



CONTACT INFORMATION
Mining Records Curator
Arizona Geological Survey
3550 N. Central Ave, 2nd floor
Phoenix, AZ, 85012
602-771-1601
<http://www.azgs.az.gov>
inquiries@azgs.az.gov

The following file is part of the Grover Heinrichs Mining Collection

ACCESS STATEMENT

These digitized collections are accessible for purposes of education and research. We have indicated what we know about copyright and rights of privacy, publicity, or trademark. Due to the nature of archival collections, we are not always able to identify this information. We are eager to hear from any rights owners, so that we may obtain accurate information. Upon request, we will remove material from public view while we address a rights issue.

CONSTRAINTS STATEMENT

The Arizona Geological Survey does not claim to control all rights for all materials in its collection. These rights include, but are not limited to: copyright, privacy rights, and cultural protection rights. The User hereby assumes all responsibility for obtaining any rights to use the material in excess of "fair use."

The Survey makes no intellectual property claims to the products created by individual authors in the manuscript collections, except when the author deeded those rights to the Survey or when those authors were employed by the State of Arizona and created intellectual products as a function of their official duties. The Survey does maintain property rights to the physical and digital representations of the works.

QUALITY STATEMENT

The Arizona Geological Survey is not responsible for the accuracy of the records, information, or opinions that may be contained in the files. The Survey collects, catalogs, and archives data on mineral properties regardless of its views of the veracity or accuracy of those data.

White Mule Gold Properties Inc.



EXECUTIVE OFFICE
MATAWAN MALL
HIGHWAY 34
MATAWAN, NJ 07747
(201) 583-2510

August 26, 1983

Mr. Grover Heinrich
Suite 110-4
1802 W. Grant Road
Tucson, Arizona 85745

Dear Mr. Heinrich;

Mr. Tobia has requested me to send you the enclosed information on White Mule Gold Properties, Inc., and appoligizes for the delay in sending this material out to you.

White Mule closed its Public Offering in February, 1983, and received \$700,000.00 through this initial offering.

Mr. Tobia will be back in New Jersey on Wednesday, August 31. Please feel free to call him at this office any time after that date. Thank you for your interest in White Mule Gold Properties.

Very truly yours,

Linda Walsh
Secretary

LW/s

Enclosures



Berkshire Associates Inc.

P.O. Box 691
Matawan, NJ 07747
(201) 583-9686

News Release

For Immediate Release/

WHITE MULE GOLD PROPERTIES INC., ANNOUNCES
PRECIOUS METALS JOINT VENTURE

Matawan, N.J. April 11, 1983--White Mule Gold Properties, Inc. announced today the signing of a Joint Venture agreement with Metals International, an Arizona Joint Venture, to purchase silver and gold ore from a number of small Mexican and Arizona mines for processing in the U. S.

Victor Livingston, general manager of the newly formed Joint Venture, and a geological engineer explained, "Over the past several months, we contracted with several individual mining companys to provide up to 3,000 tons of high-grade silver and gold ore per month. We have already acquired 4,775 ozs. of silver or silver equivalant in various stages of being processed."

White Mule Gold Properties is taking full advantage of two current financial conditions--the speculative opportunities of gold and silver and the devaluation of the peso.

White Mule president Rudolph Laterza added, "This should produce a significant cash flow for the Company within three months, with the first returns sometime this month. We are encouraged by the strong demand for silver by industrial users, and are positioning ourselves to take advantage of this market."

White Mule Gold Properties, which completed its initial Public Offering February 17, 1983, owns and leases approximately 1800 acres of unpatented claims in Arizona which have been mined for gold and silver.

* * * * *

Note: White Mule Gold Properties, Inc. units, common shares and warrants are traded on the Over-the-Counter market.

Contact: Peter G. Tobia P.E.
(201) 583-2510

ALL SOLD
For Information Purposes Only

TABLE OF CONTENTS

	Page
Summary of Offering	3
The Company	3
The Offering	3
Use of Proceeds	3
Risk Factors	3
Selected Financial Data	3
Introductory Statement	4
Definitions	4
Risk Factors	6
Dilution	10
Offering Price in Relation to Book Value	11
Use of Proceeds	12
Uncommitted Funds	12
Acquisition Program	13
Capitalization	15
Dividends	15
Proposed Business	15
General Characteristics of Mining Properties	16
History and Business	18
Properties	18
Abandoned Properties	26
Governmental Regulation	26
Employees and Consultants	27
Offices and Facilities	27
Competition	27
Management	28
Principal Shareholders	29
Certain Transactions	30
Description of Securities	31
Units	31
Common Stock	31
Voting Rights	31
Dividend Rights	31
Liquidation Rights	31
Pre-emptive Rights	31
Common Stock Purchase Warrant—Unit Warrants	31
Transfer Agent and Warrant Agent	32
Reports to Securities Holders	32
Litigation	32
Federal Income Taxes	32
Unitholders, Stockholders and Warrantholders	32
Underwriting	33
Summary of Underwriting Agreement	33
Underwriter's Warrants	34
Legal Opinions	35
Additional Information	36
Index to Financial Statements	36
Financial Statements	36
Notes to Financial Statements	41

560,000 Units Common Stock



White Mule Gold Properties Inc.

(Each Unit Consisting of 10 Common Shares,
\$.001 Par Value and 10 Common Stock
Purchase Warrants)

**OFFERING
CIRCULAR**

Dated November 29, 1982

Cosentino & DeFelice, Inc.

ALL SOLD
For Information Purposes Only



Each Unit Consisting of Ten Common Shares, \$.001 Par Value and
Ten Common Stock Purchase Warrants

White Mule Gold Properties Inc.

