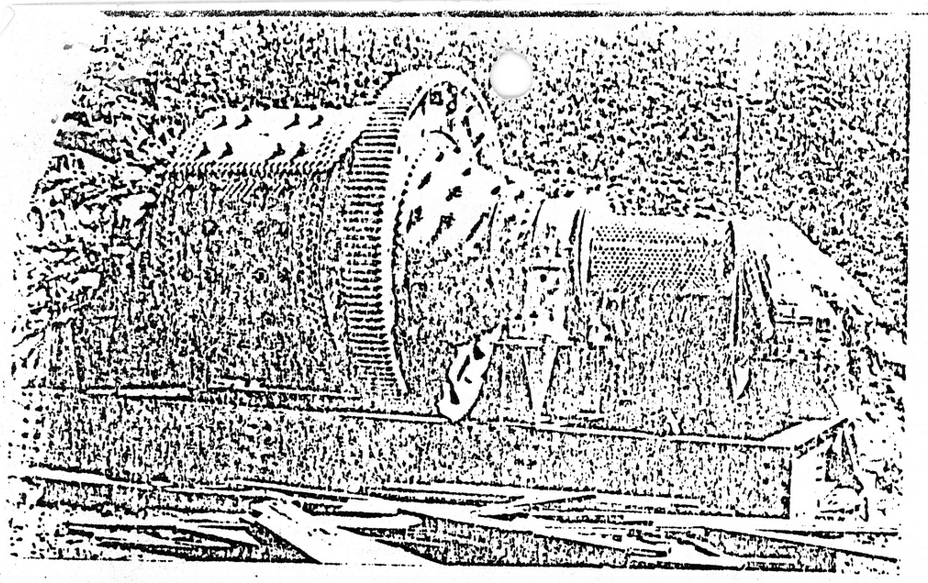
Jordan Industries is a Utah Corporation that was organized chiefly for the purpose of mining in the intermountain area. Jordan Industries was organized in 1975 by the reorganization of the Cherry Creek Silver Mining Company which was a Utah mining corporation that had been organized in 1918. Joseph Behunin is now the President and general manager of the corporation. The corporation was authorized to issue and has issued 15,000,000 shares of stock at no established par value. Joe and Joan Behunin now hold most of the corporation stock but there are also about 270 other stockholders The excess stock (above the 51percent level) will be sold by the Behunans through a New York City brokerage firm after the Socorro Reef open pit mine is in production and processing 1000 tons of ore per day. After all the stock is sold,it will trade at its free-market value level. The stock will be sold at $10.00 per share.

Joe Behunin has devoted his life to mining. Jordan Industries represents the culmination of his life's dream, the application of his life-long experience in all types of mining to a tremendous corporate mining endeavor. He has committed his life's earnings to the success of this venture and is developing the Socorro Reef mine with a most cautious, minimum-cost approach to get into production at a 1000-ton-per-day level.

The Socorro Reef ore is a dolomite that carries significant quantities of gold,silver, copper and lead. The rich gold veins in this ore body have been tunnel mined for more than 400 years and were an important source of Spanish gold. Many mine tunnels exist with no known recorded histories. Such underground shaft mining is now impractical because labor and machinery costs for this type of mining are prohibitive. Jordan Industries will mine the entire deposit by open pit methods at an excellent profit level.

An investment in a mining enterprise is usually considered to be a high risk type of investment. Because risks are generally higher the returns to the investor can also be much higher. Because the past experience of many mining investors has usually been unfortunate, a potential investor should try to compare risks against pay off potentia There are a number of unknowns that must be mentioned: 1) The future prices of recover minerals are uncertain. 2) Inflated costs of needed mining supplies for the future are unpredictable. 3) The mineral content and extent of most ore bodies are great unknown factors because they are usually buried deep in the earth.

The ore body of the Socorro Reef is on a mountain top where its surface can be sampled easily and the visible dimensions of the ore body (approximately 11,000 x 170 x200 ft. can be measured. Another important fact is that the ore body is not covered by any overburdon. Thus the expensive removal of worthless covering material, a usual experie in open pit mining, is avoided. This ore body has probably been more extensively surfa sampled than any other in history. All samplings have indicated a mineral content that has shown gold at .2 oz. per ton or higher along with the other accompanying minerals at levels that would usually approach the market value of the gold. Thus a most conser vative estimate for the current value of the minerals in the ore body would be $45./t From the above figure the cost of mining and processing must be subtracted. The Arizo State Bureau of Mines gives the following cost figures as current for 1000-ton/day ope pit mines: Drilling, blasting and hauling ore 1 mile $1.10/ton. Crushing, milling, jigging and cyaniding of ores $3.90/ton. Thus the total costs for these operations to recover mineral concentrates is $5./ton. Subtracting the $5. we have $40./ton as th estimated return from the ore body. It is calculated that the body contains 30,000,000 tons. Thus a conservative estimate of the recoverable profit from the Socorro Reef ope pit mine is $1,200,000,000.00. This ore body is an asset that can be viewed like money in the bank. Of course as the market value of the minerals fluctuates the value of the undeveloped ore body will also fluctuate.



1000-ton-per-day ball mill at the Socorro Reef

Jordan Industries also has other extensive mineral claims and lease that are impossible to evaluate at the present because of insufficien explorative sampling. these will eventually be brought into production if economic feasibility justifies this action and all issu stocks will participate in the profits from these ventures.

