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REPLY TO:

2940 N. CASA TOMAS
PHOENIX, ARIZONA 85016
TELEPHONE (602) 277-6053

Richard E. Mieritz

MINING CONSULTANT

ARIZONA REGISTERED
MINING ENGINEER AND GEOLOGIST

GEOLOGY
EXPLORATION
EVALUATION
FEASIBILITY
OPERATION

January 16, 1986

Douglas Martin
D. K. Martin & Associates
4728 N. 21st Ave.
Phoenix, Arizona, 85015

Dear Mr. Martin:

At your verbal request and authorization on January 7, 1986, the writer, after a few days delay, visited the Antelope Creek Placer property, Yavapai County, Arizona on January 14th. The writer was accompanied on the property by Mr. Buz Brown, of your office, and Mr. Tom McKenzie, Superintendent of the operation. Mr. McKenzie provided much information about the situation and the concerned problem facing the project. Mr. Ginney Kurn, company Geologist, was also present and provided some information.

Although not physically productive sample-wise, the visit was justified to help understand and analyze the problem and suggest potential remedies toward a solution which could possibly make the project successful.

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The large production MILL was not in operation the day the writer's visit, thus, not productive sample-wise.

THE PROBLEM:

The above Reports mention 13 test pits in the gravel covering a Creek length of some 1600 feet which contains gold values, when averaged, have a content of 0.43 grams gold per cubic yard of "bank run" material or 1.72 grams gold for a cubic yard of screened minus 1½ inch size material. The report shows 428,700 cubic yards of bank run material as "proven". The writer must take exception to the word "proven". In his opinion, the 13 test pit samples merely indicate the presence of gold values in the gravel so tested at the specific locations.

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The Mill

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The writer asked of Mr. McKenzie whether the "stockpile" of minus 1½ inch material had been sampled and run through the pilot mill-- to which he replied-- yes, just recently. Twentyfour cubic yards were milled but the results are not yet available. It seems also that the "tails" from operating the large mill were sampled and they contained 0.002 grams per cubic yard.

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All things being equal, the writer is of the opinion--at this moment--that the minus 1½ inch material "stockpile" has little to no gold values. If the results of the one 24 cubic yard sample of the "stockpile" material just recently tested proves this opinion wrong, then other sources of the problem must be investigated.

RECOMMENDATIONS:

The primary source of problems for similar situations resolves to --LOW or NO gold values in the "Heads". This could be the case, at least, it is an avenue that must be checked out, therefor, the writer suggests and/or recommends the following be initiated and followed through to completion.

- (1) Keep the main plant shut down--except for testing 40 to 60 cubic yard samples--until an adequate "stockpile of "proven" gold content is available.
- (2) Take two more samples (7 to 10 cubic yards each) of the present stockpile and pilot mill test. Approximate volumes are okay.
- (3) In a good area of the Creek, have the Geologist supervise a trenching/sampling program across the creek drainage at 50 foot intervals for a 250 foot creek length. Where possible, the trenches should be continuous from bank to bank and to a depth of 5 feet and

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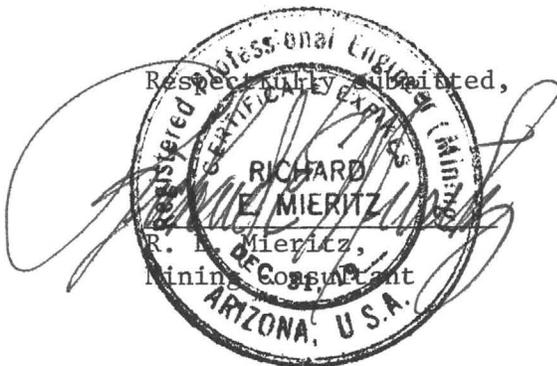
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CONCLUSIONS:

To solve the problem positively or negatively, some questions must be answered. The two important questions being -- gold content of material to be mined (initial test pit values are merely an inference) and second, will the present recovery mill collect the values so indicated in the tested material to be mined.

The outlined testing program suggested under Recommendations should provide adequate information--when analyzed--which would provide the basis and direction the project should take.

Hopefully, the results of the program are positive in nature and would lead to a successful operation.



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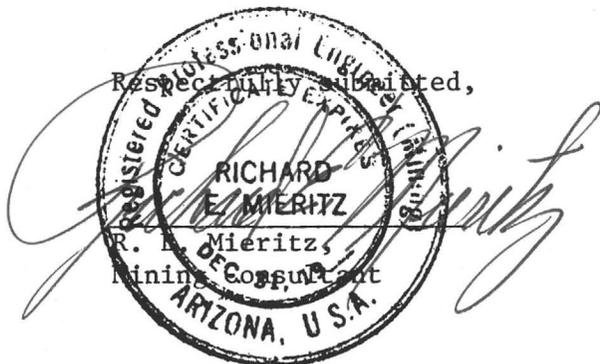
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January 20, 1986

Mr. Tom McKenzie, Project Manager
Antelope Creek Project
P. O. Box 943
Yarnell, Arizona, 85362

Dear Mr. Mckenzie:

Herewith the portion of the "head" sample one of the Mill operators took during the large plant mill test on Friday, January 17th. We used my wooden box of known capacity, 2.7 cubic feet. The box was "heaped" to allow for additional expansion. The sample was taken at the discharge of the hopper as it dropped onto the conveyor to the scrubber.

Eight full bread pas were taken at 10 minute intervals during the test. Eight pans were equal to approximately a $\frac{1}{4}$ of the box.

The writer field split the sample twice, the resulting sample being $\frac{1}{4}$ of the original sample. The material was damp. In Phoenix, the sample was weighed--70 pounds including fines, gravel, etc. (damp).

The sample then sun dried--weighed--67.5 pounds.

Moisture content \pm 3.6%--normal.

The sample was screened using a normal window screen, 8 apatures to the inch, (8 ? mesh).

The plus 8 mesh weighed dry--27.0 pounds.

The minus 8 mesh weighed dry--40.0 pounds.

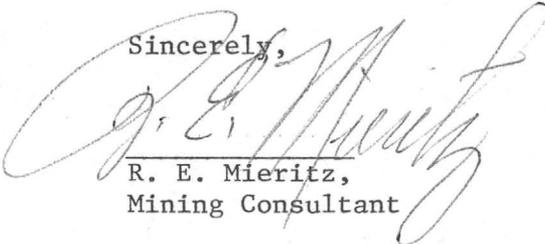
The percent fines--59.7%--percent +8 mesh--40.3%.

