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The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

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PRINTED: 09/06/2002

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: WHITE HILLS

ALTERNATE NAMES:

VEKOL VALLEY PROJECT
PLATA BLANCA

MARICOPA COUNTY MILS NUMBER: 772

LOCATION: TOWNSHIP 7 S RANGE 1 E SECTION 35 QUARTER NW
LATITUDE: N 32DEG 46MIN 30SEC LONGITUDE: W 112DEG 13MIN 55SEC
TOPO MAP NAME: ANTELOPE PEAK - 7.5 MIN

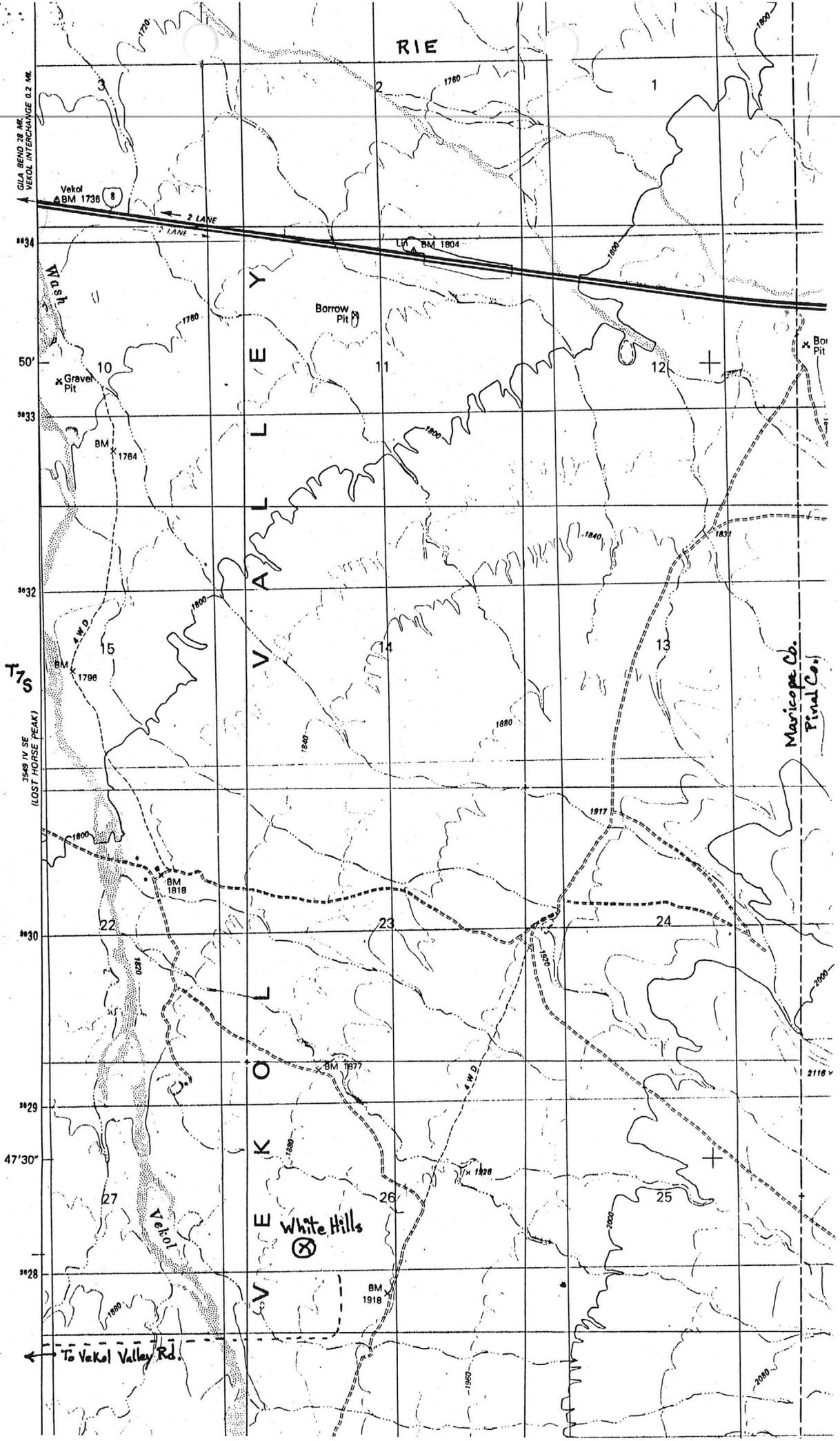
CURRENT STATUS: OTHER

COMMODITY:

UNKNOWN

BIBLIOGRAPHY:

ADMMR WHITE HILLS FILE



GILA BEND 28 MI.
VEKOL INTERCHANGE 0.2 MI.

34

50'

33

32

T7S

3540 IV SE
(LOST HORSE PEAK)

30

29

47'30"

28

To Vekol Valley Rd.

R I E

Vekol
BM 1736

BM 1804

Mosh

V E K O L

Borrow Pit

Gravel Pit

BM 1784

BM 1796

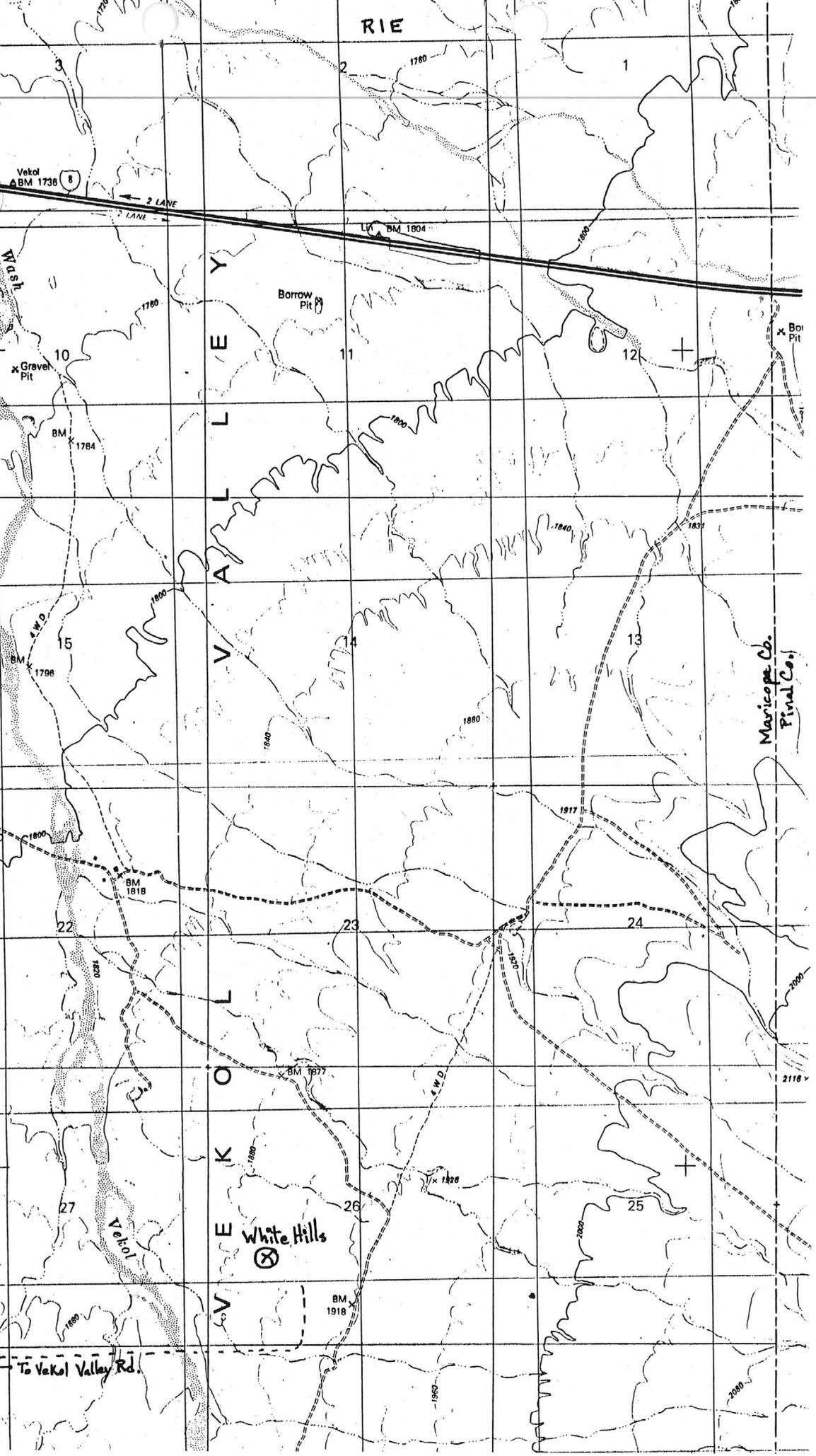
BM 1818

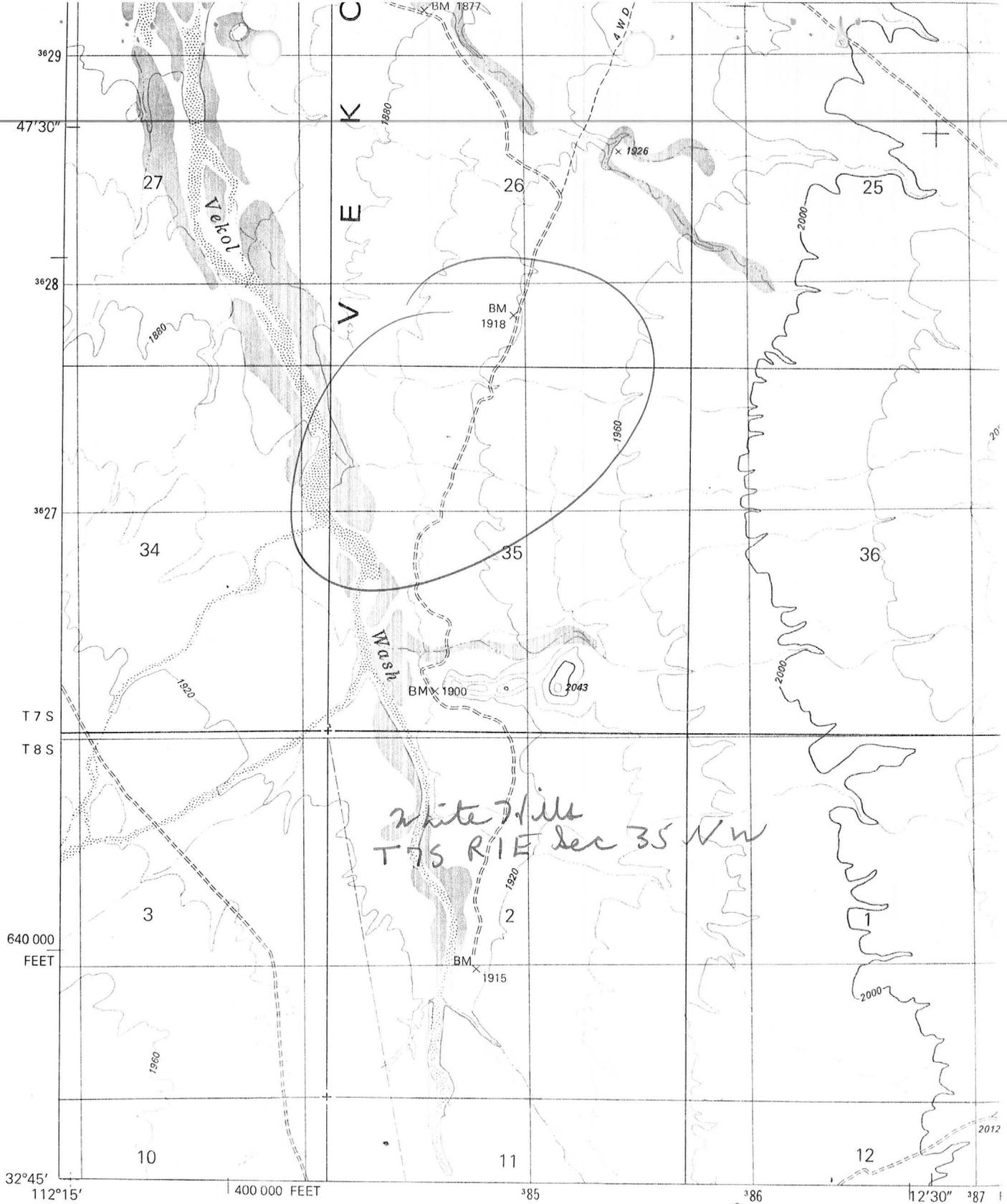
BM 1877

White Hills

BM 1918

Maricopa Co.
Pinal Co.



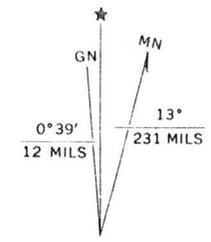


Mapped, edited, and published by the Geological Survey
 Control by USGS and NOS/NOAA
 Topography by photogrammetric methods from aerial
 photographs taken 1976. Field checked 1977
 Map edited 1981

Projection and 10,000-foot grid ticks: Arizona coordinate
 system, central zone (transverse Mercator)
 1000-meter Universal Transverse Mercator grid, zone 12
 1927 North American Datum
 To place on the predicted North American Datum 1983
 move the projection lines 3 meters south and
 65 meters east as shown by dashed corner ticks

A portion of the west half of this map lies within a subsidence area
 Vertical control based on datum of 1927 North American Datum

