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PRINTED: 09/05/2002

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: VAN DEEMEN

ALTERNATE NAMES:

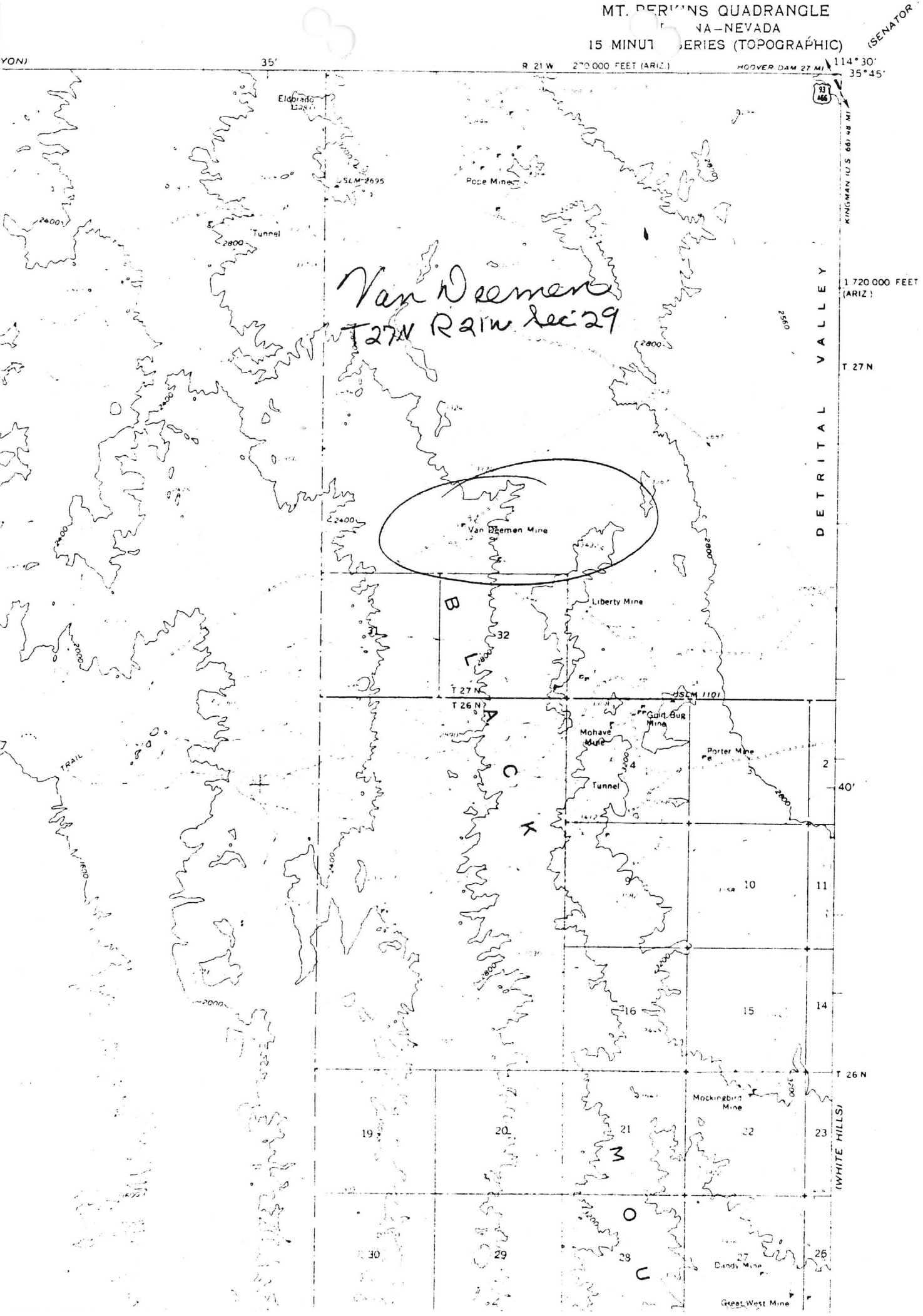
MOHAVE COUNTY MILS NUMBER: 168A

LOCATION: TOWNSHIP 27 N RANGE 21 W SECTION 29 QUARTER SW
LATITUDE: N 35DEG 41MIN 44SEC LONGITUDE: W 114DEG 32MIN 47SEC
TOPO MAP NAME: MT PERKINS - 15 MIN

CURRENT STATUS: PAST PRODUCER

COMMODITY:
GOLD

BIBLIOGRAPHY:
AZ. STATE LAND DEPT. MINERAL MAP
USGS KINGMAN QUAD
USGS MT PERKINS QUAD
MALACH, ROMAN, CERBAT MTN COUNTRY, 1975, P.41
ADMMR VAN DEEMEN FILE


MT. PERKINS QUADRANGLE
VA—NEVADA
15 MINUTE SERIES (TOPOGRAPHIC)
(SENATOR
YONI
35'
R 21 W
270 000 FEET (ARIZ.)
HOOVER DAM 27 MI
114°30'
35°45'
93
466
KINGMAN (U.S. 66) 48 MI
Eldorado
USLM-2695
Pose Mine
Tunnel
2800
2400
Van Daemens
T27N R21W Sec 29
1 720 000 FEET
(ARIZ.)
T 27 N
DETRITAL VALLEY
Van Daemen Mine
Liberty Mine
BLACK
32
T 27 N
T 26 N
USCM 1101
Gain Bur Mine
Mohave Mine
Porter Mine
Tunnel
4
2
40'
TRAIL
10
11
16
15
14
T 26 N
Mockingbird Mine
19
20
21
22
23
(WHITE HILLS)
30
29
28
27
26
Dandy Mine
Great West Mine

Name of Mine or Project:	Township	Range	Section	Priority
Van Deemen	27N	unsurveyed 21W	29 cbd	B
Principal Minerals:	**1:250,000 Quad**		**7.5' - 15' Quad**	
Gold	Kingman		Mt. Perkins	
Associated Minerals:	**District**		**Principal Product**	
Quartz, Calcite	Weaver		Gold	
Type of Operation:	**County**	**State**	**Type of Deposit**	
Underground	Mohave	Ar.	Vein	

Ownership or Controlling Interest:
Consult current USBLM mining claim records

Access: From Kingman, Ar. proceed north on U.S. 93 for 48 miles. Turn left on light duty road for 2.5 miles, then turn left and travel 2.5 miles south. Then right on unimproved road 2 miles. Mine is shown on topographic quadrangle.

Structural Control or Geological Association:

"Quartz vein in a strongly altered and leached Precambrian granite."[1]

"Sheared and extensively altered Precambrian gneiss and schist locally intruded by biotite lamprophyre dikes and sills."[2]

Age of Mineralization:

Production History

"... the dumps of the Van Deemen mine were trucked away for milling during the 1930's." [3]

Geochemical Analyses

Sample I.D.	Au oz/ton	Ag
12-II-82-4	0.066	0.061

References

1) Liggett (1972) field reconnaissance.
2) Exploration Research Associates Incorporated, 1982, Memorandum to William H. Crutchfield, Jr., 1 March 1982.
3) Exploration Research Associates Incorporated, 1982, Memorandum to William H. Crutchfield, Jr., 26 March 1982.
4) Exploration Research Associates Incorporated (1981) Geologic Map of Santa Fe Pacific Railroad Company Mineral Holdings in Northwestern Arizona (scale 1:250,000)

V DEEMEN (A)

Fischer-Watt Mining Co. Inc.

114 TUCKER, SUITE 7
KINGMAN, ARIZONA 86401
PHONE: (602) 753-1622

Geology, Alteration, Mineralization and Exploration Potential of the Van Deemen Prospect Mohave County Arizona

November 15, 1985

VAN DEEMEN PROSPECT

Mohave County, Arizona

INTRODUCTION

The Van Deemen Prospect is located in the Northern Black Mountains, Mohave County, Arizona (Figure 5). The Black Mountains are the most prolific gold producing range in Arizona having a total past production in excess of 3 million ounces. Most past production has come from mid-Tertiary high-angle epithermal quartz-calcite-adularia veins hosted by Tertiary volcanic and Precambrian granitic and gneissic rocks. However, during this same mineralizing epoch low-angle detachment faults (first recognized in the Black Mountains by FWM geologists) were active along the entire length of the range. Detachment fault breccias and associated lystric normal faults are now recognized as host to several minor gold deposits in the Black Mountains (Figure 5). The Black Mountain detachment fault rings the range at the pediment bedrock interface. Most occurrences of mineralized detachment breccias are covered by a thin veneer of tilted Tertiary rocks and/or pediment gravels. This blanket of gravels concealed the presence of mineralized detachment breccias from the "old Timers" and provides encouragement that new major discoveries are waiting to be made.

The Van Deemen Prospect, like Glamis Gold's Picacho Mine to the south, is a breccia-hosted gold deposit at the Tertiary volcanic/Precambrian granite detachment fault contact. At the Van Deemen, only remnants of the mineralized detachment breccias remain in outcrop, however, we have good encouragement that major mineralized thicknesses remain intact beneath the thin cover of tilted Tertiary

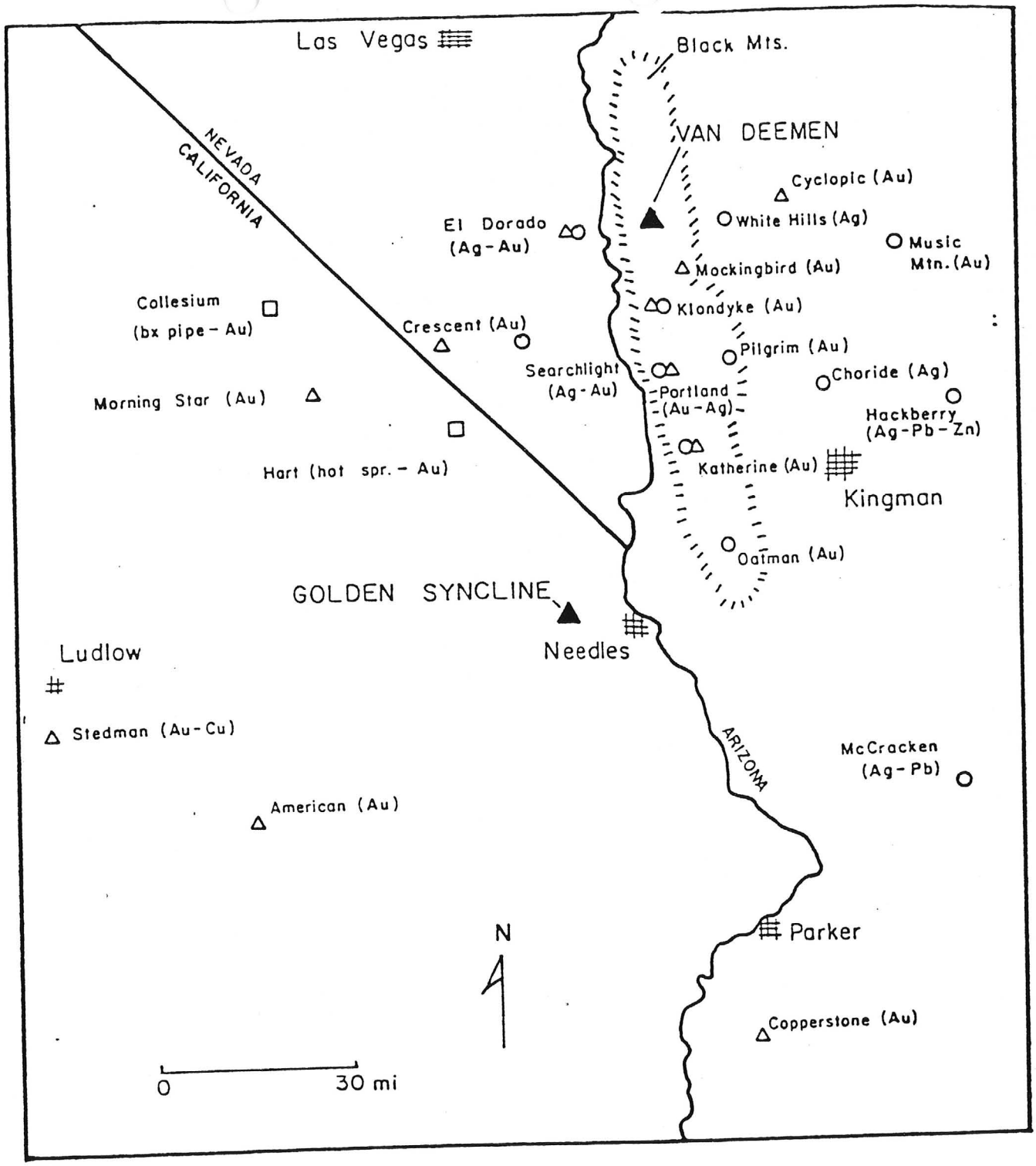


FIGURE 5 Location Map for the Van Deemen Prospect showing other major precious metal mines.

△ Detachment Hosted Deposit ○ Highgrade Vein □ Other

Select Major Past Producers and Reserves

Deposit	Tonnage	Grade	Status
OATMAN	4×10^6T	0.59 o/T Au	Past Prod.
COPPERSTONE	17×10^6T	0.07 o/T Au	Reserve
COLLESIUM	10×10^6T	0.06 o/T Au	Reserve
KATHERINE	1×10^6T	0.30 o/T Au	Past Prod.
MORNINGSTAR	4.2×10^6T	0.04 o/T Au	Reserve

rocks and pediment gravels.

Potential for the Van Deemen is +2 million tons of ore grading +0.05 o/T Au in an open pit heap leach environment.

LOCATION AND ACCESS

The Van Deemen Prospect is located along the west flank of the central Black Mountains, about 50 miles northwest of Kingman, Arizona. The prospect lies approximately 6 miles west of Arizona State Route 93 and is accessible by good to fair dirt roads. The prospect occupies all or portions of Sections 29, 30, and 32, T27N, R21W (FIGURE 6).

LAND STATUS

FWM has acquired 23 unpatented lode claims covering the primary targets at the Van Deemen Prospect. All 23 claims are leased from AMSELCO Exploration Inc., with 20 of the claims acquired through assignment of an underlying lease with Charles Kunkes of Dolan Springs, Arizona. The basic terms of the Van Deemen property lease are as follows:

1) Advance Royalty
   $2,000 per month to Kunkes until production. None to AMSELCO.

2) Work Commitment
   Annual assessment work ($2,300 per year).

3) Production Royalty
   A 5% Net Smelter Return (NSR) will be paid to Kunkes. A ½% NSR to AMSELCO on leased claims (underlying Kunkes lease) and a 4% NSR to AMSELCO on located claims.

4) Buyout
   The Kunkes lease has a $750,000 buyout. The AMSELCO lease has no buyout.

5) Royalty after Buyout
   After the Kunkes buyout, AMSELCO will receive a production royalty of 4% NSR on all 23 claims.

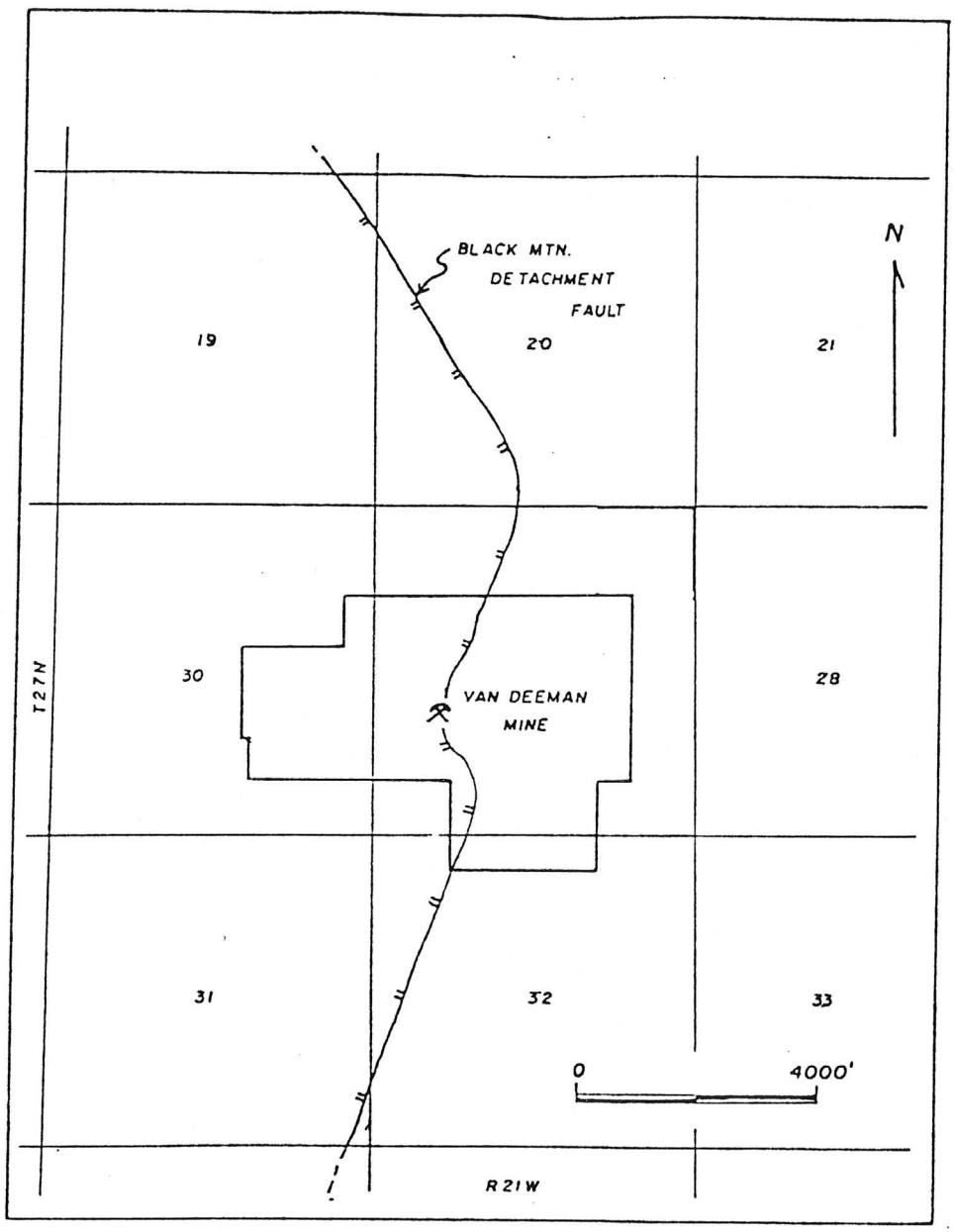


FIGURE 6. Claim Location Map
Van Deemen Prospect, Mohave County, Arizona

GEOLOGY

The northern and central Black Mountains is characterized structurally by a complex system of high- and low-angle normal faults and related strike-slip faults of mid- to late-Tertiary age. In this region, the interplay of these faults has produced extension of the upper crust on the order of 100% and more, mostly during mid-Tertiary time. In general, east-dipping high-angle normal faults rotate Tertiary volcanic and sedimentary rocks to the east in a domino-like fashion. In many areas these high-angle normal faults merge with depth into zones of low-angle faulting (detachment faults) placing highly extended Tertiary volcanic and sedimentary rocks over Precambrian schist, phyllite, gneiss, and mylonite.

At the Van Deemen Mine a 7°west-dipping detachment fault has placed Miocene andesitic lavas, volcanic breccias, and conglomerate over Precambrian gneiss, schist, and phyllite (Figure 7, 9). The footwall Precambrian rocks locally exhibit a mylonitic and/or ultramylonitic fabric, probably imparted on the rock during late Mesozoic or early Tertiary time. The volcanic and sedimentary rocks of the upper plate are rotated as much as 75° to the east and are truncated abruptly down dip by the underlying detachment fault. Rotation of the upper-plate Tertiary rocks is accommodated by a series of north-striking, west-dipping high-angle normal faults which merge with the underlying detachment fault.

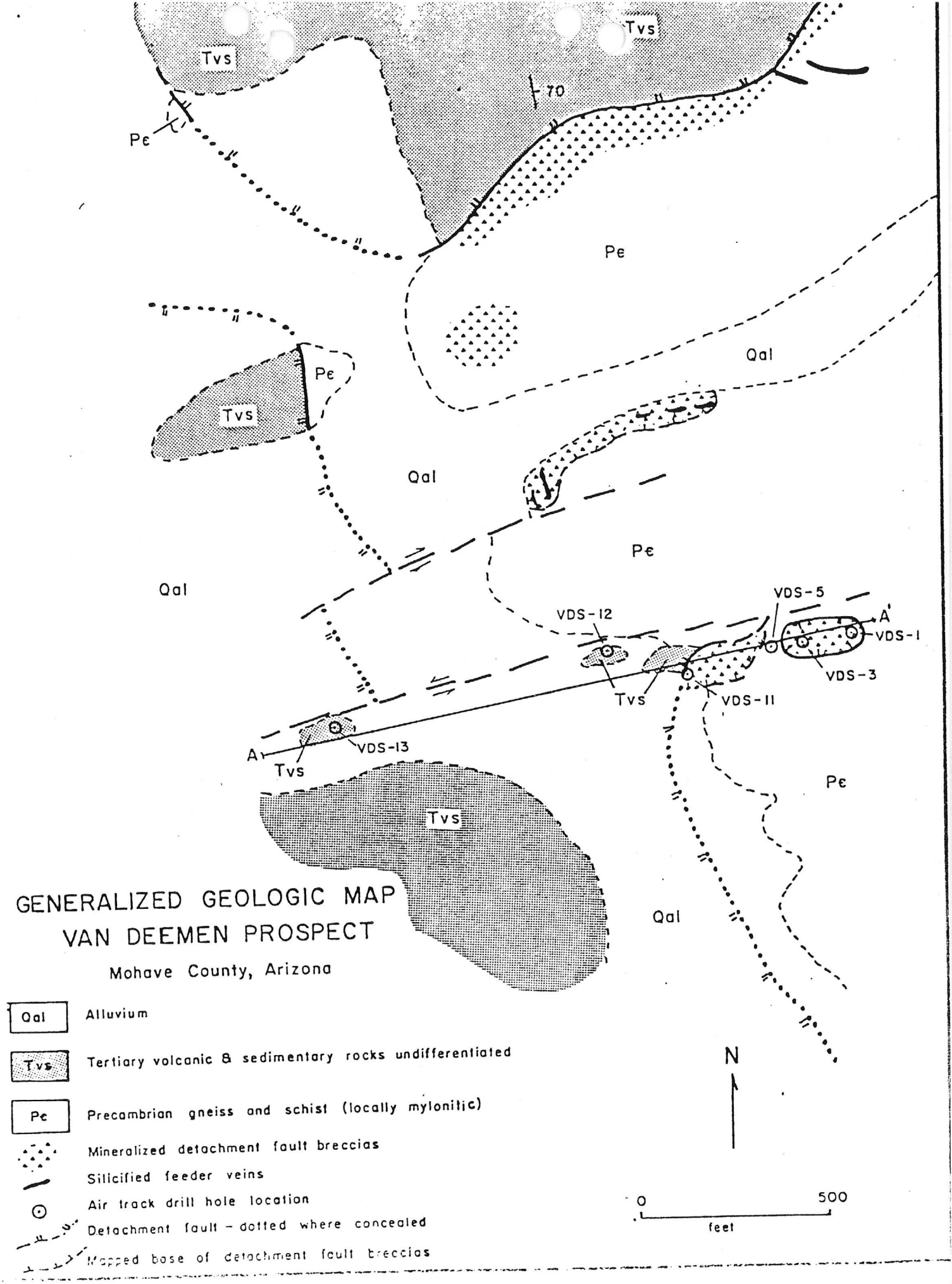


FIGURE 7. Generalized geologic map of the Van Deemen Prospect.

In the area of the Van Deemen, the detachment fault is marked by a complex zone of intense low-angle shearing and brecciation that varies from 15' to 100' thick. This highly structurally prepared zone present along the detachment fault at the base of the Tertiary rocks is referred to as the "detachment breccia zone". The top and bottom of this zone is in many cases a sharp contact between broken, but not brecciated, volcanic and sedimentary rocks above, intensely chloritized and moderately to poorly broken Precambrian gneiss and schist below. The detachment breccia zone at the Van Deemen is exactly analogous to the breccia zone separating Tertiary volcanic rocks from Precambrian granite and gneiss at the Picacho Mine near Yuma, Arizona. Ore at the Picacho Mine is hosted exclusively in this detachment breccia zone of sheared and brecciated Precambrian granite and gneiss.

The rocks beneath the detachment breccia zone at the Van Deemen are poorly broken and are cut by widely-spaced, narrow low-angle shear zones. These footwall shear zones are weakly mineralzied and not of sufficient thickness to be of economic interest. Also developed in these chloritized footwall rocks are high-angle normal faults and fractures generally oriented north-south. These faults ordinarily do not offset the overlying detachment and are perpendicular to the direction of extension as indicated by the east dips of upper-plate Tertiary rocks. For this reason, these high-angle footwall structures are interpreted as tensional fault and fracture features developed in response to movement along the detachment fault above. These faults may act as important feeders for mineralization into the detachment breccia zone.

Post detachment fault structures are generally oriented east-west and are high-angle, dip-slip slip faults with minor displacement.

ALTERATION AND MINERALIZATION

Approximately 120 surface and underground rock chip geochemical samples and 23 shallow air-track drill holes indicate that the detachment breccia zone at the Van Deemen is well mineralized with gold. As Figure 8 illustrates, the brecciated zone along the detachment shows good gold mineralization (.010-.296 o/T Au). The gold values drop off dramatically at the base of the detachment breccia zone indicating very strong structural control by the detachment fault breccias.

As eluded to earlier, weak gold mineralization also occurs footwall to the detachment breccia zones, but is much more restricted spatially. Footwall gold mineralization occurs in high-angle "feeder" zones which usually consist of quartz-breccia ledges showing barite, minor pyrite, hematite, and limonite. The feeder veins are usually keel shaped, pinch with depth below the detachment breccia zone, and are up to 10' thick adjacent to the detachment breccias. Adjacent to the detachment breccia zone the silicified feeders are at their greatest thickness (3'-10') and grade (0.15-0.25 o/T Au),but thin dramatically to almost nothing 50' below the breccia zone. The feeders themselves do not constitute a significant tonnage, but are important indicators of gold mineralization, especially in areas where only lower-plate rocks are exposed.

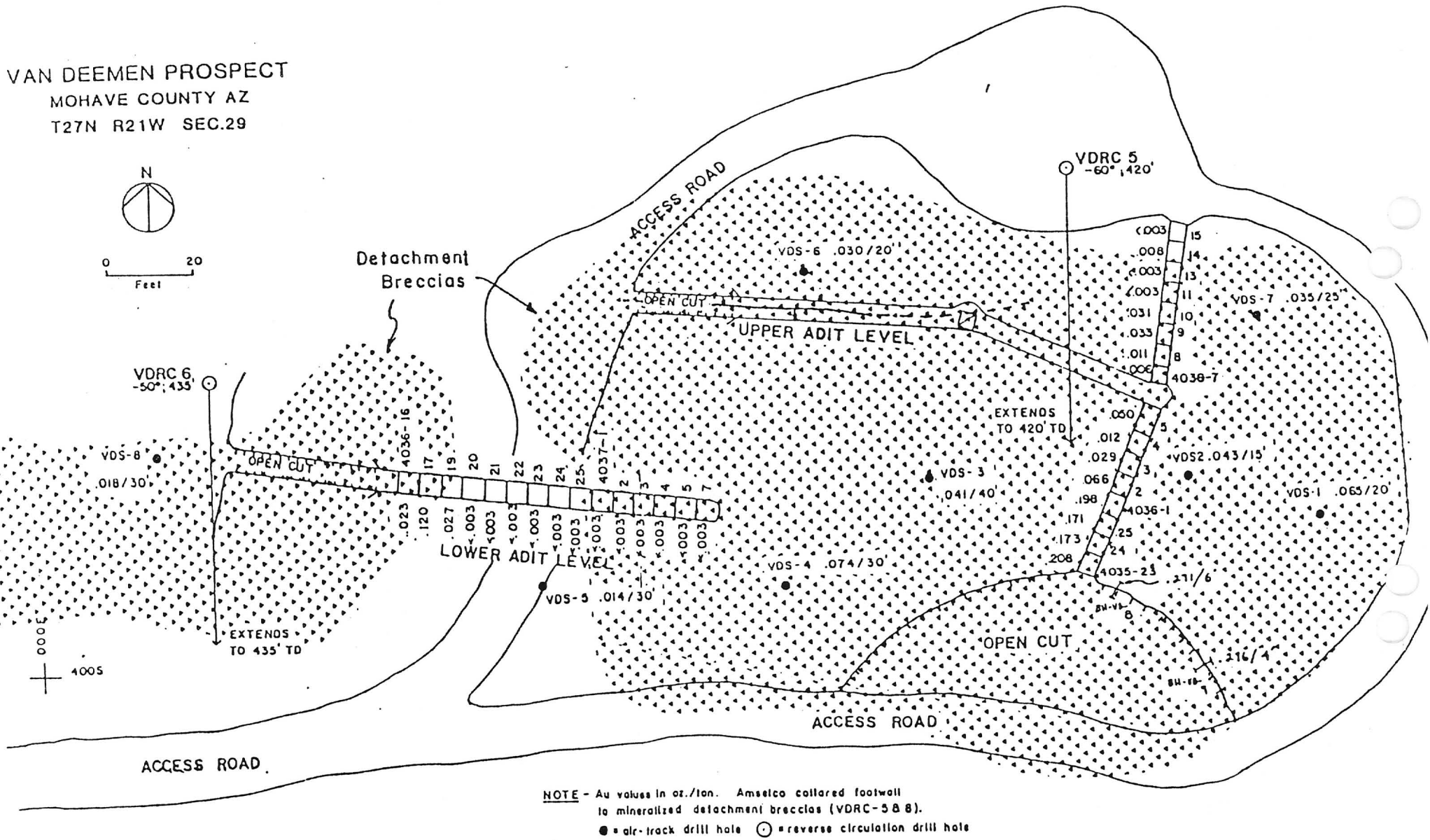


FIGURE 8. Map showing results from underground smapling at the Van Deemen Mine. Gold values are associated with a gently dipping zone of detachment breccias (FIGURE 7.). Also shown are airtrack drill hole locations and the grade and thickness of significant gold intercepts.

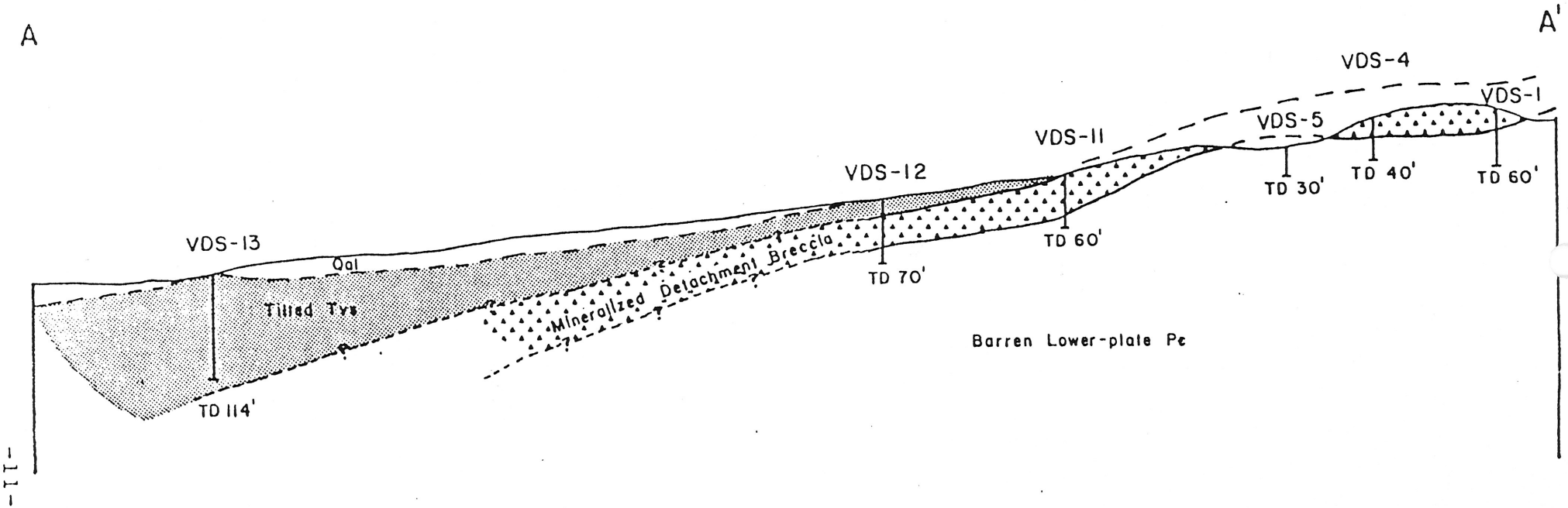
The Van Deemen Prospect lies along one of the few segments of the Black Mountain detachment fault which shows significant gold mineralization. At the Van Deemen, gold mineralization is accompanied by a distinct alteration assembledge consisting of weak to intense sericite alteration, weakly disseminated pyrite and arsenopyrite, weak quartz veining, quartz-hematite breccia, minor black calcite, hematite and limonite. Like the gold mineralization, associated alteration is best developed in the detachment breccia zones and fades very quickly into the poorly broken footwall rocks and does not significantly effect the upper-plate Tertiary rocks.

EXPLORATION POTENTIAL

An east-west cross section through the old Van Deemen Mine illustrates quite clearly the exploration potential for the prospect (Figure 9). This mineralized segment of the detachment fault shows anomalous gold values over a strike length of about 2,000 feet, but is exposed only as discontinuous erosional remnants of the detachment breccias. Where these remnants are preserved very significant gold values are also present. These gold-bearing detachment breccias dip gently west (5^{o}-12^{o}) underneath a shallow west-sloping pediment. The pediment area is mostly covered by recent stream gravels, but numerous outcrops of tilted Tertiary sedimentary and volcanic rocks indicate that the favorable detachment breccia zone is completely preserved to the west of the remnant gold-bearing outcrop areas.

CROSS SECTION A-A'

VAN DEEMEN PROSPECT



DRILL SUMMARY

Drill Hole No.	Interval	Rock Type	O.P.T. Au
VDS-1	0-25' 25-60'	del. bx lower-plate Pc	0.052 < 0.01
VDS-4	0-30' 30-40'	del. bx lower-plate Pc	0.080 <0.01
VDS-11	0-45' 45-60'	del. bx lower-plate Pc	0.045 <0.01
VDS-12	0-15' 15-50' 50-70'	Tvs del. bx lower-plate Pc	0.030 0.020 0.010
VDS-13	0-85' 85-114'	Tvs Tvs	Tr 0.020

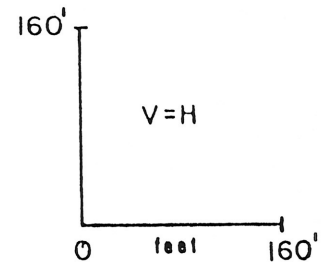


FIGURE 9. Cross Section (N79°E) A-A' showing the down-dip exploration potential at the Van Deemen. This low-angle zone of mineralized detachment breccias constitutes the exploration target objectives in the Van Deemen. Section A-A' is shown in plan view in FIGURE 7

Preserved erosional remnants of the mineralized detachment breccia zone along the edge of the pediment covered basin suggests that a continuous sheet of gold mineralization may be preserved beneath the tilted Tertiary sediments and volcanics. Utilizing an average ore thiickness of 50', a dip of 10^{o} for the detachment breccias, and assuming a 1:1 waste-to-ore strip ratio within the mineralized breccia zone, a target objective of $+2x10^{6}$ tons of +.05 o/T Au ore is projected for the Van Deemen Prospect.

DRILLING

To date a total of 16 angle reverse circulation and 23 vertical airtrack holes have been drilled at the Van Deemen. Of these drill holes, none of the reverse circulation, but 14 of the air track holes cut significant gold values.

The 16 reverse circulation holes were drilled by AMSELCO Minerals based on the premise that the principal ore controls are high-angle fault/veins. As a consequence, all the AMSELCO drill holes were collared in weakly altered and mineralized lower-plate rocks and where oriented to cut the projected high-angle fault/vein mineralization at depth. Since the mineralization is controlled by the low-angle detachment fault breccias, all of the AMSELCO drill holes cut relatively barren lower-plate Precambrian rocks, thus rendering the drilling as ueless in testing the properties mineral potential.

Frisco Mining in joint venture with FWM drilled 23 vertical air track holes to test for near surface ore potential in the preserved remnant detachment breccia outcrops. Fourteen of the 23 holes cut significant gold values, but the total indicated tonnage was less than

the 100,000 tons of +0.06 o/T Au required for a mining decision. Of significance, however, are three holes drilled near the Tertiary volcanic/Precambrian gneiss detachment fault contact. Drill holes VDS-11 and VDS-12 cut the fully preserved mineralized breccia zone beneath a thin veneer of tilted Tertiary rocks and pediment gravels. Specifically, drill hole VDS-11 showed 45 feet of mineralized breccia grading 0.045 o/T Au. Hole VDS-12 cut 15 feet of tilted Tertiary conglomerate then 35 feet of mineralized breccia grading 0.02 o/T Au. VDS-13 cut 114 feet of tilted Tertiary rock and did not reach the breccia. However, the last 29 feet of VDS-13 graded 0.02 o/T Au indicating some mineralization leakage into the Tertiary and perhaps near proximity to the mineralized breccia. Although none of these step out holes were very far from the pediment/bedrock interface, they do confirm the hypothesis that the mineralized breccia is preserved intact in the untested pediment areas west of the Van Deemen.

In addition to the pediment holes, the drilling by Frisco Mining did define a small tonnage of potential ore-grade mineralization at the Van Deemen Mine site. Five drill holes plus surface and underground sampling indicates +25,000 T grading $\pm$.06 o/T Au over a 15 to 35 foot thickness.

Six holes in addition to those already mentioned cut values varying from 30 to 70 feet of 0.02 o/T Au to 35 feet of 0.07 Au on other parts of the property.

METALLURGY

Two bucket metallurgical tests were run by Frisco Mines. Samples were of -4" material taken from surface and underground exposures.

Sample #1 graded 0.20 o/T Au and showed a 40% net recovery.

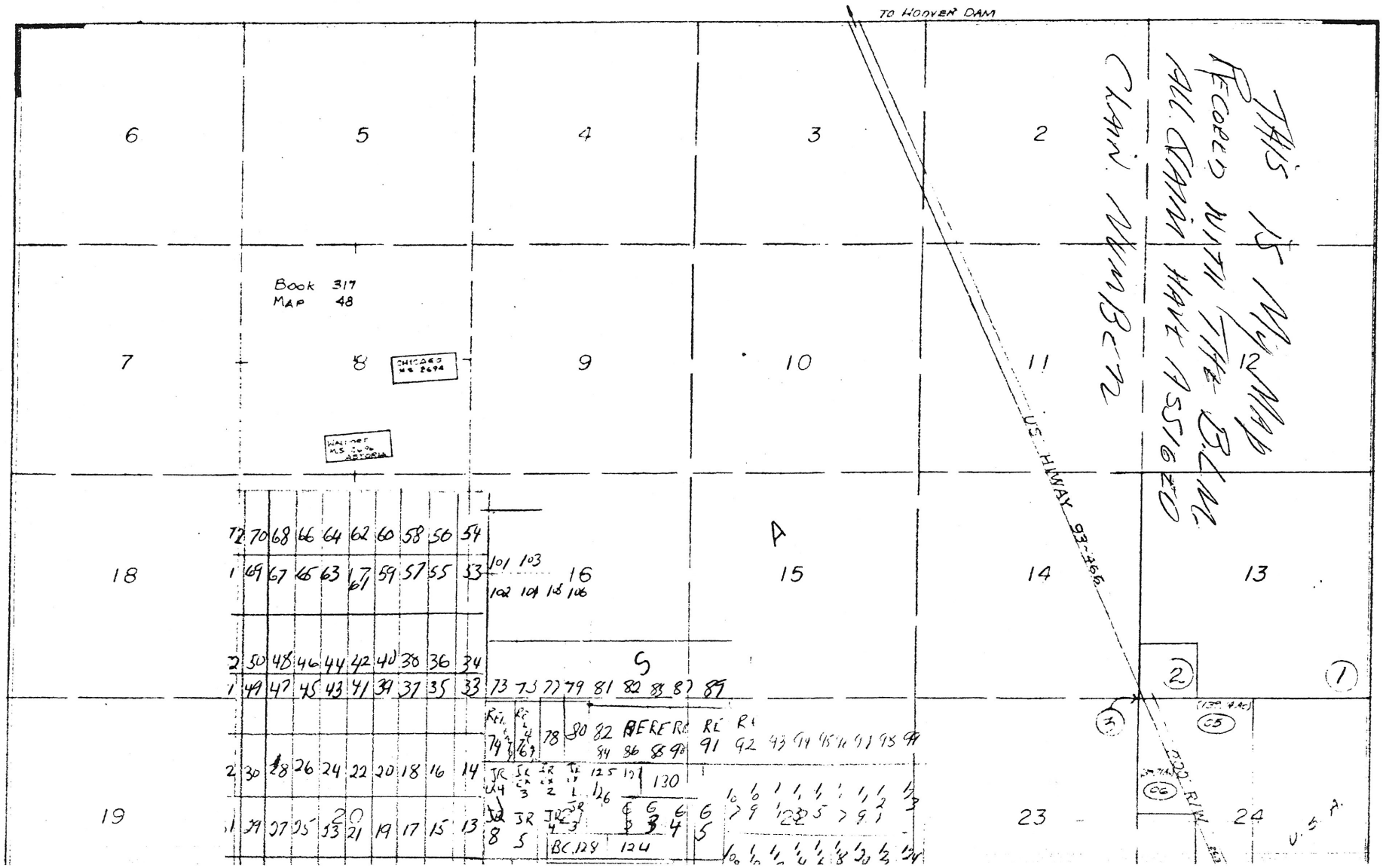
Sample #2 graded 0.078 o/T Au and showed a 46% net recovery.