The fines were split, $\frac{1}{2}$ for Geologist Kuran, (20.0 pounds), $\frac{1}{2}$ to the writer, 19.5 pounds.

The writers fines were washed, dried and weighed. The sample lost 5.0 pounds, or a 25.64% clay content.

Splitting was completed by a Jones type and weighing completed using a "bathroom" scale, to the nearest pound--adequately accurate for the purpose.

Sincerely,


R. E. Mieritz,
Mining Consultant

copy to Doug Martin.

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ANTELOPE CREEK PLACER

Final Report

For

UNATA MINERAL CORPORATION

By

Michael R. Sheets

Certified Professional Geological Scientist

No. 4808

And

Milton W. Hood

Registered Professional Mining Engineer, Arizona

No. 6158



Michael R. Sheets
October 31, 1985

SUMMARY AND CONCLUSIONS

1. The proven ore reserve, identified by Unata Mineral Corporation's recent evaluation, is 428,702 cubic yards of bank run gravel. These are named 1) East Lower Bench; 2) West Lower Bench; and 3) Flood Plain.
2. The average value per cubic yard of bank run, in place gravel identified is .4344 grams per yard, at an estimated 950 fineness.
3. The value per yard is \$4.312 (@ 950 fineness), based on the price of gold at \$325.00 per ounce, 31.10 grams per ounce, and one gram worth \$10.45.
4. A probable ore reserve of 566,666 cubic yards exists from 20 to 40 feet beneath the Antelope Creek Flood Plain.
5. A possible ore reserve exists along the West Terrace, above the Antelope Creek Flood Plain.
6. Other lease areas will be evaluated in conjunction with processing the Antelope Creek gravel.
7. Should these leases prove more valuable, gravel from the leases will be blended with those from Antelope Creek.
8. Plant equipment has been acquired and a water supply has been obtained.
9. A 4 to 6 inch diameter water pipeline will have to be built to Antelope Creek from the Octave Mine (water source). The distance is about 2 miles.

10. Mining will commence at the southern portion of Antelope Creek and progress northward.

11. Mined gravel will be screened to minus 1.50 inches and will be placed in 25,000 cubic yard stockpiles for processing. A rejection rate of 75% is anticipated on plus 1.50 inch gravel.

12. The cost of the mining and screening is projected at \$1.50 per yard by Antelope Mining Services.

13. The screened gravel concentrated in the stockpile is estimated to have a value of \$11.25 per yard.

14. The estimated processing cost is \$3.00 per yard, leaving a gross profit of \$8.25 per yard (before taxes and royalty).

15. The required startup capital is \$300,000.

16. Based on a daily gross profit of \$3,300, a minimum of 90 operating days will be needed to repay project costs.

17. It is anticipated the value of gravel will increase by as much as 25% per yard as the mining progresses deeper into the auriferous gravel deposit.

RECOMMENDATIONS

It is hereby recommended that:

1. Antelope Mining Services start mining on the south end of the property where the gravel is wide and bedrock is shallow, then proceed northward into the deposit.

2. Start mining by December 1, 1985, if not sooner.

3. Unata Mineral Corporation use a portable processing plant that can be moved from stockpile to stockpile without interrupting the processing operations.
4. Assemble water and plant equipment onsite as soon as possible.
5. Manpower utilized at the plant should consist of those people currently working for Unata Mineral Corporation.
6. Followup mapping and surveying continue on the various exploration and development areas of Antelope Creek; and on Oro Fino and Little Oro Fino Gulches, and Yaqui Gulch where the other leases are located.
7. Acquire adequate financing to commence operations.
8. Continue to utilize Mr. Thomas McKenzie's talent and expertise to manage all properties identified.
9. Continue to utilize certified and/or registered mining consultants for professional services.
10. Continue to utilize Unata Mineral Corporation's pilot plant for exploration and development purposes.
11. Contract a general/metallurgical accountant familiar with royalty accounting methods to track area gravel inventories, and keep accurate ledgers on receivables and payables.
12. Further expand the land position as necessary.
13. Obtain all necessary permits required to commence production from the various state and federal agencies.

ANTELOPE CREEK FINAL REPORT

October 31, 1985

INTRODUCTION

The following report is based on the evaluation work completed to date on Antelope Creek by Unata Mineral Corporation. This summary highlights the important facets of the evaluation, especially the ore reserve and value of gravel the mine and plant will process. Also included is a cashflow (before taxes and royalty), and the minimum payback time with respect to net daily production.

Below is an account of the final report.

GRADE AND YARDAGE

An average grade of .4344 grams per cubic yard has been established upon the completion of 13 out of 16 backhoe test pits spotted in various locations along the course of Antelope Creek. The monetary value of .4344 grams is \$ 4.539 based on a gold price of \$325.00 per ounce, 31.10 grams per ounce, and a value of \$10.45 per gram.

The proven ore reserve consists of 428,702 cubic yards as of October 24, 1985. The proven yardage will not increase if the remaining three pits are run. The yardage value, however, may increase or decrease slightly.

Below is a breakdown of the ore reserve along Antelope Creek.

AREA	THICKNESS [FT]	RESERVES	CUBIC YARDS
East Bench	10 *	Proven	78,240
West Bench	10 *	Proven	67,129
Flood Plain	10 **	Proven	283,333
		Total:	428,702
Flood Plain	20 ***	Probable	566,666
West Terrace	20	Possible	250,000

* Surface to 10 feet in depth.

** Ten to 20 feet in depth, including areas of East and West Lower benches.

*** Twenty to 40 feet in depth, areas of the East and West Lower Bench as well as Flood Plain.

Further exploration is planned during the course of mining and processing, utilizing Unata Mineral Corporation's portable test plant. The areas consist of the flood plain and west terrace bench above Antelope Creek. In addition, other lease areas will be tested as time permits. Should the other lease areas, however, prove to contain higher placer values than Antelope Creek, the gravel from these areas will be blended with Antelope Creek gravel to raise the recovery values, And more importantly, decrease the time required to payoff the project costs.

CASHFLOW SYNOPSIS

Below is a simple synopsis of the monthly cashflow for Antelope Creek.