antelope Peak 7.5

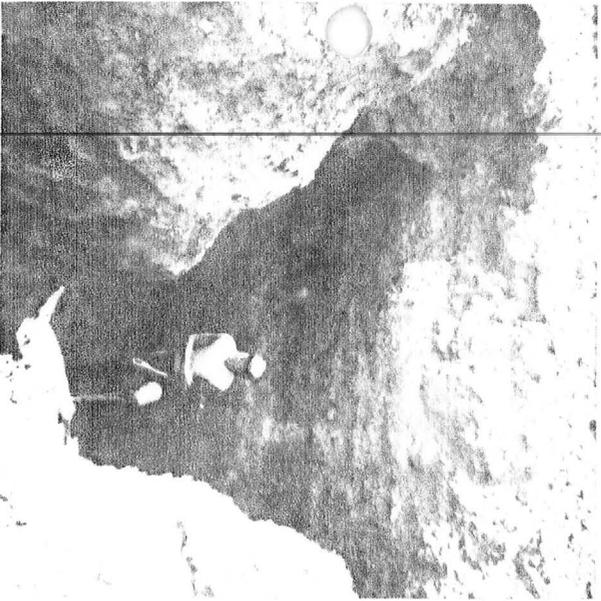


UTM GRID AND 1981 MAGNETIC NORTH
 DECLINATION AT CENTER OF SHEET

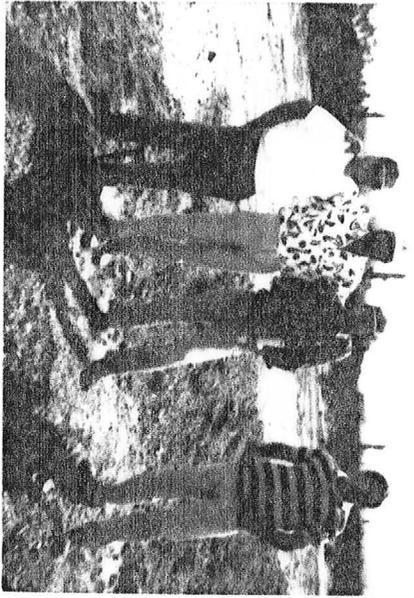
(KAKA 1:62,500)
 3549 III



Boat # 2699
 8/15/86



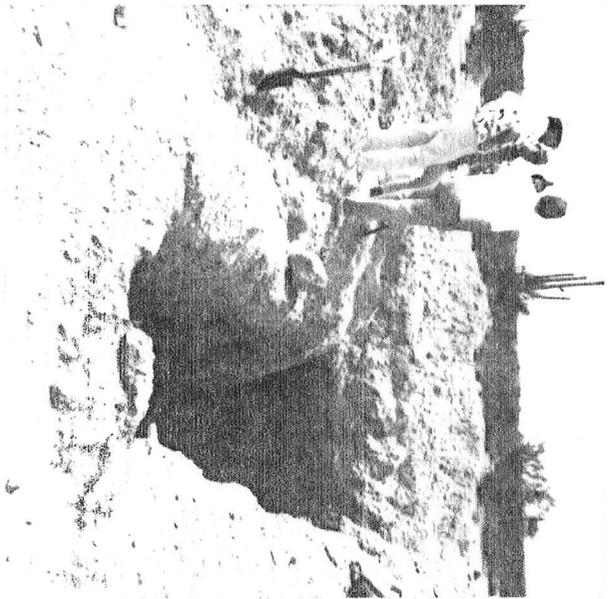
8/15/86



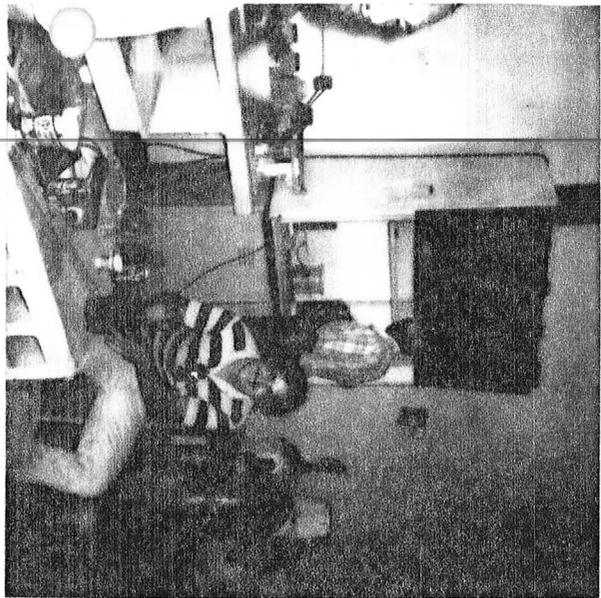
Group of people on shore
 8/15/86



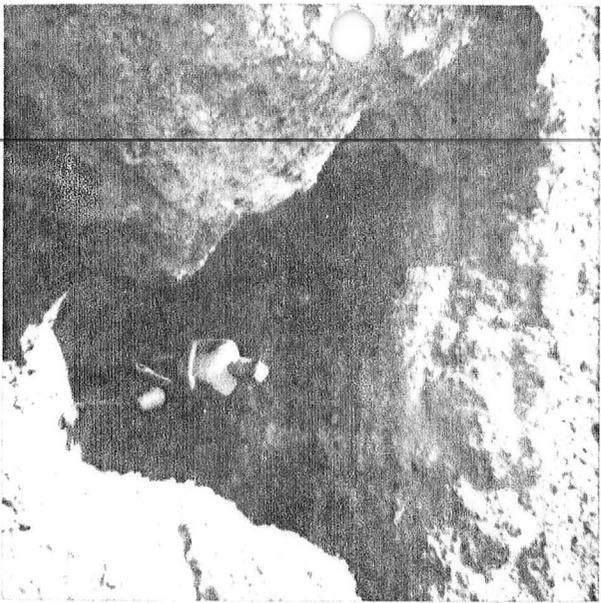
Person in plaid shirt
 8/15/86



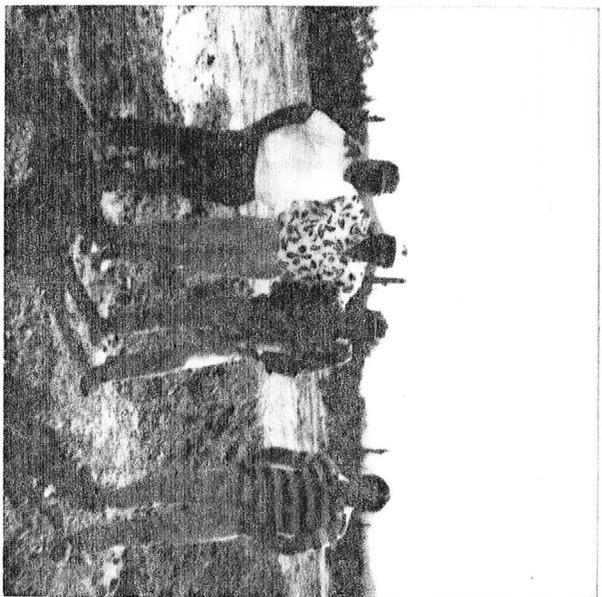
Person on shore
 8/15/86



Boat Johnson is preparing sample # 2699
Cooperatives on site Johnson in background
8/5/86



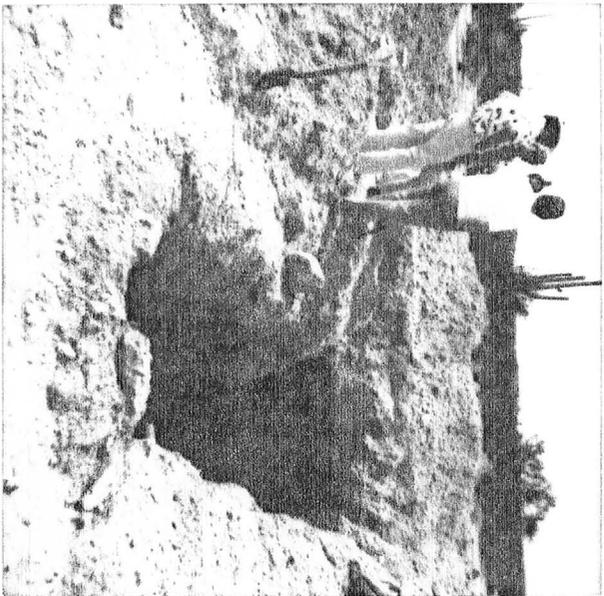
Boat Johnson



Morrell Development (Veska Valley) project
left to right: Tim Colarusso, Jack E. Lake,
Mike Aronson, Jerry Johnson 8/5/86



Boat Johnson Mike Aronson collecting
samples 8/5/86



Back hoe trench at White Hills
site (Morrell Development project)

PLATA BLANCA MINE
Silver & Gold Placer

12/83

Maricopa
T7S R1E Sec. 35 NW¼

Jack Lake, President Western Au, Inc.
Operator of mine.

See: Western Au Inc. (green card)
Jack Lake (yellow card)

State Mine Insp. Start Sheet - 1/9/84
MG WR 6/27/86: Mr. Warren Bell reports that a company
known as Meridian Development Corp is promoting its
"Vekol Valley Project". The property is said to contain
gold, silver and platinum. Reported associates (of
Meridian) are Mr. Jack Lake and Dr. Alvin Johnson.



MERIDIAN DEVELOPMENT CORPORATION

J.T. Ross, Limited

July 14, 1986

Mr. Warren F. Ball
6024 Escondito Lane
Tucson, AZ 85704

Dear Warren:

J.T. Ross, Ltd. is very pleased to announce that they have just been selected as the exclusive marketing agency in New York by Meridian Development Corporation, to market their gold from the very rich precious metals deposits in the Vekol Valley in Arizona.

You will be purchasing only the gold from their mine. The other precious metals, such as platinum, palladium, osmium, rhodium, etc. belong to, and are the profit motives of Meridian Development Corporation. As a matter of fact, Meridian's profit per ton of ore mined, will be several times more than your's.

Your cost is only \$225.00 PER OUNCE! Check the price of gold in your newspaper's financial section. In 15 months your gold will be delivered to you by insured, registered mail, in the form of .995 pure, internationally recognized hallmarked ingots, and/or bars.

You can sell or store your gold bars depending on your financial requirements at the time you receive them, but if you desire to hold them, PLEASE put them in a secure place since they are far too valuable to use as paperweights or doorstops!!!

I'll be happy to answer any questions regarding this purchase when I speak with you again next week. If you wish to call me prior to that, please call me on my toll-free number below.

Sincerely,



Henry J. Simpson
Senior Representative

HJS/rd
encls.

REFERENCES

Irvine Chamber of Commerce
2815 McGaw Avenue
Irvine, CA 92713
(714)660-9112

Thomas M. Jones
Corporate Counsel
4400 MacArthur Blvd. Suite 300
Newport Beach, CA 92660
(714)851-2255

Dr. Alvin C. Johnson, Ph.D.
Exploration Geochemist
1707 East Weber Dr., Suite 8
Tempe, Arizona 85281
(602)829-1529

Jack E. Lake
Meridian Development Corporation
19000 MacArthur Blvd., Suite 1195
Irvine, CA 92715
(714)752-0344

Production Agreement

(Declaration of Shipment)

This Agreement entered into this _____ day of _____, 1986, by and between *Meridian Development Corporation* (hereinafter referred to as *Seller*) and _____ hereinafter referred to as *Buyer*).

Whereas, *Seller* has placer gravels located in the Vekol Valley in Maricopa County, Arizona, U.S., and *Buyer* desires to immediately purchase _____ ounces of gold from *Seller*, and *Seller* agrees to deliver said ounces of gold fifteen (15) months from the date of execution of this *Agreement*, subject to the following terms and conditions:

1. *Seller* hereby sells _____ ounces of gold to *Buyer*, and *Buyer* shall now pay to *Seller* the sum of Two Hundred Twenty Five Dollars (\$225) for each ounce of gold, upon signing of this *Agreement*.
2. The gold purchased by the *Buyer* shall be in the form of Internationally recognized Hallmarked Ingots and/or bars (.995 fine). Delivery will be to *Buyer's* address, unless otherwise indicated in writing to *Seller*.
3. If the completion of the development work by the *Seller* should be delayed for any cause beyond the control of the *Seller* including but not limited to, fire, storm, flood, earthquake, explosion, accidents, acts of the public enemy, or sabotage, strikes, labor disputes, labor shortages, work stoppages, transportation embargos or delays, failure or shortages of material or machinery used by the *Seller*, acts of God, acts or regulations of the federal, state or local government or branches or agencies thereof, then the time of completion mentioned in this *Agreement* shall be extended for a period equivalent to the time lost by reason of any or all such causes.
4. This Instrument contains the entire agreement between the parties, and it shall be binding upon, and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties.

Accepted and Approved By
Seller

Accepted and Approved By
Buyer

By: *Meridian Development Corporation*

Address

City, State, Zip Code

Area code, phone number

212



ALVIN C. JOHNSON, JR., Ph.D.
 EXPLORATION GEOCHEMIST
 1707 EAST WEBER DRIVE, SUITE 8
 TEMPE, ARIZONA 85281

3/3/86

Mr. Jack Lake
 Meridian Development Corporation
 18832 N. 32nd Ave.
 Phoenix, Arizona 85027

RE: Summary of Vekol Valley Project, Maricopa County, Arizona

During the past three years extensive exploration and development work has been conducted on this property. This work has been expended mainly in defining analytical procedures for assaying the precious metals contained in this deposit and also in testing various recovery techniques that might be used at this location.

In general, this ore deposit may be categorized as an alluvial precious metal deposit with the values being contained in (1) the clay fraction and (2) in the gravity, or black sand, concentrates. Approximately one-half of the precious metal values are contained in the clay fraction and the remaining is contained in the gravity concentrates. Based on analytical data to date the following is an approximate average of the precious metal content of the head ore from the Vekol Valley Project:

<u>Element</u>	<u>Troy oz/ton</u>
Ag	4.0
Au	0.5
Pd	0.1
Pt	0.3
Ir	1.8
Os	2.0
Rh	0.4
Ru	1.5

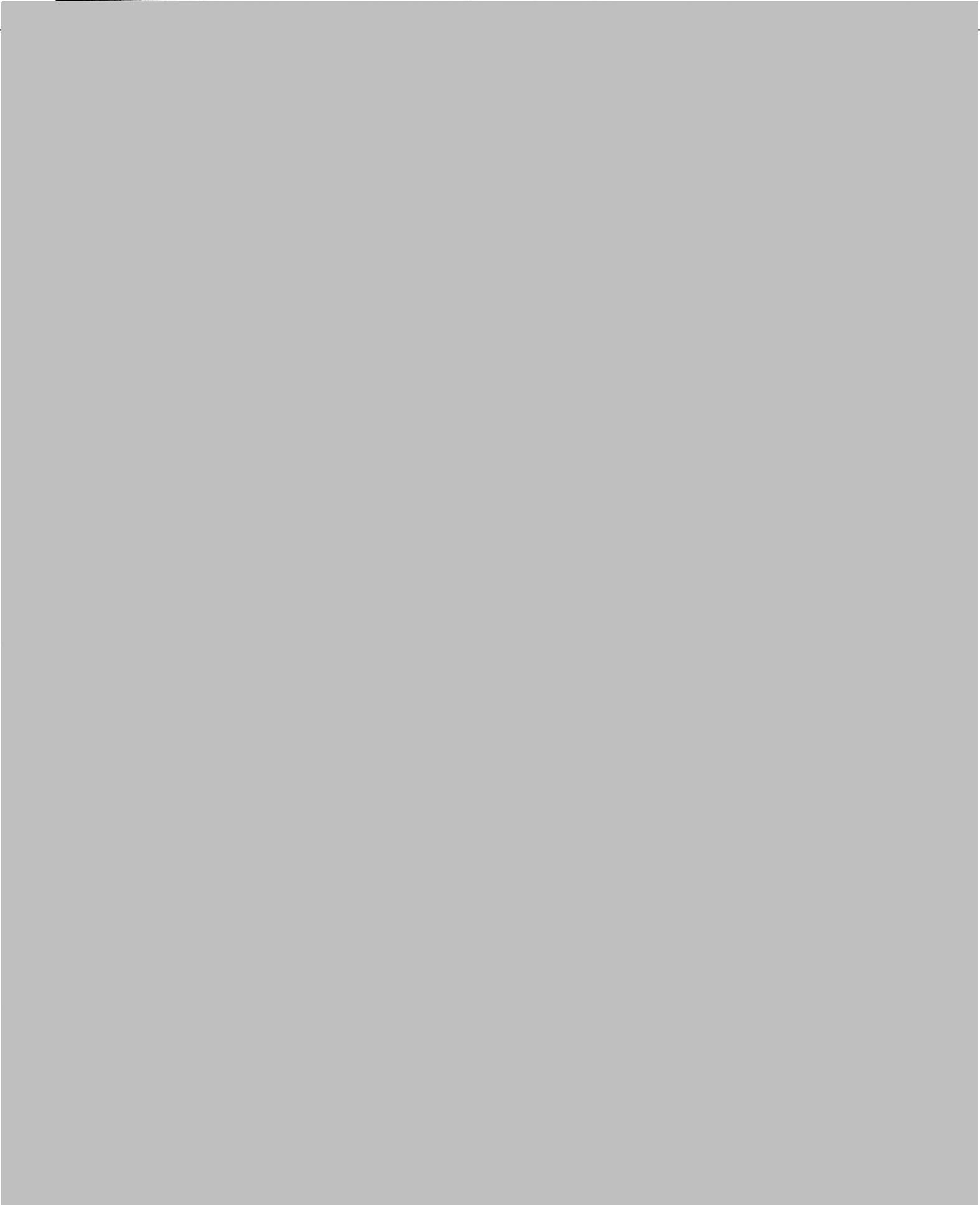
The above analyses are from numerous high temperature emission spectrographic and DCP analyses from AST Laboratories in Scottsdale, Arizona and from J.B. Laboratory in Phoenix, Arizona. At present market values the above ore typically is worth in excess of \$1500

gross per head ore ton. Specific recovery methods have been developed for processing both the gravity concentrates and the clay concentrate from this ore body. Either both or either of these recovery methods may be used.

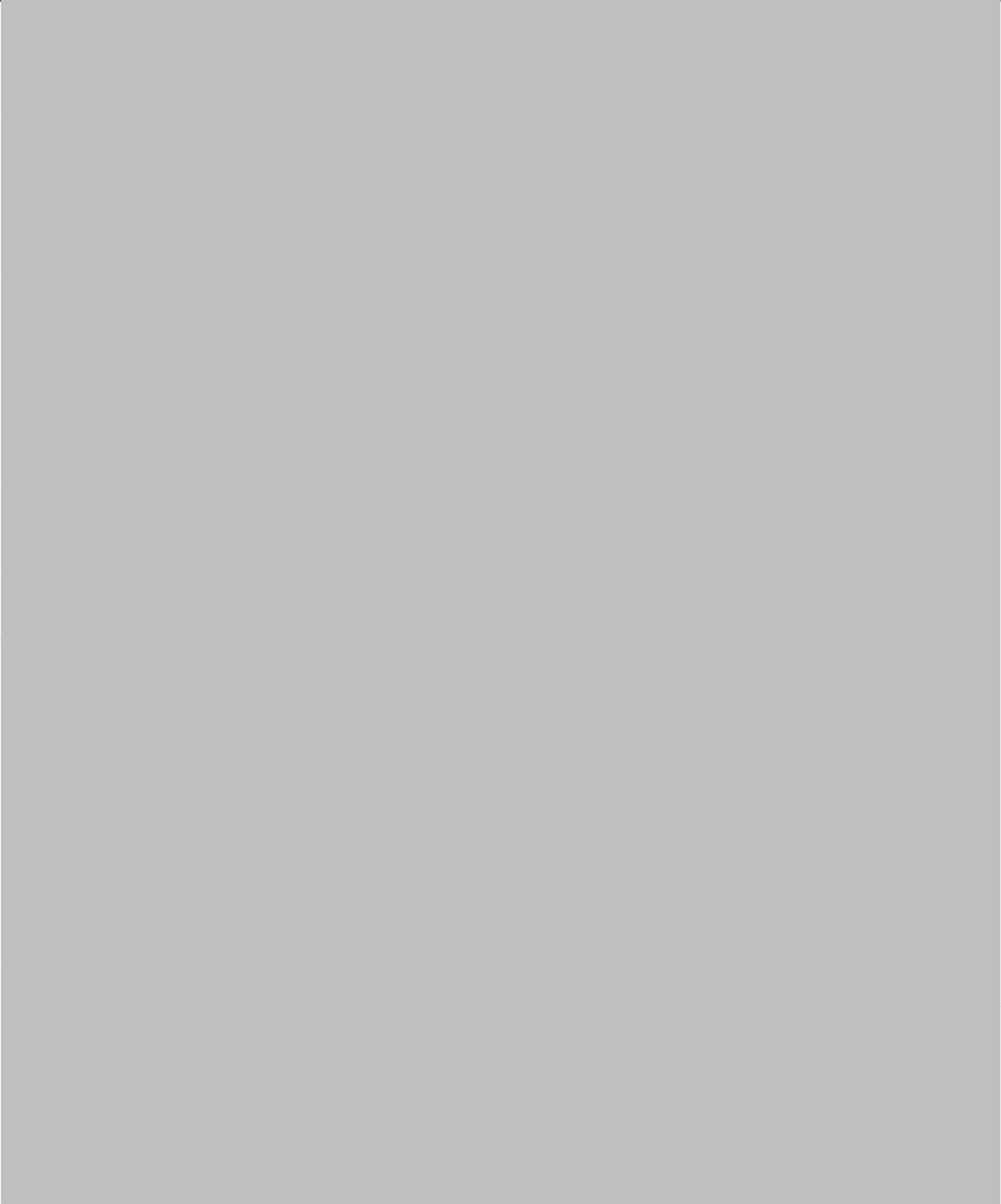
It is recommended that the construction of a 100 to 200 ton per day pilot be initiated at the earliest convenience. This plant should be designed in such a manner that the daily production can be increased to between 500 and 1000 tons per day when conditions permit.