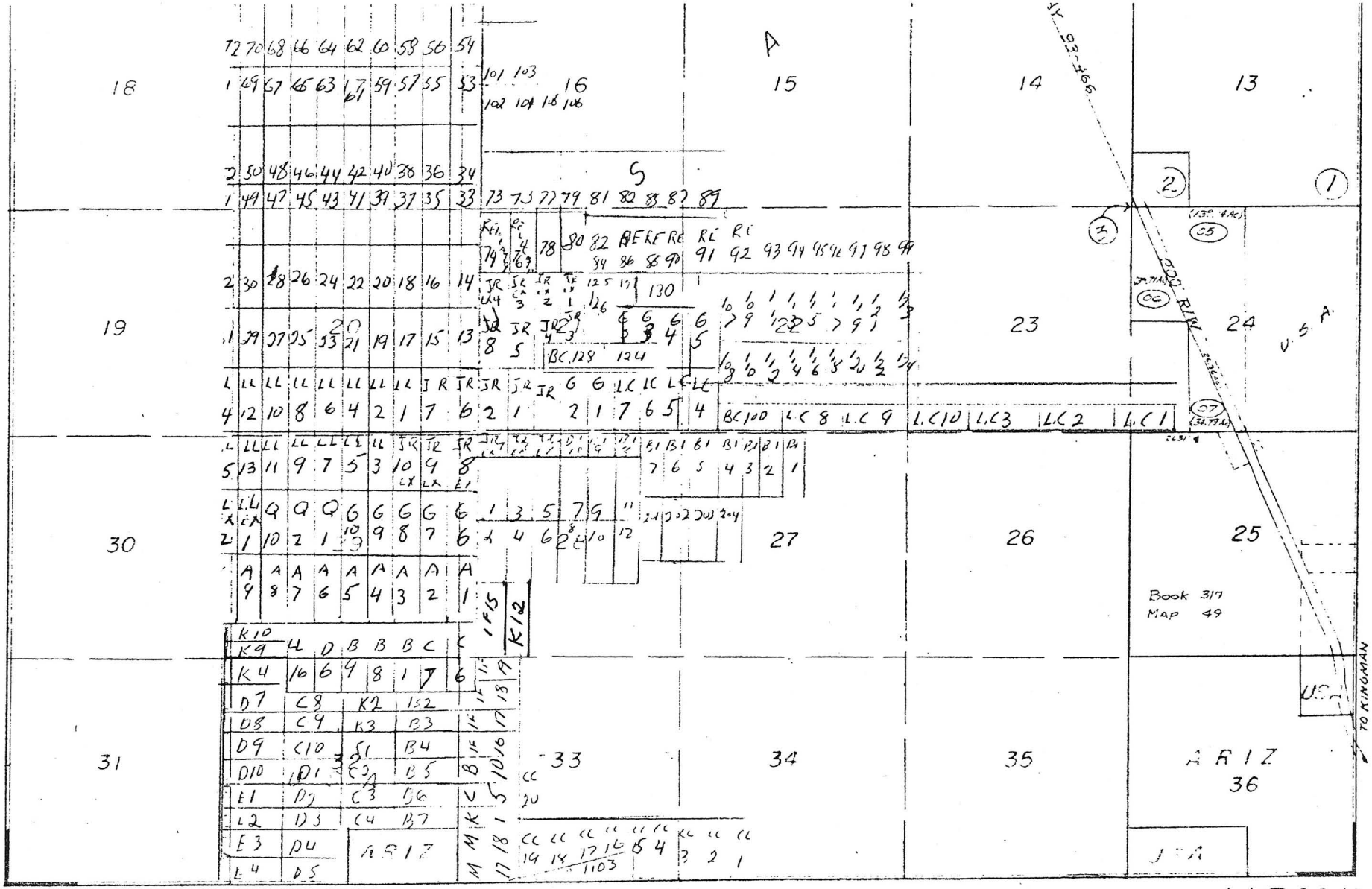
No tests were run on crushed ore, but experience in this district has shown +70% recoveries at a -1" crush.

CONSLUSIONS

In our estimation, the mineralized detachment breccia zone exposed as an erosional remnant at the old Van Deemen Mine clearly projects beneath the pediment to the west. The down-dip potential of this large-scale mineralized structure remains to be tested and constitutes a very attractive mineral exploration opportunity.

TOWNSHIP 27N RANGE 21W

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VAN DEEMEN MOHAVE COUNTY

NJN WR 10/30/87: Peter Dobrek (card) 114 Tucker, #5, Kingman, Arizona 86401, (602) 753-1100 reported that Arizona Star Resources (card) drilled 75 holes at the Van Deemen (file) Mohave County in the second phase of recently completed drilling. He additionally reported that Amir Mines Ltd, Box 9, 9th Floor, 609 W. Hastings Street, Vancouver, B.C. V6B 4W4, (604) 681-8371 is buying control of Arizona Star Resources.

NJN WR 12/4/87: Jack Brantl (card) reports that Fischer Watt Mining (card) will no longer be involved in the Van Deeman (file) Mohave County as they have sold their interest to Amir Mines Ltd and Arizona Star Resources.

VAN DEEMEN MOHAVE COUNTY

NJN WR 11/23/84: On the AGS field trip, visited the Van Deeman mine, Mohave Co. where AMSELCO has recently been doing some exploration drilling It seems that the main target is to the west of the old workings where Fischer-Watt controls the mineral rights. A third player, Freeport Minerals has an additional 400 claims in the surrounding area. The geology in the area consists of tilted terti ary volcanics on precambrian gneiss. Past gold production has come from silicified breccia zones. It was reported that that upper-lower detachment plate boundary here is not significantly mineralized.

NJN WR 5/24/85: Pete Drobeck reported that Frisco Land and Mining Co. (c) will be joint venturing at the Van Deeman Mine (f) Mohave Co. with Fischer Watt Mining Co (c). Doug Bonelli will be doing some air track drilling there soon.

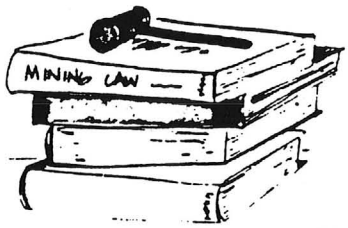
NJN WR 6/20/86: Ed Huskinson (c) reported that he has been mapping at the Van Deeman (f) Mohave County for Fischer-Watt Mining (c).

NJN WR 10/3/86: Visited Perry Durning (c) at the Kingman Fischer Watt office. He reports that they have brought a $400,000 work committment by Arizona Star Resource (c) to earn a 50% interest in the Van Deeman (f) Mohave County. The target is a detachment rubble zone 20-50' thick in which they hope to find .025 - .1 oz au/ton.

NJN WR 12/19/86: Perry Durning (c) reported that the first drilling phase by Arizona Star Resources Corp (c) at the Van Deeman (file) Mohave County had good results. A second phase of drilling is planned for February. If also successful, perhaps a minable reserve will be identified.

NJN WR 8/7/87: Perry Durning (card) reproted that the 2nd phase of exploration drilling at the Van Deeman (file) Mohave County has been completed. It consisted of 130 reserse rotary circulation drill holes. No assay results are available yet.

VAN DEEMAN H, MOVE CO.



Mining & The Law

David Young, *Attorney at Law*

David Young practices law in Los Angeles, California. He received his AB from Harvard and JD from Cornell Law School.

David was formerly Assistant Attorney General of the State of Alaska. He is a member of the State Bars of California, Alaska, New York and Rhode Island.

Each month this column offers a discussion of an aspect of mining and the law, focusing on an issue which may be of interest to others, and offers the opinion of Attorney Young. Responses to questions posed are "opinions" only and in-depth legal counsel should be obtained from your own attorney who would have the ability to gather all the facts of the case in question. While information given in this column is believed to be accurate based on the facts at hand, no liability can be accepted by David Young, or the *California Mining Journal, Inc.*

Questions may be submitted to: *International California Mining Journal*, "Mining & The Law," P.O. Box 2260, Aptos, CA 95001. Questions must be kept brief to be considered.

Giving and Taking, Government Syle— Regulatory Extinguishment of Mining Claims

by David Young

The relatively recent case of *Kunkes vs. United States,* 32 Fed. Cl. 249 (1994) illustrates in a rather stark form what has become the hot topic of the permissibility and scope of "regulatory takings."

In *Kunkes* an action was brought in the United States Court of Federal Claims alleging that the Federal Government had impermissibly taken Kunkes' valid mining claims in violation of the Fifth Amendment to the United States Constitution. That Amendment prohibits the Federal Government from taking private property without just compensation.

The Mining Act of 1872, 30 U.S.C. §28-28(e) 1988, allows for mineral claims to be made on federal lands. Provided that there is a discovery of valuable minerals, and other statutory requirements are met, the claims are valid even if not patented. The 1872 Act, until recently, required all claim holders to perform annually a minimum of $100 worth of labor or make $100 worth of improvements on each unpatented mining claim in order to keep the claim. If the minimum $100 in fees or labor was not performed the claim was open to relocation.

The Federal Land Policy and Management Act of 1976, 43 U.S.C. §1701 et sec. (1988) (FLPMA) increased the requirements for preserving claimholders' property rights relating to unpatented mining claims. Prior to December 31 of every year after initial recording, claim holders were required to file a notice of intention to hold the claim, an affidavit that at least $100 worth of labor or improvements had been invested in each unpatented mining claim during the preceding assessment year, or a detailed reporting form. §1744(a). It was further required that all claims located prior to the enactment of FLPMA be registered with BLM. This was done by filing a copy of the official record of notice or certificate of location. §1744(b). If these filing requirements were not met, FLPMA stated that the mining claim was to be conclusively deemed abandoned. 43 U.S.C. §1744(c).

In 1992, Congress enacted the Department of the Interior and Related Agencies Appropriations Act for fiscal year 1993. Pub. L. No. 102-381, 106 Stat. 1374, (1992) (Appropriations Act). This Act suspended the requirements of the 1872 Mining Act and FLPMA for assessment years 1993 and 1994 for preserving mining claims. Claimants were now required to pay an annual rental fee of $100 per claim for each of the years 1993 and 1994 on or before August 31, 1993. Thus there was now due for each claim, on or before August 31, 1993, $200 to be paid to the Secretary of the Interior. The 1992 Appropriations Act made exceptions for claimants with ten or fewer mining claims. These "small" claim holders had only to comply with the requirements of the 1872 Mining Act and FLPMA in order to preserve their claims. Pub. L No. 102-381, 106 Stat. 1374, 1378-79.

From 1969 until 1991 the Kunkes acquired approximately 575 contiguous mining claims in Mohave County, Arizona. The Court assumed that all the claims were valid prior to August 31,

1993. The Kunkes had two appraisals made of the value of the minerals on their claims, primarily gold and silver. A June 1994 appraisal of the "Van Deeman" mine placed a gross value of the mineral reserves at $127,000,000. Net pre-tax income was estimated at $59,000,000. An appraisal of the remaining minerals gave an estimated net value of approximately $25,593,160. That appraisal stated that "the estimated potential net value clearly justifies expenditures for exploration and delineation of reserves."

The Kunkes complied annually with the filing requirements imposed by FLPMA for every assessment year up to and including 1992. However, the Appropriations Act required the Kunkes to pay $100 per claim for each fiscal year 1993 and 1994, for a total of $200 per unpatented claim. The total fee required was $115,000. This the Kunkes did not pay. As a result of their failure to pay the $115,000 their claims were deemed abandoned.

The Kunkes alleged that they were financially unable to pay the fees required by the Appropriations Act for their unpatented mining claims. The Court stated that "They live on modest fixed incomes and have no significant assets other than the mining claims. The Court accepts that they would be personally unable to pay the $115,000 in fees." The Kunkes admitted that Congress had the power to prescribe the type of fee imposed. They argued, however, that the burden placed upon them by the Appropriations Act was so unreasonably severe, making it impossible for them to comply, that this was a "taking" by the United States entitling them to just compensation under the Fifth Amendment.

The Kunkes contended that the United States deliberately contrived to reacquire their claims, and that Congress knowlingly imposed the fee with the expectation that many claim holders would be unable to comply with the fee requirements of the Appropriations Act. They sought $575 million in damages.

The Court noted that the Kunkes' ability to afford the fees required by the Appropriations Act was not critical to their argument. Their assertion was that even if they could pay, the loss of their claims would still have constituted an unlawful taking. Kunkes contended that the prior regulatory requirements under the 1872 Mining Act and FLPMA created an "expectancy" whereby they could own and preserve unpatented mining claims solely by the use of their labor and efforts. That expectancy was destroyed when the Congress imposed the $100 rental fee per claim requirement as the sole means of preserving their claims. Therefore, the Kunkes argued that there occurred an unconstitutional "takings" by the United States when they lost their "expectancy," even if they had the funds to pay, but merely chose not to pay.

The Kunkes, in order to prove the severity of the burdens imposed by the Appropriations Act, alleged that information released by BLM showed that prior to August 31, 1993, there were "over 1.1 million unpatented mining claims located on public lands in the United States. Subsequent to the enactment of the Appropriations Act, however, in excess of 850,000 of these claims were lost by reason of nonpayment of the claim rental fee. This loss represented approximately seventy-five percent of the total claims outstanding." The Court assumed these facts to be true for purposes of its ruling. Kunkes' contention was that an entire class of claimholders was eliminated because they could not pay the fees, leaving only the exempted small miners, and the large mining companies who could afford to pay any fees imposed.

Kunkes raises, in rather sharp outline, the issue of regulatory takings and "the fairness of it all." They present themselves to the court as a couple no longer young, on the downhill side of life who, by the expenditure of energy and sweat equity have, through the years, acquired unpatented mining claims of potentially immense value. They had the hope of fulfilling the American Dream—the dream of the American West. Stake a claim in the barren desert and, with a little luck, become rich. They had for years played by the rules, and now at an age where they have little chance of starting over, the Federal Government changes the rules, and turns their American Dream into a nightmare. All that they have is now at risk of being lost. They turn to the Courts as the last bastion of justice to prevent such an unfair ending to their hopes.

The Court stated that there is no question that mining claims are "private property" enjoying the protection of the Fifth Amendment. It then went on to quote *Oilshale Corp. vs. Morton*, 370 F.

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Supp. 108, 124 (D. Colo. 1973) that "[a] mining claim is an interest in land which cannot be unreasonably or unfairly dissolved at the whim of the Interior Department. Once there is a valid discovery and proper location, ...[it] is 'real property in the highest sense.' " The Court further recognized that, although legal title remains in the United States, the claimant has a "valid equitable title in the claim, possessing all the incidents of real property." Therefore, the Court said, the "Takings Clause" of the Fifth Amendment to the Constitution places limits on what the United States can do to work a forfeiture on valid mining claims.

The Court then went on to state that if Congress creates a property right, it has broad powers to limit the right it created; and anyone accepting the property takes it subject to those limitations. To the Court the key issue presented by *Kunkes* revolved around the question: "Is an uncompensated forfeiture precipitated by the additional restrictions placed on existing claimholders by the Appropriations Act a violation of the Fifth Amendment?"

The Court considered two United States Supreme Court Cases: *United States vs. Locke*, 471 U.S. 84, 105 S. Ct. 1785 (1985); and *Texaco, Inc. vs. Short*, 454 U.S. 516, 102 S. Ct. 781 (1982). Both of those cases involved claimants who failed to file notices of intention to hold on to their claims in a timely manner. The *Texaco* case involved a state statute, the *Indiana Dormant Mineral Interest Act,* while *Locke* involved §1744(c) of FLPMA. In both cases claimholders had their claims declared abandoned and void due to tardy filing. In both cases the claimholders sought relief in the Supreme Court alleging unconstitutional taking of private property. In both cases relief was denied. In *Texaco* the Supreme Court stated: "just as a State may create a property interest that is entitled to constitutional protection, the State has the power to condition the permanent retention of that property right on the performance of reasonable conditions that indicate a present intention to retain the interest." Id. at 526,102 S. Ct. at 790.

In *Locke* the Supreme Court reasoned: "[e]ven with respect to vested property rights, a legislature generally has the power to impose new regulatory constraints on the way in which those rights are used, or to condition their continued retention on performance of certain affirmative duties. As long as the constraint or duty imposed is a reasonable restriction designed to further legitimate objectives, the legislature acts within its powers in imposing such new constraints or duties." Id. at 104, 105 S. Ct. at 1797.

In both *Locke* and *Texaco* the Supreme Court found that the requirements of timely filing of notices indicating an intention not to abandon a claim did not constitute an unreasonable restriction. It is difficult to fault such logic. The *Locke* Court held that "[r]egulation of property rights does not 'take' private property when an individual's reasonable, investment-backed, expectations can continue to be realized as long as he complies with reasonable regulatory restrictions the legislature has imposed." Id. at 107, 105 S. Ct. at 1799.

The *Kunkes* Court correctly reasoned from *Locke* and *Texaco* that "Congress retains the affirmative power to change the conditions for continued ownership of mineral claims, assuming that power is reasonably exercised." That, of course, is the heart of the issue: what is "reasonable" regulatory action, whose non-compliance will result in forfeiture of mining claims. That is what the *Kunkes* Court next considered.

The *Kunkes* Court analyzed the problem as "factors" pointing to "reasonableness" consisting of: (1) the degree to which compliance was convenient; (2) the adherence to procedural due process; and (3) the legitimacy of the governmental interest involved. The Court recognized that, unlike *Locke* or *Texaco*, there was not in *Kunkes* "fault" consisting of "neglect" to follow an administrative requirement. In *Kunkes* there was inability to comply in that the →

claimants simply did not have $115,000 to pay as filing fees. Their inability, as opposed to their fault or negligence, is what works a forfeiture of their claims. The Appropriations Act took away the claimants' right to satisfy the $100 improvement per claim by providing labor themselves or the value of exploration work done by others. The claimants no longer had the ability to obtain third party assistance in satisfying the regulatory conditions imposed by statute.

The *Kunkes* Court recognized that claimholders have always been required to show continuing proof of interest in developing mineral resources on their claims. Remarkably, though, it found that:

"Although the Appropriations Act raised the ante, it did so in a way that cannot be considered substantially different in kind or degree from what had previously been required. It was plainly motivated by the same purpose, namely elimination of stale or worthless claims."

The Court further found that the fee requirement was not unreasonable in its financial impact. In its view, "What changed was the nature of the obligation—from $100 worth of labor or improvements to a $100 claim rental fee per year." The Court even offered the Kunkes financial counseling. If their 575 claims were indeed worth over $80 million, it would have been an easy matter for the claimants to obtain third party funding in order to pay the rental fees, either by borrowing on the claims, or going into partnership with other investors. Since they did neither, the *Kunkes* Court concluded that the claimants "chose to abandon valuable mineral interests or that the claims were not worth maintaining." The Court found that the $100 fee is not unreasonable when compared to substantial mineral value, but is "disproportionate" as regards "maintaining a worthless or marginal claim." The Court ends by stating: "Congress reasonably concluded that claimholders not willing to invest $100 per year for two years, or unable to get investment backing to that extent, do not have reasonable investment-backed expectations in their claims. Forfeiture of those claims does not require compensation." Therefore, forfeiture of the Kunkes' claims is to be allowed, and the Federal government need not pay one cent for the claims.

This is a troubling decision in many respects. The Court sets forth as a factor pointing to reasonableness of the regulation "the degree to which it is convenient to comply." Clearly for the Kunkes it was manifestly inconvenient to comply with a $115,000 payment. Further, the Court took at face value the Kunkes' assertion that they had valid claims prior to August 31, 1993. The Kunkes' appraisals showed that they were of immense value. However, the Court then goes on to hold that lack of financial backing for their claims, so that they can pay the $115,000 filing fee, is proof of the worthlessness of their claims. It proves no such thing.

The Kunkes were an elderly couple in their seventies. Mr. Kunkes was in poor health and has since died. There are numerous reasons why such a couple would not have the ability or energy to raise capital to maintain their claims.

The Court simply chose to gloss over the fact that the Kunkes' claims in all likelihood have great value. The assumption that the inability of the claimants to have $115,000 for a filing fee is proof of the claims worthlessness flys in the face of reality. The "proof" of worthlessness of the claims is mere judicial speculation. The Kunkes' appraisals of the claims' value should place the burden on the United States to show worthlessness if that is really an issue. What has unfairly happened is that by a drastic change of the rules an elderly couple saw their chance to realize substantial wealth end. That chance now passes to the United States or some third party with greater financial resources. There has occurred a regulatory taking. That taking demands compensation. The *Kunkes* case is now on appeal. No doubt more will be heard on this matter, and on the whole subject of regulatory taking of mining claims.

available from the nearby Dexter Mine.

• Hayden Hill Project, Lassen County, California. Silver State Mining Corp. of Denver, in a joint venture with Granges Resources, Ltd. of Vancouver, B. C., plans an aggressive 1987 program of exploration and mine development on the Hayden Hill project. Over 200 reverse circulation and diamond drill holes have identified drill proven and probable reserves of 11.6 million tons of open pit heap leach ore grading .036 o/t gold and 0.4 o/t silver. Fischer-Watt has a 23.5 percent net profit carried interest in the Hayden Hill Project.

Potential: Fischer-Watt believes that further drilling may define in excess of 20 million tons of similar grade ore. Several other areas on this large property (approx. 3,750 acres) are known to contain gold occurrences, which the company believes may potentially add to the property's reserves.

• Van Deemen Project, Mohave County, Arizona. The Van Deemen property was acquired because it conforms to a new geologic model recognized by Fischer-Watt as a result of detailed geologic studies at the Picacho Mine near Yuma, Arizona. Since entering production in 1979, the Picacho Mine has been proved to contain approximately 10 million tons of .03 o/t gold with intervals of ore grade mineralization over 100 feet thick. Since 1979 several other mines (Gold Field's Mesquite, Newmont's Padre-Madre and American Girl and AMOCO's Copperstone) have been discovered in the same geologic environment.

Fischer-Watt mapped the Picacho Mine and was one of the first groups to recognize that the ore bodies present had been formed in a geologic environment that had not been previously recognized. Fischer-Watt's interpretation was that the ore zone was localized within breccias developed during regionally extensive low angle detachment faulting. The detachment faults completely shattered the rock forming an excellent host, often hundreds of feet thick, for large low grade gold deposits. Where ancient hot springs carrying gold values were allowed to penetrate these detachment breccias over millions of years, large low grade gold deposits formed.

At Van Deemen, Fischer-Watt has identified approximately 7,000 feet of detachment breccias which carry anomalous to ore grade gold values. The easily eroded, potentially mineralized detachment breccias are very poorly exposed and are largely covered by a thin veneer of barren volcanic and sedimentary rocks.

Drilling to date has been concentrated within areas in and adjacent to preserved gold-bearing outcrops. Fischer-Watt has entered into an agreement with Arizona Star Resources, of Vancouver, B. C., whereby Arizona Star may earn a 50 percent interest in the property by spending $400,000. Arizona Star has expended slightly over $100,000 which has resulted in delineating approximately 1,500,000 tons of drill indicated and possible reserves grading .042 o/t gold.

Potential: Extensive geologic mapping and surface geochemical sampling has been completed on the prospect which identified significant gold mineralization in and along the detachment fault. Less than 10 percent of the Van Deemen property has been tested. A November 1986, 6,500-foot reverse circulation drilling program confirmed the presence of ore grade mineralization at three different locations on the property. A second phase 1987 drilling program could place more than 2 million tons of open-pit, heap-leachable gold ore into the drill proven category and will further examine the extent of mineable gold values on inadequately tested portions of the property.

• Hot Tip Prospect, Nye County, Nevada. Fischer-Watt

Arizona Star developing heap leach property

Arizona Star Resource Corp.
(Recent Price: C$1.59)

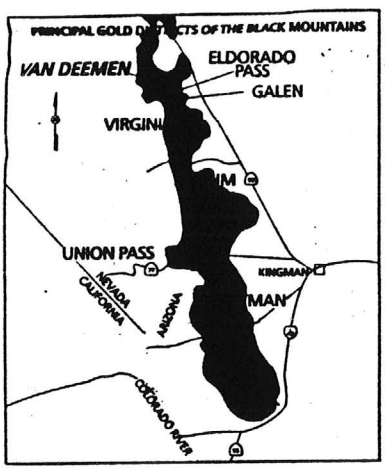
Arizona Star Resource Corp. (VSE-AZS) is developing extensive heap leach gold reserves on its Van Deemen property in the historically productive Black Mountain Range of northern Arizona.

by Darcy Higgs

The region has accounted for production in excess of 2.4 million ounces of gold, primarily from the Oatman and Union Pass Districts. The property's geology compares favorably with several detachment fault related deposits in Arizona and California, including Mesquite, Picacho and the American Girl.

Exploration on the property has consisted of extensive surface and underground sampling followed up by reverse circulation drilling. Development drilling to this point has outlined approximately one million tons of leachable open pit reserves grading 0.035 ounces of gold per ton. Several additional gold zones have been identified from geological mapping and sampling. Reserves of 10 to 15 million tons of similar grade material are possible.

Arizona Star has entered into an equity partnership with Amir Mines Ltd. (one of the Bema group of companies) to fund the development of the Van Deemen property.



Financial strength, technical expertise of management, and positive initial results make this stock a buy.

Bioject Medical Systems Ltd.
(Recent Price: C$14.63)

Bioject Medical Systems Ltd (VSE-BJM) has developed a new type of medication injector that is capable of operating without the traditional needle puncture of the skin. The concept of the needleless syringe will revolutionize healthcare worldwide.

The unit, called the Biojector, does not pierce the patient's skin in any way. A predetermined amount of medication is accelerated through a small orifice in the Biojector tip at high velocity to penetrate the skin surface for absorption by the tissues below. The implications are endless —less pain and tissue trauma for the patient, ease of use, no danger of broken needles and rapid absorption of medication. Of greater significance, no transmission of hepatitis or the dreaded AIDS virus is possible. Diabetics, routine vaccinations, and others requiring frequent injections will enjoy a painless and thoroughly safe system of drug delivery.

Bioject's strategy for realizing its marketing and sales goals is through licensing arrangements with major pharmaceutical and medical products distribution companies to manufacture and distribute the Biojector. Several distribution agreements by major pharmaceutical houses are expected shortly, making Biojector a wise purchase now. A proposed two for one stock split in October and a NASDAQ listing will ensure broad investor interest.

Canby Resources Inc.
(Recent Price: C$2.50)

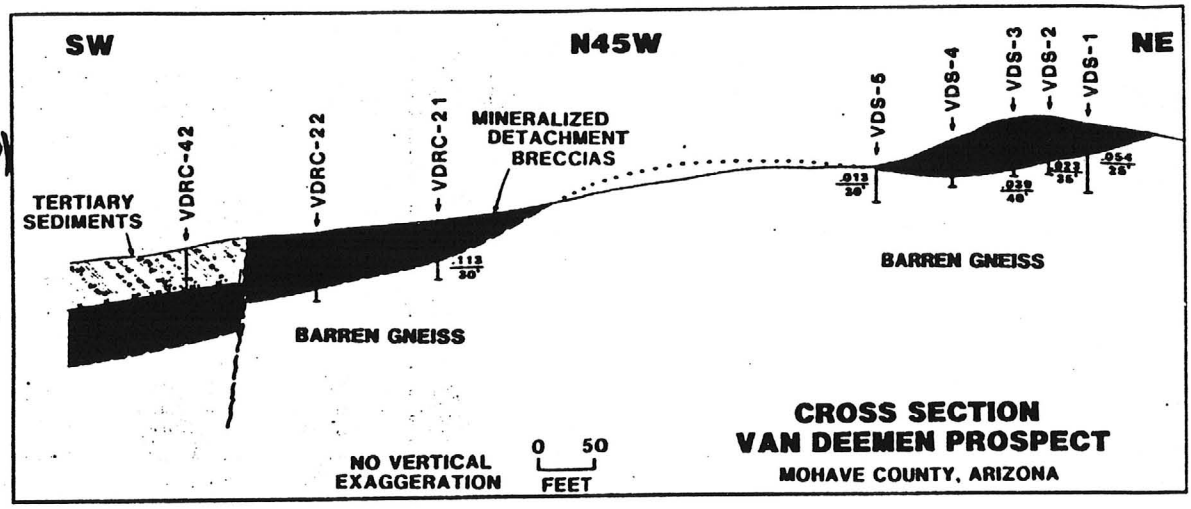
Canby Reources Inc. (VSE-CWY) is a junior company with a very promising potential. The company is backed by a solid team whose track record speaks for itself. Bob Hunter, chairman of Breakwater Resources Inc. and president of North American Metals Corp., Bo Mortil, secretary/director of Bioject Medical Systems Ltd., Larry Reaugh, president of Rea Gold, and Dennis Higgs, director of Arizona Star Resource Corp. have affiliated to compose a super management group.

Currently, Canby is doing Phase I work on its Marietta Gold Mine property in Montana. Initial chip samples are extremely favorable. Recent samples of the Gold Dust vein in the Mason Tunnel of the mine range from 0.053 to 1.8 ounces of gold per ton.

Based on the management team and their proven ability to find and finance excellent mineral properties, I am recommending the purchase of this stock.

Darcy Higgs is a broker with Brink Hudson & Lefever.

Opinions and recommendations are those of the writer and not World Investment News.



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NORTHERN MINER 8/10/87

Amir buys control of Arizona Star

A 36% interest of Vancouver-based **Arizona Star Resource** was recently acquired by **Amir Mines**. The latter purchased 1.2 million shares for $864,000.

In addition, Amir acquired a one-year option to purchase 600,000 shares at $1.35 per share and a 2-year option for 600,000 shares at $2 per share; if all options are exercised, Amir will own in excess of 50% of Arizona Star's outstanding shares.

Arizona Star is earning a 50% interest in the Van Deemen gold property in northern Arizona, where a heap-leach operation is planned. Exploration work on the property has consisted of surface and underground sampling and reverse circulation drilling. Reserves of about two million tons grading 0.04 oz gold per ton have been indicated to date.

MOHAVE

FISCHER-WATT GOLD CO., INC. - PROJECT UPDATE

July 1, 1987

Current Exploration and Development Projects

Dexter Mine Project, Nevada: Intitial preproduction development work began on the Dexter Project May 25, 1987. Since that date, over 300,000 tons of waste has been removed and preproduction stripping is progressing at the rate of 8,000 tons per day. A 150,000 ton leach pad and two 2,000,000 gallon solution ponds have been prepared and will be lined during July. Initial ore production should begin by late July or early August.

Our joint venture with Total Erickson on the Dexter has been terminated. However, a subsequent joint venture has been negotiated with Horizon Gold Shares, Inc. of Evergreen, Colorado. The Horizon agreement should be finalized by mid-July and calls for Horizon to expend $1,000,000 on the project to earn a 50% participating interest. Horizon is a small U.S. public company, gold producer, and operator of the Buffalo Valley Mine near Battle Mountain, Nevada.

Buffalo Valley Mine, Nevada: FWGC sold its 5% net profits interest in the Buffalo Valley Mine June 15, 1987 to Horizon Gold Shares for $100,000. FWGC no longer retains an interest in the mine project.

Hot Tip Prospect, Nevada: Delmicah Mines financed initial drilling at the Hot Tip. Nine reverse-circulation drill holes have been completed. One hole showed anomalous gold values (90 feet grading 0.011 o/t gold) and will require follow-up drilling to determine if the intercept is economically significant. Delmicah must expend an additional $52,000 in order to earn a 50% interest in the project.

Van Deemen Project, Arizona: Arizona Star Resourc Corp. initiated drilling on the Van Deemen May 25, 1987 and has completed 50 reverse-circulation drill holes since that date. Drilling is expected to continue through mid-July at which time Arizona Star will have expended $400,000 on the project and earned a vested 50% participating interest. Assay results are pending.

Golden Syncline, California: An exploration agreement was negotiated with Horizon Gold Shares, Inc. which requires a minimum $40,000 work commitment during 1987 and a $150,000 expenditure in the ground over two years to earn a 50% working interest in the project. Five reverse-circulation drill holes have been completed to date and assay results are pending.

Hayden Hill Project, California: In May, Silver State Mining initiated a major program of exploration drilling on Hayden Hill. The purpose of the drilling is to firm up the grade and tonnage of the previously indicated ore reserves and to make initial tests of

flakes of gold can be panned from soil on the lease.

Potential: Fischer-Watt plans to drill new test holes, twinning the earlier holes, to confirm reported volume and grade. If these are confirmed, a major drill and pitting program will be undertaken. Since the bar is open-ended, it also is possible that more drilling might prove up additional reserves. If 5 million or more cubic yards of ore-grade gravels are proven, Fischer-Watt believes production of no less than 1 million yards a year could begin in 1988. Sufficient water to process the placer materials would be available from the nearby Dexter Mine.

• Hayden Hill Project, Lassen County, California. Silver State Mining Corp. of Denver, in a joint venture with Granges Resources, Ltd. of Vancouver, B. C., plans an aggressive 1987 program of exploration and mine development on the Hayden Hill project. Over 200 reverse circulation and diamond drill holes have identified drill proven and probable reserves of 11.6 million tons of open pit heap leach ore grading .036 o/t gold and 0.4 o/t silver. Fischer-Watt has a 23.5 percent net profit carried interest in the Hayden Hill Project.

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Van Deeman (f)

Fischer-Watt Gold Plans Mining

SPARKS, NV — Fischer-Watt Gold Company President W. Perry Durning reported that the company has plans for an ambitious mining and property development program that is intended to achieve a substantial increase over last year's gold and silver sales and major increases in the company's proven and probable gold reserves.

As of February 1987, Fischer-Watt held major interests in 10 properties containing a total of approximately 575,000 ounces of gold and 6 million ounces of silver in proven and probable resrves. In 1986, the company produced 2,500 ounces of gold and 15,000 ounces of silver. The company has set 1987 production goals of 5,000 ounces of gold and 70,000 ounces of silver.

Durning reported that the company's goals are to exercise increased control over its own projects, place its 2,000,000-ton Dexter Mine into production, advance several other projects toward possible 1988 production and continue to acquire attractive properties for future exploration.

In 1983-84 the company placed a pilot heap-leach test into production at Hayden Hill in Lassen County, California. Last year the company produced 2,500 ounces of gold and 15,000 ounces of silver from the Tom and Jerry Mine in Lincoln County, Nevada, a small heap leach project that was completely mined and processed during the 1986 season. This mine was brought into production for a total capital outlay of $370,000 and produced its first gold 60 days after the first piece of equipment was placed on the property.

The company has set revised 1987 production goals of 5,000 ounces of gold and 70,000 ounces of silver to be derived from production at its Dexter Mine in Elko County, Nevada.

The company plans to place the Dexter project into production commencing in June, 1987, Durning said. Fischer-Watt is obligated to put the property into production and buy out the interest of Granges Resources, Ltd. by providing Granges with 25 percent of the gold produced until Granges has received a total of $2.5 million. Negotiations have been completed with Total Erickson Resources Ltd., a Canadian gold-producing company, to fund 100 percent of the Dexter Mine development cost in exchange for a 50 percent interest in the property.

Durning said that the ore deposit is well-suited for a fast, efficient start-up, with water, power and a 1,400 ton-per-day Merrill Crowe recovery plant on site. More that 2 million tons of open pit ore grading .039 ounce/ton (o/t) gold and 1.9 o/t silver have been outlined by 176 reverse circulation drill holes. A 561,000-ton pod of ore grading .061 o/t gold and 1.97 o/t silver is contained within the larger tonnage and will be the object of initial production.

The ore deposit occupies only a small portion of the 2,700 acres controlled by Fischer-Watt in the Tuscarora Mining District, and the company believes substantial expansion of its Dexter ore reserves is possible. A magnetometer survey of the property has shown the drill proven deposit to conform to a distinct magnetic low. A second magnetic low was indicated on another portion of the property. Two of three drill holes on this magnetic low encountered ore grade mineralization. Additional drilling will have to be performed on this target to determine if additional reserves might be established.

Durning said that a 1986 assessment drill hole on the Dexter property encountered over 100 feet of .011 o/t gold mineralization in Paleozoic rocks below the Dexter ore body. Although the intercept was sub-ore grade, the mineralization found is typical of that found at the other Carlin-type deposits being mined in the Tuscarora Mountains. After the Dexter Mine is placed into production, Fischer-Watt intends to drill additional holes to determine if a Carlin-type deposit might be present on the property.

The company recently acquired the Eldorado Placer Prospect in Elko County, Nevada, consisting of a 400-acre placer gold lease located 1.5 miles south of the planned Dexter Mine in an area that reportedly produced about 337,000 ounces of placer gold between 1867 and 1900. Approximately 5

The Mining Record June 10, 1987

And Property Development Program

million cubic yards of virgin placer gravels have been indicated by an old report showing 37 previously drilled test holes, with assays indicating a reported grade of $15.00 (valued at $400/oz.) per cubic yard of material. The drilled area is surrounded on three sides by placer workings dating from the late 1800s, and small nuggets and flakes of gold can be panned from soil on the lease.

The company plans to drill new test holes, twinning the earlier holes, to confirm reported volume and grade. If these are confirmed, a major drill and pitting program will be undertaken, Durning said. Since the bar is open-ended, it also is possible that more drilling might prove up additional reserves. If 5 million or more cubic yards of ore-grade gravels are proven, Fischer-Watt believes production of no less than 1 million yards a year could begin in 1988. Sufficient water to process the placer materials would be available from the nearby Dexter Mine.

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Drilling to date has been concentrated within areas in and adjacent to preserved gold-bearing outcrops. The company has entered into an agreement with Arizona Star Resources, of Vancouver, B.C., whereby Arizona Star may earn a 50 percent interest in the property by spending $400,000. Arizona Star has expended slightly over $100,000 which has resulted in delineating approximately 1,500,000 tons of drill indicated and possible reserves grading .042 o/t gold.

The company also has interests in Hot Tip Prospect, Nye County, Nevada; Golden Syncline Prospect, San Bernardino, California; Buffalo Valley Mine, Lander County, Nevada; Border Mine Prospect, Pima County, Arizona; and the United Western Prospect, Oatman, Arizona.

The company's address is 340 Freeport Blvd., Suite 3, Sparks, Nevada 89431, (702) 358-0947.

Canstat Exploring Platinum Discovery

VANCOUVER — Canstat Petroleum Corporation ("Canstat") announced that it will participate in exploring Canada's most recent major platinum discovery in the Labrador Trough.

Canstat President, Richard Hughes, said the company has obtained exclusive option to purchase 100% interest, subject to a 1.5% net smelter royalty, in a 60 square kilometer exploration lease (equivalent to approximately 400 standard claims) north of Schefferville, Quebec.

Under the agreement, which is subject to regulatory

ARIZONA STAR resource corp.

February 6, 1987

NEWS RELEASE

ARIZONA STAR RESOURCE CORP. ANNOUNCES GOLD RESERVE CALCULATIONS FROM DRILLING ON ITS VAN DEEMEN, ARIZONA PROPERTY.

ARIZONA STAR RESOURCE CORP. has received very encouraging results from its completed PHASE ONE work program. The work was supervised in the field by F.L.'Bud'Hillemeyer, a senior geologist with Fischer-Watt Mining Co. Inc., who also calculated the gold reserves, confirmed in 3 of 4 target areas, by the drilling of 53 reverse circulation drill holes. The COMPANY'S INDEPENDENT CONSULTANT, R.W. STEVENSON, of W.G. STEVENSON & ASSOCIATES LTD, has reviewed and confirmed the calculations.