Proven Grade, Bank Run, Grams Per Yard:	.4344
Bank Run Value, Per Yard at 950 Fineness:	\$ 4.312
Proven Reserve, Yards of Bank Run Gravel:	428,702
Yards of Minus 1.5 Inch Plant Material:	107,175.5
Ore to Waste Ratio: (See Explanation Below)	1:4
Stockpile Upgrade Factor, (See Explanation Below)	4
Value of Stockpiled Material, Per Yard:	\$ 17.250
Cost of Mine Production, \$1.50 / yard X 4:	\$6.000
Value of Gravel Processed, Per Yard:	\$11.250
Cost of Plant Operation, Per Yard:	\$3.000
Operating Profit, Before Royalty, Per Yard:	\$8.250
Value of Plant Material*:	\$ 884,197.88

* Before Taxes and Royalty

Explanation:

Gravel will be screened to 25% minus 1.50 inches. The screened undersize will be stockpiled into 25,000 cubic yard piles and fed into the recovery plant. The recovery plant will be moved from one pile to the next as a means of holding down ore transportation costs.

Antelope Mining Services will mine 100,000 yards every 60 days, or have at least one stockpile completed ahead of the plant, so that the plant will have continuous feed.

Therefore: Per Yard Basis,

Proven Grade: Inplace	.4344 grams / yard
Inplace value at 950 Fineness:	
	$\$ 4.539 \times .950 = \$4.312 \times 4 = \$17.25 / \text{Yard}$
Cost to mine:	$(\$1.500 / \text{yard} \times 4 = \$6.000)$
Inplace value - Cost to mine:	$\$4.312 - \$1.500 = \$2.812$
Screen value at 95% Recovery:	
	$\$3.039 \times .950 = \$2.812 \times 4 = \$ 11.25$

[Upgrade value (4X) stockpile: \$ 11.25 / yard]

Cost to operate plant:	$(\$3.000 / \text{yard}$	3.000)
Gross profit before taxes and royalty / yard		8.250

Per Day Basis, 400 Yard Plant Capacity

Starting at the stockpile;

Value of Production:	$\$11.250 / \text{yard} \times 400 = \$4,500.00$
Operating Cost:	$\$3.00 / \text{yard} \times 400 = \$1,200.00$
Gross profit per day:	$\$4,500.00 - \$1,200.00 = \$3,300.00$
Royalty @ 10% Gross:	\$450.00
Net Profit after Royalty:	$\$3,300.00 - \$450.00 = \$2,850.00$
Payback:	$\$300,000.00 / \$2,850.00 = 105 \text{ Operating Days}$

Per Month Basis, 20 Days, 8,000 Yards

Starting at the stockpile:

Stockpile value:	\$11.25 / yard
Monthly gross:	\$90,000.00 / 8,000 yards
Monthly operations cost:	(24,000.00) / 8,000 yards
Gross profit:	\$66,000.00 before taxes & royalty.
Royalty @ 10% gross:	\$ 9,000.00
Net profit after Royalty:	\$57,000.00

The life of the proven reserves, based on 400 yards per day production is: 267.938 days

or

13.396 operating months

or

8.913 calendar months

The cost of financing the Antelope Creek operation is \$ 300,000. The minimum payback time is calculated as being 105 days based on a pre tax daily operating profit of \$2,850.00 including royalty.

Before mining starts, a mining block of 100,000 cubic yards will be laid out along the lower portion of Antelope Creek. Unata Mineral Corporation will set up the portable operation within 200 feet of the first stockpile.

DISCLAIMER STATEMENT

1. I, Michael R. Sheets, was born in the State of California, and hold citizenship in the UNITED STATES OF AMERICA.
2. I have earned a Bachelor of Science degree from West Texas State University; Canyon, Texas, in 1969.
3. I am a Certified Professional Geological Scientist under the bylaws of the American Institute of Professional Geologists, whose head office is located at:
7828 Vance Drive, Suite 103
Arvada, Colorado 80003, U.S.A.
4. Furthermore, I do not own nor anticipate owning any Unata Mineral Corporation common stock, preferred stock, or trading issues; and in addition, I have no other financial interest or obligations in the Antelope Creek Placer property under control of Unata Mineral Corporation.
5. My role in the exploration and development of the Antelope Creek Placer property has been solely on a geological consulting basis.
6. I am knowledgeable in the mechanics of gold placer deposition in the Antelope Creek area, and I have not let Unata Mineral Corporation influence my judgement in the exploration and development of the property.

This DISCLAIMER STATEMENT is dated and signed by

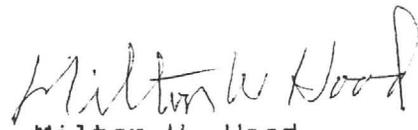
Michael R. Sheets
October 31, 1985
Michael R. Sheets

C.P.G.S. No. 4808

DISCLAIMER STATEMENT

1. I, Milton W. Hood, was born in the State of Kentucky, and hold citizenship in the UNITED STATES OF AMERICA.
2. I have earned a Bachelor of Science degree from the University of Arizona; Tucson, Arizona in 1953; and a Masters of Business Administration from the University of Arizona; Tucson, Arizona in 1972.
3. I am a Registered Professional Mining Engineer in the State of Arizona, whose official stamp bears No. 6158.
4. Furthermore, I do not own nor anticipate owning any common stock, preferred stock, or trading issues in the Unata Mineral Corporation. In addition I have no other financial interest or obligations in the Antelope Creek Placer property under the control of the Unata Mineral Corporation.
5. My role in the exploration and development of the Antelope Creek Placer property has been solely on a consulting basis involving mining engineering and geology.
6. I am knowledgeable in the mechanics of placer gold deposition in the Antelope Creek area, and have not let the Unata Mineral Corporation influence my judgement in the exploration and development of the property.

This DISCLAIMER STATEMENT is dated and signed by


Milton W. Hood
10/2/85

Arizona Professional Registration No. 6158

Abstract

SUMMARY REPORT

ANTELOPE CREEK PLACER PROJECT

For

Thomas McKenzie

Unata Mineral Corporation

Vancouver, British Columbia

By

Michael R. Sheets

C.P.G.S. No. 4808

September 1985

Michael R. Sheets
9/30/85
#4808

ANTELOPE CREEK PLACER

September 22 to October 10, 1985

The summary report for the above period pertains to the continued efforts of Mr. Thomas McKenzie to evaluate the Antelope Creek Placer, located in Yavapai County, Arizona. The information presented is in addition to the database text written for the period from September 8 to 22, 1985. Below are the results of the most recent cycle.