Respectively submitted

Alvin Johnson, Jr.
Alvin C. Johnson, Jr. Ph.D.



Demand for Platinum is growing quickly





MERIDIAN DEVELOPMENT CORPORATION



Nevada

Utah

California

Las Vegas

Arizona

• Los Angeles

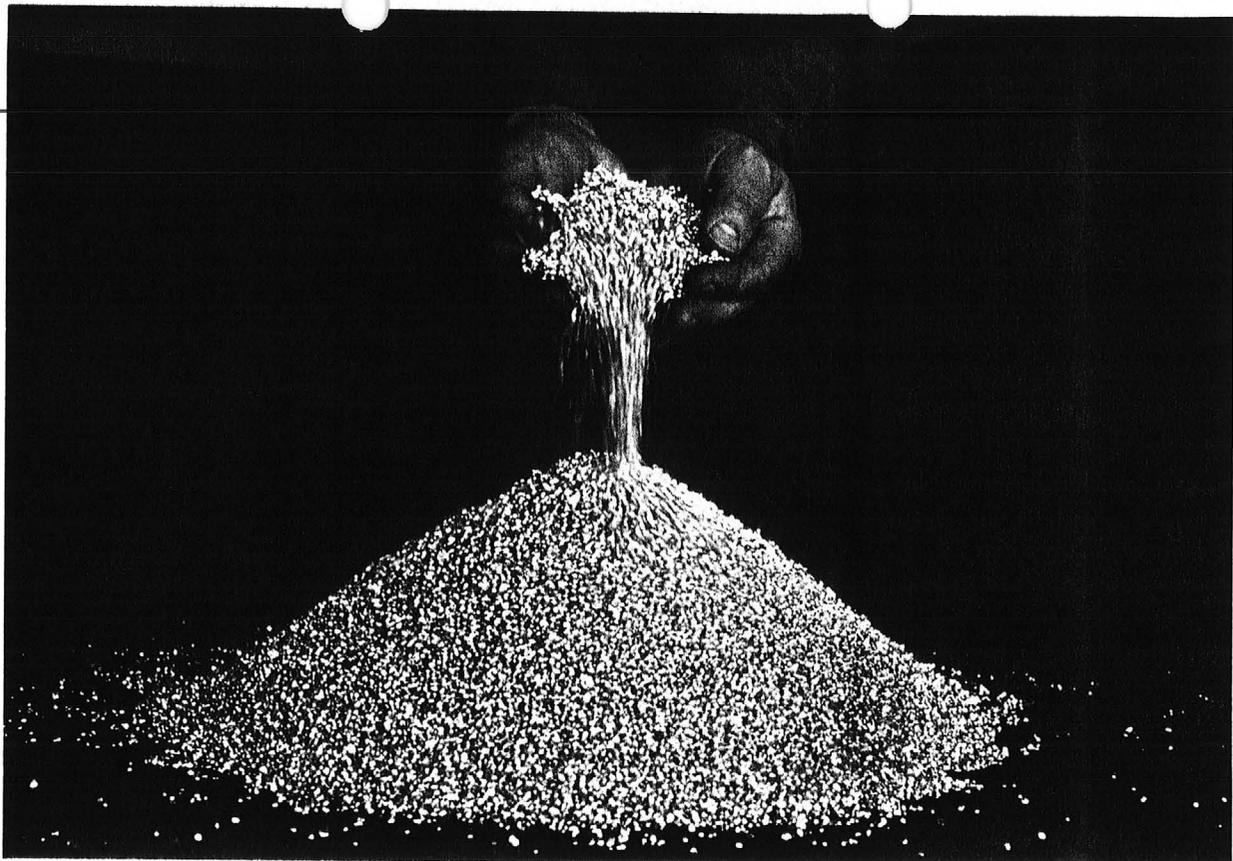
• San Diego

• Phoenix



Mexico





75 kg. of fine gold granulate (999.9 purity) worth approximately \$2 million.

Photo by Paolo Koch

"... You have to choose (as a voter) between trusting to the natural stability of gold and the honesty and intelligence of members of the government. And with due respect for these gentlemen, I advise you, as long as the capitalist system lasts to vote for gold..."

George Bernard Shaw, 1928

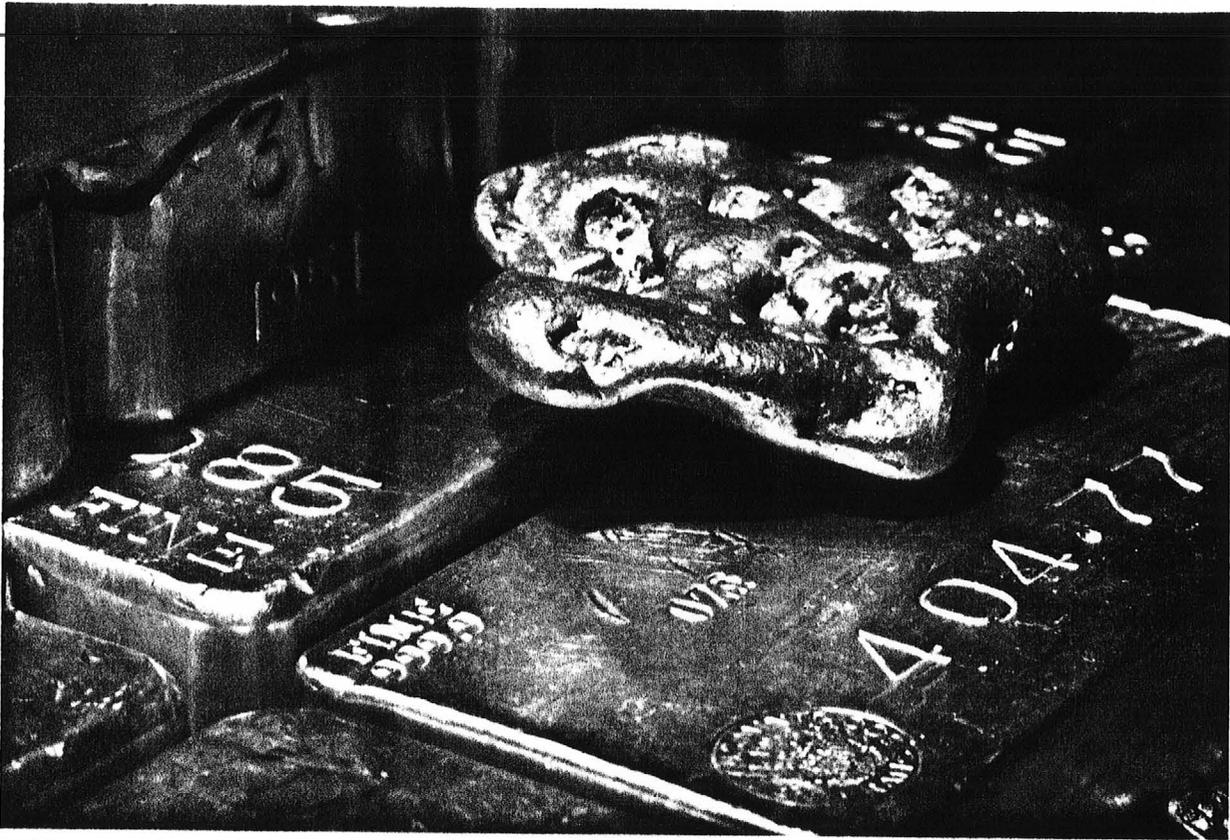
"... Ever since gold prices have floated upward from \$35 an ounce, many investment advisors have counseled their clients to put a part of their assets into bullion, both as a long-term investment and as a hedge against inflation..."

The New York Times

"... All the perplexities, confusion and distress in America arise, not from the defects in their constitution or confederation, not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit and circulation..."

John Quincy Adams, 1829





Gold nuggets and 400 troy ounce bars.

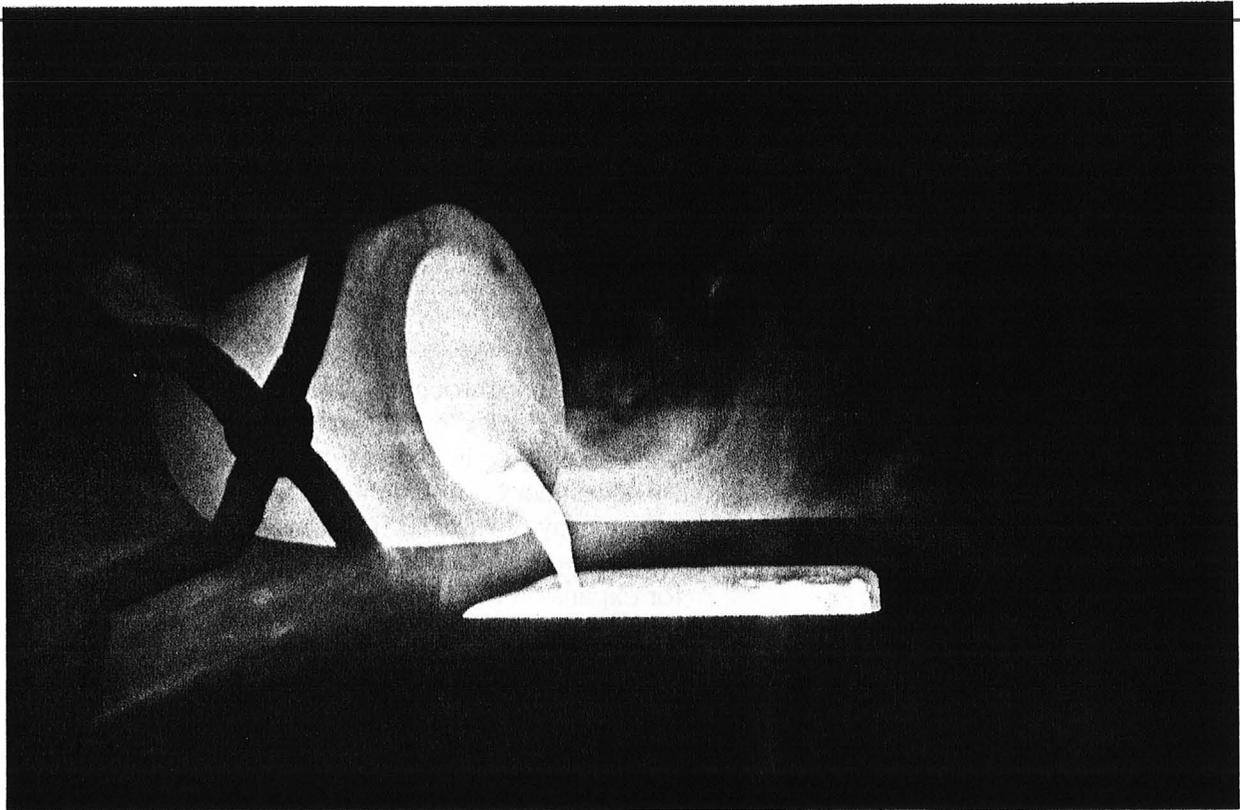
Photo by Tom Hugh

The Corporation's emphasis on the platinum group metals as our primary source of revenue has created a unique opportunity for parties interested in gold ownership. Meridian Development Corporation is offering a limited amount of our recovered gold to selected buyers at a cost that is well below the current world market price.

The Corporation is selling gold contracts for future delivery. The concept of buying and selling commodity contracts for future delivery has been present in world commerce for centuries. Our offer is known as a forward contract, which is commonplace in the mining industry.

The gold will be priced at \$225 per ounce and our buyers will take delivery fifteen months from the date of contract arrangement. Delivery will be in the form of internationally recognized hallmarked ingots or bars of a purity of no less than 995 fine gold, which is considered commercially acceptable by bullion dealers worldwide. In addition we will make delivery to the location of your choice, privately and confidentially. Your Meridian Development Corporation representative can give all performance requirements and answer any questions regarding this offer.





Casting 1 kg. fine gold bars (purity 999.9); smelting temperature approximately 1100°C.

Photo by Paolo Koch

Meridian Development Corporation is currently developing a 100 ton per day recovery system for precious metals, supplied by ore from claims escrowed to The Corporation totalling 2560 acres in the Vekol Valley, approximately fifty miles south of Phoenix, Arizona in the United States. Our personnel oversee the entire project, from the mining operation through the smelting and refining processes. The principals and management of The Corporation have over one hundred years of mining and metals experience between them.

The Corporation has been fortunate to benefit from the services of the esteemed Dr. Alvin C. Johnson, Jr., Ph.D., consulting exploration geochemist to complete evaluations on the property. A current summary of the precious metals content of the head ore from the Vekol Valley Project is enclosed. The general geology, for the most part, encompasses Quaternary alluvium consisting of poorly bedded silt, sand and gravel. The origin of the alluvial material is probably from the erosion of the adjacent mountains. The precious metal distribution within the alluvium of the claims consists of gold, silver and platinum group minerals which for the most part are submicroscopic in size. The distribution is



amazingly consistent and is not typical of placer type accumulation.

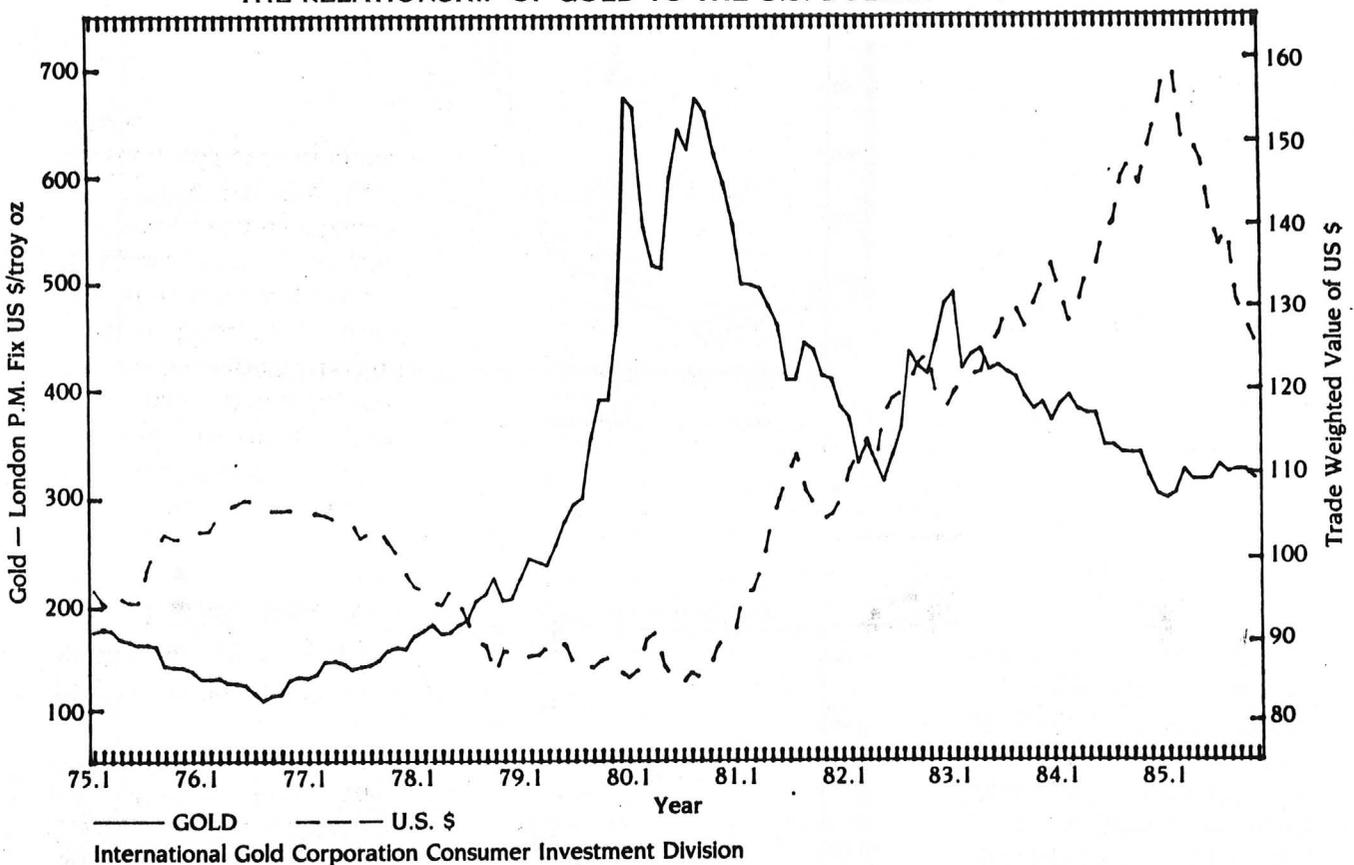
Several hundred thousand dollars have been spent over the past three years on exploration, claiming, staking, filing, research and development of this precious metals deposit. All of the necessary physical requirements for production are available and Dr. Johnson has recommended the best extraction process which will allow for a significant economic recovery. Dr. Johnson has achieved technological breakthroughs, enabling the recovery of not only gold and silver, but platinum group metals heretofore unrecoverable in commercial quantities. Meridian Development Corporation has designed the one hundred ton per day plant in such a manner that daily production can be expanded to five hundred tons with eventual plans for expansion to one thousand tons per day.