The VAN DEEMEN MINERAL RESERVES to date are as follows:

	INDICATED RESERVES		INFERRED RESERVES	
	Tons	Oz.Au/ton	Tons	Oz.Au/ton
Area II				
Southwest zone	129,000	0.046	312,000	0.042
Van Deemen Mine	34,000	0.055	—	—
Surface Pod	2,000	0.150	312,000	0.042
	165,000	0.049	312,000	0.042
Area III				
Zone 1	338,000	0.041	692,000	0.041
Zone 2	0		52,000	0.050
Zone 3	0		22,000	0.033
	338,000	0.041	766,000	0.041
Area IV				
Zone 1	171,000	0.042	300,000	0.042
TOTAL-ALL ZONES	674,000	0.043	1,378,000	0.042
Contained Ounces of Gold		29,140 troy ounces		57,400 troy ounces

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MR. STEVENSON indicates in his report that there is a good probability that some of the Known mineralized zones will be expanded by further drilling, and that there is a good potential for finding new gold mineralization elsewhere along the extensive detachment breccia that is present on the more than 6 square miles of mineral property being explored by ARIZONA STAR on the VAN DEEMEN PROPERTY.

The COMPANY plans to proceed as quickly as possible to the SECOND PHASE OF DRILLING.

ARIZONA STAR has the right to earn a 50% interest in the VAN DEEMEN property.

ON BEHALF OF THE BOARD

K. Warren Geiger, Ph.D., P.Eng.
Director

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

Van Deeman(+)

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GLOBAL MARKETS

VOL. 3, NO. 7
NOVEMBER 28, 1986

ARIZONA STAR resource corp.

Stock Listing:
Vancouver - AZS

Yesterday's Close:
C$0.70

Common Stock: n.p.v.
Authorized shares: 10 million
Issued shares: 1.94 million

Although Vancouver-based ARIZONA STAR RESOURCE CORP. has been an operating company for only a few months it already holds very high expectations for successful drilling results from the Van Deemen property in northwestern Arizona, where it has the right to earn a 50% interest. Reserves are presently estimated at just over 39,000 tons grading 0.06 oz. gold per ton. The property's immediate potential, based on surface geochemical work, is 400,000 to 600,000 tons at a similar grade.

Given the Van Deemen's geologic similarity to several notable gold deposits that are hosted in detachment fault breccias along the Arizona-California border, there are further expectations that continued exploration will lead to the definition of a multi-million ton deposit.

A BRIEF HISTORY OF THE VAN DEEMEN

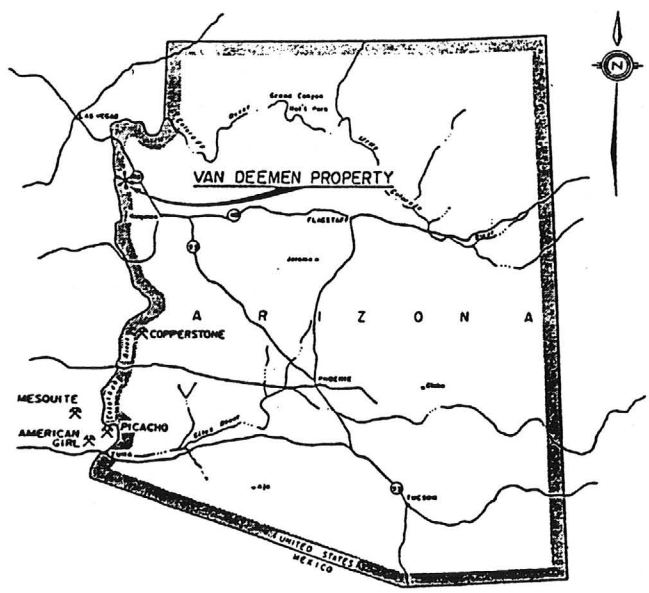
The Van Deemen property actually consists of two adjoining claim blocks — the Van Deemen's 58 claims and the Lost Pan Gulch's 185 claims — located about 100 miles southeast of Las Vegas in northwestern Arizona.

Historical data on the Van Deemen is somewhat sketchy. It is believed to date from the 1930s, however, when a small section of mineralized rock was mined by open cut and about 350 ft of exploratory adits, along with two shallow shafts, were driven in what is now the central part of the property.

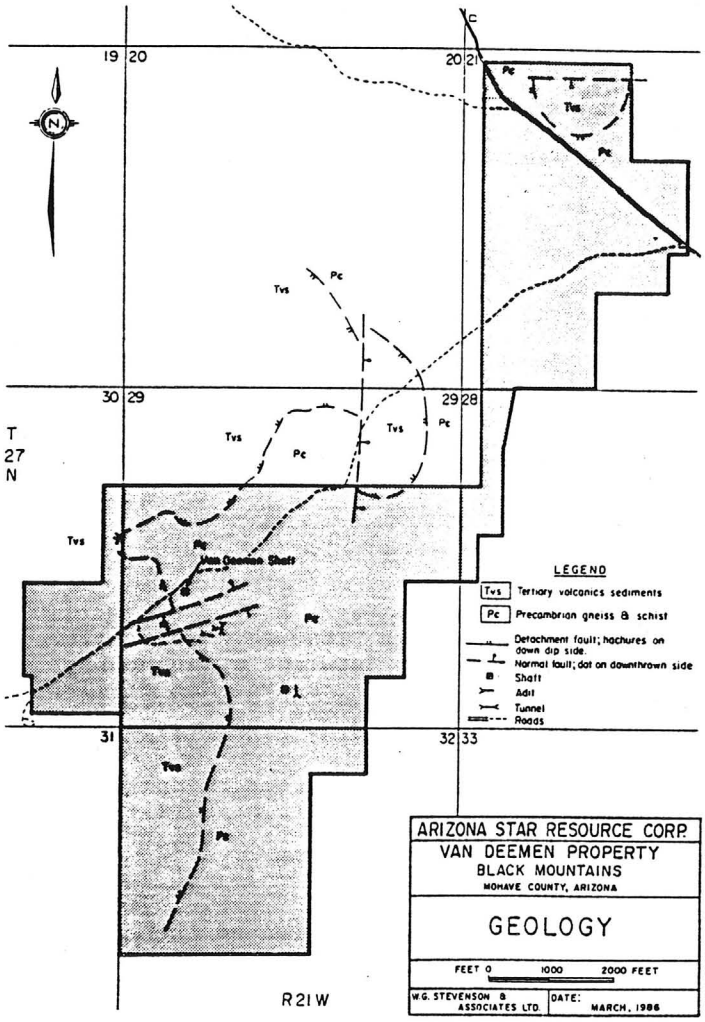
During the past few years both claim blocks have been subjected to renewed exploration activities. Amselco Exploration optioned part of the Van Deemen claims in 1983 and drilled 13 inclined holes totalling 5,724 ft in a search for vertical zones of mineralization.

Fischer-Watt Mining acquired an option in 1984 following extensive work, primarily consisting of mapping and surface sampling, on gold mineralized breccias elsewhere in Arizona and California.

Frisco Land & Mining subleased the claims in 1985 and drilled 24 short holes in two



ARIZONA STAR RESOURCE CORP
VAN DEEMEN PROPERTY
BLACK MOUNTAINS
MOHAVE COUNTY, ARIZONA
LOCATION MAP



parellel rows but relinquished the lease because it had not achieved its limited goal of outlining a small, good grade, surface ore zone in the immediate vicinity of the old Van Deemen workings.

Arizona Star acquired its right to earn a 50% interest in early 1986 after conducting more detailed exploration over the full length of gold mineralized breccia occurring in the central part of the claims. The consulting geologist firm of W.G. Stevenson & Associates was then retained to provide an independent geological report and evaluation of the claims. Their report noted that "gold occurs in a large epithermal mineralizing system in ... detachment fault breccias. These breccias have been traced for 7,800 ft on the mainpart of the property. Where the breccia is mineralized, values range from 0.02 to 0.07 oz. gold per ton. There are limited areas of higher gold mineralization, such as 0.19 oz. gold per ton across 20 ft, which were partly explored by adits in the 1930s. A 5-ft chip sample in this zone taken by [R.W. Stevenson, geologist] assayed 0.356 oz. gold and 0.20oz. silver per ton. The gold mineralization continues in the detachment breccia zone at Van Deemen where it dips westward under the upper fault plate. The available evidence indicates that this mineralization will be oxidized to [a] depth that can be extracted by open pit mining, thus making it suitable for low cost heap leach treatment. This very substantially increases the size potential of extractable mineralization on the Van Deemen property."

The Lost Pan Gulch claims adjoin immediately north of the Van Deemen claim block. Fischer-Watt Mining has carried out mapping and surface sampling over the past few years, locating a number of areas with anomalous gold values. Amselco Exploration drilled one of the targets, covering an area 300 ft by 700 ft, in 1985 and obtained intersections ranging from ten to 115 ft in eight of nine holes. The program encompassed 1,855 ft of diamond drilling.

The company's right to earn a 50% interest in these claims was acquired in late 1986.

PHASE ONE EXPLORATION IS UNDERWAY

Detachment faults are low angle faults, often of regional extent, that are commonly associated with widespread but relatively thin breccia zones. Because of very low stripping ratios they are ideally suited for open pit mining.

While their geology has only been understood and studied in detail for about ten years, a number of significant gold deposits hosted in detachment fault breccias have been developed in Arizona and California including the Picacho (Glamis), Mesquite (Consolidated Goldfields), American Girl (Newmont Gold) and Copperstone (Amoco) mines. These deposits range from ten to 75 million tons, and grade from 0.03 to 0.07 oz. gold per ton.

Drill indicated and probable reserves at the Van Deemen are presently 39,500 tons grading 0.06 oz. gold per ton. Stepout drilling, that has intersected mineralization, along with other drill targets indicate that the immediate goal of proving up 400,000 to 600,000 tons of similar grade ore is not only a reasonable one but that a multi-million ton

deposit may eventually be developed.

Arizona Star has designed a 6,500-ft drill program with the objective of testing both the immediate open pit and multi-million ton potential of the property. The $100,000 program is presently underway.

If further work is warranted by this initial phase of exploration, the second phase will involve additional drilling to ascertain the dimension of mineralization as well as bulk sampling and metallurgical testing. Other exploration targets would also be drilled. The cost for this phase is estimated at $200,000.

FINANCES

With the issue of 550,000 shares at C50¢ each in mid-1986, Arizona Star gained a full listing on the Vancouver Stock Exchange. Underwriters of the offering were the Canadian brokerage firms Brink, Hudson & Lefever Ltd. and Yorkton Securities Inc.

Net proceeds of C$233,750 will be used primarily to fund the first phase of exploration and meet its lease payments. Funds to carry out the second phase will be provided by further equity financing or debt.

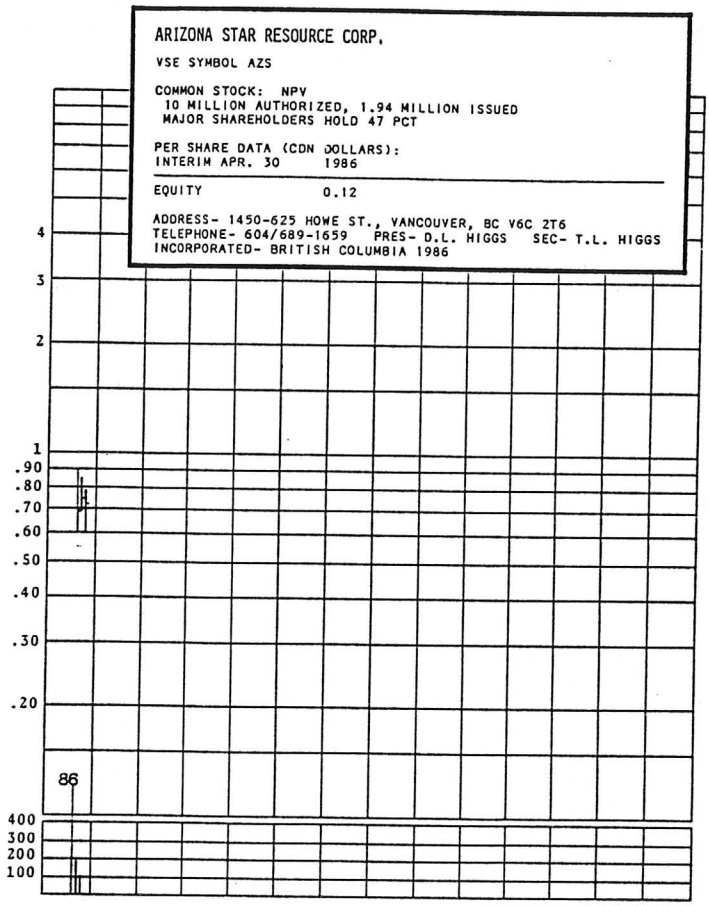
In total, Arizona Star must spend C$400,000 to earn a 50% interest in the Van Deemen and Lost Pan Gulch claims. Fischer-Watt Mining holds the other 50% interest. After meeting its work commitments, costs will be shared equally by the joint-venture partners and a lack of participation by either party will result in a dilution of interest. The claims are subject to varying net smelter returns, to a maximum of 5½%, or a buyout if production is achieved.

RECOMMENDATION

The economics of gold mining has looked increasingly bright in recent years with much of the activity focussed on heap leaching, which is fast becoming the standard for extracting gold profitably from low-grade, large tonnage, open-pit mines.

For its part, Arizona Star appears to be well positioned with its participation in the Van Deemen project. A relatively low capital investment of C$400,000 — in the range that management is comfortable with — will gain the company a 50% interest in the property.

The property has the features that could add up to a successful mining venture. Geological similarities between the Van Deemen and several significant gold deposits located along the Arizona-California border leads us to believe that reserves, now estimated at 39,500 tons grading 0.06 oz. gold per ton, will be revised substantially upward as results from the first phase of exploration are fully evaluated.



The long-term outlook is also favorable for the company. With the goal of proving up an open-pit reserve of 400,000 to 600,000 tons of similar grade a production decision could be just two or three years away.

Purchase of Arizona Star shares is recommended for the patient investor looking to get in early on a speculative situation with excellent near-term and long-term potential.

Arizona Star Resource Corp. is located at 1450-625 Howe St., Vancouver, B.C., Canada, V6C 2T6. Their telephone number is 604/689-1659.

APPRAISAL OF DATA FROM THE PHASE ONE WORK PROGRAM
VAN DEEMEN PROPERTY
BLACK MOUNTAINS
ARIZONA

FOR

ARIZONA STAR RESOURCE CORP.

JANUARY 12, 1987

TELEPHONE: 685-1123
RESIDENCE: 987-6967

W. G. STEVENSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS
CROWN TRUST BUILDING
475 HOWE STREET
VANCOUVER, B.C. V6C 2B3

January 12, 1987

The Directors
Arizona Star Resource Corp.
Vancouver, British Columbia

APPRAISAL OF DATA FROM THE PHASE ONE WORK PROGRAM
VAN DEEMEN PROPERTY
BLACK MOUNTAINS
ARIZONA

Gentlemen:

Under date of March 18, 1986, I submitted to you a report on the 58 contiguous lode mining claims comprising the Van Deemen property which is situated approximately 50 miles northwest of Kingman, Arizona. That report recommended a Phase One work program consiting of: preparation of base maps based on new air photography, geological mapping, rock sampling, preparation of roads and drill sites, and reverse circulation surface drilling. A Phase Two work program was outlined, implementation of which was to be contingent upon favourable results from the Phase One program.

Under date of October 16, 1986, I submitted to you a letter which briefly described the 181 contiguous lode mining claims comprising the Lost Pan Gulch property, which adjoined the Van Deemen property on the latter's north boundary. My letter also supported your acquisition of the Lost Pan Gulch property and its inclusion in the Van Deemen project because it added approximately four more linear miles of highly prospective, altered detachment fault breccia to the project.

The Phase One work program having been completed, you have commissioned W. G. Stevenson & Associates Ltd. to examine the data generated by that work, assess the potential of the property in the light of the new information and, if justified by the results of the Phase One work, recommend implementation of a Phase Two work program.

To accomplish this assignment, I have reviewed the following material:

(i) colour air photos of the Van Deemen property

(ii) geological maps

(iii) rock and soil geochemical maps

(iv) drill hole location maps with the mineralized zones outlined

(v) detailed assay logs for drill holes 1 to 24

(vi) summary assay logs of the mineralized intercepts for each of the 53 drill holes

(vii) assay certificates from Jacobs Assay Office (Tucson), Chemex Labs Ltd. (North Vancouver) and Skyline Labs (Tucson)

(viii) geological cross sections in Areas II and III complete with drill holes and assays

(ix) drill hole and assay data with cross sections for Area IV

(x) tonnage and grade summaries for the three areas where drilling intersected mineralization of heap leachable grade

(xi) sample composition and recommended leach treatment for composite samples from each area

(xii) comments on biogeochemical sampling using creosote bush at the Mesquite deposit in southeastern California

(xiii) summary of the proposed budget for the Phase Two work

The Phase One work was done under the direct supervision of F. L. Hillemeyer, who is a senior exploration geologist with Fischer-Watt Mining Co. Inc., which is a vendor of the property. As you know, Fischer-Watt is a highly respected mineral exploration company. The Phase One work on the Van Deemen property has been done effectively. I am satisfied that the results have been fully and clearly reported. The mineralization indicated by the Phase One work is consitent with the results of earlier drilling and surface sampling by Amselco Exploration Inc.

Prior to commencement of the field work, colour air photographs were taken of the general property area. These were used to prepare acurate base maps. They were also used as an aid in geological mapping. The reddish alteration that is associated with the altered detachment breccia is readily visible on air photos in this arid environment. Rock sampling was done concurrent with the geological mapping.

Fifty-three percussion holes were drilled. The work was concentrated in four areas. Their locations are described below in relation to the old Van Deemen mine workings. A summary of the mineral reserves in each area is given following the descriptions.

Area I is an exposure of detachment breccia that is 1,800 feet south of the Van Deemen mine. Three holes were drilled there, but did not intersect significant gold mineralization. A new drill target in this area will be sought by use of biogeochemical sampling, as will be explained later.

Area II is in the vicinity of the old Van Deemen mine and includes mineralization exposed by those workings, a small surface pod northwest of the Van Deemen mine, and a 200-foot by 600-foot zone that has been indicated (but not delimited) by drilling and is centred about 900 feet southwest of Van Deemen. Twenty-three holes were drilled in Area II.

Area III combines three zones of mineralized detachment breccia that extend from 1,200 feet to 2,000 feet northwest of the Van Deemen mine. Ten holes were drilled in Area III. The largest of the three mineralized zones in Area III is still open to the southwest and northeast.

Area IV contains a mineralized breccia zone that is northwest of the most northerly of the mineralized zones in Area III. Actually, the next stage of drilling may show that the mineralization is continuous between the two zones.

The mineral reserves on the Van Deemen property, as calculated

by Mr. Hillemeyer and as confirmed by my examination of the data and my calculations, are summarized as follows:

Van Deemen Mineral Reserves - December 31, 1986

	INDICATED RESERVES		INFERRED RESERVES	
Area II	Tons	Oz.Au/ton	Tons	Oz.Au/ton
Southwest Zone	129,000	0.046	312,000	0.042
Van Deemen Mine	34,000	0.055	-	-
Surface Pod	2,000	0.150	312,000	0.042
	165,000	0.049		
Area III				
Zone 1	338,000	0.041	692,000	0.041
Zone 2	0		52,000	0.050
Zone 3	0		22,000	0.033
	338,000	0.041	766,000	0.041
Area IV				
Zone 1	171,000	0.042	300,000	0.042
TOTAL - ALL ZONES	674,000	0.043	1,378,000	0.042
Contained Ounces of Gold	29,140 troy ounces		57,400 troy ounces	

Three samples, comprised of composite drill cuttings, and each representative of one of the mineralized areas, have been sent to Chemex Labs in North Vancouver for preliminary cyanide bulk leach testing. The results are not yet available.

Mr. Hillemeyer has recommended a biogeochemical orientation survey over known gold mineralization on the property. If it is successful in indicating gold mineralization under gravel cover, it will be used to search for drill targets in Area I and elsewhere on the Van Deemen property. His recommendation is based upon information that Fischer-Watt has received

from personnel at the Mesquite gold deposit in southeastern California where gold and arsenic anomalies in creosote bush have indicated gold mineralization that is covered by 70 feet of gravel. The arid climatic conditions at Mesquite are similar to those at Van Deemen. I fully support the use of this technique. Creosote bush (Larrea divaricata) and other phreatophytes obtain moisture from the water table via a deep root system. The root tips on some phreatophytes are cyanogenic or highly acidic and are thus capable of dissolving minute amounts of gold which are then stored in the plant branches. The development of neutron activation analysis in the past decade has provided sufficient sensitivity to detect the resulting gold anomalies.

CONCLUSIONS AND RECOMMENDATIONS

Considering the somewhat limited time and money that have been spent during the Phase One program, a substantial amount of gold mineralization has been indicated or inferred on the property during 1986.

There is a good probability that some of the known mineralized zones will be expanded by further drilling. There is also a good potential for finding new gold mineralization elsewhere along the extensive detachment breccia that was added to the Van Deemen property by acquisition of the Lost Pan Gulch claims.

I confirm that the results of your Phase One work program are favourable with respect to defining and enhancing the economic mineral potential of the Van Deemen property of Arizona Star Resource Corp. Based on these successful results, I concur with and support your decision to implement a Phase Two program of exploration work.

A Phase Two work program, with cost estimate, is presented below. It has been modified from the Phase Two work program that was included in my Geological Report dated March 18, 1986, so as to take into account the acquisition of the Lost Pan Gulch claims, to make use of the cost experience gained during 1986, and to accommodate the biogeochemical survey and the property payments to be made during 1987. It coincides closely with the work recommendation made on December 12, 1986 by Mr. Hillemeyer.

PROPOSED WORK PROGRAM AND COST ESTIMATE

Phase II

1.	Survey and map preparation	US	$ 6,000
2.	Surface geological mapping		5,000
3.	Rock and soil geochemical surveys		6,000
4.	Biogeochemical study and survey		10,000
5.	Bulk sampling and metallurgical testing		25,000
6.	Preparation of roads and drill sites		8,000
7.	Reverse circulation surface drilling, including logging and assaying. 10,000 ft. @ $12/ft		120,000
8.	Supervision, engineering, drafting, reporting		15,000
9.	Contingencies @ 20%		39,000
10.	Property payments		48,000
	Total Phase II	US	$282,000

Phase III

Contingent upon successful results from the Phase Two work program, a Phase III work program will be recommended. No provision has been made for property payments on the assumption that the work will be done in 1987.

1.	Detailed geological mapping	US	$ 5,000
2.	Biogeochemical surveys		12,000
3.	Preparation of roads and drill sites		10,000
4.	Reverse circulation drilling, including logging and assaying. 13,000 ft. @ $12/ft		156,000
5.	Advanced metallurgical studies		35,000
6.	Baseline environmental study		14,000
7.	Supervision, engineering, drafting, reporting		18,000
8.	Contingencies @ 20%		50,000
	Total Phase III	US	$300,000

Phase IV

Contingent upon successful results from the Phase Three work program, a Phase IV work program will be recommended that will likely consist of a Feasibility Study. That study would include ore reserve analysis with any additional drilling that may be required, baseline environmental requirements, permitting requirements, water resources, final metallurgical testing, siting and design of the crushing and leaching facilities, and an estimate of the capital and operating costs.

Respectfully submitted,
W. G. STEVENSON & ASSOCIATES LTD.

R. W. Stevenson, P.Eng.

Attachments

CERTIFICATE

I, ROBERT W. STEVENSON, do hereby certify:

1. That I am a Consulting Geological Engineer with offices at 505 Vienna Crescent, North Vancouver, British Columbia.

2. That I graduated in Mining Geology from the University of Toronto in 1952 with a Bachelor of Applied Science Degree.

3. That I am a registered Professional Engineer in the Associations in British Columbia and in Ontario, and that I am a Fellow in the Geological Association of Canada and a Member of the Association of Exploration Geochemists.

4. That I have practised my profession for over 30 years.

5. That I have no direct, indirect or contingent interest in the mining claims in the Van Deemen property, Mohave County, Arizona, which are held by Arizona Star Resource Corp., nor in the securities of Arizona Star Resource Corp., nor in the securities of Fischer-Watt Mining Co. Inc., nor do I intend to receive any such interest.

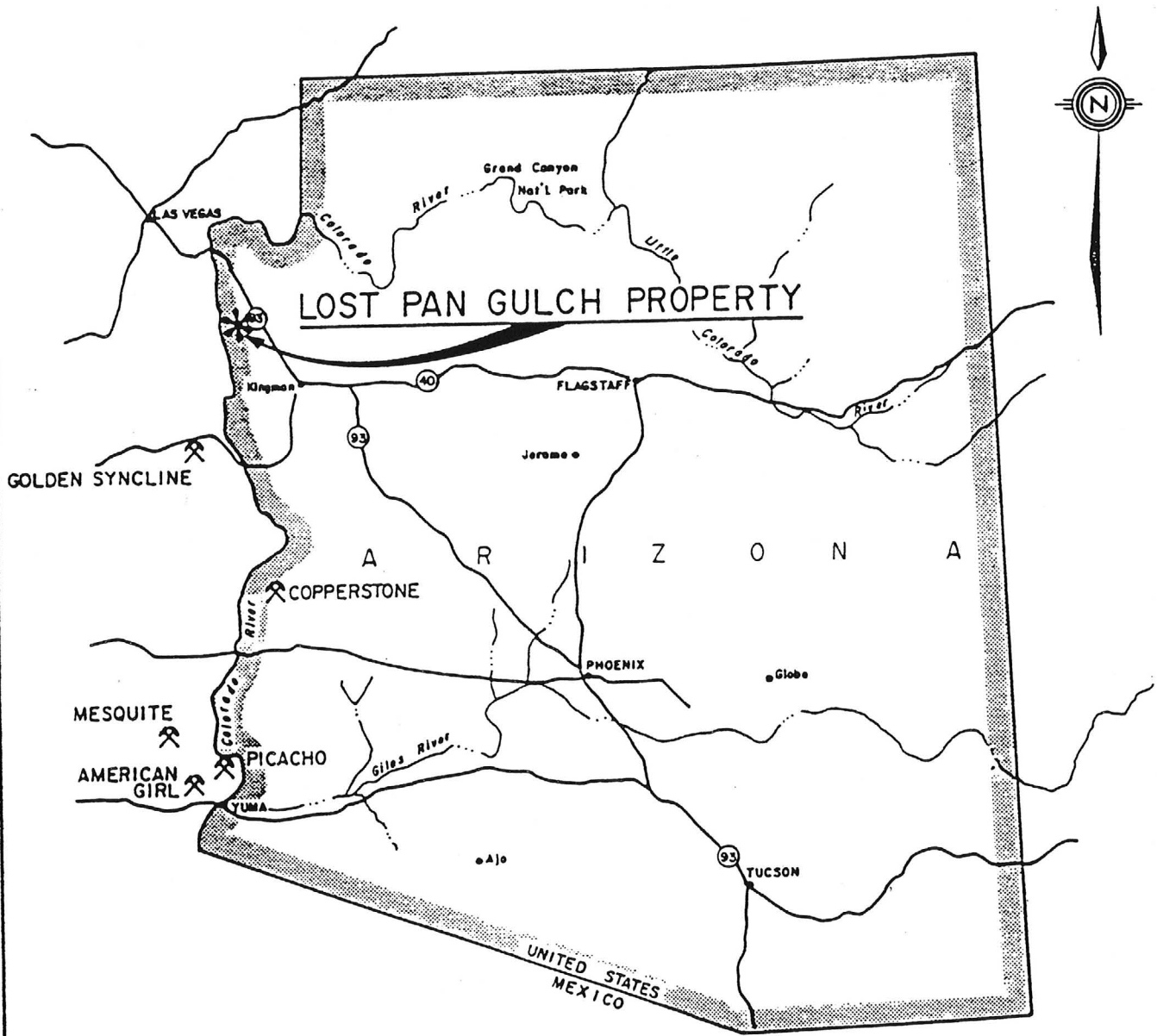
6. That this letter dated January 12, 1987, is based on examinations that I conducted on February 6, 1986, and September 5, 1986, on a study of published and unpublished maps and reports and on discussions with engineers and geologists familiar with this area.

7. That I consent to the use of this letter dated January 12, 1987, in a Prospectus or Statement of Material Facts, or any other filing.

DATED at Vancouver, British Columbia, this 12th day of January, 1987.

R. W. Stevenson, P. Eng.

APPENDIX A



APPENDIX B

ARIZONA STAR RESOURCE CORP.

LOST PAN GULCH PROPERTY
BLACK MOUNTAINS
MOHAVE COUNTY, ARIZONA

LOCATION MAP

MILES 0 50 100 MILES

W.G. STEVENSON B | DATE:

VanDeemen

ARIZONA STAR resource corp.

VAN DEEMEN PROSPECT
Mohave County, Arizona

Location

The Van Deemen Prospect is located in northwest Arizona on the western flank of the Black Mountains, about 50 miles northwest of Kingman.

Land Status

Arizona Star Resource Corp. has the right to earn a 50% interest in leases covering 241 unpatented lode claims at the Van Deemen Prospect. Underlying lessees are entitled to varying Net Smelter Returns from production, to a maximum of 5½%, subject to a buyout.

The land position is divided into two claim blocks, Van Deemen and Lost Pan Gulch, both of which are currently under joint-venture agreement with Fischer-Watt Mining Co. Inc. of Kingman, Arizona. Arizona Star must expend $400,000 on the property to earn a 50% participating interest. After earn-in, lack of participation by either Arizona Star or FWM would result in dilution of interest.

Ore Reserves and Potential

Total drill indicated and probable gold ore reserves to date at the Van Deemen are 39,347 tons grading 0.06 oz./ton. Step out drilling has intersected significant intervals of ore-grade gold values.

Geological and surface geochemical studies indicate immediate surface potential of 400,000 to 600,000 tons of +0.05 oz./ton gold ore. Drill targets have been defined with discovery objectives of a 2 to +10 million ton, +0.05 oz./ton gold orebody amenable to open-pit, heap-leach mining techniques.

Geology

Gold-silver mineralization at the Van Deemen is associated with thick brecciated and folded zones along a low-angle normal fault (detachment fault) of mid-Tertiary age. The detachment fault separates a highly extended upper plate of Tertiary volcanic and sedimentary rocks from a lower plate of Precambrian through Mesozoic gneisses, schists, and intrusives.

Cont'd../2

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Several important gold deposits that are hosted in detachment fault breccias in Arizona and California are as follows:

Name	Tonnage	Grade Oz/T Au	Owner
Picacho	10 million	0.03	Glamis Gold
Mesquite	75 million	0.074	Goldfields
American Girl	10 million	0.06	Newmont
Copperstone	16 million	0.070	Amoco
Golden Syncline	-	-	Fischer-Watt

The structural host and style of mineralization has many similarities with the +10 million ton Picacho gold mine near Yuma, Arizona. At the Van Deemen, two major gold mineralizing events were introduced into the favorable detachment fault along a wide variety of footwall conduits. Quartz-sericite-FeOx alteration and associated gold, silver, and trace element arsenic mineralization is present along the detachment fault for a strike length in excess of 6,000 feet.

Exploration Program

Extensive geologic mapping and surface geochemical sampling has been completed on the prospect. In addition, significant gold mineralization in and along the detachment fault has been confirmed by recent reverse-circulation and air-track drilling. A 7,000 to 8,000 foot reverse-circulation drilling program has been designed to test both the small open pit and multi-million ton potential of the property. A $100,000 (U.S.) budget has been allocated by Arizona Star to implement this drilling program commencing October, 1986.

ARIZONA STAR resource corp.

(stock symbol: AZS)

September 12, 1986

DETAILED SURFACE WORK SHOWS POTENTIAL FOR MULTIMILLION TON GOLD ORE DEPOSIT

Arizona Star Resource Corp. reports that detailed geological and geochemical studies have been completed on the Van Deeman property near Kingman, Arizona.

These studies have shown that an extensive gold-bearing hydrothermal system is present in the favorably prepared rocks along the Black Mountain Detachment Fault over a very large area. This geological setting provides the potential for a multimillion ton gold ore deposit underneath upper-plate volcanic and sedimentary rocks to the west of the Van Deemen Mine, Van Deemen north, and Van Deemen south. In addition, there appears to be excellent potential for 100,000-400,000 tons of +/- 0.05 oz/ton ore at the surface when combining the potential at the immediate vicinity of the Van Deemen hill and an area of strong surface geochem anomalies at the northeast portion of the property.

To test these target objectives two reverse-circulation drilling programs are planned, with about 4,000 ft. in each program. Drilling is scheduled to begin in early October.

Arizona Star has the right to earn a 50% interest in the Van Deemen property from Fischer-Watt Mining Co. Inc.

ON BEHALF OF THE BOARD

Dennis L. Higgs, B.Com.
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

#101 - 736 Granville Street, Vancouver, B.C. V6Z 1G3 Phone: (604) 689-1659

ARIZONA STAR resource corp.

(Stock Symbol: AZS)

October 8, 1986

ACQUISITION OF CLAIMS ADJOINING VAN DEEMEN PROSPECT; PREVIOUS DRILL RESULTS VERY ENCOURAGING

Arizona Star Resource Corp. has acquired the right to earn a 50% interest in an additional 183 unpatented lode claims which adjoin the Van Deemen prospect in Mohave County, Arizona.

The Lost Pan Gulch prospect lies immediately north of the Van Deemen property and shows gold mineralization over thicknesses of 15 feet to 115 feet in brecciated precambrian granite developed along the Black Mountains Detachment Fault. Detailed geological mapping and geochemical sampling by Fischer-Watt Mining and Amselco Minerals have identified extensive areas of anomalous gold geochem.

Nine holes drilled in 1985 by Amselco covering an area 700 feet by 300 feet returned the following results:

Drill Hole #	Interval	Thickness	Assay Au o.p.t.	Total Depth
LGR #1	35'-75'	40'	.023	
	75'-120'	45'	.062	190'
LGR #2	10'-65'	55'	.060	
	65'-85'	20'	.004	
	85'-125'	40'	.051	190'
LGR #3	no significant gold values			310'
LGR #4	85'-100'	15'	.037	185'
LGR #5	50'-75'	25'	.038	190'
LGR #6	0'-60'	60'	.022	175'
LGR #7	5'-30'	25'	.054	235'
LGR #8	20'-30'	10'	.060	175'
LGR #9	75'-100'	25'	.056	
	100'-130'	30'	.015	205'

Arizona Star can earn a 50% interest in the prospect from Fischer-Watt Mining of Kingman, Arizona by issuing a total of 50,000 shares over three phases of work and spending $150,000 (U.S.) on the property. The claims are subject to a 4½% Net Smelter Return or an $800,000 buyout should production be realized.

Cont'd.../2

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A 6,500 foot reverse circulation drill program is to commence on the Van Deemen and Lost Pan Gulch properties this weekend.

All agreements are subject to regulatory approval.

ON BEHALF OF THE BOARD

Dennis L. Higgs, B.Com.
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

ARIZONA STAR resource corp.

(stock symbol: AZS)

November 5, 1986

NEWS RELEASE

Arizona Star Resource Corp. reports that the Company's annual general meeting was held on October 30, 1986.

At the meeting, Don Shwery did not stand for re-election as a director and Dr. K. Warren Geiger was elected to the board for the ensuing year.

Dr. Geiger has a B.Sc. degree in Mining Engineering and a Ph.D. in Economic Geology. He is registered as a professional geologist in Alberta and as a professional engineer in B.C. His work has included the design, field supervision, interpretation and report preparation for programs involving the economic evaluation of metallic and non-metallic mineral deposits.

Arizona Star has the right to earn a 50% interest in a large gold prospect in Arizona. Geological and surface geochemical studies indicate immediate surface potential of 400,000 to 600,000 tons of +0.05 oz./ton gold ore. Drilling has commenced with discovery objectives of a 2 to +10 million ton, +0.05 oz./ton gold orebody amenable to open-pit, heap-leach mining techniques.

Dr. Geiger's active participation on this project will be an asset to the company.

ON BEHALF OF THE BOARD

Dennis Higgs.

Dennis L. Higgs, B.Com.
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

#1450-625 Howe Street, Vancouver, B.C. V6C 2T6 Telephone: (604) 689-1659

ARIZONA STAR resource corp.

(symbol AZS)

November 21, 1986

NEWS RELEASE

ARIZONA STAR RESOURCE CORP. RECEIVES VERY ENCOURAGING GOLD VALUES IN DRILL HOLES ON ITS VAN DEEMEN, ARIZONA PROPERTY.

ARIZONA STAR RESOURCE CORP. is highly encouraged by the initial drill results on its Van Deemen, detachment-related gold deposit near Kingman, Arizona. This deposit has a potential for large reserves of open pittable, heap leachable, ore.

The Company has received assay results from 24 of a total 53 reverse circulation drill holes completed during the current phase 1 evaluation program. This program is testing four zones of highly altered and mineralized breccia along a continuous outcrop and subcrop distance of 1.5 miles.

The drill program has encountered visually promising intersections of from 15 to 150 feet in all four zones. In zones 2, 3, and 4 where some assay results are available, ore intersections of from 15 to 105 feet have been encountered.

Of the 24 holes from which results have been received, 13 are considered to be probable ore holes, 5 are considered submarginal, and 4 of the remaining 6 are considered highly anomalous.

#1450 625 Howe Street, Vancouver, B.C. V6C 2T6

ARIZONA STAR resource corp.

The drill intercepts were the following:

Hole Number	Interval (Feet)	Length (Feet)	Oz. Gold Per Ton
1	65-115	50	0.023
incl.	85-115	30	0.031
2	55-105	50	0.023
3	0-45	45	0.017
incl.	25-35	10	0.037
4	0-35	35	0.025
incl.	0-15	15	0.034
5	0-65	65	0.034
incl.	0-40	40	0.055
6	0-40	40	0.031
incl.	0-10	10	0.045
incl.	30-40	10	0.063
7	25-40	15	0.037
9	10-35	25	0.025
incl.	20-30	10	0.035
12	0-80	80	0.018
incl.	35-45	10	0.035
incl.	105-110	5	0.102
13	95-130	35	0.030
14	20-125	105	0.034
incl.	composite	80	0.044
incl.	105-125	20	0.067
26	65-75	10	0.044
35	50-70	20	0.032
37	25-35	10	0.048

Arizona Star has the right to earn a 50% interest in the Van Deemen property from Fischer-Watt Mining Co. Inc.

ON BEHALF OF THE BOARD

K. Warren Geiger

K. Warren Geiger, Ph.D.;P.Eng.
Director

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

ARIZONA STAR resource corp.

January 21, 1987

NEWS RELEASE

ARIZONA STAR RESOURCE CORP. RELEASES FURTHER GOLD INTERCEPT RESULTS FROM DRILLING ON ITS VAN DEEMAN, ARIZONA PROPERTY.

ARIZONA STAR RESOURCE CORP. is highly encouraged by gold assay results from the final 29 of a total 53 reverse circulation drill holes completed during the current phase 1 evaluation program on its Van Deeman property near Kingman, Arizona.

The Van Deeman property is a detachment-related gold deposit with potential for large reserves of open pittable, heap leachable ore. The program has established the presence of gold ore reserves in three zones along a continuous outcrop distance of 1.5 miles. Ore reserves are presently being calculated, and results are expected to be available in the near future. The drill intercepts from the final holes were as follows:

HOLE NUMBER	INTERVAL (Feet)	LENGTH (Feet)	OZ. GOLD Per Ton.
15	composite	45	0.037
incl.	0-15	15	0.045
incl.	5-10	5	0.067
and	70-90	20	0.034
18	0-25	25	0.022
incl.	20-25	5	0.052
19	105-116	11	0.101
incl.	110-116	6	0.112
20	10-50	40	0.012
incl.	35-40	5	0.039
21	5-45	40	0.113
incl.	15-45	30	0.145
incl.	15-20	5	0.433
22	60-80	20	0.026
incl.	60-65	5	0.039
23	30-55	25	0.038
incl.	45-50	5	0.057

Cont'd.../2

#1450-625 Howe Street, Vancouver, B.C. V6C 2T6 Telephone: (604) 689-1659

24	50-90	40	0.055
incl.	85-90	5	0.165
34	45-65	20	0.015
incl.	55-60	5	0.031
42	45-100	55	0.037
incl.	60-100	40	0.048
incl.	85- 90	5	0.131
47	65-100	35	0.062
and	150-165	15	0.046
incl.	80-85	5	0.113
50	120-145	25	0.023
incl.	125-130	5	0.060

Arizona Star has the right to earn a 50% interest in the Van Deeman property from Fischer- Watt Mining Co. Inc.

ON BEHALF OF THE BOARD

K. Warren Geiger, Ph.D. P.Eng.

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

ARIZONA STAR resource corp.

February 6, 1987

NEWS RELEASE

ARIZONA STAR RESOURCE CORP. ANNOUNCES GOLD RESERVE CALCULATIONS FROM DRILLING ON ITS VAN DEEMEN, ARIZONA PROPERTY.