Each Common Stock Purchase Warrant (the "Unit Warrant") entitles the holder to purchase one Common Share, \$.001 par value, at \$.35 per share commencing thirteen months from the date of this Offering Circular and expiring 36 months from said effective date. The Unit Warrant is immediately detachable and may be traded separately from the Common Shares. The Unit Warrants are callable by the Company, at any time after 13 months from the date of this Offering Circular, upon 30 days notice, for \$.01 per Unit Warrant. See "Description of Securities" and "Underwriting".

Pending the sale of 280,000 Units, all proceeds of the offering will be deposited in escrow with Chemical Bank, 20 Pine St., New York, N.Y. 10005 ("Escrow Agent").

Prior to this offering, there has been no public market for the Units, the Warrants or the Common Stock of the Company, and no assurance can be given that such a market will exist upon completion of this offering or that a significant trading market will develop after this offering. The public offering price has been determined by negotiations between the Company and the Underwriter, and bears no relationship to the Company's assets, earnings, book value or other generally accepted criteria of value. See "Risk Factors", "Underwriting" and "Dilution".

**THIS COMPANY IS STILL IN THE EXPLORATION STAGE AND HAS
NOT ENGAGED IN ANY OPERATIONS TO DATE**

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION.

THESE SECURITIES ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. THE PURCHASE THEREOF SHOULD BE CONSIDERED ONLY BY THOSE PERSONS WHO CAN AFFORD A LOSS OF THEIR ENTIRE INVESTMENT. SEE "RISK FACTORS."

	Initial Public Offering Price	Underwriting Discounts and Commissions(1)	Proceeds to the Company(2)
Per Unit	\$ 2.50	\$.25	\$ 2.25
Total Minimum	\$ 700,000	\$ 70,000	\$ 630,000
Total Maximum	\$1,400,000	\$140,000	\$1,260,000

(See notes on following page)

COSENTINO & DeFELICE, INC.

40 EXCHANGE PLACE
NEW YORK, N.Y. 10005
(212) 425-4768

The date of this Offering Circular is November 29, 1982

THIS OFFERING INVOLVES:

- (a) Special risks concerning the Company. See "Risk Factors."
 - (b) Immediate substantial dilution of the net tangible book value per share from the public offering price. See "Dilution."
 - (c) Significant additional underwriting compensation through the sale by the Company to the Underwriter of warrants to purchase Common Shares and Unit Warrants. See "Underwriting".
- (1) Not including a non-accountable expense allowance of \$28,000 (\$.10 per unit) if 280,000 Units are sold, and \$56,000 (\$.10 per unit) if all 560,000 Units are sold, payable to the Underwriter. Does not include options to purchase five year warrants (the "Underwriter's Warrants") to be sold to the Underwriter to purchase 56,000 Units, at \$3.75 per unit, a maximum of 56,000 Units, each consisting of 10 Common Shares (a total maximum of 560,000 Common Shares) and 10 Unit Warrants (exercisable to purchase 560,000 Common Shares at \$.35 per share). The Company has agreed to indemnify the Underwriter against certain civil liabilities, including liabilities under the Securities Act of 1933 as amended. See "Underwriting".
 - (2) Before deducting the Underwriter's maximum non-accountable expense allowance of \$56,000 (\$.10 per unit) if all 560,000 Units are sold, or \$28,000 (\$.10 per unit) if only the minimum is sold, and before deducting the expenses payable by the Company estimated at \$87,500 for filing, printing, legal, accounting and miscellaneous expenses.
 - (3) The Company has engaged the Underwriter to sell 560,000 Units to the public on a "best efforts 280,000 Units-or-none" basis. Pending the sale of 280,000 Units, all proceeds of the offering will be deposited in escrow with Chemical Bank, 20 Pine St., New York, N. Y. 10005 ("Escrow Agent"). Unless 280,000 Units are sold within a period of 90 days from the date of this Offering Circular (which period may be extended for an additional 30 days) all funds will be promptly returned to the subscribers by the Escrow Agent without deduction and without interest. (See "Underwriting").

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR. ANY INFORMATION OR REPRESENTATIONS NOT HEREIN CONTAINED, IF GIVEN OR MADE, MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITER. THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFERING OR SOLICITATION IN RESPECT TO THESE SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

THE DELIVERY OF THIS OFFERING CIRCULAR SHALL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF.

UNTIL FEBRUARY 27, 1983 (90 DAYS AFTER THE DATE OF THIS OFFERING CIRCULAR) ALL DEALERS EFFECTING TRANSACTIONS IN THE SECURITIES OFFERED HEREBY, WHETHER OR NOT PARTICIPATING IN THIS DISTRIBUTION, MAY BE REQUIRED TO DELIVER A CURRENT OFFERING CIRCULAR. THIS IS IN ADDITION TO THE OBLIGATIONS OF DEALERS TO DELIVER A CURRENT OFFERING CIRCULAR WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO THEIR UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

NOTES TO FINANCIAL STATEMENTS—(Continued)

Rudolph Laterza, President and Peter Tobia, Secretary-Treasurer, will each receive a salary of \$36,000 per annum starting March 1, 1982. Victor Livingston, Vice-President, will receive a salary of \$24,000 per year commencing upon the completion of this public offering.

7. Loss per Share:

For the purpose of computing the loss per share from October 21, 1980 (inception) to September 30, 1981, it was assumed that the shares of common stock were issued as of the inception date (13,480,000 shares). This assumption was based on the fact that substantially all of the shares had been subscribed for at the date of inception and that the treasury stock purchased on April 22, 1982, was outstanding for the period.

Loss per share for the period October 1, 1981 to August 31, 1982 was based on the assumption that the treasury stock purchased on April 22, 1982, was outstanding for the period. (14,200,000 shares)

8. Income Taxes:

The Company has not provided a tax benefit for the loss generated during the period from inception to August 31, 1982 since realization of such benefit is not assured. The net operating loss for the period from inception to August 31, 1982 can be carried forward to 1997.