The unusually high concentrates of platinum group metals has enabled Meridian Development Corporation to shift its primary recovery efforts from gold and silver toward these industrial metals. Metals such as platinum and palladium may be familiar to most of us, but other platinates such as iridium, osmium, rhodium and ruthenium are, at best, vague memories of long forgotten chemistry classes in our past. However, the industrial demand and aggregate value of these metals is far greater than that of gold and silver. This is not to say that The Corporation does not intend to recover gold and silver. On the contrary, Dr. Johnson has carefully designed our recovery system to obtain the maximum amount of all metals previously mentioned. With this recovery process it would be accurate to say that gold is actually a by-product, as most of the recovered silver is lost in the smelting of the platinum group metals. This leaves gold as the only truly marketable metal from an investors standpoint because it is not only an industrial metal, but historically considered a monetary metal and therefore easily priced and tradeable worldwide.

While it is true that some of the platinates such as platinum and palladium are traded on world markets, the remaining aforementioned platinum group metals are more scarce and therefore they are not traded on internationally recognized exchanges, but through a network of merchants who act as brokers between the miners and smelters. The prices of these metals are affected almost entirely by supply and demand as there are few outside influences on these markets such as institutional or public market speculation.



THE RELATIONSHIP OF GOLD TO THE U.S. DOLLAR 1975-1985



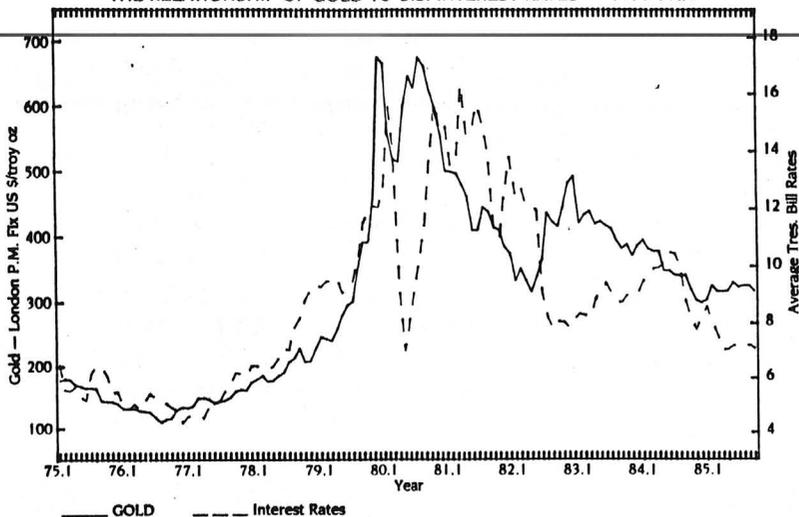
A successful gold trader once said that his secret to success was to buy low and sell high—obviously good advice as well as a very simple concept to understand, but in reality one that eludes most investors. In today's complex world we need reliable data to be able to make intelligent decisions. Data that covers long periods of time is considered more reliable because it will reflect long term trends as opposed to short term market aberrations that may not reflect true values.

What conditions or factors help investors to determine the appropriate timing for buying a commodity such as gold? According to many analysts three of the most important factors are: (1) The price relationship of gold to the value of the U.S. dollar, (2) The price of gold in relation to U.S. interest rates, and (3) The price of gold in relation to the U.S. rate of inflation as measured by the Consumer Price Index (CPI). The following graphs show these relationships over the past decade.

The chart above indicates that the price of gold is inversely proportional to the strength of the U.S. dollar. Based on past history one could perceive that the current decline of the U.S. dollar may lead to higher gold prices.



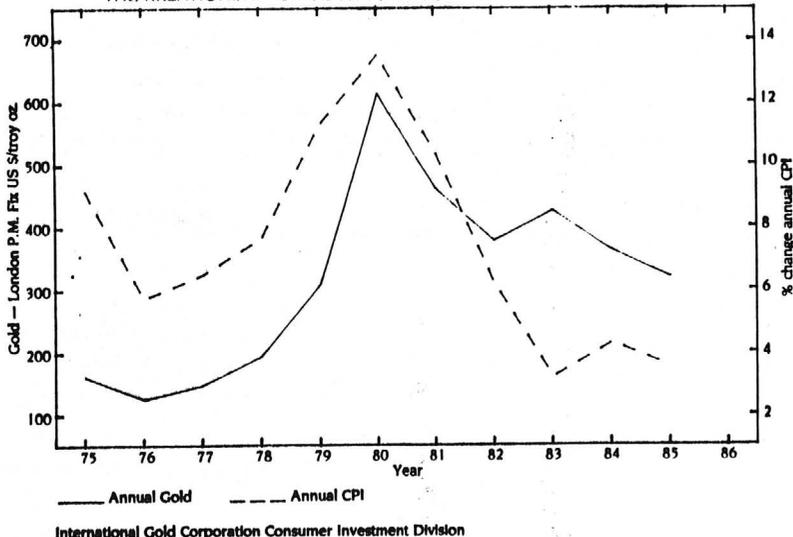
THE RELATIONSHIP OF GOLD TO U.S. INTEREST RATES 1975-1985



The top right chart depicts that low interest rates tend to encourage the purchase of gold. This is because dollar dominated investments aren't as attractive to investors because of the low rate of return. Lower rates also make it more economically feasible for large buyers of gold to finance their acquisitions.

The bottom, right chart shows that the price of gold is directly proportional to the rate of inflation. As inflation increases so does the price of gold. However, gold prices tend to lag approximately six months behind inflation because it takes several months of increased consumer prices to be officially recognized as inflationary. Therefore the gold market does not react immediately.

THE RELATIONSHIP OF GOLD TO THE U.S. INFLATION RATE 1975-1985



International Gold Corporation Consumer Investment Division



ARIZONA DEPARTMENT OF MINERAL RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

1. Information from: Mr. Jack E. Lake (and mine visit with Mr. Dick Beard)
Address: Meridian Development Corp., 19000 MacArthur Blvd., #1195, Irvine, CA 92715
Phone (714)752-0344
2. Mine: WHITE HILLS (AKA: Plata Blanca) 3. No. of Claims - Patented _____
(Maricopa Co.) Unpatented 328
4. Location: SW of I-8 & State 84 intersection in Vekol Valley (Antelope Peak 7 1/2 Quad.)
5. Sec. 26 Tp. 7S Range 1E 6. Mining District _____
7. Owner: Mr. Dale Runyon, Uranco Energy, Inc.
8. Address: 528 Fondulac Dr., East Peoria, IL 61611; phone (309) 699-8725
9. Operating Co.: Meridian Development Corp.
10. Address: Same as above
11. President: _____ 12. Gen. Mgr.: _____
13. Principal Metals: Gold, silver & PGM 14. No. Employed: _____
15. Mill, Type & Capacity: None
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: Promoting development of property.

18. Misc. Notes: Property reportedly consists of several square miles of association placers in the Vekol Valley. In south half of Sec.26, in a cleared area, there is an L-shaped, backhoe trench about 15 feet deep. This trench has been dug in typical, poorly sorted alluvial gravels. According to Mr. Lake, a large channel sample was taken from one side of this trench and analyzed; a report of this analysis is given in a letter, dated March 3, 1986, from Dr. Alvin C. Johnson (see attached).

I helped cut another channel sample which was taken to Dr. Johnson's lab for preparation for assay. A description of this preparation follows: Dr. Johnson hand-scooped portions of the sample from the plastic sample bag and

Date: August 5, 1986

Michael N. Greeley
(Signature) (Field Engineer)

measured 120 grams. Some pebbles were discarded during the measuring process. No attempt was made to include fine material that had settled to the bottom of the bag and no attempt was made to blend and split the original sample.

An iron mortar was washed and dried and 10 grams of a coarsely crystalline, white powder was put into the bottom. Dr. Johnson said this substance is proprietary and he has applied for a patent on it. He did say that it is an acidic, organic chelating agent that is designed to adsorb precious and platinum-group metals, particularly from clays.

The 120-gram sample was added to the proprietary powder and tap water added. Effervescence occurred. Dr. Johnson reported that the effervescence was due to the dissolution of carbonate in the sample. The mixture was ground with a pestle for a few minutes and then diluted to 1000 ml with tap water.

This mixture of solids and solution was kept on a magnetic stirrer for about one hour while all of us went to lunch. When we returned to the lab, the mixture was transferred to a large filter that emptied into a large flask connected to a vacuum pump. (Some solids were not transferred to the filter.) The filtrate, a pale yellowish-green fluid, was eventually delivered to J. B. Laboratory for analysis. The analysis (see attached) was reportedly done on a DCP (Direct Current Plasma) instrument. *Filtrate was sample #2699.*

I took the untreated portion of the original sample to Mountain States Research & Development, a registered assay lab in Tucson. The entire sample (V-1) was prepared for assay. Gold and silver were analyzed by fire assay. For platinum, a fire assay button was dissolved and this solution was analyzed with an ICP (Inductively Coupled Plasma) instrument (see attached certificate of analysis).

Richard R. Beard's suggested addition to report by Mike Greeley on White Hills mine dated August 5, 1986

Dr. Johnson said that the same process would be followed in a production plant as was followed in assaying. After first screening the bank run material to remove the boulders the finer material would be fed to a ball mill (iron mortar) where the chelating agent (white powder) would be added. It would then go to agitation tanks (magnetic stirrer) and then to a filter (filter flask) to produce a clear solution.

When asked how the precious metals would be reclaimed from the solution in the production plant, Dr. Johnson took a portion of the solution and added what he said was ~~calcium carbonate~~ to it. A black precipitate resulted which he said contained the precious metals. Dr. Johnson said that this precipitate would have to be shipped to Europe for final refining because the technology employed by the domestic refiners is not advanced enough to refine this material.

Sodium Sulfite



ALVIN C. JOHNSON, JR., PH.D.
EXPLORATION GEOCHEMIST
1707 EAST WEBER DRIVE, SUITE 8
TEMPE, ARIZONA 85281

3/3/86

Mr. Jack Lake
Meridian Development Corporation
18832 N. 32nd Ave.
Phoenix, Arizona 85027

RE: Summary of Vekol Valley Project, Maricopa County, Arizona

During the past three years extensive exploration and development work has been conducted on this property. This work has been expended mainly in defining analytical procedures for assaying the precious metals contained in this deposit and also in testing various recovery techniques that might be used at this location.

In general, this ore deposit may be categorized as an alluvial precious metal deposit with the values being contained in (1) the clay fraction and (2) in the gravity, or black sand, concentrates. Approximately one-half of the precious metal values are contained in the clay fraction and the remaining is contained in the gravity concentrates. Based on analytical data to date the following is an approximate average of the precious metal content of the head ore from the Vekol Valley Project:

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gross per head ore ton. Specific recovery methods have been developed for processing both the gravity concentrates and the clay concentrate from this ore body. Either both or either of these recovery methods may be used.

It is recommended that the construction of a 100 to 200 ton per day pilot be initiated at the earliest convenience. This plant should be designed in such a manner that the daily production can be increased to between 500 and 1000 tons per day when conditions permit.

Respectively submitted

Alvin Johnson, Jr.
Alvin C. Johnson, Jr. Ph.D.

J.T. Ross, Limited

August 7, 1986

Mr. Mike Greeley
4510 East Glenn
Tucson, AZ 85712

Dear Mike:

Enclosed please find the lab report regarding the samples from the Meridian site.

A certified copy of this report will be in my hands by Monday, August 11th. I will be happy to forward it to you if you desire to have it for your records.

I found the day to be both interesting and enlightening. It's not often a city boy like me gets out to an area like Maricopa.

Anyway, it was a pleasure to have met you and Dick. Warren said that he will be doing some testing of his own before he commits himself; That's fine with me as I have the utmost confidence in this program and the people involved. I am looking forward to speaking with you soon.

Sincerely,



James T. Colarusso, Jr.
President

JTC/rd
encl.



J. B. LABORATOR,

Re: Don Jordan(?)

Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

PROJECT MERIDIAN DEVELOPMENT CO. PP

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
2699	8/6/6	JACK LAKE Chelate (as is)					

ELEMENT	PPM	OZ PER TON HD ORE *	OZ PER TON * CON <small>Soln</small>	OZ PER TON DOR'E <small>Fire Assay</small>	VALUES
Au	.24	.058	.007	0	
Os	.63	.15	.018	0	
Pt	1.46	.35	.042	0	
Ag	19.5	4.72	.566	0.01	
Pd	.47	.117	.014	0	
Ir	4.95	1.2	.144	0	
Ru	6.0	1.45	.174	0	
Rh	1.37	.333	.040	0	

COMMENTS

INVOICE CHARGES \$180.00

Calculations by R.R.B - PPM x .029 = OZ/Ton ↔ $\frac{OZ/Ton \text{ Solution} \times 1000}{120} = OZ/Ton \text{ HD Ore}$

120gms of ore diluted to 1000gms of Solution

Please note: This report is prepared for and distribution is limited to the party specified above. J.B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.



J. B. LABORATORY

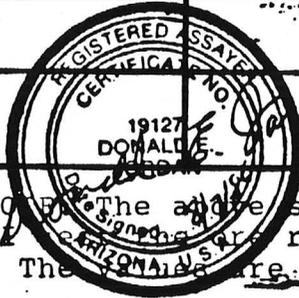
Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

PROJECT MERIDIAN DEVELOPMENT CORP. PP

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
2699	8/6/6	CHELATE SOLUTION					

ELEMENT	PPM	OZ PER TON HD ORE	OZ PER TON CON	OZ PER TON DOR'E	VALUES
Au	.24				
Os	.63				
Pt	1.46				
Ag	19.5				
Pd	.47				
Ir	4.95				
Ru	6.0				
Rh	1.37				



COMMENTS PLEASE NOTE: The above sample was not prepared by me, nor did I sign it, rather only the solution was presented. The values are reported in PPM only.

Please note: This report is prepared for and distribution is limited to the party specified above. J.B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.

RRB WR 6/5/87: Clyde Slack (?) called from Houston, Texas to discuss Meridian Development, Jack Lake and Dr. Johnson (White Hills - file). A little later I got another call which judging by the antagonistic attitude, was probably from a Meridian representative.

RRB WR 6/12/87: Darcy Hall, 714-545-8484, called and said that he was returning a call from this office about Meridian Resources. No one here called him. I told him of the visit Mike and I made to the White Hills (file) Maricopa County property and the assays done for us. He reports that Meridian claims to have equipment on the property ready to start up.

KAP WR 3/4/88: In the company of Dick Beard a visit was made to the White Hills Mine (file) Maricopa County to determine the extent of on the ground activity since the last visit by Department engineers. According to Mr. Beard who had been to the property on the previous visit, the only changes appear to be in improvements to the access roads. The small pit appears unchanged.

RRB WR 3/4/88: In the company of Ken Phillips, the White Hills Project (file) of Meridian Development Corp in Maricopa County was visited. No discernible work or development has occurred since I was there in August of 1986 except for roadwork.

MG WR 6/27/86: Mr. Warren Bell reports that a company known as Meridian Development Corp is promoting its "Vekol Valley Project". The property is said to contain gold, silver and platinum. Reported associates (of Meridian) are Mr. Jack Lake and Dr. Alvin Johnson.

RRB WR 8/8/86: Mike Greeley and I visited the Vekol Valley Project of Meridian Development Corp in Sec 35, T7S R1E, Maricopa County in the company of Jim Corbruso (dba J T Ross Co), Barry and Brad Johnson and Jack Lake Jr. A sample and the rejects were taken by Mr. Greeley for a separate assay. Mr. Greeley is writing a report on our trip.

MG WR 9/5/86: Mr. Joe Shearer (c) reports that in late August he helped collect samples on the White Hills (?) property in Maricopa County. He was employed by Mr. Dale Runyon, Uranco Energy, Inc., 528 Fondulac Dr., East Peoria, IL 61611, telephone (309) 699-9725. There were about 200 holes drilled in alluvium by an auger drill; maximum depth was 15 feet. The samples were reportedly delivered to J. B. Laboratory for analysis. This phase of the property evaluation is apparently directed by Marston & Marston Inc 1655 Des Peres Rd., #150, St. Louis, MO 63131, telephone (314) 822-2254.

MG WR 10/10/86: Met Mr. Dale Runyon (c) of Uranco Energy, Inc. at the AMC convention in Las Vegas. He reports that samples collected from the White Hills property (Maricopa County) and other Uranco properties in late August were assayed by Mr. Don Jordan (J.B. Laboratory). The assays are reportedly high in platinum: 0.5 to 1.0 oz/ton. Mr. Bill Marston of Marston & Marston inc. (c) is apparently taking a three-year leave of absence from his company to be executive director of the Uranco property development.