ARIZONA STAR RESOURCE CORP. has received very encouraging results from its completed PHASE ONE work program. The work was supervised in the field by F.L.'Bud'Hillemeyer, a senior geologist with Fischer-Watt Mining Co. Inc., who also calculated the gold reserves, confirmed in 3 of 4 target areas, by the drilling of 53 reverse circulation drill holes. The COMPANY'S INDEPENDENT CONSULTANT, R.W. STEVENSON, of W.G. STEVENSON & ASSOCIATES LTD, has reviewed and confirmed the calculations.

The VAN DEEMEN MINERAL RESERVES to date are as follows:

	INDICATED RESERVES		INFERRED RESERVES	
	Tons	Oz.Au/ton	Tons	Oz.Au/ton
Area II				
Southwest zone	129,000	0.046	312,000	0.042
Van Deemen Mine	34,000	0.055	–	–
Surface Pod	2,000	0.150	312,000	0.042
	165,000	0.049	312,000	0.042
Area III				
Zone 1	338,000	0.041	692,000	0.041
Zone 2	0		52,000	0.050
Zone 3	0		22,000	0.033
	338,000	0.041	766,000	0.041
Area IV				
Zone 1	171,000	0.042	300,000	0.042
TOTAL-ALL ZONES	674,000	0.043	1,378,000	0.042
Contained Ounces of Gold		29,140 troy ounces		57,400 troy ounces

#1450-625 Howe Street Vancouver, B.C. (604) 689-1659

MR. STEVENSON indicates in his report that there is a good probability that some of the Known mineralized zones will be expanded by further drilling, and that there is a good potential for finding new gold mineralization elsewhere along the extensive detachment breccia that is present on the more than 6 square miles of mineral property being explored by ARIZONA STAR on the VAN DEEMEN PROPERTY.

The COMPANY plans to proceed as quickly as possible to the SECOND PHASE OF DRILLING.

ARIZONA STAR has the right to earn a 50% interest in the VAN DEEMEN property.

ON BEHALF OF THE BOARD

K. Warren Geiger, Ph.D., P.Eng.
Director

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.

9/26/86

Calendar of Events

VAN DEEMAN FILE

Company Br

Mining

MBER 1986

86: An International Sympo-n the Geology of Gold, Sep-r 28-October 1: Metro To-Deposits, Convention Center. o, Ontario. Discussion of the mportant new gold deposits ered around the world over w years. The majority of pa-vill describe individual gold its, particularly those that een discovered more recent-those where recent research sulted in significant new geo- information. Critical, unify-tures relating to general gold alization processes and their nvironments will be identified he descriptions of the indi-deposits. Fee: C$150. Con-he Organizing Committee. 36, Suite 1700, 55 University Toronto, Ontario, Canada H7.

BER 1986

al Drilling Federation Sym-n & Equipment Exposition, er 2-4: Salt Palace Center, ake City, Utah. Held in co-ion with the National Drilling ictors Association and the nd Core Drill Manufacturers iation. Contact Carol Davis nna Welle. Tele. 803-252-

can Mining Congress Inter-al Mining Show, October 5- Vegas Convention Center, gas, Nevada. An opportunity mine equipment, technology, ervices for use in exploring es within the earth. Business s, government officials, sci-, and engineers will offer on subjects of importance to dustry, including minerals oility, environmental matters, n, management, health and , underground operations, omputer applications. Con-merican Mining Congress. 00, 1920 N. St. N.W., Wash-D.C., 20036. Tele. 202-34.

ar on Electronic Data Pro-g in Mineral Exploration/De-nent, October 12-25: Lauren-niversity, Sudbury, Ontario. d by Laurentian University's in Mining and Mineral Ex-on Research and funded by lian International Develop-pus Box 405, University of Colorado, Boulder, Colorado 80309-0405. Tele. 303-492-6545.

11th Annual Alaska Miners Association Convention, October 30-November 1: Hotel Captain Cook, Anchorage, Alaska. Theme is "Alaska: Golden Opportunities." Technical sessions, social events, trade fair. 1½-day short course "Placer Mining—A Systems Approach" precedes. Contact Alaska Miners Association Inc., 509 West Third Avenue, Suite 17, Anchorage, Alaska 99501. Tele. 907-276-0347.

Tenth Meeting of CIM's District 4, October 30-November 1: Winnipeg, Manitoba. District 4 includes Ontario west of the 86th meridian, Manitoba, Saskatchewan, and the Keewatin District, N.W.T. Hosted by the Winnipeg branch of CIM. Contact Denyse B. Crawford, Canadian Institute of Mining, Suite 400, 1130 Sherbrooke St., W. Montreal, Quebec, Canada H3A 2M8. Tele. 514-842-3461.

NOVEMBER 1986

Annual Meeting of Newfoundland Branch of CIM, November 6-8: Hotel Newfoundland, St. John's Newfoundland. Contact Denyse B. Crawford, Canadian Institute of Mining, Suite 400, 1130 Sherbrooke St., W. Montreal, Quebec, Canada H3A 2M8. Tele. 514-842-3461.

The Metallurgical Society Extractive and Process Metallurgy Fall Meeting, November 9-12: Colorado Springs, Colorado. Contact Meetings Department, The Metallurgical Society, 420 Commonwealth Drive, Warrendale, Pennsylvania 15086.

Short Course: Fire Assaying for Gold and Silver, November 10-14: Jacobs Assay Office, Tucson, Arizona. Fee: $300. Contact Professor Sigmund L. Smith, Jacobs Assay Office, 1435 South 10th Ave., Tucson, Arizona 85713. Tele. 602-622-0813.

Fourth Mineral Economics Symposium, November 11-13: Bayshore Inn, Vancouver, British Columbia. Contact Denyse B. Crawford, Canadian Institute of Mining, Suite 400, 1130 Sherbrooke St., W. Montreal, Quebec, Canada H3A 2M8. Tele. 514-842-3461.

Short Course: Cyanidation of Gold and Silver Ores, November 17-21: Jacobs Assay Office, Tucson, Arizona. Contact Professor Sigmund L. Smith, 1435 South 10th Ave., Tucson, Arizona 85713. Tele. 602-622-0813.

Fifth Meeting of CIM's District 1, Meinert, Geology Department, Washington State University, Pullman, Washington 99164-2812. Tele. 509-335-2261 or 509-335-3009.

Northwest Mining Association 92nd Annual Convention, December 4-6: Davenport Hotel, Spokane, Washington. Contact NWMA, 633 Peyton Building, Spokane, Washington 99201. Tele. 509-624-1158.

Pacific Intermountain Mining Show, December 4-6: Riverpark Convention Center, Spokane, Washington. Held in conjunction with the Northwest Mining Association's 92nd annual convention. Contact Cathy Dorr, S. 2026 Manito Place, Spokane, Washington 99203. Tele. 509-838-8755.

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FEBRUARY 1987

Dredging & Placer Mining Conference V, February 2-4: John Ascuaga's Nugget, Sparks, Nevada. Contact Dr. Yung Sam Kim, Conference Director, Nevada Institute of Technology, P.O. Box 8894, Reno, Nevada 89507. Tele. 702-331-0607.

116th AIME Annual Meeting, February 23: Radisson Hotel, Denver, Colorado. Contact Meetings Dept., Society of Mining Engineers, Caller No. D, Littleton, Colorado 80127. Tele. 303-973-9550.

SME Annual Meeting and Exhibit, February 24-27: Denver Convention Complex, Denver, Colorado. Contact Meetings Dept., Society of Mining Engineers, Caller No. D, Littleton, Colorado 80127. Tele. 303-973-9550.

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MARCH 1987

55th Annual Prospectors and Developers Association Convention, March 8-11: Royal York Hotel, Toronto, Ontario. Technical papers, core shack, poster displays, commercial exhibits, and social functions. Contact PDA, 420-74 Victoria St., Toronto, Ontario, Canada M5C 2A5. Tele. 416-362-1969.

Third Annual McKelvey Forum, March 11-12: Denver, Colorado. Papers and discussions will focus on all aspects of mineral resources research in the U.S. Geological Survey. Contact forum organizers Buhler and Abraham Inc. at 301-681-3980.

Arizona Star Resource Corp. reports detailed geological and geochemical studies have been completed on the Van Deeman property near Kingman, Arizona.

The company says this geological setting provides the potential for a multi-million-ton gold ore deposit underneath upper-plate volcanic and sedimentary rocks to the west of the Van Deemen mine, Van Deemen north, and Van Deemen south.

In addition, it reports, there appears to be an excellent potential for 100,000 to 400,000 tons of +/- 0.05 ounces of gold per ton at the surface when combining the potential at the immediate vicinity of the Van Deeman hill and an area of strong geochemical anomalies at the northeast portion of the property, management says.

To test these target objectives two reverse circulation drilling programs are planned, with about 4,000 feet in each program. Drilling is slated to begin in early October.

⚒ ⚒ ⚒

Great Lakes Group Inc. says it will provide **Campbell Resources Inc.** of Toronto with a C$22 million loan facility to help Campbell pay off existing debt and for working capital.

In return, Great Lakes, an investment and financial concern, will receive a six-year option to acquire 10% of Campbell's common shares at a price of C$1.25 per share, and a further 10% of the common shares at C$2 per share, all on a fully diluted basis. The options would give Great Lakes a total of 3.3 million shares of Campbell.

⚒ ⚒ ⚒

Consolidated Explorer Petroleum Corp. Inc. will be conducting ground electromagnetic and magnetic surveys on its Casa Berardi Township claim block. The ground covers a strong coincident EM-magnetic airborne anomaly.

Overburden drilling is scheduled to commence in November.

The company is negotiating to acquire a gold property in the Indin Lake area of the Northwest Territories and will proceed

He says a dri location shortly e and one quarter r Lighthouse at Ilw

"Our American have received go test the black san down the Columb years. The Colu apparently the sa have formed a hu the subject of t obvious precious silver, we'll be loo and others."

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Noranda Expl mex Minerals In commenced explo Dyke project in the British Columbia. completed induce ing surveys over th targets have been

Coverage is cu the east toward exploration by t indicated strongl gold values in soi

Drilling was to mid-September t structure over a 1 hole will be a dee zone, which is 2 grades of trace to in shallow drill h

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Mink Mineral schedule in its d gold project in A the stopes along been completed back of the stope

Currently, surfa are being evaluate of additional min tion of geological of the high-grade

Calif. Mining Jrl., July 1985

ERN RNIA PORT

- FUTURE

They have recently per share stock divi- appears to have also up an option on the old mine near Rands- . Glamis has a video- hose interested in see- sting in their company. Write to Glamis Gold Bentall Centre, Van- nada V7X 1L3. Specify mat.

osted Deposits

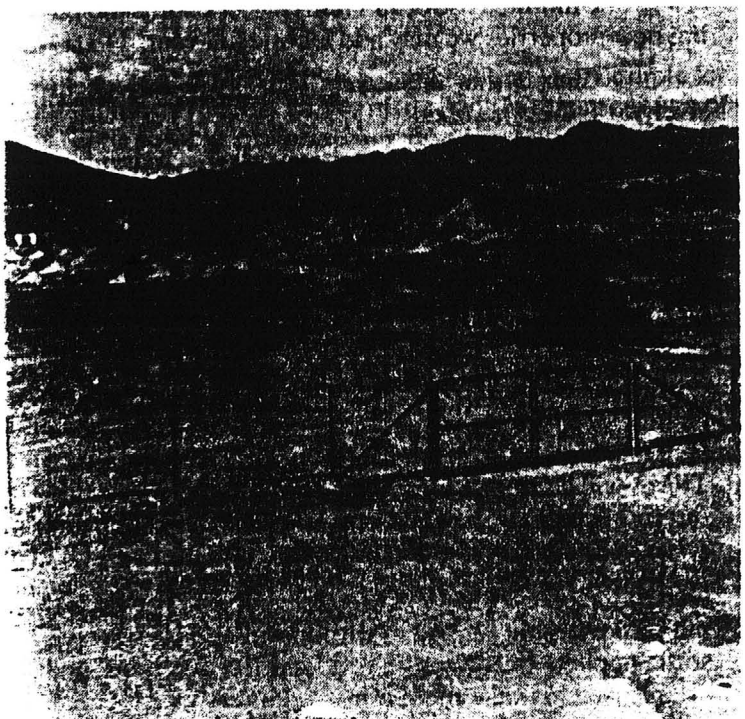
acho Mine and the ct are typical of the ed bulk tonnage dep- one is trying to find Geologists with the ining Co. have deter- h these deposits are genetically related to regionally developed mid-Tertiary detachment faults (relatively shallow, low angle faults extending for miles). Before the recognition of this type of gold deposit, ASARCO, Bear Creek, Conoco, Cypress Minerals, Duvall, Homestake, Hanna, Kaiser Minerals, Phillips Petroleum, Occidental, and Utah International all explored and drilled the Mesquite District but abandoned their efforts. (In the Mesquite District, the Winterhaven formation has been known to cover part of the ore-bearing zone, making discovery and extraction difficult and costly when encountered.)

For those wishing a better understanding of detachment faulting in the Colorado River region (with an eye toward developing/refining exploration models) a new book from Cordilleran Publishers is required reading. *Mesozoic-Cenozoic Tectonic Evolution of the Colorado River Region, California, Arizona, and Nevada,* is 600 pages of geochemical, geophysical, petrologic and geochronologic analyses of detachment faulting and Mesozoic compressional tectonics. Available from the Publisher (6203 Lake Alturas Avenue, San Diego, CA 92119) for $29.00.

Amselco/Fischer-Watt Trade

Amselco is active in Imperial County with the trading of their interest in the Van Deeman prospect for the Hess (Rainbow) Mine in Imperial County. Fischer-Watt drilled six holes at the Hess mine which showed low grade gold values with a deep exploration potential. (Fischer-Watt traded this property for Amselco's Van Deeman prospect—a property with a potential 1.5 million tons (heap-leachable) grading .04 to .07 oz/ton. Van Deeman is located 50 miles NW of Kingman.)

The Hess (Rainbow) mine was also known by some as El Lucero and is found in the SW ¼ section of T14S, R23E about 13 miles NNE of Yuma. Also a depression era prospect at first, its mineralized zone trends N 30 degrees W for at least a mile. Fine gold leaf occurs in stringers here along with chlorite, hematite, sericite, quartz, hydrous iron oxides and minor copper staining.



MISCELLANEOUS

Newmont continues exploration activity at the American Girl Mine while a plan of operations for trenching at the Paymaster Silver Mine has been filed by the California Development Company. ½ mile E of the Paymaster, Ni Cor Mineral Ventures Plans to put down 10-15 reverse circulation drill holes on property they optioned from Queenstake Resources last September. Part of a 3 year, half million dollar exploration program, the target being sought is also a mineralized detachment fault zone.

Bechtel Sinks Well

Bechtel Corporation has received approval from the California Lands Commission to drill a 10,000 foot deep geothermal well on the southeast shore of the Salton Sea. The 5.9 million dollar project is financed by the Federal Energy department to study the underground temperatures as well as test the drilling equipment. Once drilled, it will be the deepest geothermal well in the United States. The data obtained may also help improve our understanding of hot springs activity and how some mineral deposits form. (It is known that some hot springs contain high levels of precious metals. A metal pipe channeling the runoff from a hot spring in the Salton Sea area was replaced recently and upon inspection, the inside was found to be coated with several layers of a residue that assayed several oz/ton in silver

applicati in Impe agreeme amount tice with craft use cent rec

The p Fields Mi project n

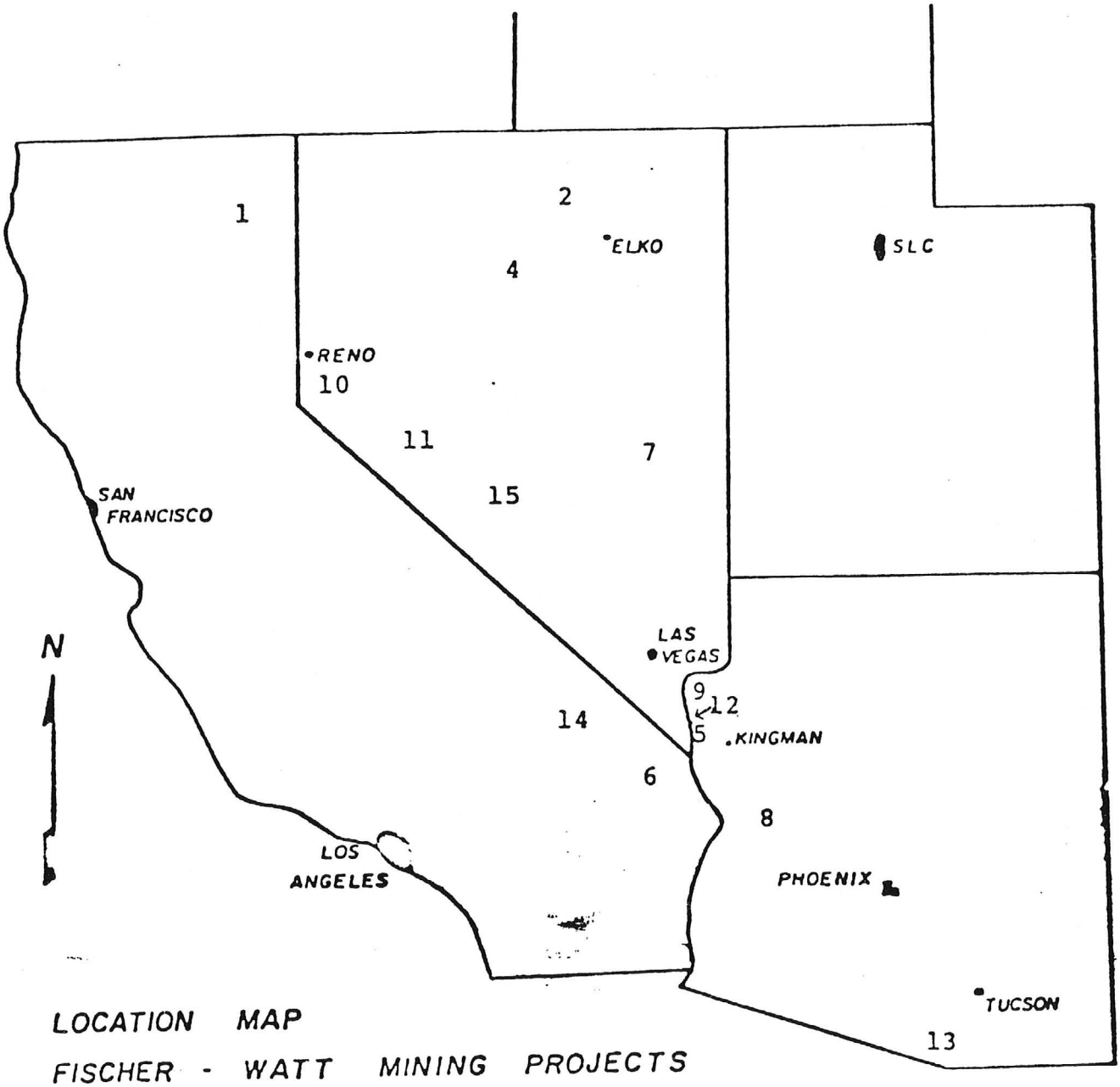
A portio sloping grade of efficient

Mileage	Mileage Interval	
11.8	0.3	Road intersection, turn left.
11.85	0.05	Pile of miscellaneous drill core on west side of road. Origin unknown.
12.35	0.5	Cerbat Mountains on Skyline; White Hills in foreground across Detrital Valley. Altered gneiss-schist both sides of road.
13.1	0.7	Van Deeman Mine Road to right. Road follows a sandy wash, four-wheel drive is recommended but not essential.
14.2	1.1	Upper contact betwen Patsy Mine Volcanics and Precambrian gneiss-schist.
14.4	0.2	Lower contact Tpm-PCs-g. is a low-angle normal fault contact.
14.9	0.5	Mine workings and fresh cuts at 3:00 are in brecciated, non-stained Precambrian gneiss in the footwall of the low-angle normal faults. The hangingwall is Patsy Mine Volcanics.
15.0	0.1	STOP 5. Road forks, turn right into Van Deeman Mine area. The Van Deeman is currently optioned to Amselco and a brief discussion of the geology will be made by a representative of that company.
16.9	1.9	Intersection of Van Deeman Mine road and original road. Turn right.
17.3	0.4	High hills at 9:00 are Precambrian schist and gneiss.
17.6	0.3	Road forks, take left fork. Road follows a section line to Highway 93 at Boulder Inn. Bug Hills are at 10:30. White Hills Mining Camp at 11:30.
19.6	2.0	Highway 93 to Kingman. Please close the gate.

END

GSA 1984 Fall Field Trip, p.56

Poy Durning
602- 753-1622
JANUARY 1985
3



LOCATION MAP

FISCHER - WATT MINING PROJECTS

1	Hayden Hill	9	Van Deeman (F) MOHAVE CO
2	Dexter	10	Comstock
3	Democrat	11	Bovard Rand
4	Buffalo Valley	12	Kemble Camp - GOLD CROWN (F) MOHAVE CO
5	Roadside (F) MOHAVE CO	13	Border Mine (F) PIMA
6	Golden Syncline	14	Mineral Springs
7	Pancake	15	Gemfield
8	Little Butte (F) LA PAZ CO		

Figure 1

SCALE IN MILES

0 100 200 300 400

C. KUNKE
L.V.S.R. BOX 970
KINGMAN AZ
86401
602-767 3348

TO COE & VAN LOO

SIR

THIS IS SOME OF MY PAPER WORK I HAVE I.P. DRILL LOGS & SOME GEOLOGY IF YOU READ MY AD IS THE PAPER YOU SEE I PUT MY CAFE & 10 AC. WITH THE CLAIMS THAT BECAUSE THE CLAIMS START ½ MILE BEHIND CAFE. AND I HAVE APX 90 MILES OF ROAD TO EVERY PART OF THE CLAIMS I COULD GET MY GRADER. THEY ARE 3 MILES THAT ARE ON THE TOPOGRAFIC AND COUNTY. THEY ARE MANY SMALL SAFE, TUNNEL & DIGGING.

BACK TO THE CAFE, DRILL ECT. THIS WOULD GIVE A CO. A BASE WITH POWER, PHONE, WATER AND ROADS, TRAILOR HOOK UP AND A GOOD GOING CAFE WHICH WILLD HELP PAY THE STARTING UP..

THE OLD DRILL RUNS GOOD AND HAS A 385 COMPRESSOR. AND THE GRADER I USE IS IN GOOD SHAPE.

THE ARE A LOT MORE BUT I DONT LIKE WRITING IF YOU WISH TO COME OUT DROP ME A LINE OR PHONE. WE ARE ON HY 93 AZ. - 28 MILES FROM HOVER DAM CALLED BOLDER INN.

Thanks very for your time
C. R. Kunke

Sir:

This is an answer to those who have contacted me as a result of my advertisements. I am writing this because my poor health and the busy schedule of the engineer have made it impossible for us to get together. It has also stopped me from doing the hard work of drilling, caterpiller work and grading that I have usually done.

Acting upon the advice of my doctor and the concurrence of my wife I am going to proceed with my plans to sell or lease my claims. In either case the lessee or buyer will assume the responsibility for the necessary assesment work. My wife and I would consider a partnership should all parties concerned come to an agreement.

Now to get down to some of the things you may want to know: There are approximately 400 contiguous unpatended claims belonging to me. There are some six patented claims belonging to a man named Weaver and these six claims he is asking $100,000.00. The Bureau of Mines wrote a paper on my claims which are surrounded by the above mentioned 6. There are also six unpatented claims held by three private parties all of whom I know. It is possible to acquire these claims for a reasonable amount. I know about every foot for about ten square miles and there are approximately 100 more claims that could be taken for protection. This gives you an idea of areas that make up some 8,000 acres or more. I will now give you my description of each area:

AREA I

This part was leased to UTAH International which ran three I.P. drill holes for which I have the logs. There were a number of assessment holes for which I have no logs but do have some air and ground geological surveys. They had a surveyor do over 200 claims as well as mine so some parts have two sets of posts. UTAH was then working on seven others when the price of copper went down and they quit the mines quit deeded them to us. This is recorded in the Kingman Court House. They said they may be interested later on but I have had no further word from them. One of the points that they interested in is a porphyry 3,000 feet wide. A drill hole on it was 484 feet deep and 25-50 feet which produced .03% to .06% ounces of gold per ton. These were the only areas assessed for gold on the log. The sulfides averaged 1 to 5%. A geologist from a large company said the drilling would have to be over 1,000 feet. This area has an oxide zone for 200 feet which showed copper was present at one time. There are some small shafts and diggings in the area. UTAH had hoped to hit it but we believe they didn't go deep enough.

(Area I, Cont.)

The other two holes were 300 ft. each and there are copper showings in different spots on these claims. We also hit water in three holes which may take care of the water problem. I also have a number of shallow holes but not an assay.

AREA II (Lobo)

I'm naming each part an area as a point of reference. There are a lot more but I don't have all the information with me. The Lobo claims have a 50' tunnel from which we took five wall assays. They average .05% to .9% oz. of gold and 2oz. silver to the ton, and in the copper you can see the oxides. There were three knowledgeable miners who tried to work it but they ran out of money. I still know one of them and the one who did their drilling. He told me it is about 1500 feet long and 200 feet or more wide and has $20.00 gold per ton and ½ oz. silver and has approximately .75% copper. I took samples in the wash in front of it and got .03 to .06 oz. per ton of gold. This could be a larger deposit but it is an open pit which needs grid work to prove it.

Right next to this is the Van Deemen mine area which is on one end of a fault or slip zone one of which is a mile long. There are shafts, tunnels and even a small open pit. I have taken grab samples off the dump and gotten .2 oz. of gold to the ton. This mine is on the maps and there is a possibility that the washes have placer in them. This would need further development and a lot of work to see what's in it.

AREA III

This is to the south of the Van Deemen area. There are some large out croppings of quartz with iron oxide. The shaft hasn't been examined as there are a number of small diggings and some good sized veins showing. This area is on the north end of this slip or fault and, from here over an area of 3/4 mile, are small diggings where I have found silver on the ground and the veins that run east and west into the Gold Cup runs .3 oz. gold and up to 12 oz. silver per ton. When I opened them up there were no roads and I blasted and used a caterpillar to make them. The south end of this contains silver and I got 24 ozs. of what looks like a small ore pile and it had .3 oz. gold. There were also more diggings in this area and the mines looked interesting.

AREA IV

Red Cap mine is on it. A shaft with a small vein of borrite with traces of lead as crystals and arsenic. I also sent in some samples and got 12 ozs. silver and 1½ % strotium per ton. From another and very large out-cropping (over 500 feet) I got .03 ozs. gold per ton. Of course there are a lot of cuts and diggings that I'm not putting in because I don't remember the details of all of them but this area is well-mineralized.

AREA V

Lyle Canyon has some old shafts and I got 1½ ozs. gold per ton off the dumps. This is another fault zone with digging on each side of it. It is over ½ mile long and had no road until I opened it up.

AREA VI

Known as the Gold Bug area, this area has six patented claims=not mine= but I have the original gold bug which wasn't patented and it samples out at 4 ozs. gold per ton. Now around the apex, some 90 acres, I have all the claims and there are diggings all the way around it. There is a mine report on it that was made around 1900 and I have part of it.

To the north is Mohave mine and it is on the map. The vein is approximately two feet wide with three shafts. There are some other shafts and diggings near and there are a number of mineralized veins in the area.

AREA VII

(Margie Claims) I was told that this area is hydro-thermal and should be drilled. It is approximately a 500 foot spot a foot or so showing copper in it. There is also one small lead vein and on one hole I drilled I got rare earths; some grab samples gave me 1½ ozs. gold and I also got ½ oz. silver. I also found two nuggets in this area which is rare because the gold is all fine when you find it.

AREA VIII

In order not to make t. is too long, this area runs to the south of the claims. There are 12 ozs. of silver per ton and large dumps with shafts. There are also rumors of 100 ozs. per ton of silver taken out 50 years ago by Floyd Brown's uncle. There is a silver mine owned by a fellow which we could get for next to nothing or take it by law. This area and the Golden Age mine and Porter have large veins of gas showing. Also there is gold and silver in this area.

I could go on and on but the best thing would be for you to call me. Then, after talking, if you are interested I will pick you up in either Las Vegas or Kingman and drive you to see it. The area is 28 miles south of Hoover dam in N.W. Arizona.

I have a cafe called the Boulder Dam on highway 93 so, if you should desire further information, please call or write. I would prefer to have you call.

Thank you for your time and interest!

Sincerely,

Charles R. Kunkes

Charles R. Kunkes

% Boulder Inn
L.V.S.R. Box 970
Kingman, Arizona 86401
Phone: (602) 767-3348

Silver State Minerals Testing Laboratory

ESTABLISHED 1946

6274 EAST CHARLESTON BOULEVARD PHONE 452-3299

Mailing Address
P. O. Box 14850
LAS VEGAS, NEVADA 89114

FIRE ASSAYING
ATOMIC ABSORPTON
FLAME EMISSION
CHEMICAL ANALYSIS

Specializing in
PLATINUM GROUP ELEMENTS

MINERAL ANALYSIS
METALLURGICAL ANALYSIS
WATER TESTING

KOCH = near Double Bar

May 31,1976

ASSAY NO.76/H/4

Mr. Nick Milardo
161 Albert Apt. #1
Las Vegas, Nevada 89109

ASSAY REPORT

MATERIAL:rock&gravel.

ASSAYED FOR: gold,silver.

OVER A MILE LONG FAULT

SAMPLE NO.	GOLD	SILVER
1	0.346 oz.troy/ton	0.08 oz.troy/ton
2	trace	0.14
3	0.028 oz.troy/ton	0.13
4	0.050 ON 1500 FOOT FAULT?	0.30
5	0.076	0.23

ASSAYER
Julius Bonocchi
JULIUS BONOCCHI

#1 = King 5th crosscut.

#2 = King " parallel vein 20 ft. in hanging wall ~~footwall~~.

#3 = Queen tunnel brow 4 ft cut, green copper ore.

#4 = Cowboy 18 ft cut HW

#5 " 14 " " towards footwall follows #4

FREEPORT

FREEPORT EXPLORATION COMPANY

7000 E. TANQUE VERDE ROAD • SUITE 30
TUCSON, ARIZONA 85715
PHONE: (602) 885-3577

August 1, 1980

Mr. Charles Kunkes
LVSR, Box 970
Kingman, Arizona 86401

Dear Mr. Kunkes:

Enclosed are the sample results from our work on your property (all in ppm). As you can see, many of the samples contained very high values – most of these were dump samples. However, after trying to put together all the collected data it appears that sample values are very erratic and not wide-spread enough to indicate potential for the large bulk tonnage required by Freeport. Most of the gold, with some exceptions, appears to be confined to small iron stained shear zones. The Von Demon area may be particularly interesting to a smaller company who may not require such large tonnages. We were very interested in this area, but could not define a large enough tonnage.

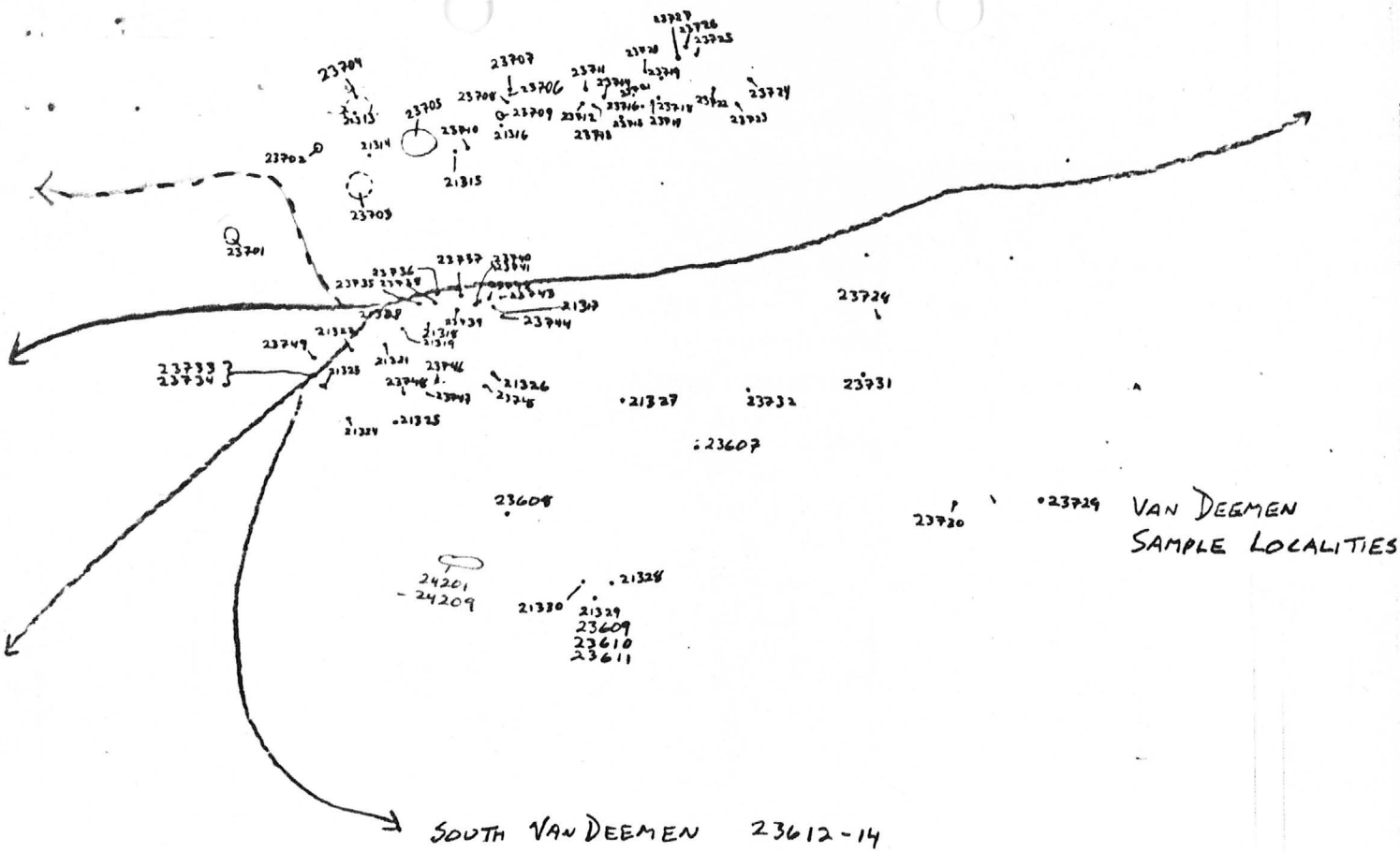
Sketches of sample locations are included with sample results. I hope these will be helpful. Best of luck with the property and thanks for being patient.

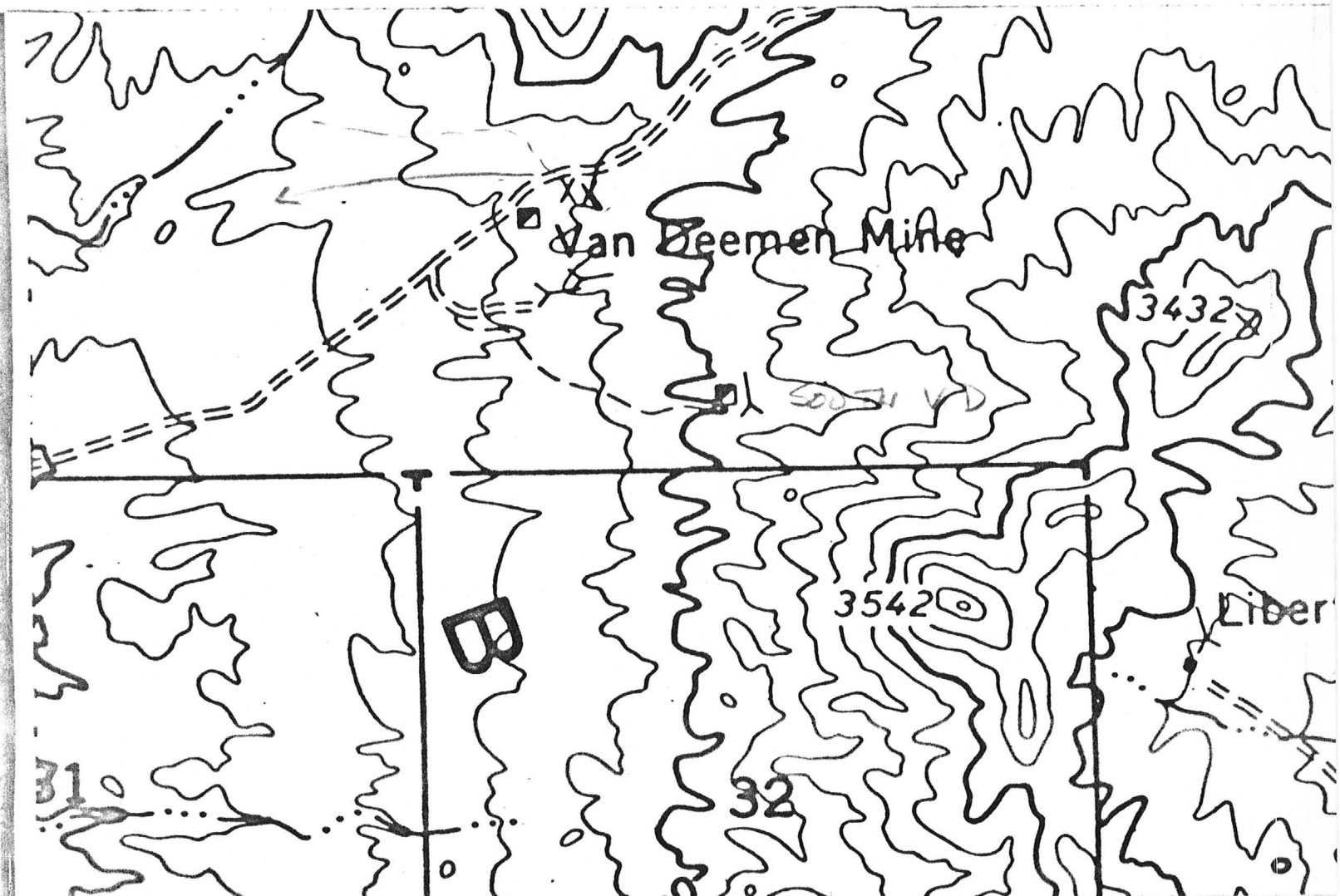
Most sincerely,

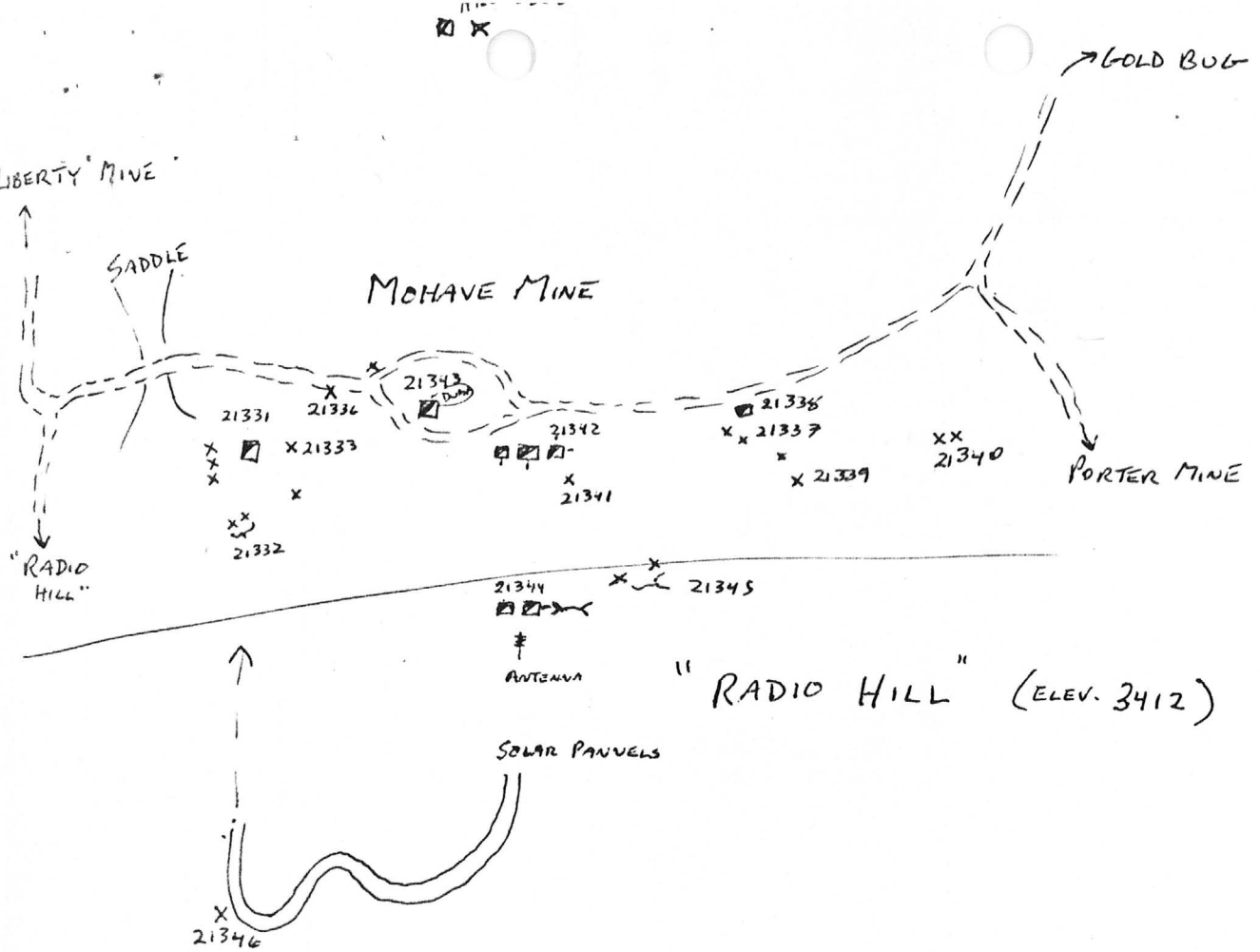
Michael B. Ward

Michael B. Ward
Geologist

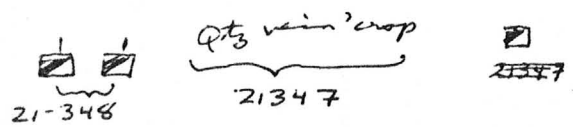
MBW/bjm
Enclosures

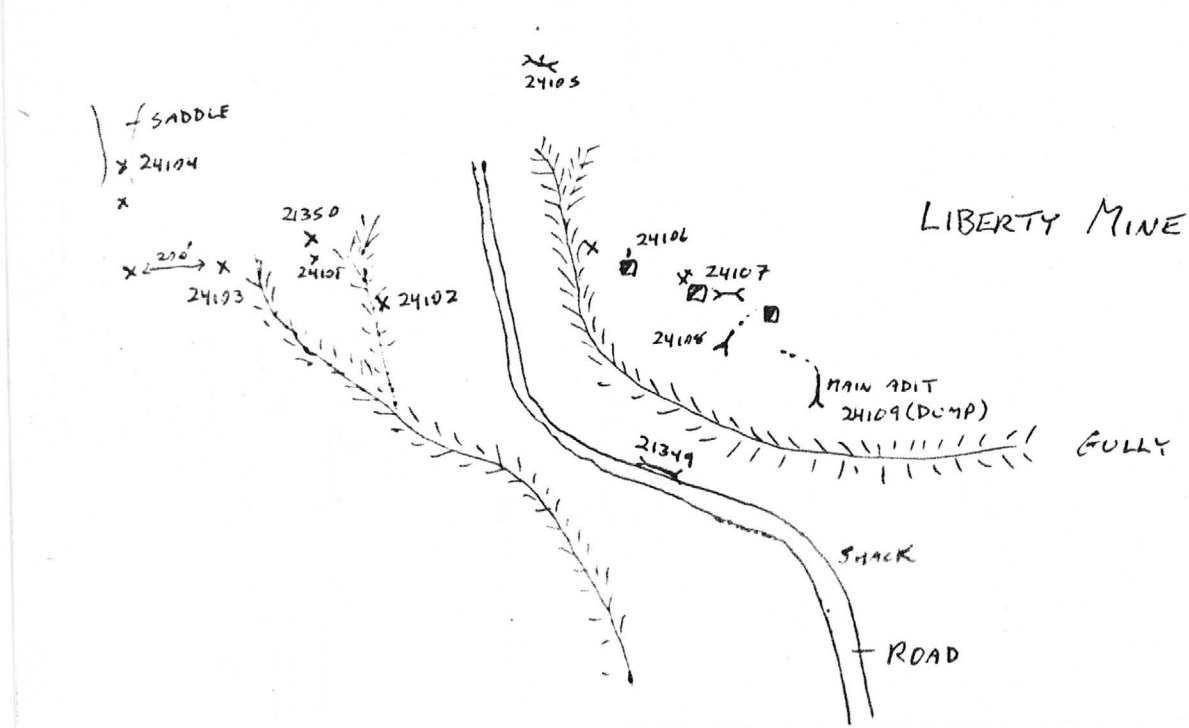

VAN DEEMEN
SAMPLE LOCALITIES
SOUTH VAN DEEMEN 23612-14


Van Deemen Mine
3432
3542
31
32
B



WORKINGS IN SW COR. OF SE $\frac{1}{4}$ OF "SECTION 33" (SECTION NOT SURVEYED)
- ARE IN THE FLATS ~ $\frac{1}{2}$ MI S OF LIBERTY MINE