With respect to mine exploration costs incurred during the period from inception to August 31, 1982, the Company can elect to capitalize, or deduct currently, such costs on its tax return. If the costs are capitalized, the cost will be expensed over the productive life of the mine, or deducted when and if a mine project is abandoned. As of August 31, 1982, management has not determined which of the alternatives will be the most beneficial to the Company.

9. Note payable and Treasury Stock:

On April 22, 1982, Robert Margulies, an officer and director of the Company, tendered his resignation. As a result of Mr. Margulies' resignation, the Company repurchased 1,500,000 shares of the 2,000,000 shares originally issued to him. The Company agreed to pay the sum of \$7,500, over twelve months, without interest. The repurchased shares have been placed in treasury for possible future reissuance after the public offering. The treasury stock transaction has been reflected retroactively in the financial statements.

10. Subsequent Event:

On September 17, 1982, the Company deposited the sum of \$15,000 which was received from the sale of 240,000 shares of Common Stock at a price of \$.0625 per share.

NOTES TO FINANCIAL STATEMENTS—(Continued)

The number of shares issued for services were valued at par, which in total, approximates the amount of compensation that would have been paid by the Company to these officers and promoters. The amount of compensation paid in the form of cash and stock during the period since inception was determined by management and approved by the Board of Directors.

4. Agreements for the Acquisition of Mining Claims:

On October 31, 1980, the Company acquired through a formal agreement with Stanley C. Pellow and Peter Incardona their rights and title to mining claims at six locations in the Black Canyon area of Yavapai County in Arizona. As consideration for the assignment of such mining claims, Messrs. Pellow and Incardona each received 600,000 shares from the Company at an assigned value of \$.01 per share. As part of the aforementioned agreement, the Company employed Messrs. Pellow and Incardona to manage mining operations at the mine sites. In July, 1981, Mr. Pellow resigned from the Company.

Two of the Company's mine sites, White Mule and Brooklyn, were obtained by assignment of mine claims (see Note 3). Under an assignment of mine claims, the Company maintains permanent claim to the mining rights until abandoned.

In July and August, 1981, the Company formally abandoned a portion of the mine sites in Arizona. As a result, costs that had been capitalized as mine claims and related mine exploration costs were charged to expense.

On August 8, 1981, the Company entered into an agreement with Mr. F. S. Pettyjohn whereby the Company obtained an option to purchase mining rights located at Honey Creek, Alaska. If the Company exercises this option, they will issue 250,000 shares of the Company's stock to Mr. Pettyjohn in consideration for such property and incur the cost of assessment work up to \$15,000. In addition, the Company has agreed to purchase a key man life insurance policy on the life of Mr. Pettyjohn.

5. Proposed Public Stock Offering:

The Company has engaged Cosentino & DeFelice, Inc. to conduct a public offering of the securities of the Company. The terms of the Underwriting Agreements, including Underwriter's compensation and warrants are described elsewhere in the Prospectus.

6. Commitments:

The Company leases the mining rights to the Glory Anna Mine. Royalty expenses related to such leases of mining rights amounted to \$14,875 during the period from inception (October 21, 1980) to August 31, 1982. Commitments under these lease agreements require monthly payments of the larger of a minimal royalty payment (of \$500 per month) subject to periodic escalation, or seven percent of net income from mine production. Such leases have no expiration date, are cancelable by the lessee at any time with 30-day notice, and are renegotiable if ore yields do not reach specified levels. The lessor may cancel the lease after 60 days only in the event of delinquency of royalty payments. The lessee is allowed 60 days in which to remove any equipment from the premises. However, in the event of cancellation, any costs incurred in improving the property by the lessee will be lost to the lessee upon repossession of the property. The minimal annual royalties are: \$11,700 for 1982 through 1984; \$12,450 for 1985; \$14,700 for 1986; \$15,450 for 1987; and \$17,700 for 1988 and beyond.

On September 23, 1981, the Company entered into a one-year lease to rent office space in Woodbridge, New Jersey. The annual rent of \$6,960 commenced November 1, 1981.

In April, 1981, the Company entered into a renewable one-year lease for office and warehouse space in Phoenix, Arizona. Annual rent of \$4,080 commenced April 15, 1981. The Company will also pay all real estate, maintenance and repairs, and utilities. The lease was renewed to April 14, 1983.

In 1981, the Company leased an automobile under a 36-month leasing agreement for a total lease amount of \$13,734.

SUMMARY OF OFFERING

The following is a summary of some of the pertinent information contained in this Offering Circular. This summary is qualified in its entirety by the detailed information appearing elsewhere in this Offering Circular. (See particularly "Risk Factors," "Dilution," "Capitalization" and "The Company".)

The Company

White Mule Gold Properties, Inc. (the "Company") was organized to explore, test, develop and mine gold properties owned and leased by the Company in Arizona. The Company does not claim that any of such properties contain proven commercial ore bodies, or if found, that it can be extracted at a profit.

The Offering

	<u>Minimum</u>	<u>Maximum</u>
Units being Offered	280,000	560,000
Common Shares Outstanding Prior to Offering—12,940,000(2)	—	—
Number of Shares to be Outstanding(1)	15,740,000	18,540,000
Net Proceeds to the Company	\$514,500	\$1,116,500
Percentage of Ownership(1):		
Present Shareholders	82.2%	69.8%
Public Investors	17.8%	30.2%

See "Underwriting" for a discussion of the Company's plan of distribution.

- (1) Excludes: (i) a minimum of 2,800,000 and a maximum of 5,600,000 Common Shares issuable upon exercise of the Unit Warrants, (ii) a minimum of 28,000 and a maximum of 56,000 Units issuable upon the exercise of the Underwriter's Warrants and a minimum of 280,000 and a maximum of 560,000 Common Shares issuable upon exercise of Unit Warrants, which also are issuable upon the exercise of the Underwriter's Warrants. (See "Underwriting".)
- (2) Shares outstanding at October 31, 1982 (See "Certain Transactions").