KAP WR 1/9/87: James Mott of the Mine Inspector's Office called regarding a call he had received from Pennsylvania. The caller was inquiring about an investment opportunity in Meridian Development. The "deal" was to prepurchase platinum bars at an \$100 per ounce discount. The platinum would be supplied by the company's mine in the Vekol Valley. If Mr. Mott had referred the caller to us we could have supplied some information. Meridian Development Corp, 19000 MacArthur Blvd., Suite 1195, Irvine, California 92715 is believed to be a Jack E. Lake company and it is suspected that the mine which is purported to be the future source of platinum is the White Hills (file) Maricopa County.



STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES

August 19, 1986

Mr. & Mrs. Sherman Gillogly
Gillogly & Gillogly Consultants
200 North Tustin, #100-11
Tustin, CA 92705

Dear Brenda and Sherman,

With reference to the Vekol Valley (Meridian) site visited on August 5, I submitted the unused portion of the sample treated by Dr. Johnson to Mountain States Research and Development. Mountain States R & D is a registered assay laboratory in Tucson. The certificate of analysis is enclosed. You will note that neither gold nor platinum was detected.

For the analysis of platinum, the fire-assay button was dissolved and the solution was analyzed using an ICP (Inductively Coupled Plasma) instrument. The reading reported, i.e., less than 0.001 oz/t, is approximately equivalent to less than 0.03 ppm. To summarize, the analysis shows that if platinum is in the sample, the amount is very low and is below 0.001 oz/ton. The assayer did not attempt to identify the element below the 0.001 detection level.

I have also enclosed our Circular No. 11, Mining Scams, that I urge you to read. It discusses a number of important criteria that any potential investor in a mining enterprise should check thoroughly before committing significant funds. Additional pieces of literature are included.

I appreciate very much your help in arranging our visit to the Vekol Valley site and to Dr. Johnson's lab. Dick Beard and I enjoyed meeting you, Jack Lake, and the others. Please extend my regards to your associate, Eric Andro; I thought he was asking some important questions.

Our duty is to aid in the development of Arizona's mineral resources. If I can be of further assistance to you, please do not hesitate to contact me.

Sincerely yours,

Michael N. Greeley
Field Engineer

MNG:fd

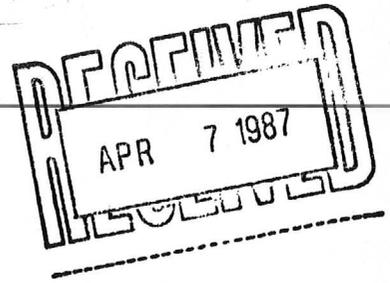
Encls.

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

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

April 3, 1987

State of Arizona Board of Technical Registration
5060 N. 19th Avenue, Suite 306
Phoenix, AZ 85015



Attn: Hank Motomatsu, Investigations Coordinator

Dear Mr. Motomatsu:

Find enclosed information regarding parties that are apparently not registered in the state of Arizona, and are writing reports on geology and assay results. Also, a registrant who is suspected of providing fraudulent assays.

Dr. Alvin C. Johnson, Jr.
1707 Esat Weber Drive, Suite 8
Tempe, Arizona 85281

Gregory F. Iseman
2236 W. Edgewood
Mesa, Arizona 85202

Mr. Sigfried Bremer
7730 Redfield Road, Suite #4
Scottsdale, Arizona 85260

Mr. Donald E. Jordan
Registered Assayer 19127
J. B. Laboratory
2702 S. 45th Street
Phoenix, AZ 85034

Other parties that are involved with the apparent scheme to defraud the public are:

Mr. Jack Lake Sr.
Gold Reserves, Inc
18832 N. 32nd Ave.
Phoenix, AZ 85027

Mr. Dale L. Runyon
Uranco Energy Inc.
P.O. Box 1167
Peoria, Illinois 61653
or
528 Fon du Lac Drive
East Peoria, Ill. 61611

Phoenix International Mining Corp.
P.O. Box 1167
Peoria, Ill. 61653

page 2

Mr. William T. Marston, P.E.
Vice President
Marston & Marston, Inc.
Suite 150, 1655 Des Peres Road
St. Louis, Missouri 63131

Mr. Jack E. Lake
Meridian Development Corporation
19000 MacArthur Blvd., Suite 1195
Irvine, CA 92715

A list of people that have information or are willing to testify in relation to the above are attached.

Sincerely yours

Joseph E. Shearer
Registered Geologist #10843
6821 East Baker Street
Tucson, AZ 85710

(602) 296-8837

Copy L. Clark Arnold

Michael N. Greeley

Mike Jacobs

Arizona State Corporation Commission

Arizona State Attorney General's Office

The Federal Bureau of investigations

A list of Individuals that have knowledge of the parties mentioned in the letter to the Arizona State Board of Technical Registration, dated April 3, 1987. Most of these individuals have indicated their willingness to testify if called upon.

Michael N. Greeley
AZ Dept. of Mines & Mineral Res.
416 W. Congress, Rm 161
Tucson, AZ 85701
(602) 628-5399

Gary L. Hix
6162 East Eastland
Tucson, AZ 85711
(602) 745-5216

Jack Allen
Skyline Labs, Inc.
P.O. Box 50106
Tucson, AZ 85703
(602) 622-4836

Mike Jacobs
Jacobs Assay Office
1435 South 10th Avenue
Tucson, AZ 85713
(602) 622-0813

L. Clark Arnold
Western Metals Associates
3013 North 1st Avenue
Tucson, AZ 85705
(602) 623-9780

James D. Loghry
2121 East Monte Vista Dr.
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(602) 323-2945

William L. Lehbeck
Skyline Labs, Inc.
P.O. Box 50106
Tucson, AZ 85703
(602) 622-4836

Joseph E. Shearer
Consulting Geologist
6821 East Baker Street
Tucson, AZ 85710
(602) 296-8837

DRILLING PROGRAM REPORT
ON THE
URANCO ENERGY, INC.
ASSOCIATED PLACER PROPERTIES
YUMA, LA PAZ AND MARICOPA COUNTIES, ARIZONA

FOR

WILLIAM T. MARSTON
OF
MARSTON & MARSTON, INC.
ST. LOUIS, MO

BY

Joseph E. Shearer
Registered Geologist
#10843

August 28, 1986

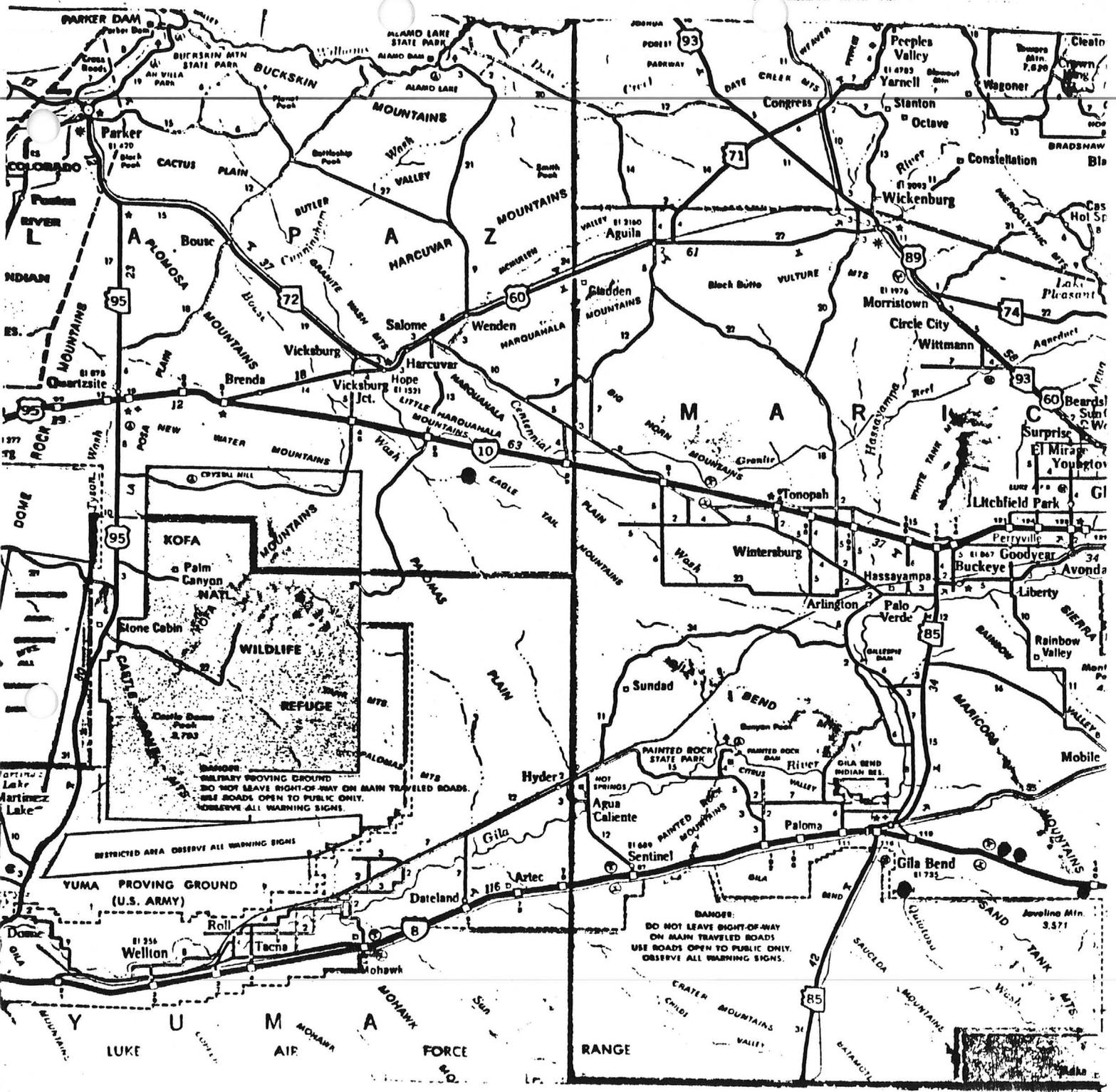
Tucson, Arizona

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Drill Hole Patterns..... 2
Drilling and Sampling Procedures..... 2
Specific Gravities and Volumes of Materials..... 3

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Plate IX Gold Resources Drill Hole Pattern-Section 3



LOCATION MAP

Scale: 1" = 16 miles

● Drill Sites

PLATE I

THREE MOUNTAINS DRILL HOLE PATTERN

Section 16; T. 1 S., R. 19 W., G&SRB&M

Yuma County, Arizona

Starting Point of Grid: East 1/4, Section 16

Samples Marked: Area-Section-Grid (3M-16-2S,2W)

Scale: 1 inch = 200 feet

E 1/4
+S 16

2S,10W

2S,6W

2S,2W

6S,10W

6S,6W

6S,4W

6S,2W

8S,6W

8S,4W

8S,2W

10S,10W

10S,6W

10S,4W

10S,2W



14S,10W

14S,6W

14S,2W

PLATE II

PHOENIX WEST DRILL HOLE PATTERN

Section 28; T. 1 S., R. 19 W. G&SRB&M

Yuma County, Arizona

Starting Point of Grid: West 1/4 Corner, Section 28

Samples Marked: Area-Section-Grid (PW-28-3N,4E)

Scale: 1 inch = 200 feet

15N,4E

15N,8E

15N,12E

11N,4E

11N,6E

11N,8E

11N,12E

9N,4E

9N,6E

9N,8E

7N,4E

7N,6E

7N,8E

7N,12E

3N,4E

3N,8E

3N,12E

W 1/4
+S 28



PLATE III

BLACK ROCK DRILL HOLE PATTERN

Section 34; T. 3 N., R. 13 W., G&SRB&M

La Paz County, Arizona

Starting Point of Grid: Southeast Corner Section 34

Samples Marked: Area-Section-Grid (BR-34-2N,2W)

Scale 1 inch = 200 feet

14N, 6W

14N, 2W

10N, 6W

10N, 4W

10N, 2W

8N, 6W

8N, 4W

8N, 2W

6N, 6W

6N, 4W

6N, 2W

2N, 6W

2N, 2W



S 34

S 35

S 3

S 2

PLATE IV

PEORIA SEVEN DRILL HOLE PATTERN

West 1/2, Section 5; T. 7 S., R. 4 W. G&SRB&M

Maricopa County, Arizona

Starting Point of Grid: South 1/4 Corner, Section 5

Samples Marked: Area-Section-Grid (P7 Sec. 5 2N-2W)

Scale: 1 inch = 200 feet

14N, 6W

14N, 2W

10N, 6W

10N, 4W

10N, 2W

8N, 6W

8N, 4W

8N, 2W

6N, 6W

6N, 4W

6N, 2W

2N, 6W

2N, 2W



S 1/4
+S 5

DRILLING PROGRAM REPORT ON THE URANCO ENERGY, INC.
ASSOCIATED PLACER PROPERTIES, YUMA, LA PAZ, AND
MARICOPA COUNTIES, ARIZONA

Locations

The nine locations covered in this report and indicated on the Location Map, have been named by the claim owners as follows:

1. Three Mountains, Section 16; T. 1 S., R. 19 W., G&SRB&M, Yuma County, Arizona
2. Phoenix West, Section 28; T. 1 S., R. 19 W., G&SRB&M, Yuma County, Arizona
3. Black Rock, Section 34; T. 3 N., R. 13 W., G&SRB&M, La Paz County, Arizona
4. Peoria Seven, W 1/2 Section 5; T. 7 S., R. 4 W., G&SRB&M, Maricopa County, Arizona
5. Bosque, S 1/2 Section 10; T. 6 S., R. 3 W., G&SRB&M, Maricopa County, Arizona
6. Uranco-marston, Proj. Section 20; T. 6 S., R. 2 W., G&SRB&M, Maricopa County, Arizona
7. Lost Horse Peak, Section 2; T. 7 S., R. 1 W., G&SRB&M, Maricopa County, Arizona
8. Vekol Valley, Section 27; T. 8 S., R. 1 E., G&SRB&M, Maricopa County, Arizona
9. Gold Resources, Section 3; T. 8 S., R. 1 E., G&SRB&M, Maricopa County, Arizona

All nine sites lie within the Basin and Range Province of Southwest Arizona and are covered by basin fill that is recent to Pleistocene in age, of which the source areas are the surrounding ranges. This basin fill is comprised of unconsolidated gravel, sand and silt. The Peoria Seven and Lost Horse sites are covered predominately by silt material and the other sites have some rock material included up to 1/5 by volume.

The Three Mountain and Phoenix West sites lie within the La Posa Plain-Tyson Wash area near the Cibola Lake Turnoff. The Black Rock site is located on the western flank of the Eagletail Mountains out in the alluvial basin which is part of the Ranegras Plain. The Peoria Seven site is due south of Gila Bend, adjacent to the Luke Air Force Range. The Bosque and Uranco-Marston sites are north of Interstate Highway # 8 at mile posts 127.8 and 130.44. The Lost Horse Peak site is south of Interstate #8 (I-8) at the Freeman Road Interchange mile post 140. The Vekol Valley and Gold Resources sites are located to the west of Table Top Mountains in the Vekol Valley approximately 10 miles south of I-8 from the Vekol Road Interchange exit at mile post 144.

DRILL HOLE PATTERNS

The Drill Hole Patterns were laid out at the direction of Mr. Dale L. Runyon of Uranco Energy, Inc. The drill sites were flagged in the field and located on the ground by compass and pacing. Some of the drill patterns that were laid out in advance were later changed in order to cut down on the number of total hole sites to be drilled.

The drill patterns on the nine sections in this report vary from eleven to seventeen drill holes. For specific details on the drill patterns and number of hole on any particular site see in back of report Plates I through IX. A total of one hundred twenty four (124) holes were drilled and sampled for purposes of this report.

DRILLING AND SAMPLING PROCEDURES

The drilling was completed by Heber Mining & Exploration Co. using a Mobile Drill Model B 56 with an auger. This drill was mounted on a Dodge four-wheel-drive truck. The total depth of each hole was fifteen (15) feet, with the exception of two holes drilled in the Lost Horse Peak area that hit basalt at twelve and eleven and one-half feet respectively. Basalt was encountered in a third hole, however, the hole was completed to 15 feet.

As the material was brought to the surface by the auger, the drill helper shoveled the material into five (5) gallon plastic buckets. When a bucket was filled or when a hole was completed, I picked up the buckets. A sample tag was placed in each bucket, and the sample identification was written on the outside of each bucket, a plastic lid was placed on each bucket and the buckets containing the sample material was placed in my pickup truck.

Upon completion of drilling out a pattern or when my truck became loaded, the samples were transferred to a rented truck driven by Mr. Dale L. Runyon of Uranco Energy, Inc. The only exception to this procedure was on the Three Mountain site where the initial buckets were furnished by me, and were four and six gallons and at this site I did not have tags to place in the sample buckets.

Upon leaving the Black Rock area, the rental truck was loaded with samples from this site, and previously sampled sites covered in this report. At the request of Mr. Runyon, I followed him to North of Phoenix, to the Denny's Restaurant at I-17 and West Bell Road, where a Mr. Gregory F. Iseman took possession of the samples by placing a padlock on the back door of the truck. Hereafter, Mr. Runyon along with helpers picked up the samples in the field and transported them to Phoenix.