Sample Number	Au ppm	Ag ppm	Sample Number	Au ppm	Ag ppm
21313	1.4	1	21338	2.3	26
14	0.2	3	39	2.3	2
15	0.1	2	21340	0.1	1
16	0.4	3	41	-0.1	-1
17	0.5	1	42	1.1	16
18	0.1	2	43	13.4	10
19	4.3	4	44	5.0	4
21320	2.2	7	45	2.6	2
21	0.5	1	46	1.3	2
22	6.5	8	47	0.8	8
23	2.3	12	48	1.5	56
24	3.2	17	49	6.6	8
25	0.1	1	21350	3.1	5
26	0.4	1	24101	2.8	3
27	9.8	29	02	1.1	5
28	0.2	1	03	5.2	6
29	9.2	26	04	+20*	7
21330	4.3	4	05	5.5	27
31	3.7	40	06	0.6	3
32	+20 *	+100 *	07	1.0	16
33	0.2	1	08	3.3	22
34	3.1	+100 *	24109	+20 *	+100 *
35	2.3	40			
36	4.0	56			
21337	4.0	11			

*fire Assays from SLC

By Shirley J. Aiken
Shirley J. Aiken

Sample Number	Cu ppm	Mo ppm	Au ppm	Ag ppm
24201			-0.1	-1
02			-0.1	1
03			-0.1	-1
04			-0.1	-1
05			-0.1	1
06			-0.1	-1
07			-0.1	-1
08			-0.1	-1
09			-0.1	-1

Sample Number	Au ppm	Ag ppm
23701	-0.1	2
02	0.3	1
03	0.8	1
04	-0.1	-1
05	0.9	4
06	-0.1	-1
07	-0.1	1
08	-0.1	-1
09	-0.1	-1
23710	-0.1	-1
11	-0.1	-1
23712		

Sample Number	Cu ppm	Pb ppm	Zn ppm	Au ppm	Ag ppm
23713	105	25	40	-0.1	-1
14	310	35	30	-0.1	-1
15	160	30	25	-0.1	-1
16	680	25	35	0.2	-1
17	185	30	45	-0.1	-1
18	50	5	15	-0.1	-1
19	400	20	15	0.7	-1
23720	325	25	10	0.3	1
21	0.12%	50	25	0.6	1
22	245	20	10	0.5	-1
23	455	20	25	0.2	-1
24	80	10	10	-0.1	-1
25	130	20	10	0.2	-1
26	150	25	15	-0.1	-1
27	135	40	15	0.4	-1
28	25	10	15	-0.1	-1
29	110	15	95	-0.1	-1
23730	50	30	125	-0.1	-1
31	10	30	65	-0.1	-1
32	10	5	5	-0.1	-1
33	500	45	55	0.9	13
34	55	20	95	-0.1	1
35	265	25	60	0.1	5
36	70	20	80	-0.1	1
23737	10	-5	15	-0.1	-1

Freeport Exploration

Date June 6, 1980 RMGC Job No. 80-45-35T

Sample Number	Cu ppm	Pb ppm	Zn ppm	Au ppm	Ag ppm
23738	165	90	50	1.2	2
39	300	30	90	-0.1	1
23740	165	25	25	-0.1	1
41	125	20	20	-0.1	-1
42	130	10	20	0.3	2
43	330	15	25	-0.1	-1
44	235	10	10	1.7	3
45	50	-5	15	-0.1	-1
46	180	5	15	1.3	1
47	210	30	20	1.2	2
48	190	40	20	2.0	1
23749	195	85	25	2.5	9
1-0	55	25	95		
100	50	25	80		
200	60	25	80		
300	65	25	90		
400	100	30	120		
500	35	25	95		
600	40	30	90		
700	50	25	80		
800	55	25	85		
900	20	215	20		
1000	60	35	95		
1100	110	40	115		
1-1200	85	25	90		

Date:

	Cu ppm	Mo ppm	Au ppm	Ag ppm
23607	100	20	3.0	30
08	60	12	-0.1	-1
09	245	25	4.3	24
23610	145	11	14.0 *	23
11	860	1	0.1	4
12	255	1	-0.1	1
13	75	4	-0.1	1
23614	935	19	0.1	5
24201			-0.1	-1
02			-0.1	1
03			-0.1	-1
04			-0.1	-1
05			-0.1	1
06			-0.1	-1
07			-0.1	-1
08			-0.1	-1
09			-0.1	-1
24210			-0.1	1
24159			8.7	2
24160			-0.1	-1
61			-0.1	-1
62			-0.1	-1
63			-0.1	1
64			-0.1	24
24165			-0.1	4

Sample No.	Date	Location	Cu	Pb	Zn	Au	Ag	Mo		
21329	4/9/80	VAN DEEMEN				9.2	26			
— 30	"	"				4.3	4			
— 31	4/10/80	MOHAVE MINE				3.7	40			
— 32	"	"				+20	+100			
— 33	"	"				0.2	1			
— 34	"	"				3.1	+100			
21335	"	"				2.3	40			
— 36	"	"				4.0	56			
— 37	"	"				4.0	11			
— 38	"	"				2.3	26			
— 39	"	"				2.3	2			
21340	"	"				0.1	1			
41	"	"				−0.1	−1			
42	"	"				1.1	16			
— 43	"	"				13.4	10			
— 44	"	"RADIO HILL"				5.0	4			

Sample No.	Date	Location	Cu	Pb	Zn	Au	Ag	Mo		
21345	4/10/40	"RADIO HILL"				2.6	2			
— 46	"	"				1.3	2			
— 47	"	SHAFTS & CROPS ½ W OF MONTAGUE MINE				0.46	8			
— 48	"	"				1.5	56			
— 49	"	LIBERTY MINE				6.6	8.			
21350	"	"				3.1	5			
24101	"	"				2.8	3			
— C2	"	"				1.1	5			
— C3	"	"				5.2	6			
— C4	"					+20	7			
— C5	"	"				5.5	27			
— C6	"	"				0.6	3			
— C7	"	"				1.0	16			
— C8	"	"				3.3	22			
24109	"	"				+20	+100			

THESE WERE SURFACE GRAB SAMPLES BY A NONPROFESSIONAL

HAZEN RESEARCH, INC.

4601 INDIANA STREET
GOLDEN, COLORADO · 80401
TELEPHONE 303/279-4501

Date: January 26, 1979
HRI Project: 002-52F
HRI Series: 14859
Samples Received: 1/5/79

Mr. Stanley Gertner
601 E. 9th Street
Cushing, Oklahoma 74023

REPORT OF ANALYSIS

Analysis No.	Sample Designation	% Cu	% WO_3	oz/ton Au	oz/ton Ag
14859 -1	1	0.195	<0.01	<0.005	0.539
-2	2	0.044	<0.01	0.326	0.087
-3	3	0.057	<0.01	0.057	1.032
-4	4	0.057	<0.01	0.033	0.161
-5	5	0.007	<0.01	0.077	1.603
-6	6	0.007	<0.01	<0.005	<0.005
-7	7	0.036	<0.01	0.019	1.124
-8	8	0.161	<0.01	0.693	1.713
-9	9	0.084	<0.01	0.265	0.427
-10	10	0.184	<0.01	0.012	1.080
-11	11	0.363	<0.01	1.151	3.546
-12	12	0.082	<0.01	0.201	0.249
-13	13	0.012	0.11	1.229	0.505
-14	14	0.006	<0.01	0.126	0.796
-15	15	0.194	0.02	0.133	9.225
-16	16	0.007	<0.01	<0.005	0.125
-17	17	0.034	<0.01	0.055	0.215

HAZEN RESEARCH, INC.

4601 INDIANA STREET
GOLDEN, COLORADO • 80401
TELEPHONE 303/279-4501

Mr. Stanley Gertner

Date: January 26, 1979
HRI Project: 002-52F
HRI Series: 14859
Samples Received: 1/5/79

REPORT OF ANALYSIS

Analysis No.	Sample Designation	% Cu	% WO_3	oz/ton Au	oz/ton Ag
14859 -18	18	0.019	0.08	0.041	16.01
-19	19	0.007	<0.01	<0.005	0.623
-20	20	0.009	0.01	0.009	3.350
-21	21	0.048	0.01	0.041	0.103
-22	22	0.020	0.01	0.238	0.493
-23	23	0.005	<0.01	<0.005	<0.005
-24	24	0.009	0.02	0.080	0.498
-25	25	0.160	0.02	0.095	3.301
-26	26	0.097	<0.01	0.180	0.507
-27	27	0.570	<0.01	0.552	0.363
-28	28	0.258	0.08	0.036	0.149
-29	39	0.047	<0.01	<0.005	0.134
-30	30	0.028	<0.01	0.025	0.203
-31	31	0.234	0.02	0.497	3.751

By: John C. Jarvis
John C. Jarvis
Manager, Analytical Laboratory

cls

#1 Rare Earth on Margie I

#2 Gold Cup on side of Pilot Knob

#3 Gold Bug #1 - original one

#4 Gold Bug #2 - Paint Ware

#5 Power Line #1 - under it - incline shaft

#6 River Wash #1

#7 Mohave Mine - 2 incline + 1 shaft on Vein

#8 Mohave Mine to West Digging 1 oz last time

#9 Silver Valley Mini + Digging North of Power Line

#10 Windermon Apx 200 foot from road tunnel -

#11 Power Line 2 - on top of crest with Wt Got Stuck

#12 VanDermon - Diggings - Tunnel next to Main Road

#13 Old Margie Tunnel + Stope - Last time - 24 g Silver

#14 Liberty Main Tunnel -

#15 Maxsell Diggings to South and Vein showing

16 - GOLD BUG - 1 - 1 LEVEL -

17 - VANDERMOR - OPEN PIT + TUNNEL WITH WIZ,

18 - OLD MARGE CLAIM - TUNNEL + STOPE + ORE PILE

19 - RED CAP - OFF PARK DISTRICT LINE -

20 - OLD MARGI - RANDOM

21 - LOBOW TUNNEL -

#22 VANDERMOR - OPEN PIT

23 - RED GO AREA - VAIN TO EAST + FRONT

24 - MINERAL MOUMENT.

25 - LYLE CY - OFF DUMP OR ORE - SHAFT

26 - MINERAL MOUMENT - ON TOP HILL EAST OF OPEN CUT - - PATENT CLAIMS

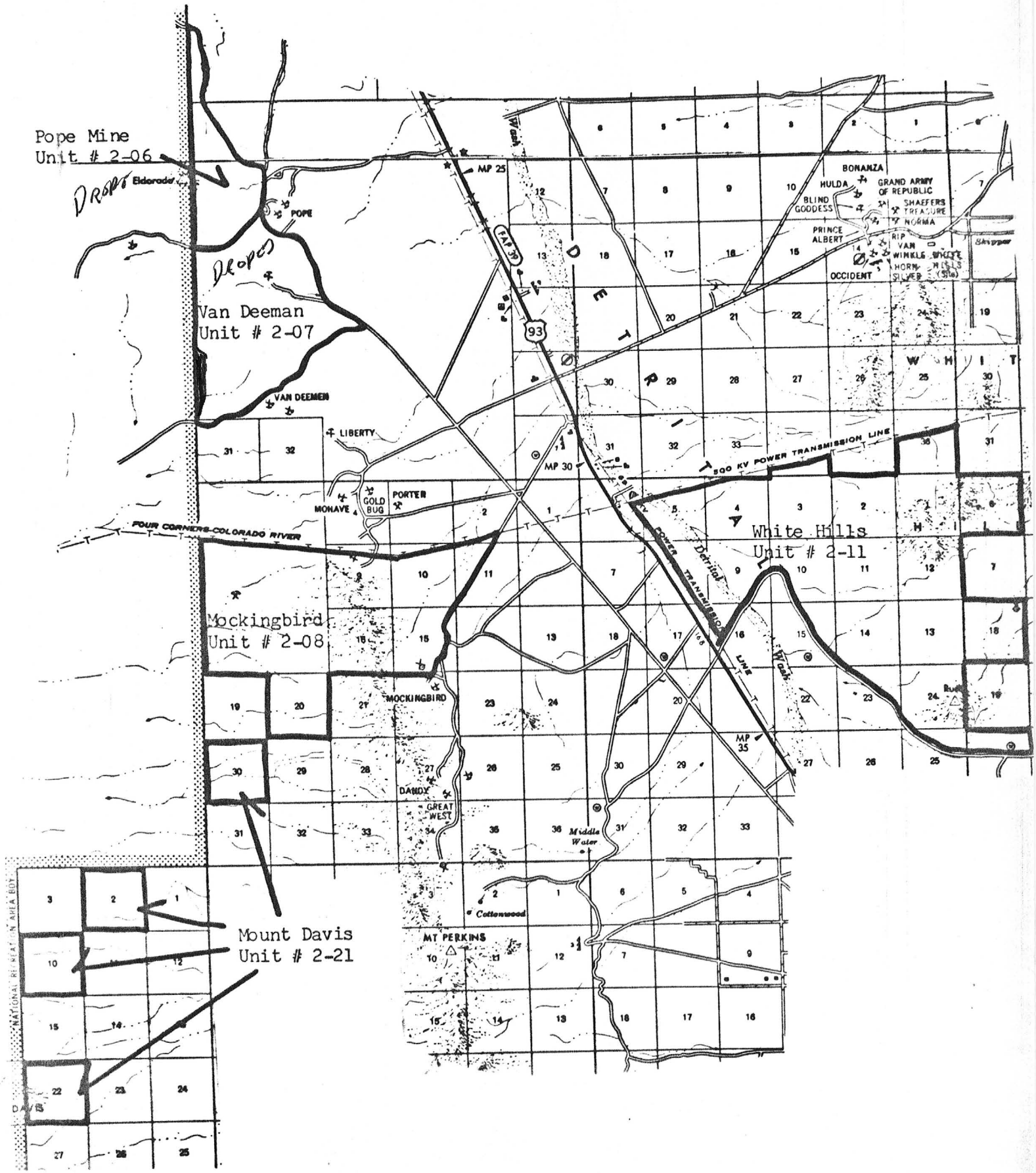
27 PORTER MINE TUNNEL

28 - RELAY - GOLD BUG AREA BY GOR-UNIT

29 - GOLDEND AGE DOBEL - SHAFT 45°

30 - PEARL - SHAFT APX - 300 POWERLINE SWETRU PIPE

31 - POWER LINE #1 CASTEL -

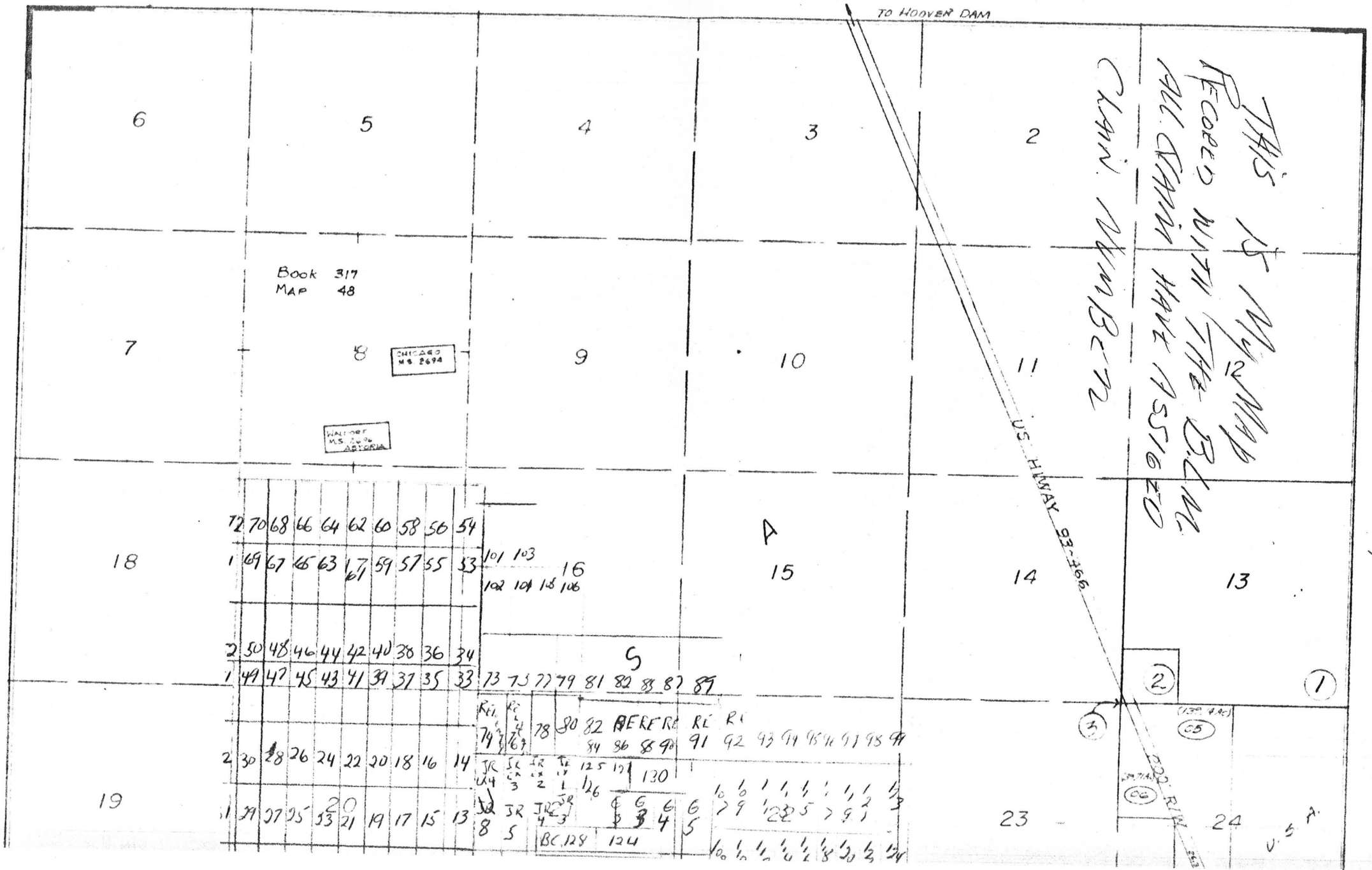

Pope Mine
Unit # 2-06
Van Deeman
Unit # 2-07
Mockingbird
Unit # 2-08
Mount Davis
Unit # 2-21
White Hills
Unit # 2-11
DROP
Elderado
POPE
Drops
VAN DEEMEN
LIBERTY
MONAVE
GOLD BUG
PORTER
MOCKINGBIRD
DANBY
GREAT WEST
MT PERKINS
Cottonwood
Middle Water
MP 25
MP 30
MP 35
FAP 30
93
DETRITAL WASH
BONANZA
HULDA
GRAND ARMY OF REPUBLIC
BLIND GOODESS
SHAFFERS TREASURE
NORMA
PRINCE ALBERT
RIP VAN WINKLE
OCCIDENT
WHITE HILLS
500 KV POWER TRANSMISSION LINE
FOUR CORNERS-COLORADO RIVER
DETRITAL WASH
POWER TRANSMISSION LINE
NATIONAL RECREATION AREA BDY
DAVIS

Project	Land holdings (acres) Located	Leased	Current FWM Interest	J.V. Partner	Commitment required by J.V. to earn interest	Diluted FWM Interest after commitment	Ore Reserves Type of Deposit	Tonnage	o/T Au	o/T Ag	Project Status
Hayden Hill Lassen Co. California	950	2800	50% working	Pecos Resources Vancouver B.C. Canada	Already earned $1.6x 10^6$ expended in 1984	50% working; subject to 3% Net Profits Finders Fee	Open pit- Heap leach Drill Indic Add pot.	7,900,000T +12,000,000T	0.042 +0.05	0.40	Active J.V., ore reserves defined, ready for production 825 oz Au produced in 1984
Dexter Elko Co Nevada	1,100	300	25% Net Profits Carried	Pecos Resources Goldbelt Res Vancouver B. C. Canada	Already earned $1.8x 10^6$ expended in 1984	25% Net Profits Carried	Open pit- Heap Leach Drill proj. Add pot.	2,000,000T +2,000,000T	0.09 0.0000	1.90	Active J.V., ore reserves defined, ready for production. Minor production in 1984
Democrat Lemhi Co Idaho	-0-	550	50% Net Profits Carried	Democrat Resources Vancouver B.C. Canada	$1.3x 10^6$ already expend $2.0x 10^6$ must be expend to earn 50% interest	50% working or be diluted to 6% Net Profits Carried	Underground Milling drill & spl Potential	50,000T Could be large	0.09 15% Pb	0.00 5%Zn	Active J.V., further exploration required prior to production
Buffalo Valley Lander Co Nevada	-0-	2800+	5% Net Profits	Consolidated Mining Denver Colorado	None	5% Net Profits Carried	Open Pit- Heap leach drill ind. Add pot	750,000T unknown	0.07		Inactive J.V., ore reserves defined, ready for production
Roadside Mohave Co Arizona	-0-	5820	50% Net Profits Carried	Pecos Resources Anaconda Mineral Denver Colorado	±$200,000 expended must expend $1.5x 10^6$ by 6/87 to earn interest	20% working 7.5% Net Profits Carried Subject to 3% Net Profits finders fee	Open pit- Heap leach Drill ind. Add pot	300,000T Could be large	0.03		Active J.V., further exploration in progress
Golden Syncline San Bern California	**1,760**	**1,800**	**100%**				**Open pit- heap leach potential**	**Could be very large**	speculate ±0.05		**Geology, geochem completed drill targets defined**
Pancake Nye Co Nevada	1,540	-0-	100%				Open pit- Heap leach Potential	Could be very large	speculate 0.05-0.10		Limited geology and geochem completed. Further work required to define drill targets
Little Butte La Paz Co Arizona	-0-	800	100%				Open pit Heap leach Potential	2,000,000T	0.03-0.07		Geology and geochem completed, drill targets defined
Van Deeman Mohave Co Arizona	-0-	500	100%				Open pit- Heap Leach Potential	1,000,000- 2,000,000 T	0.04-0.07		Geology and geochem completed, drill targets defined
Comstock Storey Co Nevada	55	175	100%	Westley Mines Vancouver B.C. Canada	Expend $500,000 to earn 80% interest	20% working interest Subject to dilution	Underground Milling Potential	+1,000,000T	+0.50	+20.0	Geology and geochem completed, drill targets defined
Bovard- Rand Mineral Co Nevada	40	550	100%				Open pit- Heap leach Potential Underground Milling Potential	+500,000T +500,000T	0.05-0.10 0.20-0.40	±10.00	Preliminary geology and geochem completed drill targets defined for open pit reserve. Further work required for underground drill target
Kemble Camp Mohave Co Arizona	700	-0-	100%				Open pit- Heap leach Potential	+2,000,000T	0.03-0.07		Geology and geochem completed, drill targets defined
Border Mine Pima Co Arizona	400	-0-	100%				Open pit- Heap leach Potential	+1,000,000T	0.03-0.06		Initial geology and geochem completed. Further work required to define drill target
Mineral Springs San Bern California	320	-0-	100%				Open pit- Heap leach Potential	+2,000,000T	0.04-0.07		Initial geology and geochem completed. Further work required prior to drilling
Gemfield Esmeralda Co Nevada	-0-	140	1% Net Smelter Royalty	Santa Fe Minerals Reno Nevada	Take over terms of FWM lease	1% Net Smelter Royalty	Open pit- Heap Leach Potential	+1,000,000T	unknown		Actively being explored by partner

SUMMARY OF ACTIVE FISCHER-WATT MINING PROJECTS

Project	Land holdings (acres) Located	Leased	Current FWM Interest	J.V. Partner	Commitment required by J.V. to earn interest	Diluted FWM Interest after commitment	Ore Reserves Type of Deposit	Tonnage	o/T Au	o/T Ag	Project Status
Hayden Hill Lassen Co. California	950	2800	50% working	Pecos Resources Vancouver B.C. Canada	Already earned $1.6x 10^6$ expended in 1984	50% working subject to 3% Net Profits Finders Fee	Open pit- Heap leach Drill Indic Add pot.	7,900,000T +12,000,000T	0.042 +0.05	0.40	Active J.V., ore reserves defined, ready for production 825 oz Au produced in 1984
Dexter Elko Co Nevada	1,100	300	25% Net Profits Carried	Pecos Resources Goldbelt Res Vancouver B. C. Canada	Already earned $1.8x 10^6$ expended in 1984	25% Net Profits Carried	Open pit- Heap Leach Drill prov. Add pot.	2,000,000T +2,000,000T	0.089 [illegible]	1.90	Active J.V., ore reserves defined, ready for production. Minor production in 1984
Democrat Lemhi Co Idaho	-0-	550	50% Net Profits Carried	Democrat Resources Vancouver B.C. Canada	$1.3x 10^6$ already expend $2.0x 10^6$ must be expend to earn 50% interest	50% working or be diluted to 6% Net Profits Carried	Underground Milling drill & spl Potential	50,000T Could be large	0.09 15% Pb	9.00 5%Zn	Active J.V., further exploration required prior to production
Buffalo Valley Lander Co Nevada	-0-	2800+	5% Net Profits	Consolidated Mining Denver Colorado	None	5% Net Profits Carried	Open Pit- Heap leach drill ind. Add pot	750,000T unknown	0.07		Inactive J.V., ore reserves defined, ready for production
Roadside Mohave Co Arizona	-0-	5820	50% Net Profits Carried	Pecos Resources Anaconda Mineral Denver Colorado	±$200,000 expended must expend $1.5x 10^6$ by 6/87 to earn interest	20% working 7.5% Net Profits carried Subject to 3% Net Profits finders fee	Open pit- Heap leach Drill ind. Add pot	300,000T Could be large	0.03		Active J.V., further exploration in progress
Golden Syncline San Bern California	**1,760**	**1,800**	**100%**				**Open pit- heap leach potential**	**Could be very large**	speculate ±0.05		**Geology, geochem completed drill targets defined**
Pancake Nye Co Nevada	1,540	-0-	100%				Open pit- Heap leach Potential	Could be very large	Speculate 0.05-0.10		Limited geology and geochem completed. Further work required to define drill targets
Little Butte La Paz Co Arizona	-0-	800	100%				Open pit Heap leach Potential	2,000,000T	0.03-0.07		Geology and geochem completed, drill targets defined
Van Deeman Mohave Co Arizona	-0-	500	100%				Open pit- Heap Leach Potential	1,000,000- 2,000,000 T	0.04-0.07		Geology and geochem completed, drill targets defined
Comstock Storey Co Nevada	55	175	100%	Westley Mines Vancouver B.C. Canada	Expend $500,000 to earn 80% interest	20% working interest Subject to dilution	Underground Milling Potential	+1,000,000T	+0.50	+20.0	Geology and geochem completed, drill targets defined
Bovard- Rand Mineral Co Nevada	40	550	100%				Open pit- Heap leach Potential Underground Milling Potential	+500,000T +500,000T	0.05-0.10 0.20-0.40	±10.00	Preliminary geology and geochem completed drill targets defined for open pit reserve. Further work required for underground drill target
Kemble Camp Mohave Co Arizona	700	-0-	100%				Open pit- Heap leach Potential	+2,000,000T	0.03-0.07		Geology and geochem completed, drill targets defined
Border Mine Pima Co Arizona	400	-0-	100%				Open pit- Heap leach Potential	+1,000,000T	0.03-0.06		Initial geology and geochem completed. Further work required to define drill target
Mineral Springs San Bern California	320	-0-	100%				Open pit- Heap leach Potential	+2,000,000T	0.04-0.07		Initial geology and geochem completed. Further work required prior to drilling
Gemfield Esmeralda Co Nevada	-0-	140	1% Net Smelter Royalty	Santa Fe Minerals Reno Nevada	Take over terms of FWM lease	1% Net Smelter Royalty	Open pit- Heap leach Potential	+1,000,000T	unknown		Actively being explored by partner

TOWNSHIP 27N RANGE 21W



THIS IS AN AMENDED RECORD WITH THE BLM. ALL CLAIMS HAVE PASSED CLAIM ADMIN.

B.L.M. Records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602-767 3348

TO COE & VAN LOO

SIR'

THIS IS SOME OF MY PAPER WORK I HAVE I.P. DRILL LOG, & SOME GEOLOGY IF YOU READ MY AD IS THE PAPER YOU SEE I PUT MY CAFE & 10 AC. WITH THE CLAIMS THAT BECAUSE THE CLAIMS START ½ MILE BEHIND CAFE. AND I HAVE APX 90 MILES OF ROAD TO EVERY PART OF THE CLAIMS I COULD GET MY GRADER, THEY ARE 3 MILES THAT ARE ON THE TOPOGRAFIC AND COUNTY. THEY ARE MANY SMALL SAFE, TUNNEL & DIGGING,

BACK TO THE CAFE, DRILL ECT. THIS WOULD GIVE A CO. A BASE WITH POWER, PHONE, WATER AND ROADS, TRAILOR HOOK UP AND A GOOD GOING CAFE WHICH WOULD HELP PAY THE STARTING UP..

THE OLD DRILL RUNS GOOD AND HAS A 385 COMPRESSOR. AND THE GRADER I USE IS IN GOOD SHAPE.

THE ARE A LOT MORE BUT I DONT LIKE WRITING IF YOU WISH TO COME OUT DROP ME A LINE OR PHONE. WE ARE ON HY 93 AZ. - 28 MILES FROM HOVER DAM CALLED BOLDER INN.

Thank you for your time
C. R. Kunkes

VAN DEEMAN (1)

THIS PROSPECTUS CONSTITUTES A PUBLIC OFFERING OF THESE SECURITIES ONLY IN THOSE JURISDICTIONS WHERE THEY MAY BE LAWFULLY OFFERED FOR SALE AND THEREIN ONLY BY PERSONS PERMITTED TO SELL SUCH SECURITIES.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREUNDER AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

PROSPECTUS **DATED: June 30, 1986**

ARIZONA STAR resource corp.

101 - 736 Granville Street
Vancouver, British Columbia V6Z 1G3

PUBLIC OFFERING
550,000 Common Shares

	Price to Public	Commission	Net Proceeds to be Received by the Company
Per Share.....	$0.50(1)	$0.075	$0.425
Total.....	$275,000	$41,250	$233,750(2)

(1) The price of the shares has been determined by the Company in negotiation with the Agents.

(2) Before deduction of expenses of this issue estimated not to exceed $25,000.

THERE IS NO MARKET FOR THE SECURITIES OF THE COMPANY.

THE SECURITIES OFFERED HEREBY MUST BE CONSIDERED SPECULATIVE SECURITIES AS THE COMPANY'S PROPERTY IS IN THE EXPLORATION AND DEVELOPMENT STAGE.

THERE HAS BEEN NO SURVEY OF THE COMPANY'S MINING PROPERTY AND UNTIL SUCH A SURVEY IS CONDUCTED THE AREA AND BOUNDARIES OF SUCH PROPERTY COULD BE IN DOUBT.

CERTAIN OF THE DIRECTORS OF THE COMPANY ARE ALSO DIRECTORS OF OTHER COMPANIES ENGAGED IN THE ACQUISITION, EXPLORATION AND DEVELOPMENT OF RESOURCE PROPERTIES. SEE "DIRECTORS AND OFFICERS" ON PAGE 11 OF THIS PROSPECTUS.

UPON COMPLETION OF THIS OFFERING, THE 550,000 SHARES OFFERED HEREBY WILL REPRESENT 28.68% OF THE SHARES THEN OUTSTANDING AS COMPARED TO 50.68% THAT WILL THEN BE BENEFICIALLY OWNED BY PROMOTERS, DIRECTORS, OFFICERS AND CONTROLLING PERSONS OF THE COMPANY.

AN "UNDERWRITER", AS DEFINED IN LOCAL POLICY STATEMENT 3-30 OF THE SUPERINTENDENT OF BROKERS FOR BRITISH COLUMBIA, OWNS 50,000 SHARES OF THE COMPANY, PURCHASED AT $0.25 PER SHARE.

THE VANCOUVER STOCK EXCHANGE HAS CONDITIONALLY LISTED THE SECURITIES BEING OFFERED PURSUANT TO THIS PROSPECTUS. LISTING IS SUBJECT TO THE COMPANY FULFILLING ALL THE LISTING REQUIREMENTS OF THE VANCOUVER STOCK EXCHANGE ON OR BEFORE FEBRUARY 9, 1987, INCLUDING PRESCRIBED DISTRIBUTION AND FINANCIAL REQUIREMENTS.

WE, AS AGENTS, CONDITIONALLY OFFER THESE SECURITIES SUBJECT TO PRIOR SALE, IF, AS AND WHEN ISSUED BY THE COMPANY AND ACCEPTED BY US IN ACCORDANCE WITH THE CONDITONS CONTAINED IN THE AGENCY AGREEMENT REFERRED TO UNDER "SHARE OFFERING AND PLAN OF DISTRIBUTION" ON PAGE 7 OF THIS PROSPECTUS.

AGENTS

Brink, Hudson & Lefever Ltd.
Yorkton Securities Inc.

EFFECTIVE DATE: August 13, 1986

ARIZONA STAR RESOURCE CORP.

PROSPECTUS SUMMARY

The Company

Arizona Star Resource Corp. (the "Company"), was incorporated in the Province of British Columbia with an authorized capital of 10,000,000 common shares of which 1,368,000 shares are issued and outstanding. The Company and its wholly owned U.S. subsidiary Arizona Star Resources, Inc. ("Arizona Star U.S.") are engaged in the business of acquiring, exploring and developing mineral properties and own the property interest described hereafter.

The Property

Arizona Star U.S. has the right to acquire a 50% interest, subject to certain royalties, in the Van Deemen Property, Arizona, comprising 58 contiguous, unpatented lode mining claims.

Previous owners have expended a total of $179,400 on the property which has resulted in the location of a large occurrence of epithermal gold mineralization and the delineation of probable and possible reserves.

Further work on the property has been recommended by R.W. Stevenson, P.Eng., in his report on the property dated March 18, 1986.

The Issue

The Agents hereby offer 550,000 shares of the Company on a best efforts basis at $0.50 per share for primary distribution to the public through the facilities of the Vancouver Stock Exchange pursuant to the Company's conditional listing on that Exchange. The Company will net $0.425 per share for total proceeds of $233,750 prior to deduction of offering expenses.

The offering is subject to a minimum subscription of all of the shares offered hereby.

Use of Proceeds

The proceeds from this issue will be used to carry out Phase 1 of the exploration programme recommended on the Van Deemen Property as recommended in the Stevenson Report, at an estimated cost of $150,000, and to provide working capital.

Speculative Aspects

Investment in the shares of the Company must be considered speculative due to the nature of the Company's business and the present stage of development of its properties. Reference is made to the warnings on the cover of this prospectus, the description of the Company's properties, and other relevant disclosure contained herein.

THE FOREGOING IS A SUMMARY ONLY AND SHOULD BE READ IN CONJUNCTION WITH THE MORE DETAILED INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS.

TABLE OF CONTENTS

NAME AND INCORPORATION

Arizona Star Resource Corp. (the "Company") was incorporated on February 3, 1986, under the Company Act of British Columbia by the registration of its memorandum and articles and, upon the issuance of a receipt for this prospectus by the Superintendent of Brokers for British Columbia, will be a reporting company. The address of the head office of the Company is #101 - 736 Granville Street, Vancouver, British Columbia, V6Z 1G3, and the address of the registered office is 720 - 999 West Hastings Street, Vancouver, British Columbia V6C 2W2.

The Company's wholly owned U.S. subsidiary, Arizona Star U.S., was incorporated on February 14, 1986, under the laws of the State of Nevada. The address of the principal office of Arizona Star U.S. is 675 Fairview Drive, #245, Carson City, Nevada, U.S.A.

THE BUSINESS

The Company and Arizona Star U.S. are engaged in the acquisition, exploration and development of mineral properties. They hold the mineral property herein described and intend to seek and acquire additional properties worthy of exploration and development.