Use of Proceeds

The net proceeds of this offering will be used for the exploration on the Company's existing gold mining properties, principally the White Mule and Glory Anna mines, and for the purchase of mining machinery and equipment, road development and administrative expenses. See "Proposed Business" and "Use of Proceeds".

Risk Factors

The Units offered hereby involve risks and are subject to substantial dilution. See "Risk Factors" and "Dilution".

Selected Financial Data

<u>Operations Summary</u>	For the Period from Inception October 21, 1980, through September 30, 1981	For the Period October 1, 1981 through August 31, 1982
		None
Revenues	None	None
Net Loss	\$195,015	\$ 96,857
Loss per Common Share	\$.014	\$.007
<u>Financial Position</u>		
Current Assets	\$ 28,177	\$ 2,819
Current Liabilities	\$ 97,268	\$ 220,330
Working Capital (Deficit)	\$(69,091)	\$(217,511)
Total Assets	\$115,353	\$ 186,558
Long-Term Debt	None	None
Shareholders' Equity	\$ 18,085	\$ (33,772)

INTRODUCTORY STATEMENT

White Mule Gold Properties, Inc. (the "Company") leases properties in Arizona which have been previously mined for gold and, to a lesser extent, for silver. It intends to explore, test, develop and mine these properties on a commercial basis. To date, the Company has not engaged in any mining activities. The sole operations since inception have been limited to structuring the Company, raising capital, and securing mining properties.

The Company was organized as a Delaware Corporation on October 21, 1980 and maintains its principal administrative offices at 81 Woodbridge Terrace, Suite F, Woodbridge, New Jersey 07095. See "Proposed Business—Offices and Facilities". The Company's telephone number is (201) 636-7974.

DEFINITIONS

The following are definitions of certain of the technical terms used in this Prospectus:

Adit—A passage driven into a mine from the side of a hill.

Assay—To determine the proportion of metals in ores by smelting in an appropriate manner.

Assessment Work—The annual work upon an unpatented mining claim on the public domain necessary under the United States law for the maintenance of the possessory title thereto. \$100 of work must be done each year on each claim if the claim is to be held without patenting.

Ball mill—A mill which consists of a horizontal rotating drum in which ore is placed with steel or cast iron balls. The balls pulverize the ore.

Beneficiation—The processing of ore to improve its quality, purity or assay grade.

Carried interests—A participation in producing property whereby the operator is reimbursed his investment or cost before the recipient receives a percentage share of net income.

Claim—The portion of mining ground held under the Federal and local laws by one claimant by virtue of one location and record.

Claim, lode—That portion of a vein or lode, and of the adjoining surface, which has been acquired by compliance with law, both Federal and State. In the United States, the maximum length along the lode or vein is 1,500 feet, and the maximum width is 600 feet.

Claim, patented—A claim as to which title has been secured from the Government by compliance with the laws relating to such claim. No further assessment work need be done; however, taxes must be paid.

Claim, placer—A locateable mineral claim encompassing public lands which contains valuable minerals that do not occur in a vein or lode and usually located upon gravel or ground whose mineral content is extracted by the use of water. A placer claim is 1,320 feet square and contains twenty acres.

Claim, unpatented—Mining claims to which a deed from the United States Government has not been received; thus the claims are subject to annual assessment work in order to maintain ownership.

Commercial ore—Mineralized material currently profitable at prevailing metal prices.

Conformable—Successive beds or strata that lie one upon another in unbroken and parallel order where no disturbance has taken place at the locality while they were being deposited.

Deposit, placer—A mass of gravel, sand or similar material resulting from the crumbling and erosion of solid rocks and containing particles of gold, platinum, tin or other valuable minerals that have been derived from rocks or veins.

Development—The preparation for mining of a known commercially mineable deposit (i.e., one with proven and probable reserves).

NOTES TO FINANCIAL STATEMENTS

1. Organization:

White Mule Gold Properties, Inc. (the "Company") was incorporated in Delaware on October 21, 1980, for the purpose of exploring mining properties for production of gold.

The Company was originally incorporated with 10,000 shares of common stock authorized with a par value of \$.01 per share. On January 13, 1981, the Board of Directors approved a reduction in the par value to \$.005, and approved an increase in the number of shares authorized to 20,000,000. On July 17, 1981, the Board of Directors approved an increase in the number of shares authorized to 50,000,000, and on August 5, 1981, the Company's Certificate of Incorporation was further amended to reduce the par value of its common stock to \$.001.

The Company has not been operative to date and its activities consist primarily of organizational efforts, acquisition of mining claims and leases, pre-production preparation and geological testing of certain mining properties. It is anticipated that the Company's future mining exploration and activities will be financed from the proceeds of a public offering of the Company's common stock. Organization activities from inception (October 21, 1980) through February 28, 1981 consisted of approximately \$52,000 of expenditures of which approximately \$4,000 was capitalized and the remainder was charged to expense. During the same period the Company raised \$69,000 of capital in exchange for shares of common stock.

2. Summary of Significant Accounting Policies:

Organization costs (primarily professional fees relating to the formation of the Company) are capitalized and are being amortized over a five-year period.

Syndication costs (primarily professional fees relating to the public offering) are deferred and, if the proposed public offering is successful, such costs will be charged against paid-in capital. In the event that the public offering is not successful, such costs will be charged to expenses.

Mine exploration costs (primarily expenses relating to pre-production preparation of mines) are capitalized and will be amortized over the estimated productive lives of the related mining properties.

Furniture and fixtures are carried at cost. Furniture and fixtures with an acquisition cost less than \$500 are charged to expense when acquired. Expenditures that result in the enhancement of the assets involved are capitalized. Maintenance and repair costs are expensed when incurred.