Exploration and evaluation continued on the lower bench, along the eastside of the Antelope Creek channel. Pits 4 through 8 were completed. The results of gold recovery from the various pits are given below.

PIT NO.	CUBIC YARDS	GRAMS GOLD RECOVERED	AVERAGE/YARD
1	11	5.05	.459 Grams
2	14	5.10	.364 Grams
3	14	3.95	.282 Grams
4	11	3.05	.277 Grams
5	(DEAD HOLE....NO GOLD RECOVERY)		
6*	9	5.00	.555 Grams
7*	9	5.00	.555 Grams
8	11	4.90	.445 Grams
Totals	79	32.05	.405 Grams

* Pits 6 & 7 were inadvertantly run at the sametime due to an equipment failure at the plant. Consequently both were processed together, and the results split.

The gold was cleaned and weighed by Mr. McKenzie.

The above pits may be referenced for location on the accompanying ANTELOPE CREEK PLACER MAP, attached to this report.

To date, 146,963 cubic yards of auriferous gravels on the lower bench have been identified. Refer to ANTELOPE CREEK PLACER MAP, attached, for the location. The depth of the gravels in the proven category is 20 feet. Below is an area breakdown.

<u>AREA</u>	<u>DEPTH</u>	<u>AREA (FT²)</u>	<u>VOLUME (FT³)</u>	<u>YARDAGE</u>
Lower Bench	8'	143,200	1,145,600	42,430
Creek Channel*	12'	235,200	2,822,400	104,533
Totals			3,968,000	146,963

The U.S. dollar value of the ore reserve yardage, so far identified, is \$ 4.46. This figure was arrived by the following procedure.

$$32.05 \times \$11.00 = \$352.55 \text{ (U.S.)}$$

$$\$ 352.55 / 79 = \$ 4.46 \text{ (Per Yard)}$$

Where: 32.05 = total grams recovered

\$11.00 = value of one gram of gold

\$352.55 = value of gold recovered

79 = yards processed

Gold based on \$ 325.00 per ounce (U.S.).

The percentage of coarse gold in each yard is approximately 88%, while the remaining 12% is contained in the black sands. This was realized from the amalgamation of black sands at the Iron King Assay Office.

The probable ore reserve consists of gravels from 20 to 40 feet beneath the lower bench surface on both sides of the creek, and from Pit 1 to Pit 8. It is estimated the value to be in the \$ 4.50 per yard range based on partially sampled gravel from Pits 2, 3, and 8, and from gravel sampled from the surface to 20 feet. The reserve contained from 20 to 40 feet is in excess of 225,000 cubic yards.

Based on the work being carried out, and from field observation, stripping of the lower bench will not be necessary, except for the vegetation. Various past operators have covered the bench with auriferous gravels from Antelope Creek without knowing it.

The evaluation work is progressing to the south and west of Pit 8, and will focus on bench gravels on the west side of Antelope Creek. Mapping (by Brunton and 100 & 300 foot tape) of the various new pits along the creek, as well as the potential auriferous gravels will continue. The map attached will be enlarged as new information is gained at the end of each 10 day cycle. The next visit is scheduled for October 19 - 20, 1985.

This summary is respectfully submitted.

Michael R. Smith
10/16/85

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I. INTRODUCTION

As a part of the continuing program of the Unata Mineral Corporation of appraisal of potential precious metal placer producing districts, the Antelope District, Yavapai County, Arizona is being tested and geologically evaluated at the present time. The evaluation being conducted consists of a "pilot plant" scale washing plant capable of processing minus 4 inch auriferous placer gravel from backhoe pits dug at random in the lower bench gravels along Antelope Creek.

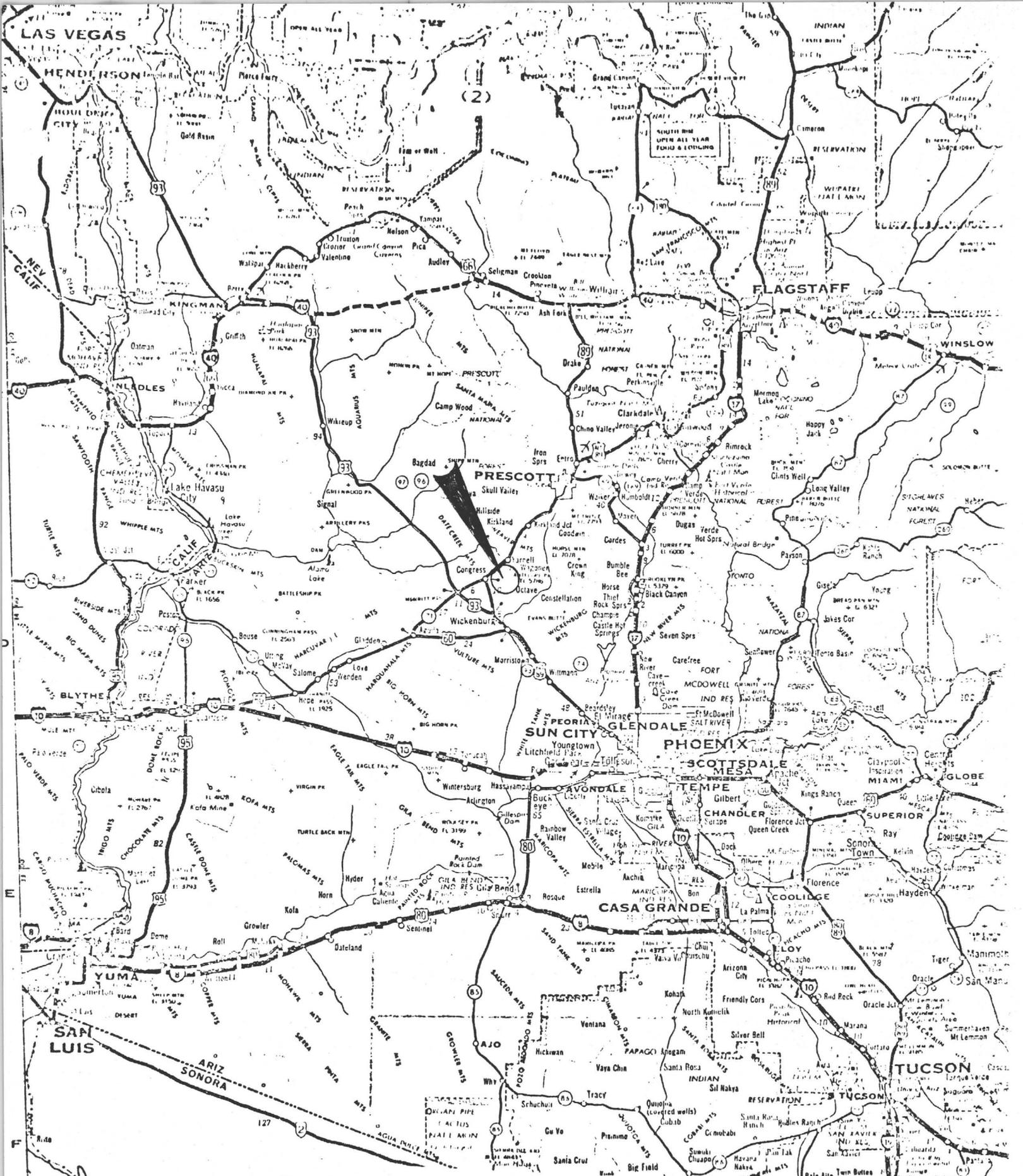
Preliminary field engineering is being done concurrent to the washing segment. This will establish a geometrically defined portion of the gravels which could produce placer gold after the evaluation phase is completed.