THE VAN DEEMEN PROPERTY

Aquisition and Interest

By agreement dated February 21, 1986 the Company acquired from Rochel Enterprises Corp. ("Rochel") of 520 - 625 Howe Street, Vancouver, British Columbia the right to earn up to a 50% interest in the leases covering the Van Deemen property as hereinafter described (the "Property"). By agreement dated June 28, 1986 the Company assigned its interest in the Property to Arizona Star U.S. To earn the 50% interest, Arizona Star U.S. must make the following payments and expenditures:

(a) the payment to Rochel of $23,000 U.S. which has been paid;

(b) the payment of ongoing lease payments to the original lessors of the property, in the sum of $2500 U.S. per month to September 1, 1986, of which to date $12,500 U.S. has been paid, and $3,000 per month to the end of the lease;

(c) the issuance to Rochel of 25,000 shares of the Company within 15 days of the listing of the Company's shares on the Vancouver Stock Exchange (the "Exchange");

(d) the issuance and payment to Rochel of 50,000 shares of the Company and $11,000 U.S. following completion of the Phase 1 exploration program recommended on the property, subject to the prior approval of the Exchange;

(e) the issuance and payment to Rochel of 50,000 shares of the Company and $11,000 U.S. following completion of the Phase 2 exploration program recommended on the property, subject to the prior approval of the Exchange;

(f) the issuance and payment to Rochel of 75,000 shares of the Company and $12,000 U.S. following completion of the Phase 3 exploration program recommended on the property, subject to the prior approval of the Exchange;

(g) within 30 days of the Property being placed into commercial production, the issuance to Rochel of 200,000 shares of the Company, subject to the prior approval of the Exchange;

(h) the expenditure, including lease payments, of $250,000 U.S. on or in respect of the Property, of which Rochel has already expended $9,000 U.S., before September 1, 1990.

Upon Arizona Star U.S. earning its 50% interest, it will enter into a joint venture agreement with Fischer-Watt Mining Co. Inc., which owns the other 50% interest, for the development of the Property.

Twenty-three of the claims comprising the Property are subject to net smelter returns royalties of 5% in favour of the original lessors and 1/2% in favour of an assignee from the original lessors. If the joint venture partners elect to purchase the claims for $750,000 U.S. on or before December 31, 1999, the 5% royalty is eliminated and the assignee's royalty increases to 4% of net smelter returns. The $750,000 U.S. purchase price is reduced to the extent of the lease payments and the 5% royalty received by the original lessors to the point of exercise. The assignee's royalty of 1/2% or 4% , as aforesaid, terminates once the assignee has received $500,000 U.S. therefrom.

The remaining 35 claims comprising the Property are subject to a royalty of 5% of net smelter returns until such time as the joint venture partners elect to purchase the claims for $300,000 U.S. All royalty payments are credited towards the purchase price.

Rochel is wholly owned by Warren Geiger of 520 - 625 Howe Street, Vancouver, British Columbia.

The Stevenson Report

A report on the Property dated March 18, 1986 has been prepared by W.G. Stevenson & Associates Limited (the "Stevenson Report"), which is reproduced in its entirety in this prospectus. The following information concerning the Property is extracted and summarized from the Stevenson Report.

The Property

The Property comprises 58 contiguous, unpatented lode mining claims covering approximately 1,195 acres. It is located in northwestern Arizona on the west flank of the Black Mountains, about mid-way along the west side of Mohave County.

There is excellent road access to and across the Property on secondary roads from State Highway 93, six miles to the east. On Highway 93 it is approximately 50 miles southeast to Kingman and 100 miles northwest to Las Vegas.

History

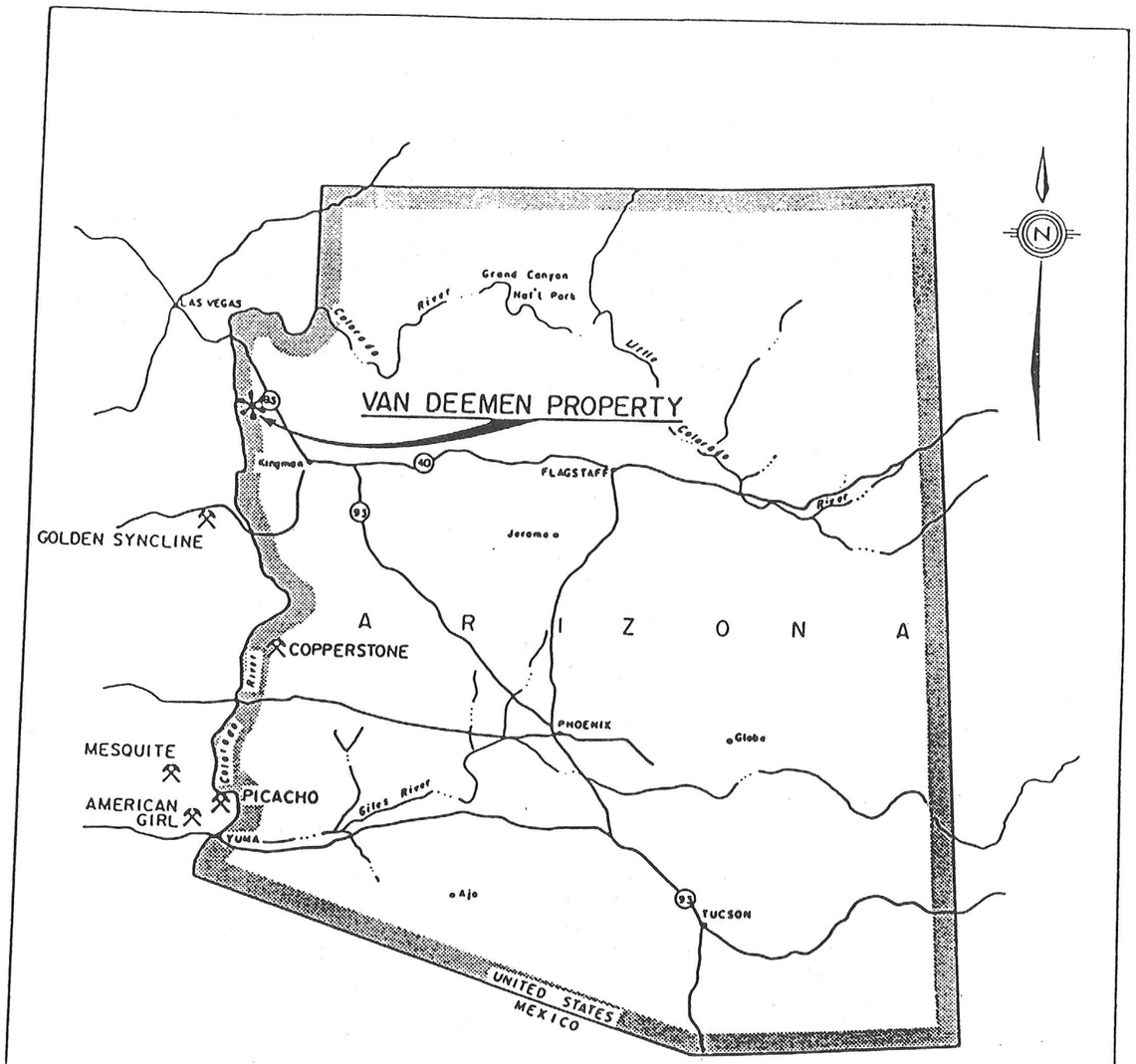
The work that was associated with the Van Deemen mine is thought to have been done in the 1930's. A small block of mineralized rock was mined by open cut and approximately 350 feet of exploratory adits and tunnels were driven in what is now the central part of the Property. Two short shafts were also sunk.

In 1983, Amselco Exploration Inc. optioned part of the Property and drilled 13 inclined reverse circulation holes totalling 5,754 feet (average of 443 feet) in a search for vertical zones of mineralization. Extensive surface sampling was also done.

In 1984, Fischer-Watt Mining Co. Inc. secured an option on the Property and conducted reconnaissance geological mapping, as well as extensive prospecting and rock sampling.

In May of 1985, Frisco Land & Mining Company, an independent mining operator, sub-leased the Property and drilled 24 short, vertical airtrack percussion holes in two parallel rows. The company subsequently relinquished its lease because it had not achieved its limited goal of outlining a small, good grade, surface ore zone in the immediate vicinity of the old Van Deemen workings.

The Company acquired its interest in the Property with the goal of developing and mining gold-bearing mineralization after conducting more extensive exploration over the full length of gold-mineralized breccia on the central part of the Property, as well as pursuing previously unexplored mineralization beneath a Tertiary erosional remnant on the northeast arm of the Property.



APPENDIX B

ARIZONA STAR RESOURCE CORP.

VAN DEEMEN PROPERTY

BLACK MOUNTAINS

MOHAVE COUNTY, ARIZONA

LOCATION MAP

MILES 0 50 100 MILES

Mineralization

Gold occurs in detachment fault breccias on the Property within a large epithermal gold-silver mineralizing system.

A detachment fault is a gently dipping fault commonly containing a brittle, fractured breccia zone with abundant open spaces, ideal for transporting hydrothermal fluids. As gold-bearing hydrothermal fluids leave the reducing, high pressure environment in the lower fault plate rocks, and enter the cooler, lower pressure, oxidizing environment in the detachment breccia, there is a rapid geochemical change that results in precipitation of gold and other metals. The resulting gold mineralization, while relatively thin in the vertical dimension, is widespread laterally and is ideally suited for open pit mining with a very low stripping ratio.

Several important gold deposits that are hosted in detachment fault breccias in Arizona and California are as follows:

Name	Tonnage	Grade Oz/T Au	Owner
Picacho	10 million	0.03	Glamis Gold
Mesquite	75 million	0.074	Goldfields
American Girl	10 million	0.06	Newmont
Copperstone	16 million	0.070	Amoco
Golden Syncline	-	-	Fischer-Watt

A gold-bearing, limonite-stained zone in a detachment fault breccia has been outlined on the main part of the Van Deemen claim block along approximately 7,800 feet of the north-trending sinuous trace of the fault. The most southerly 1,500 feet of the fault breccia on the Property is not limonite-stained. Additional limonite-stained detachment fault breccia occurs beneath the klippe (erosional remnant of Tertiary volcanics above the fault plane) on the northeast arm of the Property.

Reconnaissance rock sampling by Amselco and Fischer-Watt of limonitic breccia on the central part of the main claim block indicates widespread, low grade gold mineralization. Not all of the breccia is gold-bearing. However, much of the zone has not been accessible for sampling because of gravel cover.

Higher grade mineralization has been exposed by the open cut and the tunnel in the central part of the main claim block. In samples taken by Amselco, the gold grade in successive horizontal five foot panel samples in the upper level tunnel ranged from 0.012 to 0.208 oz. per ton. A five foot check sample taken by Stevenson contained 0.356 oz. gold per ton and 0.20 oz. silver per ton.

Two chip samples by Fischer-Watt on the face of the open cut contained 0.271 oz. gold per ton in a six foot vertical sample and 0.276 oz. gold per ton in a four foot vertical sample. Two vertical chip samples taken by Stevenson on the face of the open cut just east of the tunnel portal contained 0.098 oz. gold per ton and 0.20 oz. silver per ton across four feet in the upper sample and 0.168 oz. gold per ton and 0.36 oz. silver per ton across four feet in the lower sample. These were taken approximately five feet west of the Fischer-Watt sample that contained 0.271 oz. gold per ton.

The full results of sampling and drilling on the Property to date are contained in the Stevenson Report.

The gold-bearing mineralization extends down dip to the west in the detachment fault breccia where it has been preserved from erosion by the Tertiary upper plate. Little is known of its character or economic potential; however, considering its lateral dimensions where it has been exposed by erosion, it seems reasonable to postulate that mineralization will continue for a substantial distance further west. One airtrack drill hole drilled by Frisco Land & Mining Company cut the full thickness of the mineralized detachment breccia beneath the upper fault plate. The hole was sited 175 feet west of the fault trace on surface and cut 35 feet of breccia grading 0.020 oz. gold per ton beginning at a depth of 15 feet below surface. It was entirely in oxidized material, which would be beneficial in the heap leaching process.

The semi-arid climate on the Property results in a deep water table and deep oxidation of sulfide minerals. Considering the faulted and fractured nature of the Tertiary rocks on the Property and the depth of oxidation in the general area as demonstrated by the drilling results of other companies, it seems reasonable to expect that oxidation of sulfide minerals will extend to a depth of at least 400 feet, which would be well beyond the limits imposed on mining by increasing stripping ratios. This would very substantially increase the size potential of mineralization on the Van Deemen property.

Reserves

Probable and possible reserves delineated to date on the Property are discussed in an Addendum to the Stevenson Report dated April 2, 1986 and included in its entirety in this prospectus. In the Addendum report, R.W. Stevenson, P.Eng. assigns the following reserves:

Area	Classification	Tons	Oz. Au/ton Grade	Total Oz. Contained Gold	Waste: Ore Stripping Ratio
Van Deemen Mine	Probable	23,350	0.055	1,290	0.1:1
D.H. VDS-11	Possible	15,000	0.06	900	low
Van Deemen Shaft	Possible	1,000	0.15	150	low

The estimates are based on tests conducted by Fischer-Watt Mining Co. Inc. and verified by the author, all as more particularly set forth in the Addendum report.

Recommendations

The Stevenson Report recommends a two phase exploration programme as follows:

Phase 1:	detailed geological mapping, rock sampling, road preparation, drill site preparation, drilling	$ 108,000 U.S.
Phase 2:	bulk sampling, metallurgical testing, drill site preparation, additional drilling	$ 204,000 U.S.

The decision to proceed to Phase 2 will be contingent upon the results obtained from Phase 1.

Additional Information

There is no surface or underground plant and equipment on the Property.

Prior owners of interests in the Property have spent a total of approximately $108,000 on exploration of the Property and $71,400 in lease payments.

To date the Company has spent approximately $8,500 on Phase 1 exploration consisting of aerial photography, geological mapping and sampling and $6,000 on report preparation.

THE PROPERTY IS WITHOUT A KNOWN BODY OF COMMERCIAL ORE AND THE PROPOSED PROGRAMME IS AN EXPLORATORY SEARCH FOR ORE.

SHARE OFFERING AND PLAN OF DISTRIBUTION

The Company, by an agreement dated April 28, 1986 (the "Agency Agreement"), appointed the following as its agents (the "Agents") to offer through the facilities of the Vancouver Stock Exchange (the "Exchange") 550,000 shares of the Company (the "Shares") at a price of $0.50 per Share (the "Offering"), as follows:

Names of Agents	Participation
Brink, Hudson & Lefever Ltd.	300,000
Yorkton Securities Inc.	250,000

The Offering will be made in accordance with the rules and policies of the Exchange and on a day (the "Offering Day") determined by the Agents and the Company, with the consent of the Exchange, within a period of 180 days from the date upon which the Shares of the Company are conditionally listed on the Exchange (the "Effective Date").

The Agents will receive a commission of $0.075 per Share.

The Agents reserve the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licenced broker-dealers, brokers and investment dealers, who may or may not be offered part of the commissions or bonuses derived from the Offering.

The obligations of the Agents under the Agency Agreement may be terminated up to the Offering Day, and on the Offering Day prior to the confirmation of the first sale of shares, at the Agents' discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events.

The Company has granted the Agents a right of first refusal to provide future public equity financing to the Company for a period of 12 months from the Effective Date.

There are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with the Offering.

The directors, officers and other insiders of the Company may purchase shares from the Offering.

The Exchange has conditionally listed the securities being offered pursuant to this prospectus. Listing is subject to the Company fulfilling all the listing requirements of the Exchange on or before February 9, 1987, including prescribed distribution and financial requirements.

MINIMUM SUBSCRIPTION

The Offering is subject to the sale of all of the 550,000 shares offered on the Offering Day. If the minimum subscription of 550,000 shares is not sold on the Offering Day, all funds will be returned to the purchasers without deduction.

USE OF PROCEEDS

The proceeds to be derived by the Company from the sale of the securities offered hereunder will be $233,750 which, together with working capital of approximately $60,000, will be used for the following purposes:

To pay the balance of legal, audit and printing expenses of this prospectus estimated at	$ 10,000
To complete Phase 1 of the exploration programme on the Van Deemen Property as recommended in the Stevenson Report	141,500
To make lease payments on the Van Deemen property to the end of 1986 and to make the $11,000 U.S. payment on the property due following the completion of the Phase 1 exploration program	35,000
To provide working capital*	107,250
TOTAL	$293,750

* The funds to carry out Phase 2 of the recommended programme on the Van Deemen Property, if warranted, will be provided from future debt or equity financing. Some portion of the Company's working capital may also be applied in this manner.

No part of the proceeds shall be used to invest, underwrite or trade in securities other than those that qualify as investments in which trust funds may be invested under the laws of the jurisdictions in which the securities offered by this prospectus may lawfully be sold.

Should the Company intend to use the proceeds to acquire other than trustee type securities after the distribution of the securities offered by this prospectus, approval of the shareholders of the Company must first be obtained and notice of the intention filed with the regulatory securities bodies having jurisdiction over the sale of the securities offered by this prospectus.

The proceeds from the sale of shares offered by this prospectus are intended to be used for the purposes set forth above and in carrying out the above work program. The Company will not discontinue or materially depart from the recommended

work program unless advised to do so in writing by an independent, qualified consulting engineer.

In the event of any such discontinuance or departure during the primary distribution of the shares offered by this prospectus, which makes untrue or misleading any statement of a material fact contained herein, an amendment to this prospectus will be filed in accordance with the requirements of the Securities Act (British Columbia). Following completion of the primary distribution of the shares offered by this prospectus, shareholders will be notified of material changes in the affairs of the Company to the extent required by and in accordance with applicable legislation and the requirements of appropriate regulatory authorities.

DESCRIPTION OF SHARES

The authorized capital of the Company consists of 10,000,000 shares without par value of which 1,368,000 shares are issued as fully paid. All of the authorized shares of the Company are of the same class and, once issued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds. Provisions as to the modification, amendment or variation of such rights or provisions are contained in the Company Act of British Columbia.

SHARE AND LOAN CAPITAL STRUCTURE

Designation of Security	Amount Authorized	Amount Outstanding as of April, 30, 1986	Amount Outstanding as of June 30, 1986	Amount Outstanding on Completion of Offering
common shares	10,000,000	1,368,000 ($162,000)	1,368,000 ($162,000)	1,918,000 ($370,750)*

* after deduction of estimated offering expenses.

PRIOR SALES

Since incorporation, the Company has sold the following shares for cash, all of which were sold within the past 12 months:

Number of Shares	Price per Share	Total Commissions Paid	Cash Received
750,000	$0.01	Nil	$ 7,500
618,000	$0.25	Nil	$154,500

DIRECTORS AND OFFICERS

The principal business or occupation in which each of the directors and officers of the Company has been engaged during the immediately preceding five years is as follows:

Name and Address	Position With Company	Business or Occupation
DENNIS LYLE HIGGS 2823 West 24th Avenue Vancouver, B.C. V6L 1R3	Director and President	President of the Company since February 1986; Director, Warstar Resources Inc. since February, 1986; President of Brahma Resources Inc. from June 1983 to January 1986; Salesman Senate Realty Corp., August 1979 to March 1983.
TERRI-LYN HIGGS 4663 Bellevue Drive Vancouver, B.C. V6R 1E7	Director and Secretary	Director, Brahma Resources Inc., June 1983 to January 1986; Lift Attendant, Whistler Mountain Ski Corp., November 1985 to April 1986 & November 1983 to April 1984; File Clerk, General Paint May 1983 to October 1984; Receptionist, Royal Trust Kerrisdale, February 1983 to May 1983; Receptionist Senate Realty Corp., July & August 1980 & July & August 1981.
JAY DEA BUTTERWORTH 6300 Stanley Drive Auburn, California	Director	Self-employed prospector & field exploration technician.
EVAN LEE SLEEMAN 250 West 10th Ave. Vancouver, B.C. V5Y 1S1	Director	Self-employed prospector; Director, Iron Horse Resource Corp., 1983 to date.

DONALD JOSEPH SHWERY 3465 Capilano Road North Vancouver B.C. V7R 4H9	Director	Self-employed business management and public relations consultant.

Certain of the directors and officers of the Company are also directors and officers of other companies engaged in the acquisition, exploration and development of resource properties.

The directors are aware of their potential conflicts of interest and will deal with them in accordance with the relevant provisions of the Company Act (British Columbia).

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Pursuant to a management services contract with the Company dated February 3, 1986, Ubiquitous Explorations Inc. ("Ubiquitous") has received $1,000 per month since February, 1986 for managing the affairs of the Company, and will continue to receive that amount until the month in which the Company's shares are listed on the Vancouver Stock Exchange. Commencing with the month in which the Company's shares are so listed, Ubiquitous will receive $1,500 per month. Otherwise, no direct remuneration, pension benefits, or other remuneration has been paid by the Company to the Company's directors and senior officers since incorporation, nor is any such remuneration payable.

Dennis Lyle Higgs and Terri-Lyn Higgs, both directors of the Company, each own 33 1/3% of Ubiquitous. Ubiquitous is a non-reporting company, incorporated under the laws of the Province of British Columbia.

OPTIONS TO PURCHASE SECURITIES

Evan Lee Sleeman, a director of the Company, holds an option to purchase a total of 95,900 shares of the Company exercisable within five years of the Effective Date of this prospectus at the price of $0.50 per share.

Terri-Lyn Higgs, a director and the Secretary of the Company holds an option, in her capacity as an employee of the Company, to purchase a total of 95,900 shares of the Company exercisable within five years of the Effective Date of this prospectus at the price of $0.50 per share.

PROMOTERS

Under the definition of "promoter" contained in Section 1 of the Securities Act (British Columbia), Dennis Lyle Higgs ("Higgs") of 2823 West 24th Avenue, Vancouver, British Columbia and Evan Lee Sleeman ("Sleeman") of 250 West 10th Avenue,

Vancouver, British Columbia are the promoters of the Company in that they took the initiative in founding and organizing the Company.

The promoters have received no consideration in the form of cash, shares, or otherwise from the Company for acting as promoters.

Sleeman has purchased 428,000 shares of the Company, currently held in escrow, at $0.01 per share and holds an option to purchase 95,900 shares of the Company as described under "Options to Purchase Securities". Higgs has purchased 50,000 shares of the Company at $0.25 per share and owns 33 1/3% of the issued shares of Ubiquitous Explorations Inc. which has purchased 215,000 shares, currently held in escrow, at $0.01 per share. Ubiquitous also receives a fee for managing the affairs of the Company. See "Remuneration of Directors and Senior Officers" on page 12.

PRINCIPAL SHAREHOLDERS

Set forth hereunder are particulars of the principal shareholders of the Company as at the date of this prospectus who beneficially own 10% or more of the issued shares of the Company:

Name and Address	Designation of Class	Type of Ownership	Number of Shares Owned	Percentage of Class
Evan Lee Sleeman 250 West 10 Ave. Vancouver, B.C. V5Y 1S1	common	direct, of record and beneficial	428,000	31.29%
Ubiquitous Explorations Inc. 2823 West 24 Ave. Vancouver, B.C. V6L 1R3	common	direct, of record and beneficial	215,000	15.72%

The number and percentage of the shares of the Company beneficially owned, directly or indirectly, by all directors and senior officers of the Company as a group is as follows:

Designation of Class	Number of Shares	Percentage of Class
common	757,000	55.34%

In addition, two of the directors, Dennis Lyle Higgs and Terri-Lyn Higgs, each own 33 1/3% of Ubiquitous Explorations Inc. which in turn owns 215,000 shares of the Company.

ESCROWED AND POOLED SHARES

Designation of Class	Number of Shares	Percentage of Class
common	750,000 escrowed	54.82%
common	618,000 pooled	45.18%

Escrowed Shares

As at June 30, 1986, 750,000 shares are held in escrow by Central Trust Company. The shares, commonly referred to as "principals' shares" in accordance with Local Policy 3-07 of the Superintendent of Brokers, were issued at the price of $0.01 per share to Ubiquitous Explorations Inc. ("Ubiquitous"), as to 215,000 shares, Evan Lee Sleeman ("Sleeman"), as to 428,000 shares and Jay Dea Butterworth ("Butterworth") as to 107,000 shares.

The 750,000 shares were escrowed pursuant to an agreement dated April 28, 1986. The escrow restrictions, contained in the agreement, provide that the shares may not be traded in, dealt with in any manner whatsoever, or released, nor may the Company, its transfer agent, or escrow holder make any transfer or record any trading of the shares without the consent of the Superintendent of Brokers for British Columbia (the "Superintendent") or, while the shares are listed on the Vancouver Stock Exchange (the "Exchange"), the consent of the Exchange.

The Superintendent or Exchange may permit the release of all or a portion of the escrow shares based, among other things, upon the future success of the Company. Any shares not released at the expiration of ten years from the Effective Date of this prospectus will be automatically cancelled. The complete text of the escrow agreement is available for inspection at the Company's registered office.

Pooled Shares

As at June 30, 1986, 568,000 shares are held in pool by Central Trust Company, to be released as to 25% on listing of the Company's shares on the Exchange and as to 25% each three months thereafter. The pool was created pursuant to a voluntary pooling agreement dated May 9, 1986. An additional 50,000 shares are owned by an "underwriter" as defined by Local Policy Statement 3-30 of the Superintendent of Brokers for British Columbia. In accordance with that policy, none of the shares may be sold in the first six months following listing of the Company's shares on the Vancouver Stock Exchange, 25% of the shares may be sold in the next three months and no more than 25,000 shares may be sold in any three-month period thereafter.

PRELIMINARY EXPENSES

The preliminary expenses of the Company to April 30, 1986, have been as follows:

Administrative	$ 7,391.00
Property acquisition, exploration and development	$ 48,742.00

It is not expected there will be any further expenses on preliminary matters.

MATERIAL CONTRACTS

The only material contracts entered into by the Company since incorporation are as follows:

1. Agreement dated February 21, 1986, for the acquisition of an interest in the Van Deemen property.

2. Assignment Agreement dated June 28, 1986, whereby the Company's interest in the Van Deemen property was assigned to Arizona Star U.S.

3. Management Services Contract dated February 3, 1986, whereby Ubiquitous Explorations Inc. was retained to provide general management services to the Company.

4. Stock Option Agreements dated April 28, 1986, between the Company and Evan Lee Sleeman and Terri-Lyn Higgs;

5. Agency Agreement dated April 28, 1986, in respect of the 550,000 shares offered hereby.

Copies of the foregoing contracts may be inspected at 720 - 999 West Hastings Street, Vancouver, British Columbia, during normal business hours while primary distribution of the shares offered hereunder is in progress and for the period of 30 days thereafter.

AUDITOR

BRUCE F. JAMIESON & CO.
#315 - 850 West Hastings Street
Vancouver, British Columbia
V6C 1E1

REGISTRAR AND TRANSFER AGENT

CENTRAL TRUST COMPANY
750 West Pender Street
Vancouver, British Columbia
V6C 2B2

PURCHASER'S STATUTORY RIGHT OF WITHDRAWAL AND RESCISSION

Section 60 and 61 of the Securities Act (British Columbia) provide, in effect, that where a security is offered to the public in the course of primary distribution:

(a) A purchaser has a right to rescind a contract for the purchase of a security, while still the owner thereof, if a copy of the last prospectus, together with financial statements and reports or summaries of reports relating to the securities as filed with the Superintendent of Brokers, was not delivered to him or his agent prior to delivery to either of them of the written confirmation of the sale of the securities. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice.

(b) A purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Reference is made to the said Act for the complete text of the provisions under which the foregoing rights are conferred.

ARIZONA STAR RESOURCE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1986

ARIZONA STAR RESOURCE CORP.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1986

BRUCE F. JAMIESON & CO.
CERTIFIED GENERAL ACCOUNTANT

#315 - 850 W. HASTINGS ST.
VANCOUVER, B.C. V6C 1E1
Telephone: (604) 684-3354

AUDITOR'S REPORT

To the Shareholders of
Arizona Star Resource Corp.

I have examined the consolidated balance sheet of Arizona Star Resource Corp. as at April 30, 1986, the consolidated statement of operating, financing and investing activities and the consolidated schedule of deferred costs for the period then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion these consolidated financial statements present fairly the financial position of the company as at April 30, 1986, and the results of its operations and the changes in its financial position for the period then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

CERTIFIED GENERAL ACCOUNTANT

Vancouver, B.C.
June 16, 1986

Exhibit A

ARIZONA STAR RESOURCE CORP.
CONSOLIDATED BALANCE SHEET
APRIL 30, 1986

ASSETS

Current Assets	
Bank	$ 13,616
Term deposit	83,000
Accrued interest receivable	143
In trust	7,500
	104,259
Fixed Asset (Note 3)	625
Mineral Properties, including deferred costs (Notes 2 & 5)	56,133
Other Assets	
Incorporation costs (Note 4)	405
Security deposit	1,200
	1,605
	$ 162,622

LIABILITIES

Current Liabilities	
Accounts payable	$ 622

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	162,000
	$ 162,622

Approved on Behalf of the Board:

Director

Director

The accompanying notes are an integral part of the financial statements.

Exhibit B

ARIZONA STAR RESOURCE CORP.

CONSOLIDATED STATEMENT OF OPERATING, FINANCING AND INVESTING ACTIVITIES

FOR THE PERIOD FEBRUARY 3, 1986, DATE OF INCORPORATION, TO APRIL 30, 1986

OPERATING ACTIVITIES	
Increase (Decrease) in accounts payable	$ 622
Decrease (Increase) in accounts receivable	(143)
	479
FINANCING ACTIVITIES	
Issue of share capital for cash	162,000
INVESTING ACTIVITIES	
Acquisition of fixed asset	625
Acquisition of mineral claims	42,746
Deferred exploration and development costs	5,996
Deferred administration costs	7,391
Incorporation costs	405
Security deposit	1,200
	58,363
INCREASE IN CASH	104,116
CASH AT BEGINNING OF PERIOD	-
CASH AT END OF PERIOD	$ 104,116
Cash Consists of:	
Cash	$ 13,616
Term deposit	83,000
In trust	7,500
	$ 104,116

The accompanying notes are an integral part of the financial statements.

Schedule I

ARIZONA STAR RESOURCE CORP.

CONSOLIDATED SCHEDULE OF DEFERRED COSTS

FOR THE PERIOD FEBRUARY 3, 1986, DATE OF INCORPORATION, TO APRIL 30, 1986

EXPLORATION AND DEVELOPMENT COSTS	
Engineering	$ 5,996
ADMINISTRATION COSTS	
Bank charges	$ 69
Management fee	3,000
Office	3,048
Professional fees	1,000
Telephone	417
	7,534
Interest income	(143)
	$ 7,391

The accompanying notes are an integral part of the financial statements.

ARIZONA STAR RESOURCE CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1986

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Arizona Star Resources, Inc., a wholly-owned subsidiary, incorporated in the State of Nevada, U.S.A.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Deferred Costs

The company is in the exploration stage with respect to its investment in natural resource properties and accordingly follows the practice of capitalizing all costs, including administration costs related to the exploration project, until such time as the project is put into commercial production, sold, or abandoned.

b. Values

The amounts shown for the mineral properties and deferred costs, represent costs to date and are not intended to reflect present or future values.

c. Option Payments

Payments on purchase agreements are made at the discretion of the company and, accordingly, are recorded on a cash basis.

d. Translation of Foreign Currencies

Foreign currencies have been translated into Canadian funds as follows:

i. Payments towards acquisition costs and deferred costs related to mineral properties, at the rates of exchange prevailing as at the dates of the individual transactions.

ii. Current liabilities, at the rate of exchange prevailing as at the financial statement date.

3. FIXED ASSET

The company has not provided for depreciation of its fixed asset due to the accounting policy of capitalizing all costs; however, if depreciation were calculated using rates and methods as prescribed by the Income Tax Act of Canada, the current expense would be $10 and the net book value reduced to $615.

.../2

4. INCORPORATION

The company was incorporated under the British Columbia Company Act on February 3, 1986.

5. MINERAL PROPERTIES

By an Agreement dated February 21, 1986, the subject company, through its wholly-owned subsidiary by a subsequent assignment dated June 28, 1986, has acquired the right to earn a 50% interest (subject to a 5% - 35 claims, and 5 1/2% - 23 claims, net smelter returns royalty) in fifty-eight (58) unpatented lode mining claims located in Mohave County, Arizona for consideration of:

Acquisition costs - $23,000 U.S.	$ 32,150
and a commitment to monthly payments of $2,500 U.S. to September 1, 1986, of which $7,500 U.S. has been paid to date:	10,596
	42,746

These monthly payments will be applied against the total work commitment on the property of $250,000 U.S.

In addition, the subject company will issue a total of 200,000 shares of its capital stock and pay a further $34,000 U.S. in the following installments:

i. 25,000 shares within 15 days of the subject company being listed on the Vancouver Stock Exchange

ii. 50,000 shares and a payment of $11,000 U.S. upon completion of Phase I of an exploration program on the property along with regulatory approval of an engineering report on this program

iii. 50,000 shares and a payment of $11,000 U.S. upon completion of Phase II of an exploration program on the property along with regulatory approval of an engineering report on this program.

iv. 75,000 shares and a payment of $12,000 U.S. upon completion of Phase III of an exploration program on the property with regulatory approval of an engineering report on this program.

5. MINERAL PROPERTIES (CONT'D)

A further 200,000 shares of the company's capital stock is to be issued to the vendor within thirty (30) days of commencement of commercial production on the property, subject to regulatory approval.

- Deferred exploration and development costs	5,996
- Deferred administration costs	7,391
	13,387
	$ 56,133

6. SHARE CAPITAL

The authorized share capital of the company is 10,000,000 common shares without par value.

The company has issued shares of its capital stock as follows:

	Number of Shares	Amount $
For cash	618,000	$ 154,500
For cash (escrow)	750,000	7,500
	1,368,000	$ 162,000

The company has granted stock options (subject to regulatory approval) to an employee and a Director totaling 191,800 shares, exercisable at a price of $ .50 per share, within five (5) years from the date that a receipt for the company's first prospectus is received from the regulatory authorities.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

A management fee of $1,000 per month has been paid for services rendered during the period, to a separate corporation owned 33 1/3% by the subject company's President, 33 1/3% by the subject company's Secretary and 33 1/3% by a relative of these two individuals. This fee will increase to $1,500 per month, in the month that the subject company is listed on the Vancouver Stock Exchange.

8. ADDITIONAL INFORMATION

The subject company plans to offer to the public a financing consisting of 550,000 common shares at a price of $ .50 per share, to net the corporate treasury $233,750 after commissions.

GEOLOGICAL REPORT

ON THE

VAN DEEMEN PROPERTY

BLACK MOUNTAINS

MOHAVE COUNTY

ARIZONA

35°35'34" NORTH LATITUDE
114°33'23" WEST LONGITUDE

FOR

ARIZONA STAR RESOURCE CORP.

18 MARCH 1986

W. G. STEVENSON & ASSOCIATES LIMITED
CONSULTING GEOLOGISTS

TABLE OF CONTENTS

APPENDICES

SUMMARY

Arizona Star Resource Corp. has acquired an option on the Van Deemen property which consists of 58 contiguous lode mining claims covering approximately 1,195 acres and situated in northwestern Arizona. There is excellent road access via secondary roads connecting with State Highway 93 between Las Vegas, Nevada and Kingman, Arizona.

Gold occurs in a large epithermal mineralizing system in iron-stained detachment fault breccias. These breccias have been traced for 7,800 feet on the main part of the property. Where the breccia is mineralized, values range from 0.02 to 0.07 oz. gold per ton. There are limited areas of higher grade mineralization, such as 0.19 oz. gold per ton across 20 feet, which were partly explored by adits in the 1930's. A 5-foot chip sample in this zone taken by the writer assayed 0.356 oz. gold and 0.20 oz. silver per ton. The gold mineralization continues in the detachment breccia zone at Van Deemen where it dips westward under the upper fault plate. The available evidence indicates that this mineralization will be oxidized to the depth that can be extracted by open pit mining, thus making it suitable for low cost heap leach treatment. This very substantially increases the size potential of extractable mineralizaton on the Van Deemen property.

Recent drilling has confirmed the geological interpretation that will form the basis of further exploration. The mineralization is suitable for open pit mining and heap leaching.

An additional iron-stained detachment fault breccia occurs on the northeast corner of the property, but has not yet been investigated.

Gold-bearing detachment fault breccias occur elsewhere in Arizona and California, and range in size and grade from the Picacho mine of Glamis Gold with 10 million tons grading 0.030 oz. gold per ton to Mesquite with 75 million tons grading 0.074 oz. gold per ton.

The gold-bearing mineralization on the Van Deemen property appears to have substantial economic potential. An exploration program is recommended using detailed geological mapping, rock sampling, metallurgical testing and drilling.

INTRODUCTION

On February 3, 1986, Arizona Star Resource Corp. commissioned W.G. Stevenson & Associates Ltd. to review the information and data pertaining to the Van Deemen mining property in northwestern Arizona, make an examination of the property, assess the potential, design a program to test this potential and prepare a report.

To accomplish this assignment, R.W. Stevenson, P.Eng., reviewed the reports and maps listed in the attachment marked Appendix "A". On February 5 and 6, R.W. Stevenson made an examination of the property in company with F.L. Hillemeyer, who is an exploration geologist with Fischer-Watt Mining Co. Inc., a vendor of the property, and with Dr. K. Warren Geiger, Ph.D., who is a Vancouver consulting geologist. The very valuable assistance provided by Messrs. Hillemeyer and Geiger is gratefully acknowledged.

PROPERTY

Arizona Star Resource Corp. holds an option on 58 contiguous, unpatented lode mining claims covering the mineral rights on approximately 1,195 acres. The outline of the property is shown on the attached Property Map marked Appendix "C". A list of the lode mining claims that comprise the property is given in Appendix "D".

The map in Appendix "C" also shows the location of certain old workings on the property, and shows the areas covered by the maps in Appendices "F", "J", "K" and "L".

We have not made a study of title to the property as this was not part of our terms of reference. This will more properly be covered by a legal opinion provided by the company's counsel.

LOCATION AND ACCESS

The Van Deemen property is in northwestern Arizona, as shown on the Location Map in Appendix "B". It is on the west flank of the Black Mountains, about mid-way along the west side of Mohave County. It is apparently not in an organized mining district.

The claims are in Sections 21, 28, 29, 30, 31 and 32 of Township 27 North, Range 21 West of the G & S Base Meridian, as shown on Appendix "C". The Van Deemen Mine is at 35°35'34" North Latitude, 114°33'23" West Longitude.

There is excellent road access to, and across the property on secondary roads from State Highway 93 which is six miles to the east. On Highway 93, it is approximately 50 miles southeast to Kingman, and 100 miles northwest to Las Vegas, as shown on Appendix "B".

The terrain slopes gently toward the Colorado River, which is five miles to the west. The vegetation is sparse grass in a semi-desert environment.

Elevations range from about 2,400 to 3,000 feet. The property is screened from the highway by low mountains and there are no apparent environmental problems.

Water resources have not been evaluated. However, the property is near the drainage divide and there are no streams with year-round flow crossing the property.

HISTORY

The work that was associated with the Van Deemen mine is thought to have been done in the 1930's. A small block of mineralized rock was mined by open cut and approximately 350 feet of exploratory adits and tunnels were driven in what is now the central part of the property, as shown on Appendix "C" and illustrated in greater detail on Appendix "J". Two short shafts were also sunk.

Beginning in 1971, C.R. Kunkes began staking claims in the area. Part of these claim holdings comprise the present property. The range of staking dates is shown on Appendix "D".

In 1983, Amselco Exploration Inc. optioned part of the property and drilled 13 inclined reverse circulation holes totalling 5,754 feet (average of 443 feet) in a search for vertical zones of mineralization. The locations and depths of ten of these holes are shown on Appendix "F". Extensive surface sampling was also done, including most of the underground samples shown on Appendix "J". This program failed to recognize that the gold mineralization is chiefly confined to the gently dipping detachment fault breccia zone which is at surface, or has been removed by erosion, in the areas drilled. Consequently, the drill cuttings were, for the most part, devoid of gold.

In 1984, Fischer-Watt geologists, who had done extensive work on gold mineralized detachment breccias elsewhere in Arizona and California, recognized the potential of the Van Deemen mineralization, and secured an option on the property. Fischer-Watt personnel have conducted reconnaissance geological mapping, as well as extensive prospecting and rock sampling.

In May of 1985, Frisco Land & Mining Company, an independent mining operator, sub-leased the property and drilled 24 short, vertical airtrack percussion holes in two parallel rows. The locations of these holes are shown on Appendix "F". The assays from the north row of drill holes are reported on Appendix "I". The location of the south row of drill holes is shown in section on Appendix "G" and the assays are reported on Appendix "H". Frisco Land & Mining Company subsequently relinquished its lease from Fischer-Watt because it had not achieved its limited goal of outlining a small, good grade, surface ore zone in the immediate vicinity of the old Van Deemen workings.

Arizona Star Resource Corp. optioned the Van Deemen property with the goal of developing and mining gold-bearing mineralization after conducting more extensive exploration over the full length of gold-mineralized breccia on the central part of the property, as well as pursuing previously unexplored mineralization beneath a Tertiary erosional remnant on the northeast arm of the property.

GEOLOGY

The following description is based upon reconnaissance mapping by Fischer-Watt geologists, and from my own observations.