Depreciation is computed on the straight-line method based upon the estimated useful lives of the respective assets. One half of the straight-line depreciation amount is charged to expense in the year the asset is acquired.

3. Capitalization:

As of August 31, 1982, 14,200,000 shares of common stock were issued to officers, directors, promoters and certain private investors. Officers, directors and promoters have received 11,400,000 shares; the remaining 2,800,000 shares were issued to private investors prior to August 31, 1982. The consideration for all of these shares has been received by the Company in the form of cash, services, property, mining rights or subscriptions as follows:

5,200,000	Shares issued to Peter Tobia and Rudolph Laterza, both officers and directors of the Company, for an amount of \$5,200 in cash and \$20,800 in services rendered to the Company at an aggregate price per share of \$.005.
5,000,000	Shares issued to six promoters of the Company (one of whom was an officer and director see Note 9) for an aggregate consideration of \$53,000 at prices ranging from \$.005 to \$.025 per share. Of this amount, \$43,400 has been received by the Company in cash and \$9,600 in the form of services rendered to the Company; the remaining \$400 has been recorded as a subscription receivable from one promoter for 400,000 shares.
1,200,000	Shares issued to promoters (one of whom is an employee of the Company) in exchange for their efforts in obtaining and assigning rights to mining claims to the Company (see Note 4). The assigned value of such rights has been recorded as an asset of the Company. The assigned value was determined by using the value of the stock issued to certain other investors at \$.01 per share.
<u>2,800,000</u>	Shares issued to private investors for an aggregate cash consideration of \$175,000, \$.0625 per share. As of August 31, 1982, all proceeds have been received.
14,200,000	Shares issued.
<u>(1,500,000)</u>	Shares repurchased from Robert Margulies (see Note 9).
<u>12,700,000</u>	Shares issued and outstanding.

WHITE MULE GOLD PROPERTIES, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION (Note 1)

(Unaudited)

	October 21, 1980 (Inception) to September 30, 1981	October 1, 1981 to August 31, 1982
Source of working capital:		
Cash proceeds from sale of common stock	\$178,200	\$ 45,000
Uses of working capital		
Loss	\$195,015	\$ 96,857
Less, Expenses not requiring an outlay of working capital:		
Contribution of services by officers and promoters	(30,400)	—
Abandonment of mining claims and related mine exploration costs	(16,984)	—
Depreciation	(242)	(286)
Working capital used in operations	\$147,389	\$ 96,571
Treasury stock	7,500	—
Furniture and fixtures	4,845	5,736
Mine exploration costs	43,557	1,193
Deferred organization and syndication costs	44,000	89,920
Total uses of working capital	<u>\$247,291</u>	<u>\$ 193,420</u>
Decrease in working capital	<u>\$(69,091)</u>	<u>\$(148,420)</u>
Changes in working capital components:		
Increase (decrease) in current assets		
Cash	\$ 26,257	\$ (24,773)
Security deposits	1,920	(585)
Total	<u>\$ 28,177</u>	<u>\$ (25,358)</u>
Increase (decrease) in current liabilities		
Due to officer	537	3,550
Note Payable	7,500	—
Accrued expenses payable	89,231	119,512
Total	<u>97,268</u>	<u>123,062</u>
Decrease in working capital	<u>\$(69,091)</u>	<u>\$(148,420)</u>

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

Dip—The angle at which beds or intrusive layers are inclined from the horizontal.

Dike—A non-parallel tabular body of igneous rock that was injected into a fissure when molten, that cuts across the structure of the adjoining rocks. Not to be confused with a vein.

Drift—A horizontal passage underground. A drift follows the vein, as distinguished from a cross cut, which intersects it.

Fault—A fracture or a fracture zone along which there has been displacement of the two sides relative to one another parallel to the fracture. A break in the continuity of a body of rock.

Fissure—An extensive crack, break, or fracture in rock.

Fracture—The general term to include any kind of discontinuity in a body of rock if produced by mechanical process such as shear stress or tensile stress (longitudinal stress).

Galena- Sphalerite Ore—Ore containing a high proportion of lead-zinc sulfides.

Granitic—Characteristic of, or resembling granite, a coarse-grained igneous rock containing quartz and other minerals.

Gneiss—A metamorphic rock of coarse grain size, characterized by a mineral banding, in which the light minerals (quartz and feldspar) are separated from the dark ones (mica and/or hornblende).

Gneissic—Having the appearance or character of gneiss.

Igneous rock—Rock formed by the solidification of molten material that originated in the earth.

Intrusion—A mass of igneous rock which, while molten, was forced into or between other rocks.

Laramide—Refers to a period of earth movement in early Tertiary times during which the interior regions of North America and South America were folded, producing the Rockies and other mountain chains.

Magma—A comprehensive term for the molten fluids generated within the earth from which igneous rocks are believed to have been derived by crystallization or by other processes of consolidation.

Metamorphic rock—Any rock which has been altered by heat or intense pressure, causing new minerals to be formed and new structures in the rock.

Migmatite—A mixed rock consisting of thin alternating layers of granitic rock and schist or slate.

Mill—A mineral treatment plant in which crushing, wet grinding, and further treatment of ore is conducted.

Ore—A mineral of sufficient value as to quality and quantity which may be mined with profit.

Pegmatite—Those igneous rocks of coarse grain found usually as dikes associated with a large mass of plutonic rock of finer grain size. *Pegmatitic*—Having the appearance or character of pegmatite.

Pluton—A body of igneous rock that has formed beneath the surface of the earth by consolidation from magma.

Porphyritic—Rocks which have larger crystals set in a finer groundmass.

Precambrian—All rocks formed before Cambrian time. Cambrian is the oldest of the systems into which the paleozoic stratified rocks are divided.

Probable Ore Reserves—Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement

are farther apart or otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Proven ore—Ore where there is practically no risk of failure of continuity.

Pyritic gold—Gold contained in metallic-looking sulfides, of which iron is the most common.