To document the work being completed, an array of color photographs are included.

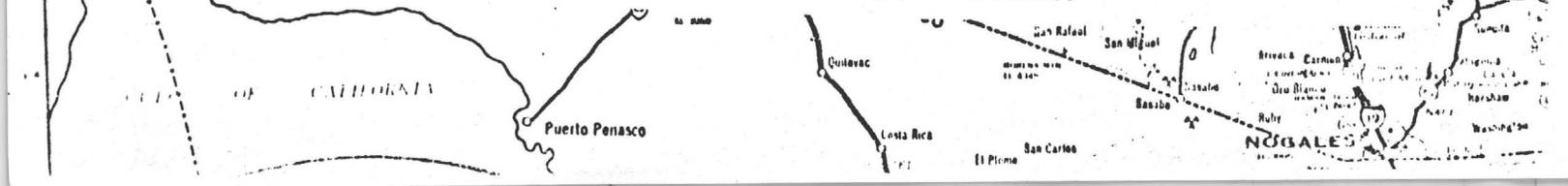
The foregoing report will address the progress of the evaluation from its inception to September 22, 1985.

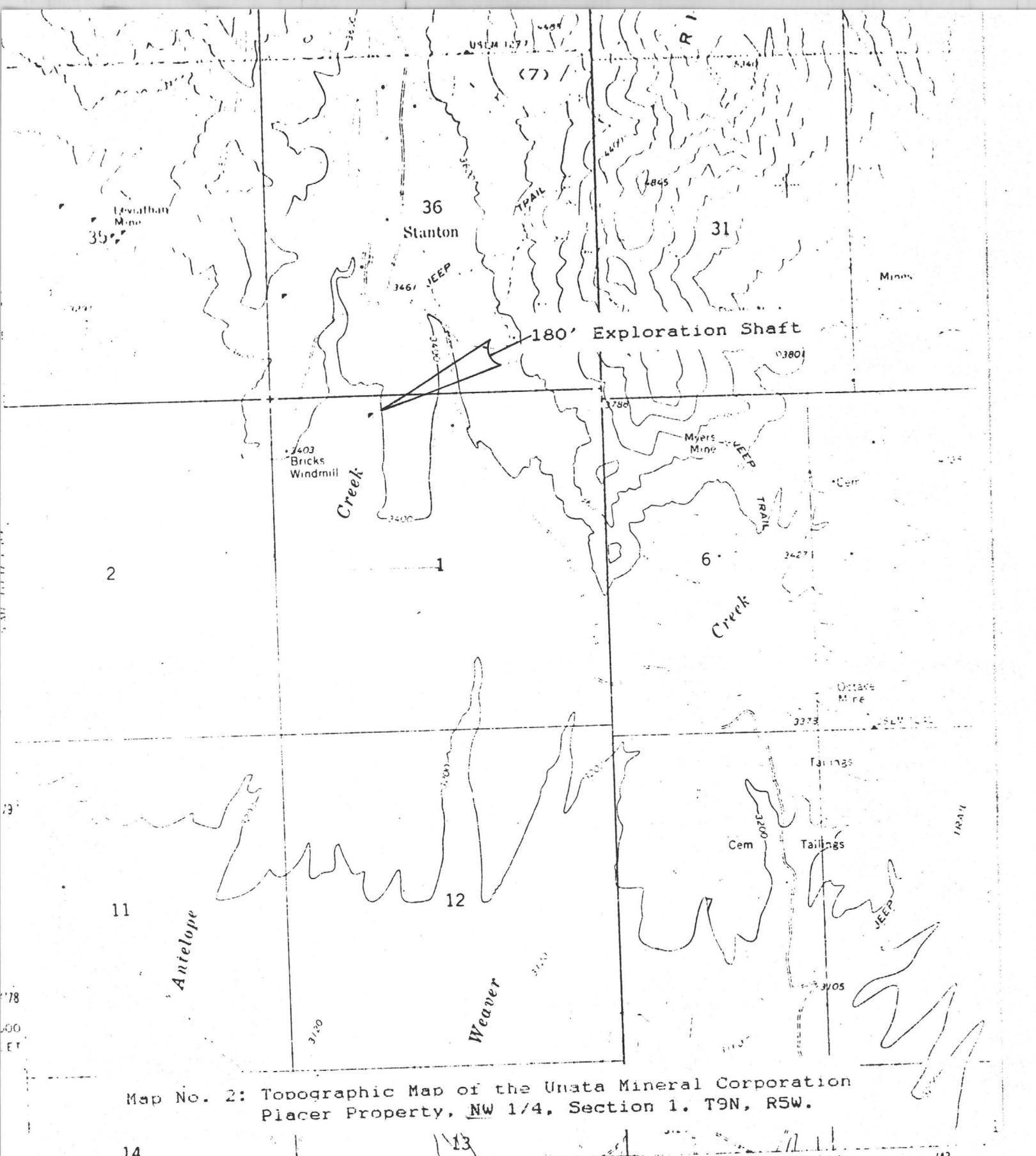
II. LOCATION AND TOPOGRAPHY

The location of the Antelope Placer is just south of the old town of Stanton, Arizona. The placer is found along both sides of Antelope Creek (refer to Map No. 1, page 2; and Photographs Nos. 1, 2, and 3, pages 3, 4, and 5).