The Van Deemen property is characterized by Precambrian gneiss and schist which is overlain by Middle Tertiary volcanics and sediments. These two rock formations were brought into contact by a regional, low angle detachment fault with its attendant breccia zone. Detachment faults are the result of large scale crustal extension. An explanation of detachment faults, and their significance for bulk gold mineralization is given under the section on Mineralization. The general geology of the Van Deemen property is illustrated on Appendix "E".

The Precambrian gneiss and schist are mylonitic, that is they exhibit intense microbrecciation due to severe mechanical deformation, but with little

chemical recrystallization. They are cut by widely spaced, narrow, low angle shear zones, and by high angle normal faults that trend north-south. The latter are often weakly mineralized, with attendant chloritization, suggesting that they were conduits for mineralizing fluids.

The overlying Tertiary volcanics and sediments consist of Miocene andesitic lavas, volcanic breccias and conglomerates. These have been cut into a series of fault blocks by north-striking, west-dipping, high angle, normal faults. Many of these fault blocks are rotated as much as 75° to the east and are truncated abruptly down dip by the detachment fault.

The detachment fault dips 7° west and is marked by a complex zone of low angle shearing and brecciation that varies from 20 feet to 100 feet in thickness. No sulfide minerals were observed by the writer, but there is widespread limonitic (iron oxide) coating along the fractures. Much of the present erosional surface of the detachment breccia is covered by a thin layer of outwash gravels, making it difficult to ascertain accurately its surface exposure. However, it appears to outcrop, or sub-outcrop, along a band about 1,000 to 1,200 feet in width, to the east of the surface trace of the upper plate of the detachment fault shown on Appendix "E".

The topography on the Van Deemen property also slopes downward to the west, and for that reason, the depth of burial of the breccia zone (and its mineralization) increases more slowly than would be expected on a level surface. This will be beneficial if the mineralized detachment breccia is mined beneath the overlying Tertiary rocks. It is illustrated on Appendix "G".

A klippe (i.e. an erosional remnant above the detachment fault plane) of Tertiary volcanic and sedimentary rocks is exposed above the surface gravels on the northeast arm of the Van Deemen property as is shown on Appendix "E". It is probably the result in an eastward downwarp in the regional detachment fault surface. There is a narrow exposure of limonite stained detachment breccia along the east side of the klippe. Elsewhere, the underlying detachment fault breccia is obscured by a

veneer of gravels.

MINERALIZATION

Gold occurs in detachment fault breccias on the Van Deemen property within a large epithermal gold-silver mineralizing system.

Detachment faults have only recently been understood and studied in detail, that is, in the order of the last ten years. Detachment faults are low angle (i.e. gently dipping) faults, often of regional extent, that are the result of crustal extension. A detachment fault commonly has a breccia zone that may be about 100 feet thick, and because the deformation was in cool, upper crustal rocks, the breccia is characterized by brittle fracturing with abundant open spaces. Such a zone is an ideal conduit for transporting hydrothermal fluids.

The overlying rocks, in the upper fault plate, are commonly broken by a series of high angle normal faults, with the fault blocks partly rotated to form a series of half grabens. The underlying basement rocks are cut by a number of high angle shears and faults. These provide conduits for the gold-bearing hydrothermal fluids that are often associated with mid-Tertiary volcanism. As these fluids leave the reducing, high pressure environment in the lower fault plate rocks, and enter the cooler, lower pressure, oxidizing environment in the detachment breccia, there is a rapid geochemical change that results in precipitation of gold and other metals. The resulting gold mineralization, while relatively thin in the vertical dimension, is widespread laterally and is ideally suited for open pit mining with a very low stripping ratio.

Several important gold deposits that are hosted in detachment fault breccias in Arizona and California are shown on the Location Map in Appendix "B" and are described in the following table.

NAME	TONNAGE	GRADE OZ/T AU	OWNER
Picacho	10 million	0.03	Glamis Gold
Mesquite	75 million	0.074	Goldfields
American Girl	10 million	0.06	Newmont
Copperstone	16 million	0.070	Amoco
Golden Syncline	-	-	Fischer-Watt

A gold-bearing, limonite-stained zone in a detachment fault breccia has been outlined on the main part of the Van Deemen claim block along approximately 7,800 feet of the north-trending sinuous trace of the fault. The most southerly 1,500 feet of the fault breccia on the property is not limonite-stained. Additional limonite-stained detachment fault breccia occurs beneath the klippe (erosional remnant of Tertiary volcanics above the fault plane) on the northeast arm of the property.

Reconnaissance rock sampling by Amselco and Fischer-Watt of limonitic breccia on the central part of the main claim block indicates widespread, low grade gold mineralization. Not all of the breccia is gold-bearing. However, much of the zone has not been accessible for sampling because of gravel cover.

Of particular interest is the higher grade mineralization exposed by the open cut and the tunnel in the central part of the main claim block, and illustrated in detail on Appendix "J". The gold grade in ounces per ton in successive horizontal 5-foot panel samples in the upper level tunnel was 0.208, 0.173, 0.171, 0.198, 0.066, 0.029, 0.012 and 0.050 oz. gold per ton. These samples were taken and analysed by Amselco. As shown on Appendix "K", assay of the check sample taken by the writer was in agreement with the previous sample assay. A 5-foot chip sample taken by the writer contained 12,205 ppb gold (0.356 oz. Au/ton) and 6.9 ppm silver (0.20 oz. Ag/ton) compared to the Amselco value of 0.173 oz. gold per ton.

Two chip samples by Fischer-Watt on the face of the open cut contained 0.271 oz. gold per ton in a 6-foot vertical sample and 0.276 oz. gold per ton in a 4-foot

vertical sample. Two vertical chip samples taken by the writer on the face of the open cut just east of the tunnel portal contained 3,360 ppb gold (0.098 oz. Au/ton) and 6.7 ppm silver (0.20 oz. Ag/ton) across 4 feet in the upper sample and 5,760 ppb gold (0.168 oz. Au/ton) and 12.3 ppm silver (0.36 oz. Ag/ton) across 4 feet in the lower sample. These were taken approximately 5 feet west of the Fischer-Watt sample that contained 0.271 oz. gold per ton.

Two lines of vertical airtrack holes were drilled by Frisco Land & Mining Company and were analysed for that company by Arizona Testing Laboratories in Phoenix, Arizona.

The southern line of vertical airtrack drill holes, the locations of which are plotted on Appendices "F" and "G", contained mineralized breccia with gold grades in the range of 0.02 to 0.07 oz. gold per ton over thicknesses of 20 to 45 feet along a length of 630 feet. The average grades are listed in Appendix "H".

The location of the northern line of vertical airtrack drill holes is plotted on Appendix "F" and the average assays are listed on Appendix "I". The most westerly hole cut 40 feet containing 0.066 oz. gold per ton, but the remaining holes contained only 0.01 to 0.02 oz. gold per ton in drill holes of 30 to 70 feet in depth. The lower grades may be due to being lower in the breccia, or to having cut through into the lower fault plate.

F.L. Hillemeyer reported verbally that Frisco Land & Mining estimated a mineral reserve in the area of the adits and airtrack drill holes of 80,000 tons grading 0.038 oz. gold per ton. Contained within this reserve is 15,000 tons grading 0.070 oz. gold per ton.

Other chip samples taken elsewhere on the property by the writer ranged in gold content from 55 ppb gold to 158 ppb gold in five samples and 2,469 ppb gold (0.072 oz. Au/ton) in one other sample. These sample results are plotted on Appendix "K".

Descriptions of the nine samples taken by the writer are given in Appendix "M".

The gold-bearing mineralization extends down dip to the west in the detachment fault breccia where it has been preserved from erosion by the Tertiary upper plate. Little is known of its character or economic potential; however, considering its lateral dimensions where it has been exposed by erosion, it seems reasonable to postualte that mineralization will continue for a substantial distance further west. Only airtrack drill hole VDS-12 has cut the full thickness of the mineralized detachment breccia beneath the upper fault plate. As shown on Appendix "G", VDS-12 was sited 175 feet west of the fault trace on surface and cut 35 feet of breccia grading 0.020 oz. gold per ton beginning at a depth of 15 feet below surface. It was entirely in oxidized material. That would be beneficial with respect to the heap leach charateristics (that is as opposed to unoxidized, sulfide-bearing mineralization which leaches less rapidly).

The semi-arid climate on the Van Deemen property results in a deep water table and deep oxidation of sulfide minerals. Some inferences with respect to the depth of oxidation beneath the Tertiary upper plate cover may be drawn from the results of drilling in the general Van Deemen area by other mining companies. The Amselco holes on the Van Deemen property were oxidized to approximately 300 feet vertically. Two miles to the northeast of Van Deemen, in a porphyry copper search, Gulf Minerals drilled holes in Precambrian gneiss that were still in the oxide zone at a depth of 1,000 feet. Some 20 miles to the northeast, U.S. Borax drilled holes through 300 feet of Tertiary cover and were still in oxidized material at 500 feet. Considering the faulted and fractured nature of the Tertiary rocks on the Van Deemen property, it seems reasonable to expect that oxidation of sulfide minerals will extend to a depth of at least 400 feet, which would be well beyond the limits imposed on mining by increasing stripping ratios. This would very substantially increase the size potential of mineralization on the Van Deemen property.

The limonite-stained detachment fault breccia along the east side of the klippe on the northeast arm of the property was not examined by the writer, and

has not been sampled by Fischer-Watt, but does appear to be within the same mineralizing epithermal system that has been substantiated as gold-bearing on the main part of the Van Deemen property.

Fischer-Watt reports that two bucket metallurgical leach tests were conducted by Frisco Land & Mining Company in its own facility on minus 4 inch material taken from surface and underground exposures. A sample containing 0.20 oz. gold per ton gave a 40% net recovery of gold. A sample containing 0.078 oz. gold per ton gave a 46% net recovery of gold. No technical details of the tests were given. No tests were done on crushed rock. No unoxidized material has been available for testing of sulfide bearing rock.

CONCLUSIONS

1. Arizona Star Resource Corp. holds an option on 58 contiguous lode mining claims in Mohave County, northwestern Arizona. There is excellent road access.

2. Gently west-dipping detachment fault breccias occur along 7,800 feet of fault trace on the central part of the Van Deemen property.

3. These breccias have been demonstrated to contain low grade gold values over a substantial part of the limonite-stained breccia zone. Where the breccia is mineralized, values range from 0.02 to 0.07 oz. gold per ton. Gold grades similar to these are being mined successfully at operating properties elsewhere in the Western United States.

4. There are limited areas with substantially higher grade, such as 0.19 oz. gold per ton across 20 feet, which could increase the average grade of the mineralization. A 5-foot chip sample within this zone, taken by the writer, assayed 0.356 oz. gold per ton and 0.20 oz. silver per ton.

5. Gold-bearing detachment breccias elsewhere in Arizona and California

contain large gold deposits, such as Picacho, Mesquite, American Girl and Copperstone. These deposits range form 10 to 75 million tons in size, and from 0.03 to 0.07 oz. gold per ton in grade.

6. The gold mineralization continues in the detachment breccia zone at Van Deemen where it dips westward under the upper fault plate. The available evidence indicates that this mineralization will be oxidized to the depth that can be extracted by open pit mining, thus making it suitable for low cost heap leach treatment. This very substantially increases the size potential of extractable mineralization on the Van Deemen property.

7. Limited leach testing on two samples of uncrushed material yielded about 43% recovery, but cannot be considered as applicable to more practical tests on crushed material.

8. Additional detachment fault breccias occur beneath a klippe (erosional remnant) on the northeast corner of the Van Deemen property and apparently have been subject to the same gold-bearing hydrothermal system that mineralized the main breccia zone.

9. Although considerable work has been done, such as reconnaissance mapping and sampling, and limited drilling and underground workings, the property has not been subjected to a program of systematic mapping, sampling and drilling. Drill targets have been indicated by the previous work.

10. The Van Deemen property warrants further exploration using detailed geological mapping, rock sampling, metallurgical testing and drilling.

RECOMMENDATIONS

Phase I

1. Obtain the required permitting for the proposed program.

2. Lay out ground identification points and have coloured air photos taken, and prepare a base map at a scale of 1 inch = 200 feet.

3. Map the property at a scale of 1 inch = 200 feet.

4. Collect rock samples from the limonite stained detachment breccia zones, with limited check sampling in the southward continuation of the breccia beyond the limit of limonite staining.

5. Prepare roads and drill sites based on the target definition achieved by the previous work.

6. Drill a series of reverse circulation holes through the detachment breccia including tests of gravel covered areas, the down dip extension and the klippe breccia.

7. Contingent on successful results from the Phase No. 1 work, additional exploration and development may be justified.

Phase II

1. Take bulk samples for metallurgical testing.

2. Conduct metallurgical tests on the oxidized mineralization and on drill core in the unoxidized mineralization.

3. Prepare drill sites for the second phase of drilling.

4. Drill additional reverse circulation holes to define ore blocks and to test new exploration targets.

COST ESTIMATES FOR THE PROPOSED PROGRAM

Phase I

1.	Permitting	US	$ 2,000
2.	Air photography and base maps		6,000
3.	Geological mapping		6,000
4.	Rock sample collection and analyses		5,000
5.	Preparation of roads and drill sites		8,000
6.	Reverse circulation surface drilling incl. assays - 4,000 ft. @ $14/ft.		56,000
7.	Supervision, Engineering and Reporting		7,000
8.	Contingencies @ 20%		18,000
	Total Phase I	US	$ 108,000

Phase II

1.	Bulk sampling	US	$ 8,000
2.	Metallurgical testing		25,000
3.	Preparation of drill sites		10,000
4.	Reverse circulation surface drilling incl. assays - 8,000 ft. @ $14/ft.		112,000
5.	Supervision, Engineering and Reporting		15,000
6.	Contingencies @ 20%		34,000
	Total Phase II	US	$ 204,000
	Total Phase I and II	US	$ 312,000

Respectfully submitted,

W.G. STEVENSON & ASSOCIATES LTD.

R.W. Stevenson

R.W. Stevenson, P.Eng.

Vancouver, B.C.
18 March 1986

APPENDIX 'A'

REFERENCES

TO ACCOMPANY REPORT DATED MARCH 18, 1986 BY W.G. STEVENSON & ASSOCIATES LTD. PERTAINING TO THE VAN DEEMEN PROPERTY, BLACK MOUNTAINS, MOHAVE COUNTY, ARIZONA, FOR ARIZONA STAR RESOURCE CORP.

1. Cooley, M.E., Arizona Geological Map. Compiled and published by the Arizona Geological Society. 1967. Scale: 1:1,000,000.

2. American Selco Laboratory Assay Certificates. Van Deemen Rock Samples and Drill Cuttings. December, 1983 to February, 1984.

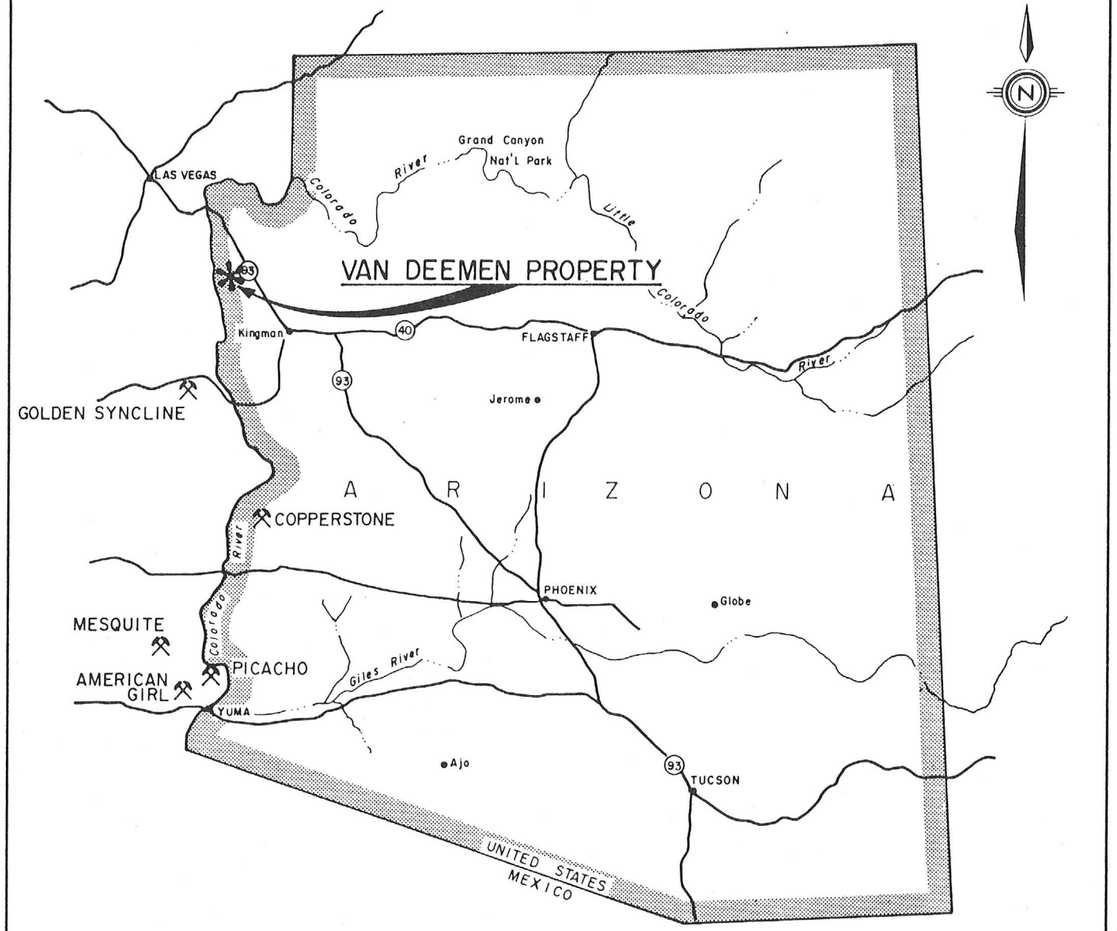
3. Van Deemen Mine Geology. Map. Amselco Exploration Inc. 1984.

4. Ivosevic, S.W., Gold and Silver Handbook. 1984.

5. Arizona Testing Laboratories Assay Certificates. For Frisco Land & Mining Company. Airtrack drill hole cuttings assays. May, 1985.

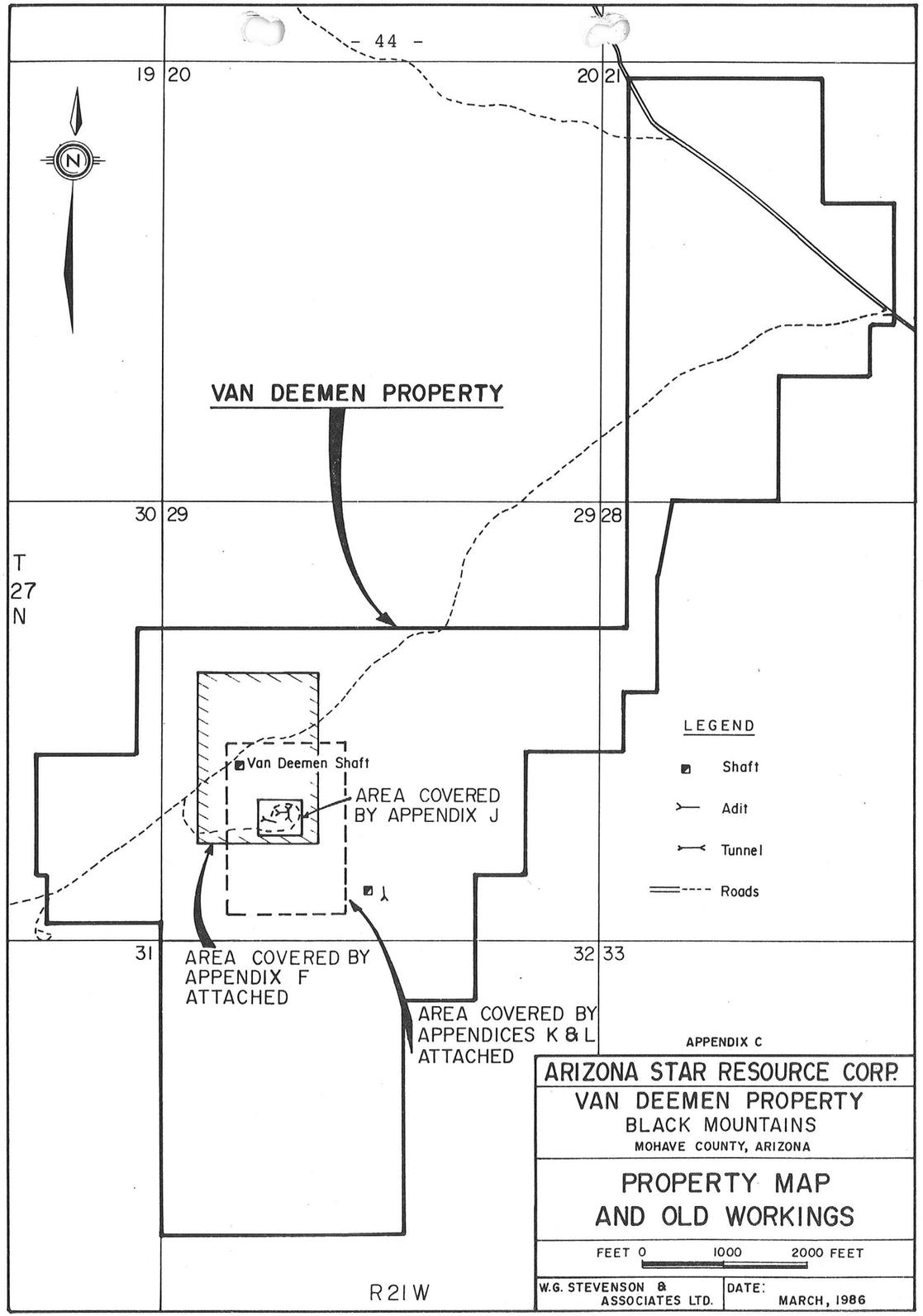
6. Drobeck, P.A., Hillemeyer, F.L., Frost, E.G., Liebler, G.S., The Picacho Mine: A Gold Mineralized Detachment in Southeastern California. 1985.

7. Fischer-Watt Mining Co. Inc. Report. Geology, Alteration, Mineraliztion and Exploration Potential of the Van Deemen Prospect, Mohave County, Arizona. November 15, 1985.



APPENDIX B

ARIZONA STAR RESOURCE CORP.	
VAN DEEMEN PROPERTY BLACK MOUNTAINS MOHAVE COUNTY, ARIZONA	
LOCATION MAP	
MILES 0 50 100 MILES	
W.G. STEVENSON & ASSOCIATES LTD.	DATE: MARCH, 1986



APPENDIX C

ARIZONA STAR RESOURCE CORP.	
VAN DEEMEN PROPERTY BLACK MOUNTAINS MOHAVE COUNTY, ARIZONA	
PROPERTY MAP AND OLD WORKINGS	
FEET 0 1000 2000 FEET	
W.G. STEVENSON & ASSOCIATES LTD.	DATE: MARCH, 1986

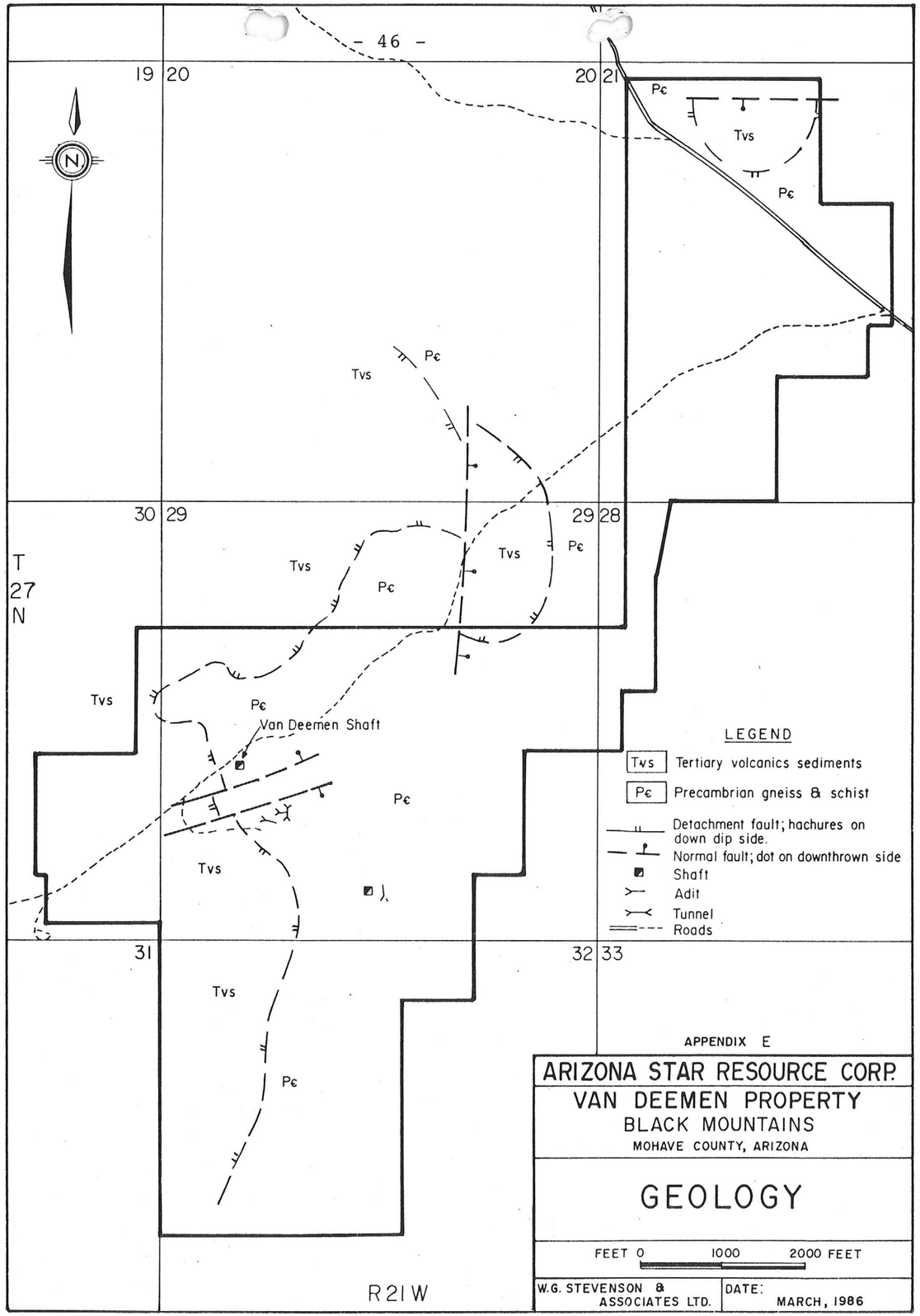
APPENDIX 'D'

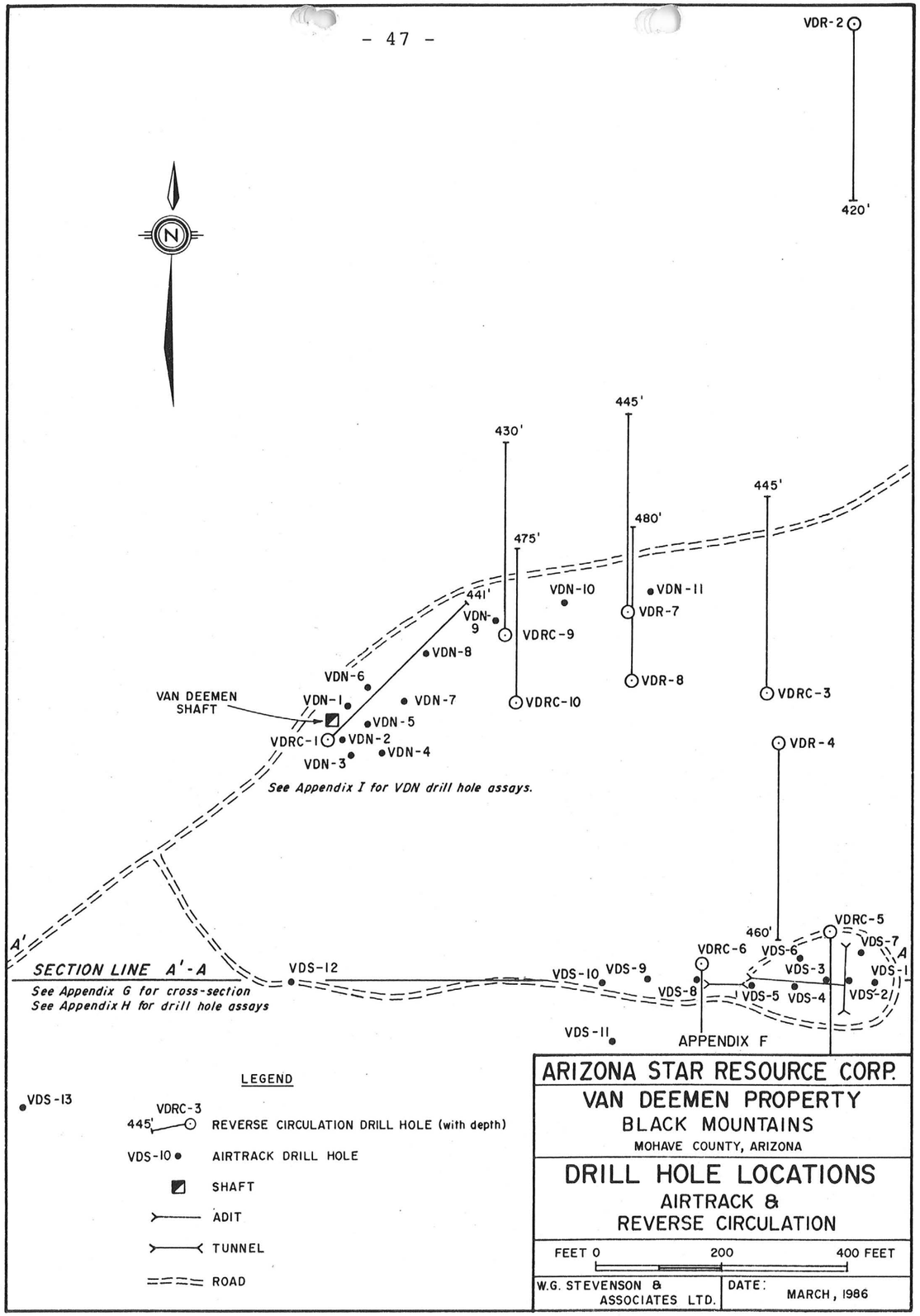
LIST OF VAN DEEMEN LODE MINING CLAIMS

TO ACCOMPANY REPORT DATED MARCH 18, 1986 BY W.G. STEVENSON & ASSOCIATES LTD. PERTAINING TO THE VAN DEEMEN PROPERTY, BLACK MOUNTAINS, MOHAVE COUNTY, ARIZONA, FOR ARIZONA STAR RESOURCE CORP.

Unpatented Lode Mining Claims

NAME	LOCATION DATE	BLM AMC NO.	NO. OF CLAIMS
A-3 to A-10	1 Sept/72	89679-86	8
B-8, B-9	1 Sept/72	89694-95	2
C-8 to C-10	1 Sept/72	89704-06	3
D-1, D-2	1 Sept/72	89707-08	2
D-6 to D-10	1 Sept/72	89712-16	5
DD-118, DD-120	17 Oct/83	211512, 14	2
E-1	1 Sept/72	89717	1
LIB 59	27 Sept/83	209043	1
Gwen 6-10	1 May/73	89642-46	5
Lost Lobo 16	6 Jan/71	89798	1
Lost Lobo Ext. 1, 2	22 Apr/74	89799-800	2
Queen 1, 2, 10	9 Nov/71	89611-13	3
Jr. Ext. 1	22 Mar/74	89627	1
Jr. Ext. 2-4	22 Apr/74	89628-30	3
Jr. Ext. 7	24 Apr/74	89633	1
John Ray	1 Sept/72	89809	1
John Ray 1 to 5	1 Sept/72	89810 to 89814	5
John Ray 8	1 Sept/72	89817	1
Box Canyon 1	21 July/74	89477	1
Box Canyon 74, 76	31 Oct/74	89550, 52	2
Box Canyon 78, 80	31 July/74	89554, 56	2
Box Canyon 125, 126	2 Aug/74	89601-02	2
Box Canyon 128	2 Aug/74	89604	1
King IV	12 Sept/71	89830	1
King IX, X	9 Nov/71	89831-32	2
		Total:	58





ARIZONA STAR RESOURCE CORP.

VAN DEEMEN PROPERTY

BLACK MOUNTAINS

MOHAVE COUNTY, ARIZONA

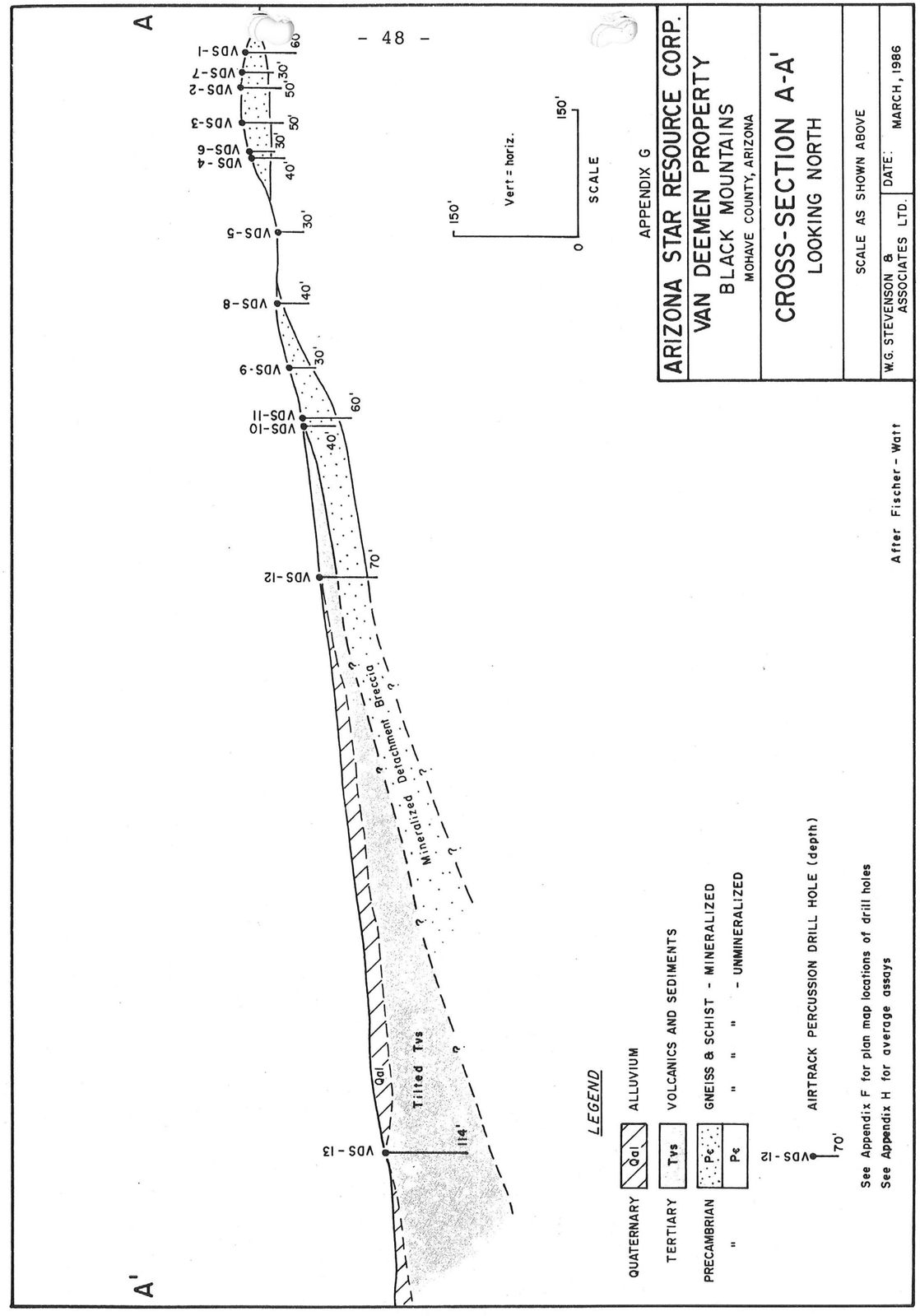
DRILL HOLE LOCATIONS

AIRTRACK &

REVERSE CIRCULATION

FEET 0 200 400 FEET

W.G. STEVENSON & ASSOCIATES LTD. | DATE: MARCH, 1986



ARIZONA STAR RESOURCE CORP.

VAN DEEMEN PROPERTY

BLACK MOUNTAINS

MOHAVE COUNTY, ARIZONA

CROSS-SECTION A-A'

LOOKING NORTH

SCALE AS SHOWN ABOVE

W.G. STEVENSON & ASSOCIATES LTD. | DATE: MARCH, 1986

After Fischer - Watt

APPENDIX 'H'
VAN DEEMEN SOUTH (VDS) AIRTRACK DRILL HOLE ASSAYS ALONG SECTION AA'

TO ACCOMPANY REPORT DATED MARCH 18, 1986, BY W.G. STEVENSON & ASSOCIATES LTD. PERTAINING TO THE VAN DEEMEN PROPERTY, BLACK MOUNTAINS, MOHAVE COUNTY, ARIZONA, FOR ARIZONA STAR RESOURCE GROUP.

LEGEND

Tvs = Tertiary volcanics in the upper fault plate.
det. bx = detachment breccia in Precambrian gneiss and schist between fault plates.
lower plate Pc = Precambrian gneiss and schist in the lower fault plate.

These airtrack holes were drilled in May of 1985 by Frisco Land & Mining Company. Their location is shown on the map marked Appendix "F", as well as on the section marked Appendix "G". Samples were taken over 5-foot intervals and the assays were averaged as shown below.

DRILL HOLE NO.	INTERVAL (IN FEET)	LENGTH (IN FEET)	ROCK TYPE	OZ. GOLD PER TON
VDS - 1	0- 25	25	det. bx	0.054
	25- 60	35	lower plate Pc	<0.010
VDS - 2	0- 35	35	det. bx	0.023
	35- 50	15	lower plate Pc	<0.010
VDS - 3	0- 40	40	det. bx	0.039
	40- 50	10	lower plate Pc	<0.010
VDS - 4	0- 30	30	det. bx	0.074
	30- 40	10	lower plate Pc	<0.010
VDS - 5	0- 30	30	lower plate Pc	0.013
VDS - 6	0- 20	20	det. bx	0.026
	20- 30	10	lower plate Pc	0.010
VDS - 7	0- 25	25	det. bx	0.036
	25- 30	5	lower plate Pc	0.010
VDS - 8	0- 35	35	det. bx	0.019
	35- 40	5	lower plate Pc	0.010
VDS - 9	0- 30	30	det. bx	0.020
VDS - 10	0- 25	25	det. bx	0.020
	25- 40	15	lower plate Pc	0.010
VDS - 11	0- 45	45	det. bx	0.046
	45- 60	15	lower plate Pc	0.010

VDS - 12	0- 15	15	Tvs	0.030
	15- 50	35	det. bx	0.020
	50- 70	20	lower plate Pc	0.010
VDS - 13	0- 85	85	Tvs	Tr
	85-114	29	Tvs	0.020

APPENDIX 'I'
VAN DEEMEN NORTH (VDN) AIRTRACK DRILL HOLE ASSAYS

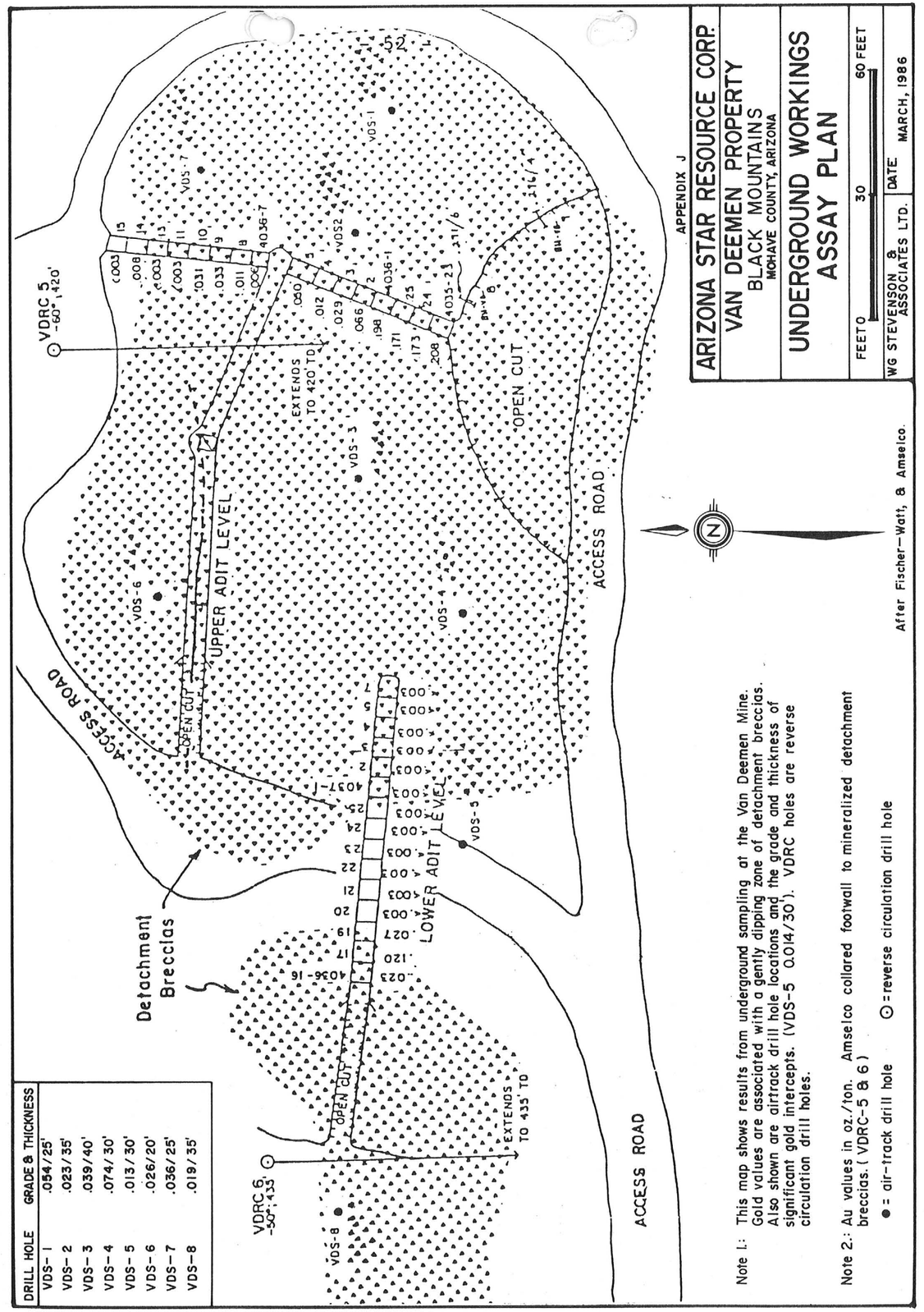
TO ACCOMPANY REPORT DATED MARCH 18, 1986, BY W.G. STEVENSON & ASSOCIATES LTD. PERTAINING TO THE VAN DEEMEN PROPETY, BLACK MOUNTAINS, MOHAVE COUNTY, ARIZONA, FOR ARIZONA STAR RESOURCE CORP.