Raise—A vertical or inclined opening driven upward from a level to connect with the level above or connect one mining working place with another at a higher level.

Schist—A crystalline rock that can be readily split because of its having a parallel structure.

Shaft—An excavation to find or mine ore, hoist and lower workers and material, or ventilate underground workings. Often specifically applied to approximately vertical shafts, as distinguished from an incline or inclined shaft.

Shaker table—A tilted quarilateral deck which is vibrated longitudinally with slow forward motion and a rapid return.

Stamp mill—A mill which uses falling weights to crush ore.

Stope—An excavation from which ore has been excavated in a series of steps. To excavate ore in a vein by driving horizontally upon it a series of workings. Commonly applied to the extraction of ore, but does not include the ore removed in sinking shafts and in driving levels, drifts and other development openings.

Stope fill—Broken rock or the broken low-grade portion of a lode or vein.

Supergene—Applied to ores and ore minerals that have been formed by generally descending water.

Tensile stress—The greatest pulling stress a substance will bear before pulling apart.

Tertiary—The earlier of the two geologic periods comprised in the Cenozoic era, in the classification generally used. Also, the system of strata deposited during that period.

Tunnelsite—Location of a site at which exploration is carried on underground.

Vein—A zone or belt of mineralized rock lying within boundaries clearly separating it from neighboring rock. A mineralized zone has a more or less regular development in length, width, and depth to give it a tabular form and is commonly inclined at a considerable angle to the horizontal. The term lode is commonly used synonymously for vein.

Workings—The underground developments of a mine for the purpose of exploitation.

RISK FACTORS

The securities being offered hereby involve a high degree of risk. Prospective investors, prior to making an investment, should carefully consider the following risks and speculative factors inherent in and affecting the business of the Company and this offering.

1. *Best Efforts Offering.* The underwriter has agreed to sell on a "best efforts, all or none" basis 280,000 Units and on a "best efforts" basis the remaining 280,000 units. The funds available to the Company from the proceeds of this offering will be reduced to the extent that less than all the Units offered hereby are sold. Sale of less than the maximum number of Units will curtail the Company's proposed operations. (See "Use of Proceeds".) The proceeds of the sale of Units herein will not be returned to subscribers if at least 280,000 units are sold. There can be no assurance that any Units will be sold.

WHITE MULE GOLD PROPERTIES, INC.

STATEMENT OF EXPENSE AND DEFICIT (Note 1)

(Unaudited)

	October 21, 1980 (inception) to September 30, 1981	October 1, 1981 to August 31, 1982
Expenses:		
Salaries and related taxes	\$ 70,813	\$ 35,494
General and administrative	86,560	42,885
Abandonment of mining claims and related mine exploration costs (Note 4)	16,984	—
Repairs and maintenance	8,840	—
Rent and royalties (Note 6)	11,576	18,192
Depreciation (Note 2)	242	286
Loss and deficit accumulated since inception	<u>\$(195,015)</u>	<u>\$(96,857)</u>
Loss per share (Notes 7 and 9)	<u>\$.014</u>	<u>\$.007</u>

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

WHITE MULE GOLD PROPERTIES, INC.
STATEMENT OF STOCKHOLDERS' EQUITY (Note 1)
(Unaudited)

	Common Stock		Paid-in Capital	Deficit Accumulated During Development Stage	Total
	Number of Shares Issued	Amount at Par Value			
Balance at October 21, 1980 (inception) ..	—	\$ —	\$ —	\$ —	\$ —
Sales of common stock (Note 3)	13,480,000	13,480	207,520	—	221,000
Purchase of treasury stock (Note 9)	—	—	—	—	(7,500)
Subscription receivable	—	—	—	—	(400)
Loss for period October 1, 1980 to September 30, 1981	—	—	—	(195,015)	(195,015)
Balance September 30, 1981	13,480,000	13,480	207,520	(195,015)	18,085
Sales of common stock (Note 3)	720,000	720	44,280	—	45,000
Loss for period October 1, 1981 to August 31, 1982	—	—	—	(96,857)	(96,857)
Balance August 31, 1982	<u>14,200,000</u>	<u>\$14,200</u>	<u>\$251,800</u>	<u>\$(291,872)</u>	<u>\$ (33,772)</u>

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

2. *Subscriber's Funds May Be Tied Up for Up to 120 Days.* Under the terms of this offering (see "Underwriting") subscribers' funds may be tied up for as long as 120 days and then returned without interest in the event that the Underwriter is unable to sell a minimum of 280,000 Units offered hereby within the 120 day offering period allotted therefor.

3. *Previous Offering—Failure of Auditors to Certify.* A registration statement relating to the securities offered herein was previously filed with the Securities and Exchange Commission and subsequently withdrawn. The Company's former independent auditors declined to give their consent to the use of their audited financial statements in said offering.

4. *Use of Uncertified Financial Statements.* The financial statements contained in this Offering Circular are not certified and investors will be relying on management with respect to the accuracy and adequacy of all information of a financial nature included herein and in the accompanying financial statements and notes thereto.

5. *Absence of Revenues, Deficit Working Capital.* Since its inception in October, 1980, the Company has had no revenues, has a net loss through August 31, 1982 of \$291,872 (\$.02 per common share), has a negative net tangible book value of \$201,458, and has a working capital deficit of \$217,511. See "Financial Statements" and "Summary of Offering".

6. *Lack of Proven or Probable Reserves, Uncertainty of Production.* The Company does not claim proven or probable ore reserves for any of its properties. Initially, the net proceeds of the offering are allocated to the rehabilitation of such properties. All of the Company's mines were worked prior to 1900 but have not been worked for many years. Production records do not exist.