SPECIFIC GRAVITIES AND VOLUMES OF MATERIALS

The five gallon buckets used to collect the samples measured .925 average feet in diameter; the bucket was tapered slightly so that the bottom diameter was less than the top diameter, and the bucket height was 1.15 feet. This calculates out to the buckets having a volume of 0.7728 cubic feet. A bucket of silt material was found to weigh 66 pounds, not including the weight of the bucket. The silt then weighs 85.4 pounds per cubic foot.

The gravel fraction would have an average specific gravity of 2.65 with an approximate 30% porosity, and would weigh 120 pounds per cubic foot.

The material drilled on the subject properties was a mixture of silt and gravel with a greater per cent silt by volume. It is my estimate that 4/5 or 80% of the samples from the subject properties are, on the average, composed of silt fraction. This then would give an approximate weight of 92.32 pounds per cubic foot of average sample material, and from which the following constants are derived:

0.04616 ton per cubic foot
1.24632 tons per cubic yard
2,010.7 tons per acre-foot

For the Peoria Seven and Lost Horse Peak properties, which are almost all silt, the following constants should be used in calculating tonnages:

0.0427 ton per cubic foot
1.1529 tons per cubic yard
1,860 tons per acre-foot

If all of the material were to be recovered from the auger drill holes using a 4.5 inch auger cutting head, and with the 15 feet depth, as in the case of these drill holes, a total of 1.6567 cubic feet of material would be removed. This amount of material, if compacted to its original state prior to drilling, would fill 2.144 5-gallon buckets. This corresponds well with the samples that were taken where 2 1/4 buckets were needed for many of the samples. The average sample would weigh 152.9 pounds and the silt samples would weigh 141.5 pounds. The weight of the total one hundred twenty-four (124) samples from the subject properties, would weigh approximately 18,663 pounds of material.

Mr. Runyon has not requested that I give any assessment of the mineralization or geology of the drill sites, therefore I have not included any in this report. Also, the selection of the parties to do the assaying was chosen by Mr. Runyon. The time frame for doing the drilling and sampling was from August 13th through 19th, 1986.

Respectfully submitted



Joseph E. Shearer
Registered Geologist # 10843
6821 East Baker Street
Tucson, Arizona 85710-2228

PLATE V

BOSQUE DRILL HOLE PATTERN

South 1/2, Section 10; T. 6 S., R. 3 W., G&SRB&M
Maricopa County, Arizona

Starting Point of Grid: Projected East 1/4 Corner

Samples Marked: Area-Section-Grid (BQ Sec.10 2S-2W)

Scale: 1 inch = 200 feet

Projected +E 1/4
S 10

2S,6W

2S,2W

6S,6W

6S,4W

6S,2W

8S,6W

8S,4W

8S,2W

10S,6W

10S,4W

10S,2W

not accessable

not accessable



PLATE VI

URANCO-MARSTON DRILL HOLE PATTERN

Unsurveyed (Projected) Section 20; T. 6 S., R. 2 W.
G&SRB&M, Maricopa County, Arizona

Starting Point of Grid: 0.2 miles from I-8 at mile
post 130.44, along road heading north, then north-
east to point where wash crosses road.

Samples Marked: Area-Section-Grid (UM Sec. 20 0-0)

Scale: 1 inch = 200 feet

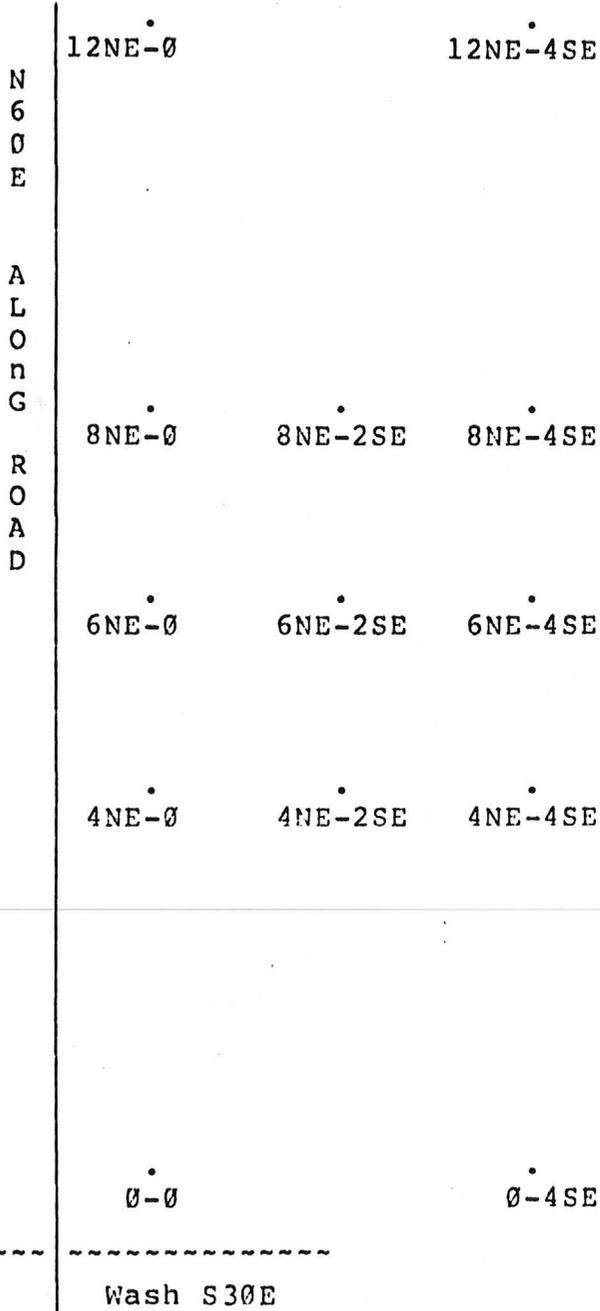


PLATE VII

LOST HORSE PEAK DRILL HOLE PATTERN

Section 2; T. 7 S., R. 1 W., G&SRB&M

Maricopa County, Arizona

Starting Point of Grid: Post located at the south side of claim center covering the SE 1/4 of Section 2.

Samples Marked: Area-Section-Grid (LH Sec. 2 E. 2S-2W)

Scale: 1 inch = 200 feet

14N, 6W

14N, 2W

10N, 6W

10N, 4W

10N, 2W

8N, 6W

8N, 4W

8N, 2W

6N, 6W

6N, 4W

6N, 2W

2N, 6W

2N, 2W

N
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|
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C
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F
C
L
A
I
M



South Side Claim Center Post +

PLATE VIII

VEKOL VALLEY DRILL HOLE PATTERN

Section 27; T. 8 S., R. 1 E., G&SR&M

Maricopa County, Arizona

Starting Point of Grid: The Northeast Corner of Section 27.

Samples Marked: Area-Section-Grid (VV Sec.27 2S-2W)

Scale: 1 inch = 200 feet

S 22	S 23
S 27	S 26

2S,6W

2S,2W

6S,6W

6S,4W

6S,2W

8S,6W

8S,4W

8S,2W

10S,6W

10S,4W

10S,2W



14S,6W

14S,2W

PLATE IX

GOLD RESOURCES DRILL HOLE PATTERN

Section 3; T. 8 S., R. 1 E., G&SRB&M

Maricopa County, Arizona

Starting Point of Grid: Southeast Corner of Section 3.

Samples Marked: Area-Section-Grid (GR Sec.3 2N-2W)

Scale: 1 inch = 200 feet

14N,10W

14N,6W

10N,10W

10N,8W

10N,6W

8N,10W

8N,8W

8N,6W

6N,10W

6N,8W

6N,6W

2N,10W

2N,6W

2N,2W



S 3 | S 2

S 10 | S 11

Jack Lake
Re:
Vekol Valley Mining Property, Maricopa
County, Arizona



ALVIN C. JOHNSON, JR. PH.D.
CONSULTING EXPLORATION GEOLOGIST
238 EAST ELLIS DRIVE
TEMPE, ARIZONA 85282

SUMMARY OF VEKOL VALLEY MINING PROPERTY, MARICOPA COUNTY, ARIZONA

Introduction

The Vekol Valley Mining Property consists of eight 160 acre placer association claims comprising sections 35 and 36, Township 7 ^{South} North, Range 1 East, Maricopa County, Arizona. These mining claims are referred to as Gamma 1 through 8. This property is controlled by the U.S. Bureau of Land Management (see enclosed copy of the B.L.M. registered AMC Serial Numbers).

The property in question is located on the Antelope Peak topographic quadrangle (7.5 minute series). Although some prospecting has been done in the general area for precious metals and copper no actual mining is known to have been performed.

General Geology

The Vekol Valley Mining Property is situated on the eastern flanks of Vekol Valley (see enclosed map). The valley consists of essentially alluvial material that is from Tertiary to Recent in age. The depth or thickness of this alluvium at the Gamma claims is not presently known, however, it must certainly averages more than 200 feet. Limited field investigation indicates that the Maricopa Mountains to the west and Table Top Mountains to the east consist mainly of Precambrian metamorphics and granites. Nominal masses of Laramide intrusives and paleozoic sediments have also been identified. Extensive cappings of Tertiary

volcanics also occur.

Economic Geology

The following results are derived from extensive laboratory analysis and on-site field investigation. The ore deposits at this property may be tentatively classified into two basic types:

- a. Gravity concentrates or "black sands". The gravity concentrates from the alluvium on this property consist of from 3 to 5 percent by weight of the total weight of the ore. This component of the Vekol Valley ore has not, as of yet, been extensively studied, but it holds great promise for economic values of gold and perhaps the platinum group metals.
- b. Chemical deposits. This particular component of the ore consists of essentially silver and to a much lesser extent gold which has been transported and deposited by aqueous solutions. The chemical form in which these precious metals exist is not presently known; it is suggested that it may be a carbonate, chloride, or perhaps an organic complex or combination. The source of these precious metals is from the surrounding outcrops.

It is interesting to note that elemental mercury, approximately 1 to 5 ounces per ton, also occurs within the alluvial sediments in the Vekol Valley property. The source of this mercury (and of the associated mercury salts) is most likely the result of the vertical migration of mercury vapor from the bedrock, through the overlying water table with its "deposition" or adsorption occurring in the alluvial

material. The presence of mercury in the soil may possibly help to precipitate precious metals that are being transported in solution by surface and ground waters. This would definitely be a localizing feature for ore bodies.

Laboratory investigation strongly indicates that the precious metals in the Vekol Valley property are mostly micron to sub-micron in size and are closely associated with the finer constituents of the ore body; the clays and silts. Numerous assays demonstrate that the precious metals of this deposit do not consistently respond to certain types of standardly performed analytical techniques such as fire assay and atomic adsorption. Likewise, as a result of the chemical complexity of this type of deposit certain general methods of chemical leaching such as cyanide, thiourea, and thiosulfate are not consistently successful, even within the same deposit! The known presence of mercury in this ore body further complicates the extraction of the precious metals both by chemical and fire methods.

Leaching System

In an attempt to at least partially replicate nature a number of leaching experiments were made on the Vekol Valley ore using variously buffered water. In general, it may be stated that in a chemically buffered aqueous solution at a pH of from 6.5 to 7.5 or 8.0 silver, and to a much lesser extent gold, is solubilized. At a pH that is higher than 7.5 to approximately 8.0 these precious metals are hydrolyzed and hence precipitated in solution. In this type of a leaching system it is essential that a strict control be kept on the pH of the leaching

solutions since it is critical in the solubilizing of the precious metals. This pH control is relatively simple once the essential criteria of precious metal extraction are understood.

Of the numerous buffers that have been tried with respect to the Vekol Valley ores a combination of Na_2CO_3 and HCL would seem to be the most acceptable. Specifically the Na_2CO_3 is added to the water at 0.1 to 0.2N. HCL is then added until the pH is in the range of 6.5 to 7.5. Depending upon what part of the deposit is being currently mined the pH may be adjusted to the range of maximum precious metal extraction. Among other buffer combinations that were successfully applied to the Vekol Valley ores was Sodium acetate and acetic acid.

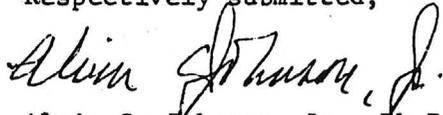
Although the extraction of precious metals using the above leaching method varied somewhat the average content in the area tested was silver 15 troy oz/ton and 0.02 troy oz/ton gold. At the present stage of investigation it would appear that the best method of extracting the precious metals from the leaching solutions would be with activated charcoal. The charcoal could then be stripped by normal methods and recovered by electrowinning or some similar means.

At the present it would appear that an area of approximately 0.5 square miles has been adequately sampled (or inferred) to a depth of 20 feet to indicate an ore reserve of approximately 14 million tons. Geologic inference would suggest that the average value of this ore would be in excess of 10 troy oz/ton of silver and 0.01 troy oz/ton gold. It is also suggested that the depth of this ore body extends to the water table, perhaps in excess of 200 feet.

Conclusion

The investigation to date of the Vekol Valley Mining Property would indicate the presence of an economic accumulation of secondary precious metals. With the use of the above described leaching system it is here suggested that an on-site pilot plant be constructed for precious metal extraction; something in the order of 100 ton per day.

Respectively submitted,


Alvin C. Johnson, Jr., Ph.D.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

No. 481195

RECEIPT AND ACCOUNTING ADVICE

Subject: GENTING CLAIMS (8)

SMM/AZ OCT 28 83 0 12 1

Applicant: ALVIN C. JOHNSON, ET AL
1702 E. WEBER DRIVE
SUITE B
TEMPE, AZ 85281

Remitter:

A. JOHNSON
SAME

Assignor:

SERIAL NUMBER
AMC 208001 THRU 208098

GAMMA # 1 THRU # 8

REFER TO THE ABOVE CASE SERIAL NUMBER IN ALL
CORRESPONDENCE.

PLEASE INFORM THIS OFFICE OF ANY CHANGE IN ADDRESS

NOTE: This notice is a receipt for monies paid the United States. If these monies are for required fees in connection with your application to lease, purchase, enter, or otherwise acquire an interest in public lands or resources, this receipt is not an authorization to utilize the land applied for and it does not convey any right, title, or interest in the land for which application is made.

RECEIPT

**Estimation of feasibility planning and
costs for a 1000 ton per day mining and
recovery operation on the Vekol Valley
Mineral deposit, Maricopa County, Arizona**

**DON C. LADEROUTE
Superintendent of Mines and Mills**

D.C. LADEROUTE
5530 North 17th Avenue, C-12
Phoenix, Arizona 85015

November 16, 1983

Gentlemen:

Re: Vekol Valley Placer Mine

I have done some blasting on the property and I agree with Dr. Alvin Johnson on the tonnage at 14 million tons. Using Dr. Johnson's figures at .02 in gold and 10 oz. silver per ton minimum, as the numerous tests indicate, and Dr. Johnson's recovery methods indicates, this property will yield perhaps 1 billion dollars plus, based at \$10.00 per oz. of silver.

Therefore I strongly recommend a 1000 ton per day operation:

1000 ton x \$100.00 per ton	10,000 oz. per day
x \$10.00 per oz.	\$ 100,000 per day .
6 days per week	\$ 600,000 per week
x 24 working days per month	\$ 2, 400,000 per month

This mill will consist of five Pachuka tanks (53 ton capacity each) to be constructed by:

Cashion Tank & Steel Co., 12505 West Buckey Road
Cashion, Arizona 85329
(602) 932-3380

to be preceded by a 2,000 ton per day double deck Shaker screening plant designed and sold by:

Mercanta USA, Inc., 3401 East Illini Street
Phoenix, Arizona 85040
(602) 268-0293 or 0294
Mr. A. Omar Ph.D., D.M.A.

The material will be in detention for 60 minutes and then will be transferred by gravity into a large double compartment settling pond with a filter at each center end to allow pregnant solution to drain into a sump, later to be recycled into a series of activated "coconut shell" carbon "16 mesh" and on to barren basin, where the solution will be treated by new chemical and Ph brought to desired level and will be recycled continuously on new batches.

5 tanks = 50 batch per day
= 1,000 ton per day
(A day consists of two 10-hour shifts)

The two pregnant solution tanks will consist of 16,000 gallon swimming pools made of strong fiber and are chemical resistant. The chemical to be used will be mild and will create no environmental problems.

The water will be pumped out of a well to be sunk near the operation and will run to a large reservoir by gravity.

The location of this mine is at 1,900⁰ altitude and allows for a year-round operation and is only 4 miles from Interstate 8.