Map No. 1: Location Map of the Antelope Creek Placer;
Yavapai County, Arizona.





Map No. 2: Topographic Map of the Unata Mineral Corporation Placer Property, NW 1/4, Section 1. T9N, R5W.

14 113 39 40 41 R 5 W R 4 W 42 42' 30" 43

Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Topography by photogrammetric methods from aerial photographs taken 1968. Field checked 1969

Polyconic projection 1927 North American datum

10,000 foot grid based on Arizona coordinate system, central zone

1000 meter Universal Transverse Mercator grid ticks,

shown in blue



a 30 inch Knelson Bowl. The fines are again washed by a 12 inch "Knelson Bowl" whereby the heavy minerals are concentrated. Concentrate clean up is done by panning and amalgamation with mercury at the Iron King Assay Office located in Humboldt, Arizona. There are two gold products, one consists of coarse gold flakes, while the second is an amalgamated gold bead. Both products are weighed together, and represent the value from each pit. Refer to Photographs 4, 5, 6, 7, and 8; pages 9, 10, 11, 12, and 13.

The goal of the evaluation is to identify at least 1,000,000 cubic yards of auriferous placer gravels on the easily accessible lower bench of Antelope Creek. The minimum value of the gravel should average about \$6.00 per yard (U.S. dollars) in order for development and production to commence.

Mapping the location of the exploration pits within the land position is being conducted concurrently with the washing segment.

The geology exposed within the pits are also being mapped, with special emphasis being placed on identifying specific auriferous gravel and/or gravel-sand horizons.

At the end of the evaluation program, a volumetric calculation (cubic yardage) will be made based on the surface pit locations and depths. A mathematical average of the amount of gold contained within each cubic yard will then be ascertained.

For the duration of the evaluation, a bi-weekly progress report will be compiled from field examinations and submitted to Mr. Thomas McKenzie, Project Manager.

IV. GEOLOGY

The geology of the Antelope Placer area consists of Tertiary age, poorly sorted, stream gravels and boulders. The gravel and rock fragments have weathered from the nearby Weaver Mountains, of which the nearest outcrop is less than 1/2 mile to the east of the property. Refer to Photograph No. 9, page 15.

The rocks consist of Precambrian schists, felsic to intermediate granites and granodiorites, and mafic diabase-basalt. The Tertiary is represented with felsic to mafic intrusive and extrusive volcanic rocks. Paleozoic and Mesozoic rocks are absent from the alluvial gravels.

The Precambrian rocks host auriferous quartz lode veins, of which many have been very productive in the Weaver Mountains. The most notable deposits are the Octave and Alvarado Mines

The alluvial gravels can be divided into two groups. The lower most group, where the evaluation is taking place, partly rests on schist bedrock, is poorly sorted, contains less caliche, more clay altered mafic sediments and felsic sands, and appears to be more productive. Refer to Photograph No. 3, page 5; and Photograph No. 10, page 17. The upper bench gravels are well sorted and stratified, contain abundant caliche, more weather resistant, and are thought to contain a lower volume of productive auriferous placer sediments. The contact between the two groups is gradational as observed from the currently known outcrops.

As the evaluation continues, geologic mapping will identify the non-productive from the productive gravels and sediments.

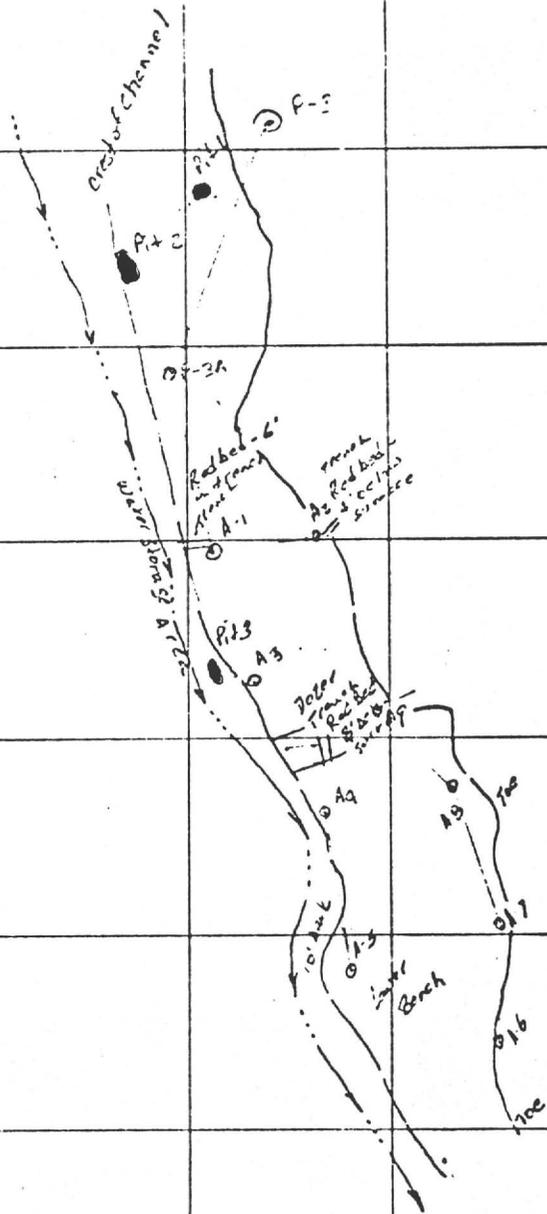
V. STRUCTURE

The structure of the placer deposit is unique in that a pronounced schist bedrock structure is exposed in the bottom of Antelope Creek and within the land position. In addition, a pronounced down dropped auriferous gravel block outcrops along the schist. From the outcrop appearance, it is suspected the gravels have filled a deep placer gold trap. Refer to Photograph No. 10, page 17. The depth of the trap is not currently known, nor has it been explored or produced from.

Antelope Creek has developed along a broad, pronounced, diabase zone which was faulted and rotated into its present attitude. Most importantly, the mineralized segment of the auriferous Precambrian rocks have been weathered, eroded, and transported down Antelope Creek and deposited as alluvial material.

Within the productive evaluation area of the land position, auriferous mafic and felsic sands and soils form much of the interstitial material between the poorly sorted gravels and boulders. Refer to Photograph Nos. 11, 12, and 13; pages 19, 20, and 21.