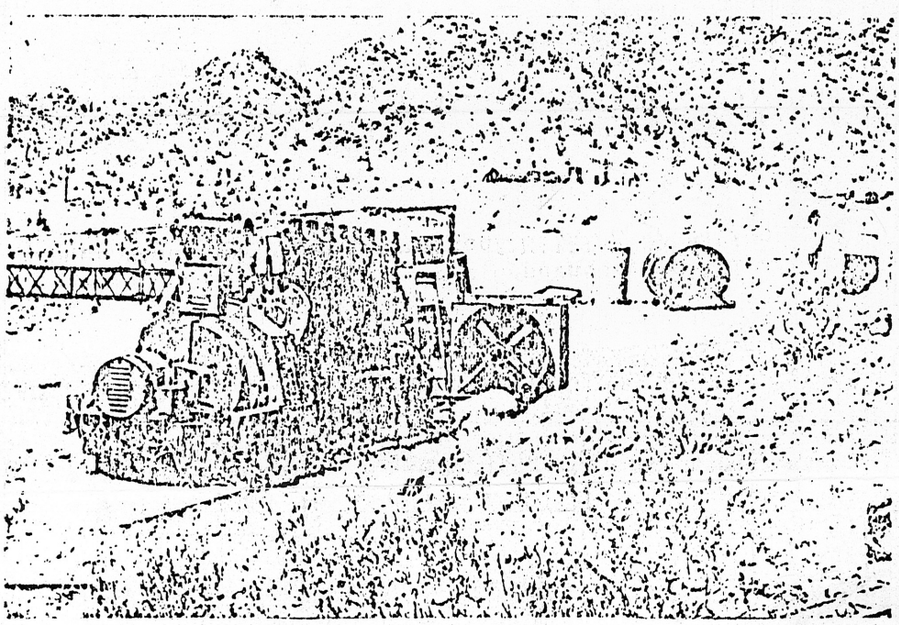
Statement of Jordan Industries Assets and Liabilities

Assets

Minerals (gold, silver, copper and lead) in the Socorro Reef Ore	$1,200,000,000.0
1000-ton-per-day mill and all auxillary equipment	5,000,000.0
Total Assets	$1,205,000,000.0

Liabilities

Mill construction costs	$1,000,000.0
Costs incident to establishing oil claims	760,000.0
15,000,000 shares of stock (nominally valued at $1.00 per share before the Socorro Reef mine is producing)	15,000,000.0
Total Liabilities	$16,760,000.0



500 KW Diesel-powered Electric Generator, The Principal Power Plant for the Socorro Reef Milling Operation

File: Behunin, Joe
Cross ref: Socorro Reef Mine

RESUME OF JOE BEHUNIN

Mr. Behunin was born May 25, 1924, in Duchesne County, Utah and attended elementary and secondary schools in Utah. He attended Carbon college on a scholarship from the U.S. Bureau of Mines and received a Certificate of Registration by the U. S. Bureau of Mines and the State of Utah.

Mr. Behunin has been self-employed a large part of the time, except for a tour of duty with the Army, in Mining and Metallurgy industry as a contractor and consultant. His experience includes the following:

Worked underground for American Gilsonite Company during summer vacations from high school.

As a member of the Armed Forces, he was sent by the Army to the Kennecott Copper Corporation Mine at Bingham Canyon, Utah as a production specialist.

Employed by Col-U-Mex Uranium Corporation, as a field superintendent for three years.

Plant superintendent and General Manager for Santa Fe Western and Pacific Chemical Company.

Owned and operated the Deer Creek Coal Mine and Consolidated #1 and #2 Wickiup Uranium Mines in Emery County, Utah.

Constructed a 1,530 ton per day Manganese Mill at Torreon Springs, New Mexico for the milling of Manganese ore for government stockpile.

Constructed a 2,000 ton per day mill for recovery of non-ferrous and precious metals in Santa Fe County, New Mexico.

Since that time, he has been actively engaged as a consultant in the exploration and development mining and milling of minerals in the states of Utah, Montana and Arizona.

Since 1948, Mr. Behunin has been actively engaged in the oil business in the states of California, Montana, Utah and South Dakota. Most recently in South Dakota owning and operating the Lantry Field at Eagle Butte, South Dakota, consisting of over 30,000 acres with twenty-one wells each approximately one mile deep.

For the past five years Mr. Behunin has been involved in the development of ore and construction of a Mill for the purpose of processing ore on the Socorro Reef Property located in Yuma County, Arizona.

Jordan Industries Incorporated
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believed to be most conservative, we have a gross value of one Billion one hundred Fifty Five Million Dollars before mining, milling and taxes.

On September 28th, 1977, costs of a thousand tons per day of mining and milling of such an ore body as exists on the Socorro Reef was obtained from the Arizona State Bureau of Mines and are as follows: (this is on a haulage of a mile or less from mine to mill) A top price of $4.00 a ton milling cost, this includes crushing, fine grinding, re-cycling and cyaiding of the tails or in other words a complete milling cycle. Mining costs of one dollar per ton includes drilling, breaking and hauling for a total mining and milling cost on a thousand tpd operation of $5.00 per ton. These figures wewe obtained from Mr. Pierce, State Mining Geologist and Mr. Rabb, State Mining Engineer. Thus, when we take the One Billion One Hundred Fifty Five Million Dollar gross and subtract the mining and milling costs of TwentySeven Million Five hundred Thousand tons @ $5.00 per ton or One Hundred Thirty Seven Million Five Hundred Thousand Dollars mining and milling cost we have a figure of One Billion seventeen Million Five Hundred Thousand Dollars net before taxes.

The total Liabilities as opposed to the Assets of the Corporation presents a very attractive situation. However, it is well to remember that any mining and milling proposition is highly speculative and the above statements are not to be construed as an offer to sell stock or to entice any investments.

JORDAN INDUSTRIES, INC.

Joe Behunin

Joe Behunin
President

JB/jb