Mining and Milling Costs are as follows:

(5) Pachuka batch and detention units - \$18,000 each with activating gears and motor included - U.S. Dollars -	90,000.00
(1) 150 KW Generator "used" caterpillar - Dealer - Phoenix, AZ	25,000.00
(2) 966-C, 4 yards front end loaders (1) unit - 3 ripper teeth Cat Dealer, Phoenix, AZ Preferred buys	100,000.00
(1) 1000 ton Capp crushing and pulverizing unit fully Hydraulic Mercanta USA Inc.	209,100.00
(1) Screening plant with grizzly	50,000.00
(1) 500 ton primary ore bin	8,000.00
(1) 70' side moving conveyer	40,000.00
(1) building or house trailer	12,000.00
(1) Double compartment settling pond	20,000.00
(2) Pregnant solution tanks with pumps	20,000.00
(2) Barren solution tanks with pumps	20,000.00
(1) Diesel tank and supply	60,000.00
Elect and mill right and engineering	30,000.00
Carbon Absorption plant with stripper	20,000.00
(1) Large furnace	20,000.00
(3) Pumps	1,800.00
(1) 6" x 600' deep well and pond	40,000.00
Installing cost with labor and material and concrete	17,000.00
Labor costs "work force"	200,000.00
Chemical Costs	30,000.00
Lab - complete	20,000.00
	\$ 1,052,100.00
	U.S. Dollars

ARIZONA DEPARTMENT OF MINERAL RESOURCES
Mineral Building, Fairgrounds
Phoenix, Arizona

gk

1. Information from: Mr. Jack E. Lake (and mine visit with Mr. Dick Beard)
Address: Meridian Development Corp., 19000 MacArthur Blvd., #1195, Irvine, CA 92715
Phone (714)752-0344
2. Mine: WHITE HILLS (AKA: Plata Blanca) 3. No. of Claims - Patented _____
(Maricopa Co.) Unpatented 328
4. Location: SW of I-8 & State 84 intersection in Vekol Valley (Antelope Peak 7 1/2 Quad.)
5. Sec. 26 Tp. 7S Range 1E 6. Mining District _____
7. Owner: Mr. Dale Runyon, Uranco Energy, Inc.
8. Address: 528 Fondulac Dr., East Peoria, IL 61611; phone (309) 699-8725
9. Operating Co.: Meridian Development Corp.
10. Address: Same as above
11. President: _____ 12. Gen. Mgr.: _____
13. Principal Metals: Gold, silver & PGM 14. No. Employed: _____
15. Mill, Type & Capacity: None
16. Present Operations: (a) Down (b) Assessment work (c) Exploration
(d) Production (e) Rate _____ tpd.
17. New Work Planned: Promoting development of property.

18. Misc. Notes: Property reportedly consists of several square miles of association placers in the Vekol Valley. In south half of Sec.26, in a cleared area, there is an L-shaped, backhoe trench about 15 feet deep. This trench has been dug in typical, poorly sorted alluvial gravels. According to Mr. Lake, a large channel sample was taken from one side of this trench and analyzed; a report of this analysis is given in a letter, dated March 3, 1986, from Dr. Alvin C. Johnson (see attached).

I helped cut another channel sample which was taken to Dr. Johnson's lab for preparation for assay. A description of this preparation follows: Dr. Johnson hand-scooped portions of the sample from the plastic sample bag and

Date: August 5, 1986

Michael N. Greeley
(Signature) (Field Engineer)

measured 120 grams. Some pebbles were discarded during the measuring process. No attempt was made to include fine material that had settled to the bottom of the bag and no attempt was made to blend and split the original sample.

An iron mortar was washed and dried and 10 grams of a coarsely crystalline, white powder was put into the bottom. Dr. Johnson said this substance is proprietary and he has applied for a patent on it. He did say that it is an acidic, organic chelating agent that is designed to adsorb precious and platinum-group metals, particularly from clays.

The 120-gram sample was added to the proprietary powder and tap water added. Effervescence occurred. Dr. Johnson reported that the effervescence was due to the dissolution of carbonate in the sample. The mixture was ground with a pestle for a few minutes and then diluted to 1000 ml with tap water.

This mixture of solids and solution was kept on a magnetic stirrer for about one hour while all of us went to lunch. When we returned to the lab, the mixture was transferred to a large filter that emptied into a large flask connected to a vacuum pump. (Some solids were not transferred to the filter.) The filtrate, a pale yellowish-green fluid, was eventually delivered to J. B. Laboratory for analysis. The analysis (see attached) was reportedly done on a DCP (Direct Current Plasma) instrument. *Filtrate was sample # 2699.*

I took the untreated portion of the original sample to Mountain States Research & Development, a registered assay lab in Tucson. The entire sample (v-1) was prepared for assay. Gold and silver were analyzed by fire assay. For platinum, a fire assay button was dissolved and this solution was analyzed with an ICP (Inductively Coupled Plasma) instrument (see attached certificate of analysis).

Mike

Richard R. Beard's suggested addition to report by Mike Greeley on White Hills mine dated August 5, 1986

PH

Dr. Johnson said that the same process would be followed in a production plant as was followed in assaying. After first screening the bank run material to remove the boulders the finer material would be fed to a ball mill (iron mortar) where the chelating agent (white powder) would be added. It would then go to agitation tanks (magnetic stirrer) and then to a filter (filter flask) to produce a clear solution.

When asked how the precious metals would be reclaimed from the solution in the production plant, Dr. Johnson took a portion of the solution and added what he said was ~~calcium carbonate~~ ^{sodium sulfide} to it. A black precipitate resulted which he said contained the precious metals. Dr. Johnson said that this precipitate would have to be shipped to Europe for final refining because the technology employed by the domestic refiners is not advanced enough to refine this material.



ALVIN C. JOHNSON, JR., PH.D.
EXPLORATION GEOCHEMIST
1707 EAST WEBER DRIVE, SUITE 8
TEMPE, ARIZONA 85281

3/3/86

Mr. Jack Lake
Meridian Development Corporation
18832 N. 32nd Ave.
Phoenix, Arizona 85027

RE: Summary of Vekol Valley Project, Maricopa County, Arizona

During the past three years extensive exploration and development work has been conducted on this property. This work has been expended mainly in defining analytical procedures for assaying the precious metals contained in this deposit and also in testing various recovery techniques that might be used at this location.

In general, this ore deposit may be categorized as an alluvial precious metal deposit with the values being contained in (1) the clay fraction and (2) in the gravity, or black sand, concentrates. Approximately one-half of the precious metal values are contained in the clay fraction and the remaining is contained in the gravity concentrates. Based on analytical data to date the following is an approximate average of the precious metal content of the head ore from the Vekol Valley Project:

<u>Element</u>	<u>Troy oz/ton</u>
Ag	4.0
Au	0.5
Pd	0.1
Pt	0.3
Ir	1.8
Os	2.0
Rh	0.4
Ru	1.5

The above analyses are from numerous high temperature emission spectrographic and DCP analyses from AST Laboratories in Scottsdale, Arizona and from J.B. Laboratory in Phoenix, Arizona. At present market values the above ore typically is worth in excess of \$1500

gross per head ore ton. Specific recovery methods have been developed for processing both the gravity concentrates and the clay concentrate from this ore body. Either both or either of these recovery methods may be used.

It is recommended that the construction of a 100 to 200 ton per day pilot be initiated at the earliest convenience. This plant should be designed in such a manner that the daily production can be increased to between 500 and 1000 tons per day when conditions permit.

Respectively submitted

Alvin Johnson, Jr.
Alvin C. Johnson, Jr. Ph.D.

J.T. Ross, Limited

August 7, 1986

Mr. Mike Greeley
4510 East Glenn
Tucson, AZ 85712

Dear Mike:

Enclosed please find the lab report regarding the samples from the Meridian site.

A certified copy of this report will be in my hands by Monday, August 11th. I will be happy to forward it to you if you desire to have it for your records.

I found the day to be both interesting and enlightening. It's not often a city boy like me gets out to an area like Maricopa.

Anyway, it was a pleasure to have met you and Dick. Warren said that he will be doing some testing of his own before he commits himself; That's fine with me as I have the utmost confidence in this program and the people involved. I am looking forward to speaking with you soon.

Sincerely,



James T. Colarusso, Jr.
President

JTC/rd
encl.



J. B. LABORATORY

Re: Don Jordan(?)

Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

PROJECT MERIDIAN DEVELOPMENT CO. PP

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
2699	8/6/6	JACK LAKE Chelate (as is)					

ELEMENT	PPM	OZ PER TON HD ORE	OZ PER TON CON	OZ PER TON DOR'E	VALUES
Au	.24				
Os	.63				
Pt	1.46				
Ag	19.5				
Pd	.47				
Ir	4.95				
Ru	6.0				
Rh	1.37				

COMMENTS

INVOICE CHARGES \$180.00

Please note: This report is prepared for and distribution is limited to the party specified above. J.B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.



J. B. LABORATORY

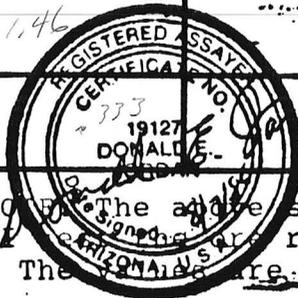
Specialists In Precious Metal Recovery

2702 S. 45TH ST. PHOENIX, AZ 85034 (602) 966-8103

PROJECT MERIDIAN DEVELOPMENT CORP. PP

SAMPLE #	DATE	PROCESS TO RUN	WT TO USE	CON WT	DOR'E WT	DRILL WT	VOL ML
2699	8/6/6	CHELATE SOLUTION					

ELEMENT	PPM	OZ PER TON HD ORE	OZ PER TON CON	OZ PER TON DOR'E	VALUES
Au	.24	.058			
Os	.63	.153			
Pt	1.46	.355			
Ag	19.5	4.74			
Pd	.47	.114			
Ir	4.95	1.20			
Ru	6.0	1.46			
Rh	1.37				



COMMENTS PLEASE NOTE: The above sample was not prepared by me, nor did I sign it. I was only the solution was presented. The values are reported in PPM only.

Please note: This report is prepared for and distribution is limited to the party specified above. J.B. Laboratory reserving the authorization right for publication of this report pending our written approval. This is for the protection of our clients, ourselves, and the public.

$$\frac{1000 \text{ ml}}{120 \text{ gm}} \times .02917 \frac{\text{oz/ton}}{\text{ppm}} = .243 \frac{\text{oz/ton}}{\text{ppm}}$$

White Hills
Maricopa Co.

MS
K
gfk
OK

October 24, 1986

VEKOL VALLEY PROJECT
Maricopa County, Arizona

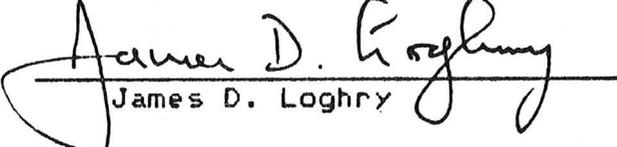
Salesman Joe Vicks, with an "independent marketing group" in New York City, called to acquaint me with this remarkable Arizona mining investment being promoted out of Scottsdale, Arizona. He purports to believe in the situation, was surprized at my rather vehement skepticism. He said he would send me a prospectus.

Vekol Valley placer deposit, 2600 acres, with 20,000,000 tons of alluvium, \$1500.00 per ton gross value in 8 precious metals, 1/2 in the clay fraction, 1/2 in the black sands: 0.5 opt Au; 4 opt Ag; 0.3 opt Pt; 0.1 opt ruthenium; 1.8 opt iridium; 2 opt osmium; 0.4 opt rhodium; and 1.5 opt? Assays were done by AST Labs, Phoenix and JB Labs, Tempe; one or some of them "confirmed by a State Assay." The metals will be recovered by conventional placer methods and a proprietary cyanide process.

The report was prepared by Dr. Alvin C. Johnson, Jr., PhD and exploration geochemist of Tempe, Arizona. Recent articles by him in the California Mining Journal and the July, 1986 North American Gold Mining News are mentioned.

Promoting this property are Jack Lake and Jack Lake, Sr., Meridian Development Company of Irvine, California. They are attempting to raise \$3,000,000 to construct a 100-200 tpd pilot plant and eventually look to 500-1,000 tpd production. The lucky investor is offered a share in the metals in the deposit, priced at a discount.

This scheme is not endorsed by the undersigned.


James D. Loghry

ARIZONA DEPT. OF MINES & MINERAL RESOURCES
STATE OFFICE BUILDING
416 W. CONGRESS, ROOM 161
TUCSON, ARIZONA 85701

Paper currencies have come and gone, but the intrinsic quality of gold remains as a real value. Gresham's Law states that "bad money drives out good."

This economic law stems from the fact that money has a value both as money and as a commodity in the open market. The former value is set arbitrarily by law and is relatively fixed; the latter is determined by supply and demand and varies from time to time. "Good money" has a higher value as a commodity than as money and will disappear from circulation. Gold is "good money."

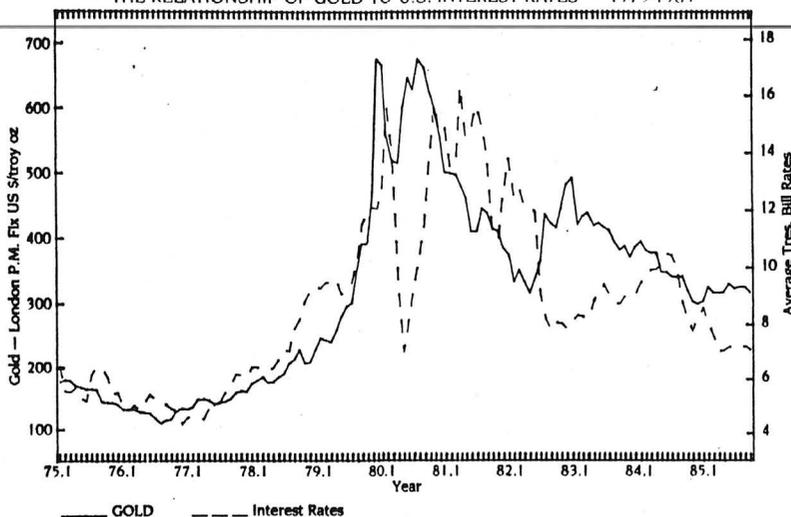
In addition to its permanency, the importance of gold as an inflationary hedge is accentuated by the fact that through the centuries its value usually increased in direct proportion to accompanying inflationary trends. That is, as the purchasing power of an alternative currency declines, the value of gold contrasting that currency increases. Actually, gold moves nowhere. Central Banks do not like gold as a medium of exchange. They can't inflate it. They wish it were not available to the public. It is **uncontrolled** wealth. Yet the banks hoard it and use it as their best measure for final settlement of trade balances. Real value is forever. Gold is real value. It is the standard for currency the world over. Gold is money. Interest rates change, banks fail, inflation runs rampant, but gold is there...the one sure thing in an uncertain world monetary system. It has well passed the test of time as a perfect investment. It is liquid and secure.

It may be said that if all the gold in the world were packaged and sent to the moon, our lifestyle would not be seriously altered. Nonetheless, it is with us, and if held in any amount it is symbolic of graded power. Wise people scrupulously acquire and maintain part of their wealth in gold. We see, that as fear causes shifts in some populations, gold is included in the possessions of those who are displaced. This is a millenium old obsession.

THERE HAS ALWAYS BEEN A GOLD RUSH—OLD AND NEW. We are just more sophisticated now to know and enjoy its anointing characteristics. **BUY IT, KEEP IT!**

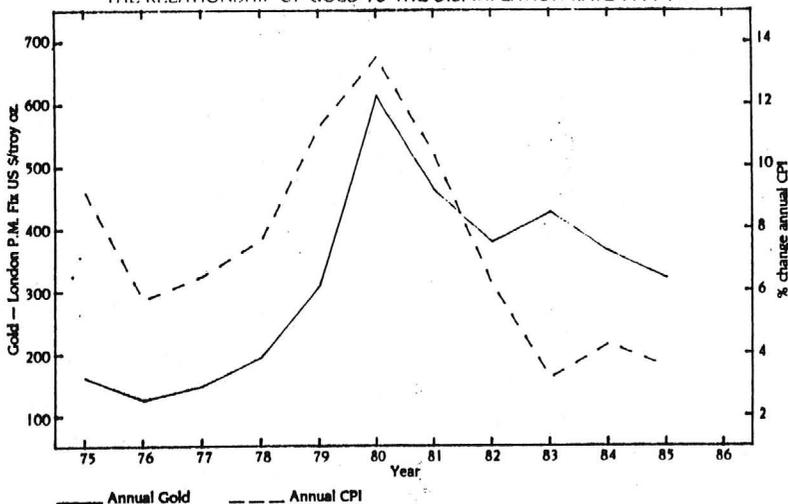


THE RELATIONSHIP OF GOLD TO U.S. INTEREST RATES 1975-1985



The top right chart depicts that low interest rates tend to encourage the purchase of gold. This is because dollar dominated investments aren't as attractive to investors because of the low rate of return. Lower rates also make it more economically feasible for large buyers of gold to finance their acquisitions.

THE RELATIONSHIP OF GOLD TO THE U.S. INFLATION RATE 1975-1985



The bottom, right chart shows that the price of gold is directly proportional to the rate of inflation. As inflation increases so does the price of gold. However, gold prices tend to lag approximately six months behind inflation because it takes several months of increased consumer prices to be officially recognized as inflationary. Therefore the gold market does not react immediately.

International Gold Corporation Consumer Investment Division



amazingly consistent and is not typical of placer type accumulation.

Several hundred thousand dollars have been spent over the past three years on exploration, claiming, staking, filing, research and development of this precious metals deposit. All of the necessary physical requirements for production are available and Dr. Johnson has recommended the best extraction process which will allow for a significant economic recovery. Dr. Johnson has achieved technological breakthroughs, enabling the recovery of not only gold and silver, but platinum group metals heretofore unrecoverable in commercial quantities. Meridian Development Corporation has designed the one hundred ton per day plant in such a manner that daily production can be expanded to five hundred tons with eventual plans for expansion to one thousand tons per day.