Map No. 3: Antelope Creek Placer showing general outline of the lower productive bench currently being evaluated. Point "P-3" is tied to the 1/4 corner of Sections 1 and 36. Pits 1, 2, and 3 are shown in red. Scale 1"=200 feet.



VII. ORE RESERVES

The lower bench includes that area from the west bank to the base of the upper bench on the eastside of Antelope Creek. (Map No. 3, page 25). East of the evaluation area, the lower bench sediments disappear beneath the upper bench sorted gravels.

Based on field observation and mapping, the lower bench evaluation area is defined as an area about 3.28 acres in size.

Based on the 20 foot reach of the backhoe being used in the evaluation, 20 vertical feet of auriferous gravels are cut and excavated from each pit. In each case, bedrock was not encountered nor reached. Since no prior deep exploration has taken place in this area, the depth to bedrock has not been determined.

It must be noted here, in the 1930's, old timers sunk an exploration shaft on the property (Map No. 2, page 7) in hopes of finding bedrock. The shaft went down 180 feet and was bottomed in gravels. The stratigraphic gravel column, however, is unavailable. The average value per cubic yard, it

is reported, ran about \$.50 (U.S.). This would equate to about .0385 ounces of gold per yard or .0241 ounces per ton with gold valued at \$20.67 per ounce. Based on today's gold price of \$320.00 per ounce, the value per cubic yard would be \$ 12.32 (U.S.), or \$ 7.71 (U.S.) per ton.

As the evaluation progresses, more definitive economic information will become available and will be presented.

VIII. WATER AND POWER AVAILABILITY

Water, as stated earlier, will either have to be developed from existing sources, or brought in from new wells. To utilize Antelope Creek, former operators built a water catchment basin along the creek (Photograph No. 16, page 28). The basin is designed to store about 20,000 gallons of surface runoff water from the Weaver Mountains.

Power, will have to be either generated or brought in from Stanton, a distance of 1/3 of a mile north of the property.

REPLY TO:

2940 N. CASA TOMAS
PHOENIX, ARIZONA 85016
TELEPHONE (602) 277-6053

Richard E. Mieritz

MINING CONSULTANT

ARIZONA REGISTERED
MINING ENGINEER AND GEOLOGIST

GEOLOGY
EXPLORATION
EVALUATION
FEASIBILITY
OPERATION

January 20, 1986

Mr. Tom McKenzie, Project Manager
Antelope Creek Project
P. O. Box 943
Yarnell, Arizona, 85362

Dear Mr. Mckenzie:

Herewith the portion of the "head" sample one of the Mill operators took during the large plant mill test on Friday, January 17th. We used my wooden box of known capacity, 2.7 cubic feet. The box was "heaped" to allow for additional expansion. The sample was taken at the discharge of the hopper as it dropped onto the conveyor to the scrubber.

Eight full bread pas were taken at 10 minute intervals during the test. Eight pans were equal to approximately a $\frac{1}{4}$ of the box.

The writer field split the sample twice, the resulting sample being $\frac{1}{4}$ of the original sample. The material was damp. In Phoenix, the sample was weighed--70 pounds including fines, gravel, etc. (damp).

The sample then sun dried--weighed--67.5 pounds.

Moisture content \pm 3.6%--normal.

The sample was screened using a normal window screen, 8 apatures to the inch, (8 ? mesh).

The plus 8 mesh weighed dry--27.0 pounds.

The minus 8 mesh weighed dry--40.0 pounds.

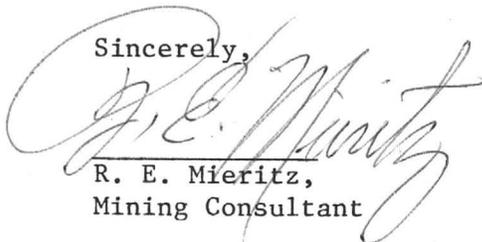
The percent fines--59.7%--percent +8 mesh--40.3%.

The fines were split, $\frac{1}{2}$ for Geologist Kuran, (20.0 pounds), $\frac{1}{2}$ to the writer, 19.5 pounds.

The writers fines were washed, dried and weighed. The sample lost 5.0 pounds, or a 25.64% clay content.

Splitting was completed by a Jones type and weighing completed using a "bathroom" scale, to the nearest pound--adequately accurate for the purpose.

Sincerely,



R. E. Mieritz,
Mining Consultant

copy to Doug Martin.

November 6, 1985.

Unata Mineral Corporation,
Box 943,
Yarnell, Az.
85362

Pirates Gold Corporation,
1220-800 West Pender Street,
Vancouver, B.C.
V6C 2V6

Dear Sirs:

Further to conversations between Jack Yannuzzi of S.R.B. Inc. and Tom McKenzie of Unata Mineral Corporation, of October 28, 1985, S.R.B. Inc. hereby tenders its bid for the processing of 25,000 yards of screened gravel at your site on Antelope Creek.

- (1) We will supply a plant capable of processing 400 yards daily of your screened material. A minimum of 10,000 yards of screened material will be processed each month.
- (2) We will supply all equipment and labour and save Pirates and Unata harmless from all liens, claims and other costs arising from this contract.
- (3) We will clean the gold and put it into a salable product on a daily basis, in the presence of a representative from one of your companies.

Pirates Gold and Unata Mineral Corp. will:

- (1) Supply water in sufficient quantities to enable us to process a minimum of 400 yards daily.
- (2) Stockpile screened material along Antelope Creek in sufficient quantities to supply us with a minimum of 400 yards daily.
- (3) Upon signing this contract pay into our account the sum of \$5,000.00 which will be credited to the processing contract on a basis of 1/6th for every 4,175 yards.
- (4) Be prepared to pay on the contract in increments of \$12,500.00 per 4,175 yards not more than ten days after being invoiced by us, less \$834.00 which is 1/6th of the initial \$5,000.00 deposit.
- (5) In the event that this operation does not show a profit it can be terminated by the forfeiture of the \$5,000.00 deposit plus \$3.00 per yard for material processed, minimum of 4,175 yards. This would compensate us for moving our equipment on and off your property.

S.R.B. INC.

Per: T. L. Blackburn, Pres.