7. *Additional Financing May Be Required.* The Company has allocated approximately 28.5% of the net proceeds of the offering (assuming sale of the minimum) to the renovation and exploration of its leased properties. A large portion of the balance of the proceeds have been reserved for working capital and contingencies in the event that the work takes longer than planned or is more expensive to accomplish than estimated. Accordingly, if the proceeds allocated are insufficient, the Company may be required to seek additional financing or abandon such claims. It can be expected that such additional financing, if available at all, would be difficult and expensive to obtain. See "Use of Proceeds".

8. *Reliance Upon Government Reports, Old Records, Periodicals and Other Accounts.* The Company has acquired its mining interests, and plans to spend a large portion of the proceeds of this offering on their renovation, in reliance upon old mining records, periodicals and other accounts, as well as upon current reports and personal observation. There can be no assurance that such reports and other accounts are accurate. See "Proposed Business".

9. *Lack of Title to Lands.* All of the mining properties held by the Company are unpatented mining claims as to which only possessory title is held. The Company holds only unpatented mining claims. Accordingly, \$100 of specific assessment work must be performed each year on each claim to retain title. Work performed on any one claim inures to the benefit of contiguous claims.

10. *Environmental and Other Regulatory Requirements May Cause Substantial Delays and Require Increased Capital Outlays.* The mining industry is subject to substantial statutory and regulatory requirements and controls, including those relating to environmental quality, at the federal, state and county government levels. Compliance with such requirements and controls may cause substantial delays and require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company's planned operations. See "Proposed Business—Governmental Regulation".

11. *Effective Control of the Company will be Retained by Present Management.* The Common Stock included in the Units being offered hereby represents approximately 24% of the Company's outstanding capital

stock, assuming sale of the minimum, and, assuming the exercise of the Common Stock Purchase Warrants included in the Units being offered, management and present shareholders will retain approximately 76% of the outstanding capital stock and thus, inasmuch as there is no cumulative voting, will be able to control the affairs and policies of the Company. See "Principal Shareholders" and "Management".

12. *Substantial Dilution and Acquisition by Present Shareholders at Less Cost Than Public Shareholders.* Purchasers of the Units offered hereby will sustain an immediately substantial dilution of the net tangible book value of their investment. At August 31, 1982, the Company had a negative shareholder's equity of \$33,772. The officers, directors and present shareholders of the Company acquired their Common Stock at a cost substantially less than the public investors will pay for theirs. Further, the Company's negative net tangible book value per share of \$.016, at August 31, 1982, will increase to a positive \$.02 per share upon the completion of this offering, assuming sale of the minimum Units offered hereby, thus causing a pro-rata dilution in the book value of the public investors' holdings. See "Dilution".

13. *Lack of Operations.* The Company has acquired unpatented claims to certain properties but has not initiated any mineral exploration and may be deemed to be in the promotional and exploratory stage. The Company had a working capital deficiency of \$205,924 on August 31, 1982. The Company was organized in October, 1980. It has had no operating experience and no earnings from operations to date. The activities of the Company have consisted primarily of the acquisition of leasehold interests and of its properties and preliminary exploration work. Earnings, if any, may be retained for the development of its properties and the acquisition of additional properties. See "Proposed Business" and "Dividends".

14. *Arbitrary Offering Price.* There has been no public market for the Company's securities prior to this offering. The price for the Units being offered hereby was determined by negotiations between the Company and the Underwriter, and does not necessarily bear any relationship to the assets, book value, earnings, net worth of the Company or any other established criteria of value and should not be considered an indication of the actual value thereof. See "Underwriting".

15. *Substantial Competition for Additional Properties.* With the recent levels of the prices for gold and silver, it can be anticipated that an ever increasing number of companies and persons, including some with capabilities and resources greater than those of the Company, will enter the mining business. Thus it may be expected that there will be substantial competition for properties, personnel and other resources. See "Competition".

16. *Risks of Operations.* The Company's operations will be subject to all of the operating hazards associated with minerals mining such as encountering unexpected formations, cave-ins, environmental pollution and personal injury. Since the Company will not obtain general liability insurance until the completion of this offering, should the Company sustain an uninsured loss, its ability to operate may be adversely affected to a material extent. See "Proposed Business".

17. *Speculative Nature of Mineral Exploration Industry.* Exploration for minerals is highly speculative even when conducted on properties known to contain significant quantities of mineralization. Most exploration projects undertaken do not result in the discovery of commercially mineable deposits of ore. Moreover, even if the results of exploration are encouraging on a particular property, there may not be sufficient funds remaining to conduct such exploration as may be necessary to determine whether or not a commercially mineable deposit of mineralization exists. The Company may be required to divest itself of promising exploration prospects upon terms that may not reflect the true value of the property and which may result in the inability of the Company to recover any significant part of its exploration expenditures incurred with respect to such property. Gold and silver exploration and production is highly speculative in nature, involving certain risks that may not be overcome by knowledge and experience. Consequently, such activities frequently result in unproductive efforts. Further, the market prices

WHITE MULE GOLD PROPERTIES, INC.

BALANCE SHEET, (Note 1) (Unaudited)

	September 30 1981	August 31 1982
ASSETS		
Current Assets:		
Cash	\$ 26,257	\$ 1,484
Security deposits	1,920	1,335
Total current assets	28,177	2,819
Mining claims (Note 4)	6,000	6,000
Furniture and fixtures, at cost (net of accumulated depreciation \$242 and \$528) (Note 2)	4,603	10,053
Mine exploration costs (Note 2)	32,573	33,766
Deferred organization and syndication costs (Note 2)	44,000	133,920
Total assets	<u>\$115,353</u>	<u>\$186,558</u>
LIABILITIES		
Current liabilities:		
Due to officers	\$ 537	\$ 4,087
Note payable (Note 9)	7,500	7,500
Accrued expenses payable	89,231	208,743
Total liabilities	<u>97,268</u>	<u>220,330</u>
Commitments (Notes 4, 6)		
STOCKHOLDERS' EQUITY (Notes 1, 3 and 9)		
Common stock \$.001 par value per share; authorized 50,000,000 shares issued 13,480,000 in 1981 and 14,200,000 shares in 1982 respectively	13,480	14,200
Paid-in capital	207,520	251,800
	221,000	266,000
Less: Common stock in treasury, at cost—1,500,000 shares	(7,500)	(7,500)
Subscription receivable for 400,000 shares	(400)	(400)
	213,100	258,100
Deficit accumulated during the exploration stage	(195,015)	(291,872)
Total stockholders' equity	18,085	(33,772)
Total liabilities and stockholders' equity	<u>\$115,353</u>	<u>\$186,558</u>