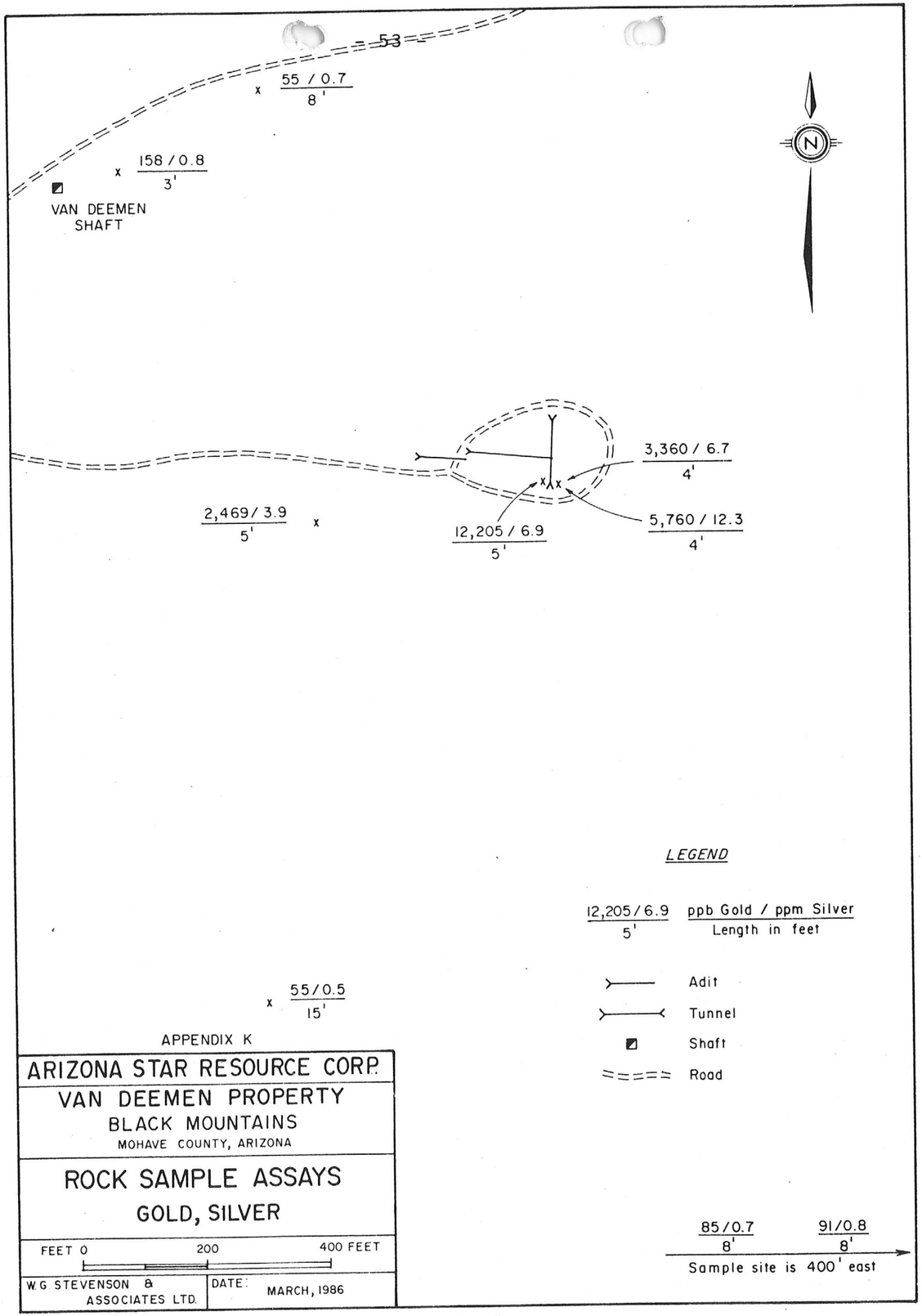
LEGEND

det. bx = detachment breccia in Precambrian gneiss and schist between fault plates.

These airtrack holes were drilled in May of 1985 by Frisco Land & Mining Company. Their location is shown on the map marked Appendix "F". Samples were taken over 5-foot intervals in holes VDN-1 to VDN-7, and at 10-foot intervals in the other four holes, and the assays were averaged as shown below.

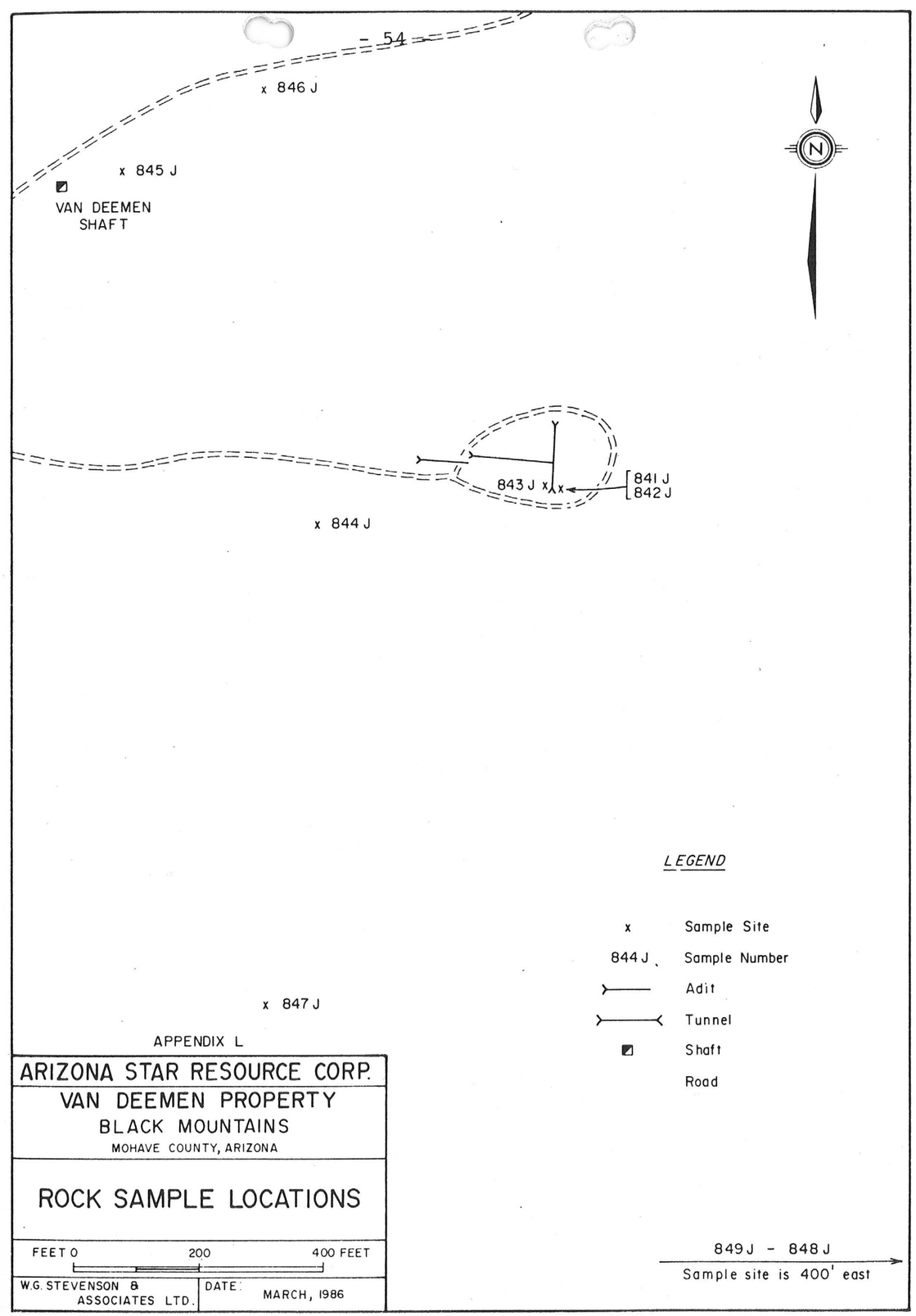
DRILL HOLE NO.	INTERVAL (IN FEET)	LENGTH (IN FEET)	ROCK TYPE	OZ. GOLD PER TON
VDN - 1	0-40	40	det. bx	0.066
VDN - 2	0-50	50	det. bx	0.018
VDN - 3	0-70	70	det. bx	0.020
VDN - 4	0-70	70	det. bx	0.015
VDN - 5	0-60	60	det. bx	0.012
VDN - 6	0-30	30	det. bx	0.005
VDN - 7	0-30	30	det. bx	0.010
VDN - 8	0-40	40	det. bx	0.013
VDN - 9	0-60	60	det. bx	0.007
VDN - 10	0-60	60	det. bx	0.010
VDN - 11	0-50	50	det. bx	0.014





APPENDIX K

ARIZONA STAR RESOURCE CORP.		
VAN DEEMEN PROPERTY BLACK MOUNTAINS MOHAVE COUNTY, ARIZONA		
ROCK SAMPLE ASSAYS GOLD, SILVER		
FEET 0 — 200 — 400 FEET		
W.G. STEVENSON & ASSOCIATES LTD.	DATE: MARCH, 1986	



APPENDIX L

ARIZONA STAR RESOURCE CORP.		
VAN DEEMEN PROPERTY BLACK MOUNTAINS MOHAVE COUNTY, ARIZONA		
ROCK SAMPLE LOCATIONS		
FEET 0 — 200 — 400 FEET		
W.G. STEVENSON & ASSOCIATES LTD.	DATE: MARCH, 1986	

APPENDIX 'M'

DESCRIPTION OF ROCK SAMPLES COLLECTED

BY R.W. STEVENSON

TO ACCOMPANY REPORT DATED MARCH 18, 1986 BY W.G. STEVENSON & ASSOCIATES LTD. PERTAINING TO THE VAN DEEMEN PROPERTY, BLACK MOUNTAINS, MOHAVE COUNTY, ARIZONA, FOR ARIZONA STAR RESOURCE CORP.

Nine rock chip samples were taken by R.W. Stevenson, P.Eng., on the Van Deemen property. With the exception of the last two samples, which were taken across a quartz vein, the samples were taken within mineralized breccia and the sample widths reported do not represent the total width of the mineralization. The assay results are plotted on Appendix "K" and the sample sites are plotted on Appendix "L".

Van Deemen Samples

Sample No.

841 J 4' chip sample. Vertical chip sample taken from the face of the open cut just east of the tunnel portal. Limonitic, fractured Precambrian gneiss. A few fine gypsum veinlets.

3,360 ppb Au (0.098 oz. Au/ton)
6.7 ppm Ag (0.20 oz. Ag/ton)

842 J 4' chip sample. Vertical chip sample, continuing below sample 841 J. Similar rock type.

5,760 ppb Au (0.168 oz. Au/ton)
12.3 ppm Ag (0.36 oz. Ag/ton)

843 J 5' chip sample. Taken at 4' height along the west side of the tunnel within the panel sample numbered R 4035-24 taken by Amselco. Fractured, limonitic gneiss.

12,205 ppb Au (0.356 oz. Au/ton)
6.9 ppm Ag (0.20 oz. Ag/ton)

The Amselco panel sample assayed 0.173 oz. Au/ton.

844 J 5' chip sample. Horizontal sample taken on azimuth of 310°. Limonitic, intensely brecciated gneiss.

2,469 ppb Au (0.072 oz. Au/ton)
3.9 ppm Ag (0.11 oz. Ag/ton)

845 J 3' chip sample at right angles to the fracture zone. Weakly silicified, sheared, fractured, and contorted gneiss; Strike NE, dip 30° NW.

158 ppb Au (0.005 oz. Au/ton)
0.8 ppm Ag (0.02 oz. Ag/ton)

846 J 8' chip sample. Horizontal sample taken on azimuth of 70° between sample tags R 4034-13 and 14. Sheared, bleached, limonitic gneiss.

55 ppb Au (0.002 oz. Au/ton)
0.7 ppm Ag (0.02 oz. Ag/ton)

847 J 15' chip sample. Horizontal sample taken on north-south orientation. Manganese-carbonate-cemented, brecciated gneiss.

55 ppb Au (0.002 oz. Au/ton)
0.5 ppm Ag (0.01 oz. Ag/ton)

848 J 8' chip sample. Horizontal sample taken across rock face on the east half of a white quartz vein that strikes 30° and dips vertically. The quartz is strongly fractured and is goethite-hematite stained. The Fischer-Watt sample across the entire vein assayed 0.003 oz. Au/ton.

91 ppb Au (0.003 oz. Au/ton)
0.8 ppm Ag (0.02 oz. Ag/ton)

849 J 8' chip sample. Horizontal sample taken across the west half of the vein sampled in 848 J.

85 ppb Au (0.002 oz. Au/ton)
0.7 ppm Ag (0.02 oz. Ag/ton)

CERTIFICATE OF ASSAY

Date: February 18, 1986
File: 8602-0754

SGS SUPERVISION SERVICES INC.
General Testing Laboratories Division
1001 East Pender Street,
Vancouver, B.C., Canada. V6A 1W2
Telephone: (604) 254-1647
Telex: 04-507514

TO: W.G. STEVENSON AND ASSOCIATES LTD.
Room 609 - 475 Howe Street
Vancouver, B.C.
V6C 2B3

APPENDIX N

We hereby certify that the following are the results of assays on: Ore

MARKED	GOLD Au (ppb)	SILVER Ag(ppm)	xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx
841 - J	3360	6.7	
842	5760	12.3	
843	12205	6.9	
844	2469	3.9	
845	158	0.8	
846	55	0.7	
847	55	0.5	
848	91	0.8	
849 - J	85	0.7	

NOTE: REJECTS RETAINED ONE MONTH, PULPS RETAINED THREE MONTHS ON REQUEST PULPS AND AND REJECTS WILL BE STORE FOR A MAXIMUM OF ONE YEAR.

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L. Wong
PROVINCIAL ASSAYER

Analytical and Consulting Chemists, Bulk Cargo Specialists, Surveyors, Inspectors, Samplers, Weighers

MEMBER: Amencan Society For Testing Materials • The American Oil Chemists Society • Canadian Testing association
REFEREE AND OR OFFICIAL CHEMISTS FOR: National Institute of Oilseed Products • The Amencan Oil Chemists' Society
OFFICIAL WEIGHMASTERS FOR: Vancouver Board Of Trade

CERTIFICATE

I, ROBERT W. STEVENSON, do hereby certify:

1. That I am a Consulting Geological Engineer with offices at 505 Vienna Crescent, North Vancouver, British Columbia.

2. That I graduated in Mining Geology from the University of Toronto in 1952 with a Bachelor of Applied Science Degree.

3. That I am a registered Professional Engineer in the Associations in British Columbia and in Ontario.

4. That I have practised my profession for over 25 years.

5. That I have no direct, indirect or contingent interest in the mining claims in the Van Deemen property, Mohave County, Arizona, which are held by Arizona Star Resource Corp., nor in the securities of Arizona Star Resource Corp., nor do I intend to receive any such interest.

6. That this report dated March 18, 1986, is based on an examination I conducted on February 5 and 6, 1986, on a study of published and unpublished maps and reports and on discussions with engineers and geologists familiar with this area.

7. That I consent to the use of this report dated March 18, 1986 in a Prospectus or Statement of Material Facts.

DATED at Vancouver, British Columbia this 18th day of March 1986.

R.W. Stevenson, P.Eng.

APPENDIX 'O'

Vancouver, B.C.
April 2, 1986

The Directors
Arizona Star Resource Corp.
Vancouver, B.C.

Addendum to the Geological Report on the Van Deemen Property, Arizona, by W. G. Stevenson & Associates Ltd. Dated 18 March 1986.

Subject: Calculation by Fischer-Watt Mining Co. Inc. of Probable Mineral Reserves of 23,350 Tons Grading 0.055 oz. Gold Per Ton. Waste to Mineralization Stripping Ratio is 0.1:1

Under the date of March 18, 1986, I submitted a geological report on the Van Deemen property which is situated in northwestern Arizona.

Included among the data presented in that report were assays of: rock chip samples taken by personnel of Amselco Exploration Inc. and Fischer-Watt Mining Co. Inc. (a vendor of the property), and cuttings from vertical airtrack percussion holes drilled by Frisco Land & Mining Company.

Subsequent to receiving my report, Officers of Arizona Star Resource Corp. requested Fischer-Watt Mining Co. Inc. to calculate the gold-mineralized reserves in a locality near the centre of the property that is referred to in my report as the Van Deemen Mine area. Using the assay data mentioned above, mineral reserve calculations were made by P. Durning and F. L. Hillemeyer who are experienced geologists employed by Fischer-Watt Mining Co. Inc. and who are familiar with the geology of the Van Deemen property and the work done on it.

During my examination of the Van Deemen property, I took nine rock chip samples, four of which were in the Van Deemen Mine area close to certain of the Amselco, Fischer-Watt and Frisco samples used in the mineral reserve calculations mentioned above. The assay results from my samples correspond well with the assay results from the earlier samples.

Durning-Hillemeyer drew four cross sections through airtrack drill holes VDS - 1, 2, 3, 4, 6, 6B and 7, and the rock chip sample locations shown on Appendix "J" in my report. They plotted the assays on their sections and then projected the mineralized zones between the sample locations using the known geology of the Van Deemen Mine area. The mineralized zones were split into mineralized blocks relative to the various sample points, and these blocks were used in the mineral reserve calculations according to the following parameters. The cut-off grades were 0.02 oz. gold per ton in the central and upper part of each mineralized block and 0.03 oz. gold per ton in the lower part of each mineralized block. The tonnage factor was 13 cubic feet per ton.

These cut-off grades are similar to those in use at a number of heap leach, open pit, operating mines in Arizona, California and Nevada. The tonnage factor is reasonably conservative and is based on a Specific Gravity of 2.46.

I have examined the Durning-Hillemeyer cross sections, the designation of gold-mineralized material above the cut-off grades, the calculated average grade, the geological projections between sample points, the calculated tonnage for each block, and the Durning-Hillemeyer probable mineral reserve in the Van Deemen Mine area, as well as two smaller blocks of possible mineral reserves nearby.

I concur with the Durning-Hillemeyer calculated reserves which are summarized in the table below.

Area	Classification	Tons	Oz. Au/ton Grade	Total Oz. Contained Gold	Waste: Ore Stripping Ratio
Van Deemen Mine	Probable	23,350	0.055	1,290	0.1:1
D.H. VDS-11	Possible	15,000	0.06	900	low
Van Deemen Shaft	Possible	1,000	0.15	150	low

Respectfully submitted,
W. G. Stevenson & Associates Ltd.

R. W. Stevenson
R. W. Stevenson, P. Eng.

Attachment

FISCHER-WATT DATA

Ore Reserve Calculations
Van Deemen Hill Area

	Tons	Grade	Total oz. Au
Section A-A'			
Block A	3,124	0.03	93.72
B	1,594	0.022	35.07
	4,718	0.027	128.79
Section B-B'			
Block A	2,406	0.092	221.35
B	7,172	0.040	286.88
C	2,205	0.036	79.38
	11,783	0.050	576.61
Section C-C'			
Block A	1,177	0.090	105.93
B	537	0.150	80.55
C	2,596	0.043	111.63
	4,310	0.069	298.11
Waste	1,312T		
Section D-D'			
Block A	1,176	0.151	177.58
B	1,360	0.083	112.88
	2,536	0.115	290.46
Waste	675		
TOTAL ORE	23,347	0.055	1,293.97
TOTAL WASTE	1,987		

STRIP = 0.1 to 1

TABLE I

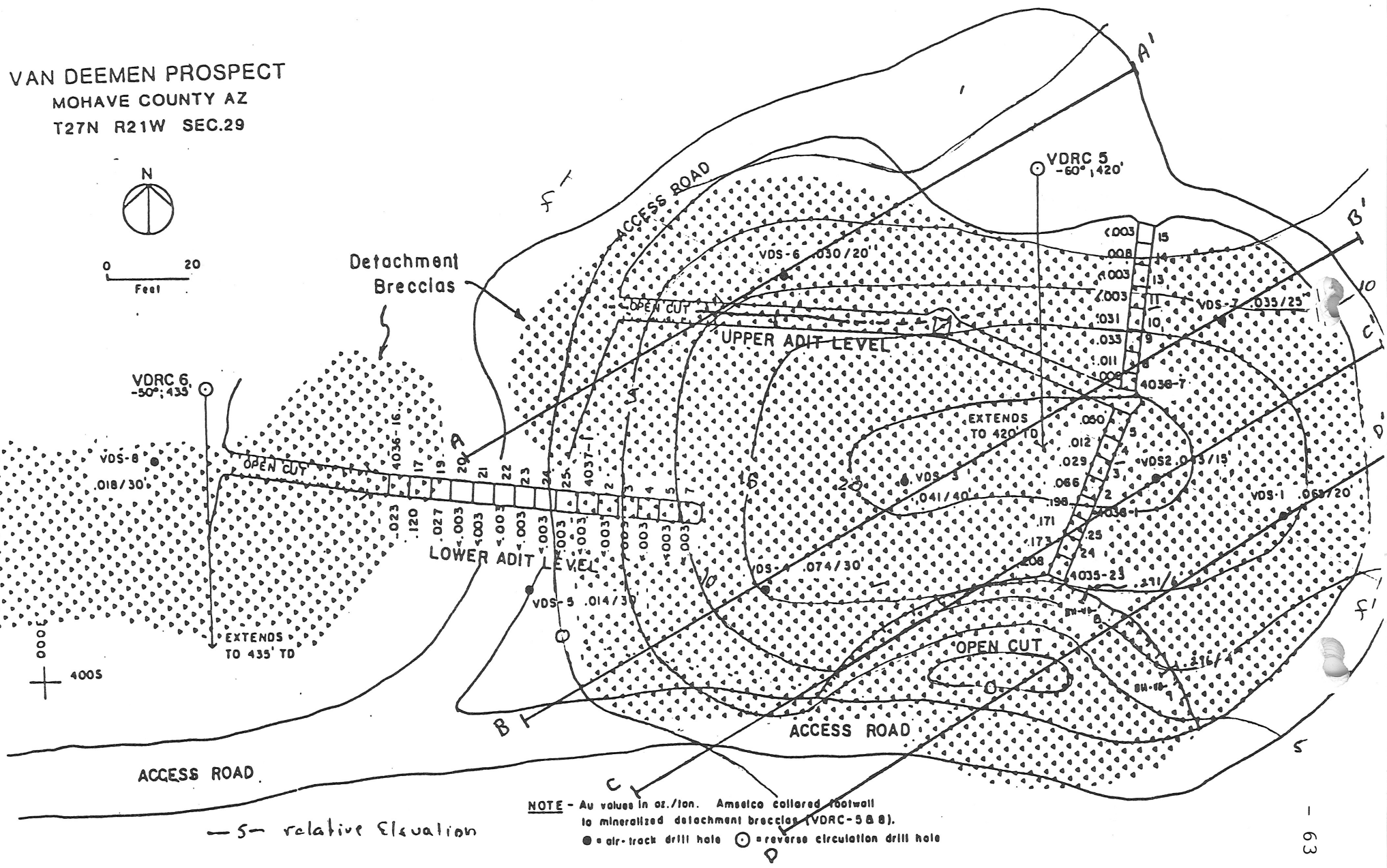
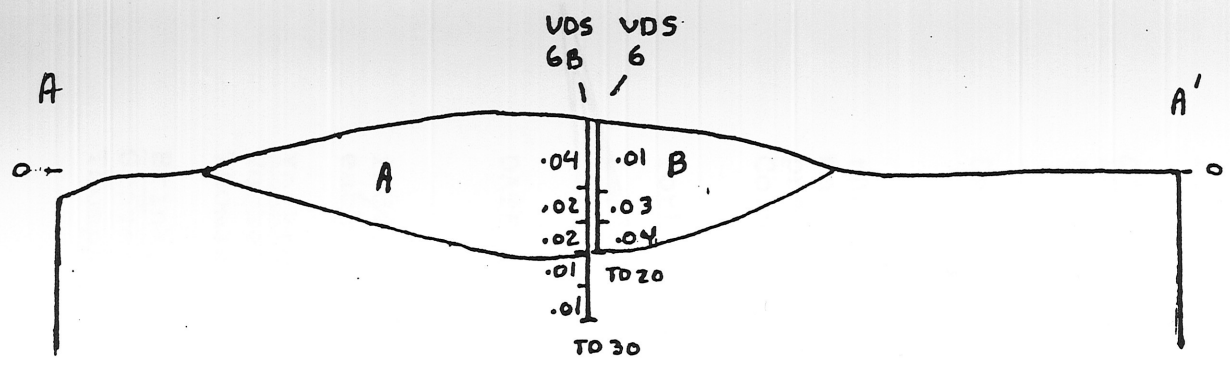
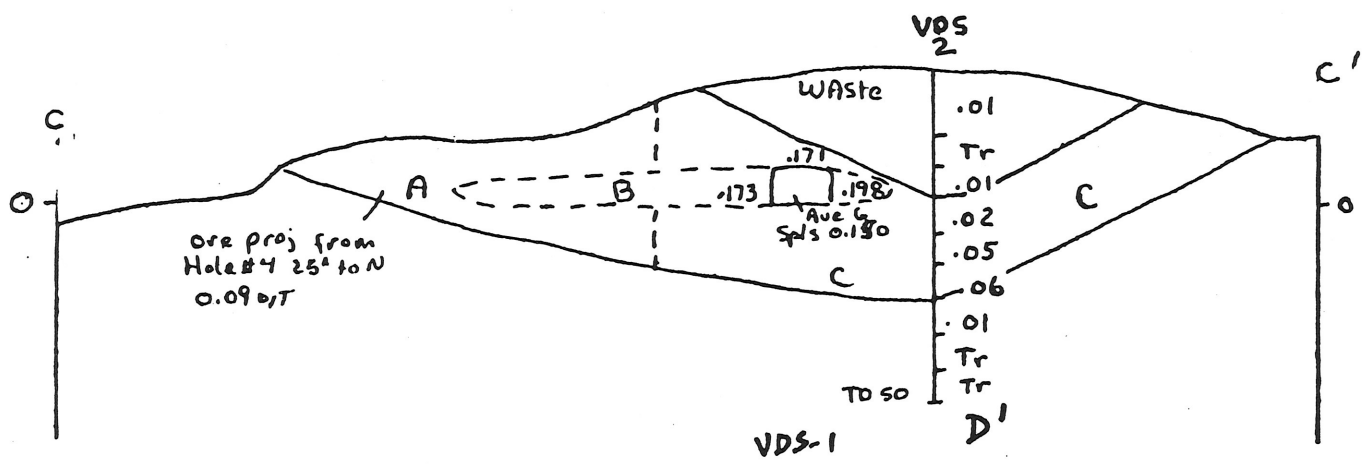
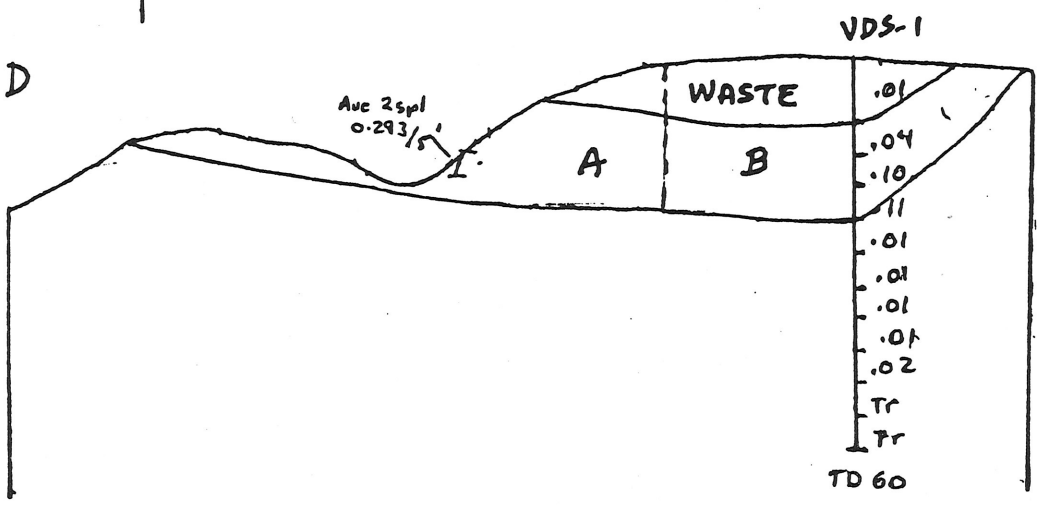
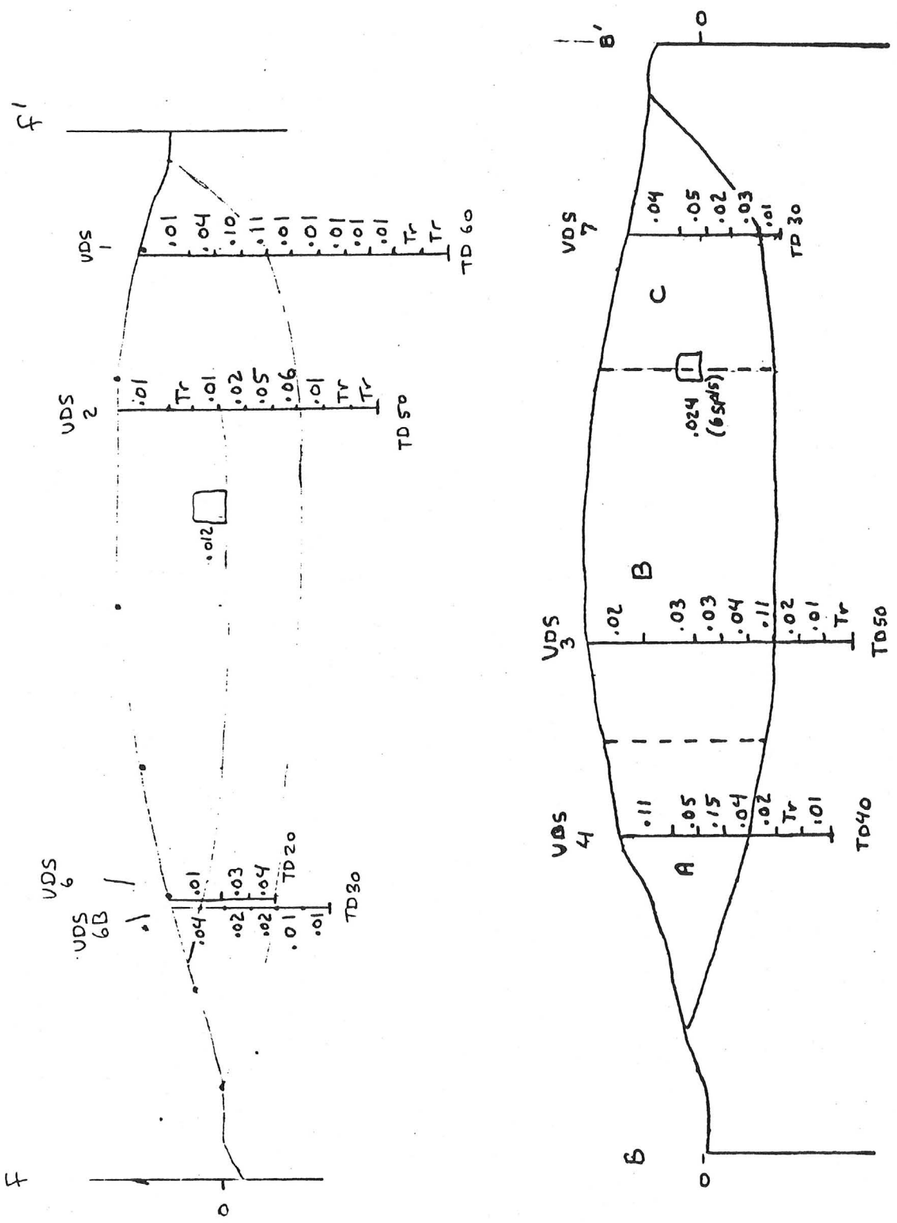


FIGURE 8. Map showing results from underground smapling at the Van Deemen Mine. Gold values are associated with a gently dipping zone of detachment breccias (FIGURE 7.). Also shown are airtrack drill hole locations and the grade and thickness of significant gold intercepts.









CERTIFICATES

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act (British Columbia), and the regulations thereunder.

DENNIS LYLE HIGGS
Director and Promoter

TERRI-LYN HIGGS
Director

JAY DEA BUTTERWORTH
Director

EVAN LEE SLEEMAN
Director and Promoter

DONALD SHWERY
Director

DATED: June 30, 1986

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus required by Part VII of the Securities Act (British Columbia), and the regulations thereunder.

Yorkton Securities Inc.

By:

Brink, Hudson & Lefever Ltd.

By:

DATED: June 30, 1986

The only persons having an interest, directly or indirectly, to the extent of not less than 5% in the capital of each of the Agents is as follows:

Yorkton Securities Inc.: Allen Barry Van Stone, Stewart David Vorberg, Donald Risling, Frank Guistra, Lorne J. Levy, Arthur J. Thomas and Matthew Jong.

Brink, Hudson & Lefever Ltd.: Francis A. Lefever, Brian D. Graves, AGT Financial Corporation (wholly owned by Alan G. Thompson), John L. Mathers, G. Douglas MacDonald, Fred G.T. Wong.

July 9, 2013

Lee Allison
Arizona Geological Survey
416 Congress St. Suite 100
Tucson AZ 85701-1381

Dear Dr. Allison,

I recently came across the enclosed publication and thought might be interested in adding it to your archives. I hope that you find the information useful. If not, please dispose of as you wish.

Sincerely,

Peggy Delaney

Peggy Delaney, Research Assistant
406-496-4391 (ph)
mdelaney@mtech.edu

Fischer-Watt Mining Co. Inc.

ADMINISTRATIVE OFFICE
340 FREEPORT BLVD., SUITE 3
SPARKS, NEVADA 89431
PHONE: (702) 358-0947

FIELD OFFICE
114 TUCKER, SUITE 7
KINGMAN, ARIZONA 86401
PHONE: (602) 753-1622

Mr. S. Karns
Earth Search
Suite 201
7100 W 44th St.
Wheatridge, Colo. 80033

1 March 1985

Dear Mr. Karns:

Thank you for your inquiry regarding our advertisement in the Mining Record.

As mentioned on the phone, I am pleased to send you a short description of our company history and a summary of our projects. If your group feels the properties are of interest, more detailed data packages could be made available to you.

Mr. T. Watt is seeking a moderate- to major-sized group to explore Hayden Hill and put it into production if necessary, as well as to do minimal exploration on some or all of our additional holdings. Thus, he seeks someone willing to do both development work on a property already well-along with proven and probable reserves, but also willing to do more grass-roots (yet less expensive) exploration. Only Mr. Watt can give you an idea of what the terms of such an association may be, and may I suggest that you call him at his Fallbrook, California, number for more details: (714) 723-8560.

I hope this information will be of use to you, and please do not hesitate to call me or Mr. W. P. Durning (602-753-1622) for more information.

Sincerely,

L. J. Buchanan

L. J. Buchanan
Manager, NW Operations

LJB:jh

Fischer-Watt Mining Co. Inc.

ADMINSTRATIVE OFFICE: 114 TUCKER, SUITE 7
KINGMAN, ARIZONA 86401
PHONE: (602) 753-1622

FISCHER-WATT MINING COMPANY

HISTORY
AND
PROJECT SUMMARY

January, 1985

CONTENTS

VAN DEEMAN PROSPECT, Mohave County, Arizona

Location And Access: The Van Deeman prospect is located approximately 50 miles northwest of Kingman, Arizona, and approximately 6 miles west of the Boulder Inn Cafe on State Rt. 93. The area of interest is within sections 29, 30, 31, 32, T27N, R21W. Access is via 6 miles of good dirt road.

Claim Ownership: Twenty unpatented lode claims are owned by Chuck Kunkes and leased to Amselco Minerals. Five claims are owned outright by Amselco.

Amselco will assign their lease on the Kunkes claims to Fischer-Watt (FW) as well as five critical claims which Amselco holds by location.

The underlying lease with Kunkes which FW will assume calls for $2,000 per month payments through September 26, 1985 at which time the lease payments increase to $3,000 per month for the life of the lease. Should production be realized a 5% net smelter return royalty applies toward a $750,000 buyout.

History: No record of production has been found for the Van Deeman Mine. However, judging from the number of prospect pits, tunnels and shafts, a production on the order of 2,000 to 3,000 tons grading 0.20 to 0.30 ounces per ton gold is reasonable. The early prospectors recognized the low grade potential at Van Deeman, but had no way to economically process the ores.

Widespread low grade gold values attracted Amselco to the Van Deeman area in 1983. Amselco drilled 13 holes in the prospect area, but because of a restricted land position these holes were located in the lower plate to the detachment fault in areas where the mineralized breccia has largely been eroded away. In effect, Amselco tested only the bottom of the fault zone and encountered only poorly prepared barren rock with spotty gold values.

Geology:

Gold mineralization at the Van Deeman prospect occurs within a breccia zone along the regionally developed Black Mountains detachment fault. The zone dips 10°-15° westward and is 20 to 50 feet thick where exposed at the surface. The mineralized breccia is only exposed as a small remnant at the Van Deeman Mine where the "old timers" worked in the past. Thirty-two rock chip samples collected by FW from this remnant suggest that the mineralized breccia where exposed averages .03-.05 ounces per ton Au. Ninety-two surface samples collected on the property average .022 ounces per ton Au. Field investigations by FW geologists indicate that the best potential lies to the west of the Van Deeman where the mineralized breccia zone should be preserved beneath a thin veneer of pediment gravels. This area was not controlled by Amselco when they did their drilling.

Ore Potential:

Ore potential for the preserved mineralized zone beneath the gravels is on the order of one to two million tons of open pit heap-leachable reserves grading .04 to .07 ounces per ton Au.

Recommended Program:

A short program of touch up mapping and geochemistry is needed to identify specific drill sites. Immediately thereafter specific targets identified will require a minimum program of six 400' deep drill holes to test the target. Initial cost will be approximately $50,000 (including lease payments). If the initial program is successful, a follow-up program of 25 to 30 300' to 400' deep holes, costing $100,000 to $150,000 would be merited.

CLAIM MAP - VAN DEEMAN

MOHAVE COUNTY, ARIZONA