The unusually high concentrates of platinum group metals has enabled Meridian Development Corporation to shift its primary recovery efforts from gold and silver toward these industrial metals. Metals such as platinum and palladium may be familiar to most of us, but other platinates such as iridium, osmium, rhodium and ruthenium are, at best, vague memories of long forgotten chemistry classes in our past. However, the industrial demand and aggregate value of these metals is far greater than that of gold and silver. This is not to say that The Corporation does not intend to recover gold and silver. On the contrary, Dr. Johnson has carefully designed our recovery system to obtain the maximum amount of all metals previously mentioned. With this recovery process it would be accurate to say that gold is actually a by-product, as most of the recovered silver is lost in the smelting of the platinum group metals. This leaves gold as the only truly marketable metal from an investors standpoint because it is not only an industrial metal, but historically considered a monetary metal and therefore easily priced and tradeable worldwide.

While it is true that some of the platinates such as platinum and palladium are traded on world markets, the remaining aforementioned platinum group metals are more scarce and therefore they are not traded on internationally recognized exchanges, but through a network of merchants who act as brokers between the miners and smelters. The prices of these metals are affected almost entirely by supply and demand as there are few outside influences on these markets such as institutional or public market speculation.





STATE OF ARIZONA
DEPARTMENT OF MINES AND MINERAL RESOURCES

August 19, 1986

Mr. James T. Colarusso, Jr.
President
J.T. Ross, Ltd.
128 West 26th St.
New York, NY 10001

Dear Jim,

Thank you for your letter and the lab report concerning the sample collected at the Vekol Valley (Meridian) site.

I submitted the unused portion of the sample treated by Dr. Johnson to Mountain States Research and Development, a registered assay laboratory in Tucson. The certificate of analysis is enclosed. You will note that neither gold nor platinum was detected.

For the analysis of platinum, the fire-assay button was dissolved and the solution was analyzed using an ICP (Inductively Coupled Plasma) instrument. The reading reported, i.e., less than 0.001 oz/t, is approximately equivalent to less than 0.03 ppm. To summarize, the analysis shows that if platinum is in the sample, the amount is very low and is below 0.001 oz/ton. The assayer did not attempt to identify the element below the 0.001 detection level.

I have also enclosed our Circular No. 11, Mining Scams, that I urge you to read. It discusses a number of important criteria that any potential investor in a mining enterprise should check thoroughly before committing significant funds. Additional pieces of literature are included.

I appreciate very much your help in arranging our visit to the Vekol Valley site and to Dr. Johnson's lab. Dick Beard and I enjoyed meeting you, Jack Lake, and the others.

Our duty is to aid in the development of Arizona's mineral resources. If I can be of further assistance to you, please do not hesitate to contact me.

Sincerely yours,

Mike Greeley
Michael N. Greeley
Field Engineer

MNG:FD
Encls.

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

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



STATE OF ARIZONA

DEPARTMENT OF MINES AND MINERAL RESOURCES

August 20, 1986

Mr. Jack E. Lake
Meridian Development Corporation
19000 MacArthur Blvd., Suite 1195
Irvine, CA 92715

Dear Jack;

With reference to the Vekol Valley (Meridian) site visited on August 5, I submitted the unused portion of the sample treated by Dr. Johnson to Mountain States Research and Development. Mountain States R & D is a registered assay laboratory in Tucson. The certificate of analysis is enclosed. You will note that neither gold nor platinum was detected.

For the analysis of platinum, the fire-assay button was dissolved and the solution was analyzed using an ICP (Inductively Coupled Plasma) instrument. The reading reported, i.e., less than 0.001 oz/t, is approximately equivalent to less than 0.03 ppm. To summarize, the analysis shows that if platinum is in the sample, the amount is very low and is below 0.001 oz/ton. The assayer did not attempt to identify the element below the 0.001 detection level.

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Sincerely yours,

Michael N. Greeley
Field Engineer

MNG:fd

Encls.

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

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

Full report to fr

Phoenix International Mining Corp
P.O. Box 1167
Perris, CA 92533

At the request of Wm T. Marston of
314 822-2254 Marston Inc
catch mon - wed at mines in Ind. (12) 659-3941
St. Louis, Mo

Report to Phoenix to be on

Properties

3M14

PW58

BR34

P75

BQ10

VM 20

Tn 2E

VV 27

CR 3

obtain specimens from Marston

Other properties Report to Uranco Energy
short summary of the methods of dust
sampling, the location by Sect & R#
the site

JOSEPH E. SHEARER
CONSULTING GEOLOGIST
6821 EAST BAKER STREET
TUCSON, ARIZONA 85710-2228
(602) 296-8837

September 3, 1986

Uranco Energy Inc.
P.O. Box 1167
Peoria, Illinois 61653

Attn: Mr. Dale L. Runyon

Dear Mr. Runyon:

Find enclosed the two (2) reports that you requested. I have been waiting for instructions from William T. Marston in regard to the report to him. I contacted him on the 20th of August, and he told me he would be sending instruction to me on the following Friday, August 22, 1986. Yesterday I called his office and left a message as he was not in. The instructions were not in today's mail nor has he called me back.

Having waited this long, I am sending out the reports as written. The original copies of the reports are enclosed to you and a copy of the Marston Report will be sent to the Marstons.

Enclosed with this letter and Reports is my billing for the work completed to date, and three (3) papers from the State of Arizona, Department of Mineral Resources which you may find useful. The papers are titled: Assayers and Assay Offices in Arizona, Platinum in Arizona and Mining Scams.

Sincerely Yours

Joseph E. Shearer

DRILLING PROGRAM REPORT
ON THE
URANCO ENERGY, INC.
ASSOCIATED PLACER PROPERTIES
LA PAZ AND MARICOPA COUNTIES, ARIZONA

BY

Joseph E. Shearer
Registered Geologist
#10843



August 28, 1986

Tucson, Arizona

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DRILLING PROGRAM REPORT ON THE URANCO ENERGY, INC.
ASSOCIATED PLACER PROPERTIES, LA PAZ AND MARICOPA
COUNTIES, ARIZONA

Locations

The two locations covered in this report and indicated on the Location Map, have been named by the claim owners as the Black Rock/Coyote Peak area and the Vekol Valley area.

Three drilling patterns were drilled in the Black Rock/Coyote Peak area, one in each of the three following Sections:
Black Rock, Section 35; T. 3 N., R. 13 W., G&SRB&M
Black Rock, Section 2; T. 2 N., R. 13 W., G&SRB&M
Coyote Peak, Unsurveyed Section 10; T. 2 N., R. 13 W., G&SRB&M, All in La Paz County, Arizona.

Two drilling patterns were drilled in the Vekol Valley area in Sections 22 and 23; T. 8 S., R. 1 E., G&SRB&M, Maricopa County, Arizona (see Plates in back of report).

Both sites lie within the Basin and Range Province of Southwest Arizona. The Black Rock/Coyote Peak site is located on the western flank of the Eagletail Mountains out in the aluvial basin which is part of the Ranegras Plain. The Vekol Valley site is located to the west of Table Top Mountains in the Vekol Valley approximately 10 miles south of I-8 from the Vekol Road exit.

Both sites are covered by basin fill that is recent to pleistocene in age, of which the source areas are the surrounding ranges. This basin fill is comprised of unconsolidated gravel, sand and silt.

DRILL HOLE PATTERNS

The Drill Hole Patterns were laid out at the direction of Mr. Dale L. Runyon of Uranco Energy, Inc. The drill sites were flagged in the field and located on the ground by compass and pacing. Some of the drill patterns that were laid out in advance were later changed in order to cut down on the number of total hole sites to be drilled.

The drill patterns on each of the five section in this report were to have a total of twelve (12) drill holes, but two (2) holes were drilled on flagged sites by mistake in Section 23 in the Vekol Valley (see PLATE V). This makes a total of sixty-two holes drilled and sampled for purposes of this report. The drill hole locations and patterns are plotted on PLATES I-V in the back of the report.

DRILLING AND SAMPLING PROCEDURES

The drilling was completed by Heber Mining & Exploration Co. using a Mobile Drill Model B 56 with an auger. This drill was mounted on a Dodge four-wheel-drive truck. The total depth of each hole was fifteen (15) feet.

As the material was brought to the surface by the auger, the drill helper shoveled the material into five (5) gallon plastic buckets. When a bucket was filled or when a hole was completed, I picked up the buckets. A sample tag was placed in each bucket, and the sample identification was written on the outside of each bucket, a plastic lid was placed on each bucket and the buckets containing the sample material was placed in my pickup truck. Upon completion of drilling out a pattern or when my truck became loaded, the samples were transferred to a rented truck driven by Mr. Dale L. Runyon of Uranco Energy, Inc.

Upon leaving the Black Rock/Coyote Peak area, the rental truck was loaded with samples from this site, and other sites not covered in this report. At the request of Mr. Runyon, I followed him to North of Phoenix, to the Denny's Restaurant at I-17 and West Bell Road, where a Mr. Gregory F. Iseman took possession of the samples by placing a padlock on the back door of the truck. Hereafter, Mr. Runyon along with helpers picked up the samples in the field and transported them to Phoenix.

SPECIFIC GRAVITIES AND VOLUMES OF MATERIALS

The five gallon buckets used to collect the samples measured .925 average feet in diameter, the bucket was tapered slightly so that the bottom diameter was less than the top diameter, and the bucket height is 1.15 feet. This calculates out to the buckets having a volume of 0.7728 cubic feet. A bucket of silt material was found to weigh 66 pounds, not including the weight of the bucket. The silt then weighs 85.4 pounds per cubic feet.

The gravel fraction would have an average specific gravity of 2.65 with an approximate 30% porosity, and would weigh 120 pounds per cubic foot.

The material drilled on the subject properties was a mixture of silt and gravel with a greater per cent silt by volume. It is my estimate that 1/5 or 20% of the samples from the subject properties are on the average composed of silt fraction. This then would give an approximate weight of 92.32 pounds per cubic foot of average sample material, and from which the following constants are derived:

0.04616 ton per cubic foot
1.24632 tons per cubic yard
2,010.7 tons per acre-foot

If all of the material were to be recovered from the auger drill holes using a 4.5 inch auger cutting head, and with the 15 feet depth, as in the case of these drill holes, a total of 1.6567 cubic feet of material would be removed. This amount of material if compacted to its original state prior to drilling, would fill 2.144 5-gallon buckets. This corresponds well with the samples that were taken where 2 1/4 buckets were needed for many of the samples. The average sample would weigh 152.95 pounds. The sixty-two (62) samples from the subject properties would total approximately 9,482 pounds of material.

Mr. Runyon has not requested nor have I given my assessment of the mineralization or geology of the drill sites in this report. Also, the selection of the parties to perform the assaying of the samples were chosen by Mr. Runyon. The drilling and sampling were completed during the time frame of August 13 through 19, 1986.

Respectfully submitted



Joseph E. Shearer
Registered Geologist # 10843
6821 East Baker Street
Tucson, Arizona 85710-2228

PLATE I

BLACK ROCK DRILL HOLE PATTERN

Section 35; T. 3 N., R. 13 W., G&SRB&M

La Paz County, Arizona

Starting Point of Grid: Southwest Corner of
Section 35.

Samples Marked: Area-Section-Grid (BR-35-2N,2E)

Scale: 1 inch = 200 feet

12N,2E

12N,6E

10N,2E

10N,6E

8N,2E

8N,6E

6N,2E

6N,6E

4N,2E

4N,6E

2N,2E

2N,6E

S 34 | S 35

S 3 | S 2



PLATE II

BLACK ROCK DRILL HOLE PATTERN

Section 2; T. 2 N., R. 13 W., G&SRB&M

La Paz County, Arizona

Starting Point of Grid: The Northwest Corner of Section 2.

Samples Marked: Area-Section-Grid (BR-2-2S,6E)

S 34 | S 35

S 3 | S 2

2S, 2E

2S, 6E

4S, 2E

4S, 6E

6S, 2E

6S, 6E

8S, 2E

8S, 6E

10S, 2E

10S, 6E

12S, 2E

12S, 6E



PLATE III

COYOTE PEAK DRILL HOLE PATTERN

Unsurveyed (Projected) Section 10; T. 2 N., R. 13 W.,
G&SRB&M, LaPaz County, Arizona

Starting Point of Grid: The intersection of a pipe-
line and a road which extends N 50 W through Section

Samples Marked: Area-Section-Grid (CP Sec.10 U2-R0)

Scale: 1 inch = 200 feet

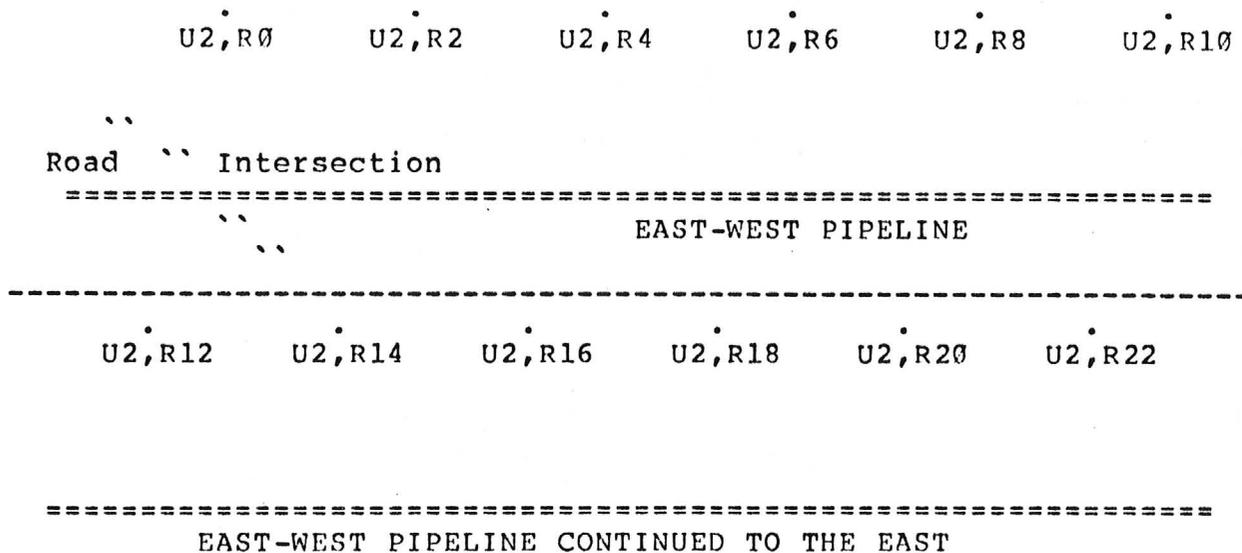


PLATE IV

VEKOL VALLEY DRILL HOLE PATTERN

Section 22; T. 8 S., R. 1 E., G&SRB&M

Maricopa County, Arizona

Starting Point of Grid: The Southeast Corner of
Section 22.

Samples Marked: Area-Section-Grid (VV Sec.22 2N-2W)

Scale: 1 inch = 200 feet

14N, 6W

14N, 2W

12N, 6W

12N, 2W

10N, 6W

10N, 2W

8N, 6W

8N, 2W

6N, 6W

6N, 2W

2N, 6W

2N, 2W



S 22 | S 23

S 27 | S 26

PLATE V

VEKOL VALLEY DRILL HOLE GRID

Section 23; T. 8 S., R. 1 E. G&SRB&M

Maricopa County, Arizona

Starting Point of Grid: The Southwest Corner of Section 23.

Samples Marked: Area-Section-Grid (VV Sec.23 2N-2E)

Scale: 1 inch = 200 feet

14N, 2E 14N, 6E

12N, 2E 12N, 4E 12N, 6E

10N, 2E 10N, 4E 10N, 6E

8N, 2E 8N, 6E

6N, 2E 6N, 6E

2N, 2E 2N, 6E



S 22 | S 23

S 7 | S 26

JOSEPH E. SHEARER
CONSULTING GEOLOGIST
6821 EAST BAKER STREET
TUCSON, ARIZONA 85710-2228
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September 4, 1986

Marston & Marston Inc.
1655 Des Peres Rd., Suite 155
St. Louis, MO 63131

Attn: Mr. William T. Marston, VP

Dear Mr. Marston:

Find enclosed my report on the Uranco Energy Inc. drilling program. It was understood from our telephone conversation that you would be sending me guidelines for preparing this report. Having not received the information after ten days, I am sending my report as written. Also, I have taken the liberty to enclose two articles supplied by the State of Arizona Department of Mines and Mineral Resources regarding (1) Assayers and Assay Offices in Arizona, and (2) Platinum in Arizona.

An original of this report was sent to Mr. Dale Runyon as requested by him.

Sincerely yours,

Joseph E. Shearer

Marston & Marston, Inc.

Suite 150, 1655 Des Peres Road
St. Louis, Missouri 63131
Telephone (314) 822-2254

TELEX: 706976
Cable Address: MARSTONSTL

September 16, 1986

Mr. Joseph E. Shearer
6821 East Baker St.
Tucson, AR 85710-2228

Dear Mr. Shearer:

Thanks for your report; you covered everything I included in my guidelines (incidentally, these were mailed on August 28, 1986 and evidently haven't been heard from since.

There are some typos and spelling errors which I would like to have corrected. I am attaching a marked-up copy.

You could correct them and mail a fresh copy or I could retype it and send it to you for your stamp and signature.

Please advise.

Yours truly,



W. T. Marston, P.E.
Vice President