CONSENTED AND AGREED TO:
UNATA MINERAL CORPORATION
Tom MacKenzie

Per: _____
PIRATES GOLD CORPORATION
Ed Mueller, President
Per: _____

DATE: Oct 28/85

PIRATES GOLD LTD.
1220-800, W. FENDER.
VAN. BC. CANADA. V6C 2V6.

Dear Sir:

In reference to your request to screen Bank Run Gravel in your pit situated at Antelope Creek, Stanton.

1. To screen approximately 100,000 cu yards \pm 2% of various sizes and stock pile at screening site, the following charges will apply:

a) Bank Run screened to 1 1/2" minus at \$1.50 per cubic yard.

b) Moving and set up charges of \$10,000.00 - will be refunded on completion of 100,000 yards \pm 2% screened and stock piled.

GENERAL CONDITIONS

Antelope Mine Services, Inc. will:

i) Complete all work in a workmanlike manner to standard practices.

ii) Confirm in advance with owners any rate or changes not described in this agreement.

iii) Screen a minimum of 2000 yards/day for a minimum of 20 days per month.

Owners Will:

i) Supply all lines, grades, drawings, permits and approvals for completion of works.

ii) Be responsible for any adverse effects caused by the creation of said works and drainage systems.

iii) Be responsible for payments of any taxes or royalties.

TERMS AND METHODS OF PAYMENT

- A) Progress shall be estimated and invoiced at the end of each month.
- b) Payment shall be within ten days of invoicing date.
- c) Gravel and sand by measured bank volume.

ANTELOPE MINE SERVICES Inc.

Don Fraser

Manager

PIRATES GOLD LTD.

James Ruk
Customer's Signature



3783

3782

3781

3779

10'

T. 10 N.

T. 9 N.

5 MI. TO U.S. 89

2

11



3783

3782

10'

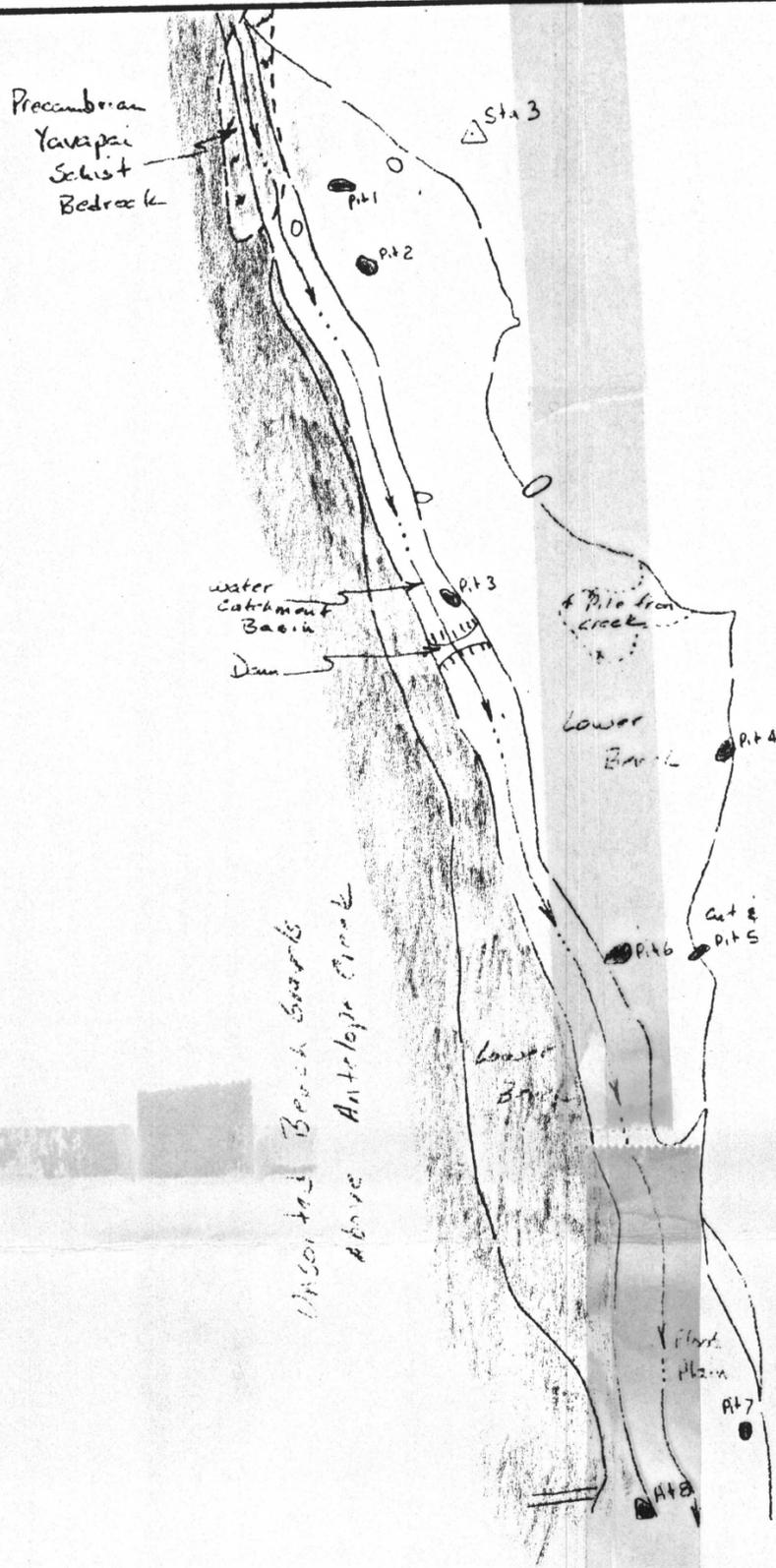
3781

T. 10 N.

T. 9 N.

5 MI. TO US 89

3779



Section 36
 NW 1/4 Cor
 Section 1

Summary Data

Pit #	Au (grams)
1	5.05
2	5.10
3	3.95
4	3.05
5	Barron
6	5.00
7	5.00
8	
9	
10	

Legend

- Auriferous Gravels
- Non-Auriferous Gravels
- Potential Gravel
- other Pits
- Pit 2 Unata test Pits
- Bedrock

- Gravel Pile

ANTELOPE CREEK PLACER

SCALE: 1" = 200'

APPROVED BY:

DRAWN BY: MLC
 REVISED

DATE: 10/10/85

Location Map of Exploration Pits & Pay Gravels

NW 1/4, Section 1; T. 10N; R. 5W.

DRAWING NUMBER