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

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, New York Regional Office, 26 Federal Plaza, New York, N.Y., a Regulation A Offering Statement under the Securities Act of 1933, as amended, with respect to the securities offered hereby. This Offering Circular does not contain all of the information set forth in such Offering Statement, certain parts of which were omitted in accordance with the Rules and Regulations of the Securities and Exchange Commission. For further information, reference is made to the Notification, including the exhibits thereto, which is available for inspection at the Commission's office in New York, N.Y. References in this Offering Circular to various documents, statutes, regulations and agreements do not purport to be complete, and are qualified in their entirety by such documents, statutes, regulations and agreements.

FINANCIAL STATEMENTS

The following financial statements have been taken from the books and records of the Company and are unaudited but include all adjustments (including accruals) necessary for a fair presentation of the Company's financial position.

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
1. Balance Sheet	37
2. Statement of Stockholders' Equity	38
3. Statement of Expense and Deficit	39
4. Statement of Changes in Financial Position	40
5. Notes to Financial Statements	41-43

of gold and silver are highly volatile. Even if the Company were to attain a satisfactory level of mining operations, it is possible that the market prices for such metals could drop to a point at which their recovery would not be economical. See "Proposed Business".

18. *Payment of Taxes and Annual Lease and Royalty Obligations.* Irrespective of the status of its operations, the Company is obligated to pay taxes and substantial, minimum annual royalties on its leased properties as well as conduct annual assessment work on its unpatented mining claims. The assessment work for the current year has been completed. These represent fixed obligations and must be met or the Company will lose its interests in the properties. See "Proposed Business" and "Certain Transactions".

19. *Dividends Not Likely.* There can be no assurance that the proposed operations of the Company will result in sufficient revenues to enable the Company to operate at profitable levels or to generate positive cash flows. There is no present intention to pay dividends in the foreseeable future. See "Dividends".

20. *Underwriter's Warrants.* In accordance with the Underwriting Agreement between the Company and the Underwriter, the Underwriter may purchase, for a nominal consideration, warrants to purchase up to 56,000 units, at \$3.75 per unit, consisting of 560,000 shares of the Company's Common Stock and 560,000 Unit Warrants. The Company has agreed to register and/or qualify the units at its expense. Such obligation by the Company could cause it to incur substantial expense and could interfere with future financing. See "Underwriting—Underwriter's Warrants".

21. *Shares Available for Resale.* All 12,940,000 shares of the Company's outstanding Common Stock as of October 31, 1982 may be deemed "restricted securities" and may be sold in compliance with Rule 144 adopted under the Securities Act of 1933, as amended (the "Securities Act.") Rule 144 provides, in essence, that, after a two-year holding period, a person may sell an amount equal to one percent of the outstanding common stock every three months. Sales, which may commence as early as December, 1982, under Rule 144 may have a depressive effect on the market price of the Company's Common Stock. Principal shareholders and officers and directors have agreed not to sell their shares for a period of 18 months from the date of this Offering Circular.

22. *No Assurance of a Public Market for the Units.* Prior to this offering, no public market existed for the Units, Common Stock or Warrants of the Company. No assurance can be made that a trading market will develop at the conclusion of this offering. Accordingly, it may be difficult for any purchaser of a Unit to sell the securities so purchased, should the purchaser desire to do so.

23. *Proceeds Utilized to Pay Salaries.* If revenues from the proposed business of the Company are insufficient to pay the salaries of the Company's officers, part of the proceeds of this offering may have to be utilized to pay those salaries. See "Management—Remuneration of Officers and Directors".

24. *Dependence upon Management which has no Experience in the Business in which the Company Proposes to Enter.* Management of the Company has no experience in the operation of a mining company, and there can be no assurance that they will be able to operate it successfully. See "Management".

25. *Abandoned Mine Sites.* All of the Company's mine sites consist of previously abandoned mines. The mines were abandoned due to the high cost of extraction of the minerals in relation to the price which could be obtained therefor. There can be no assurance that the Company will be able to locate and extract sufficient quantities of minerals to make such operations profitable. See "Proposed Business".

26. *No Firm Commitment to Purchase Units.* No commitment exists by anyone to purchase all or any part of the Units being offered by this Prospectus and, consequently, the Company can give no assurance that the Units can be sold. See "Underwriting".

27. *Non Arms-Length Transactions.* Common shares issued to present shareholders of the Company were issued at arbitrarily determined prices. Such transactions may be considered to be other than arms-length transactions. See "Certain Transactions".

28. *Insufficiency of Minimum Proceeds to Develop Properties.* If only the minimum units are sold the proceeds therefrom will enable the Company only to explore and test for minerals, but not to develop any of the properties. If mineralization is found additional capital will have to be raised for such development. See "Use of Proceeds".

DILUTION

At October 31, 1982, the Company had a total of 12,940,000 Common Shares outstanding. Such shares had a negative net tangible book value of \$186,458, or approximately \$.014 per share.

If all the Units being offered hereby are sold, of which there can be no assurance, the officers, directors and present shareholders of the Company will own 12,940,000 shares, or approximately 69.8% of the Company's Common Shares which will then be outstanding, for which they will have contributed to the Company \$273,100 in cash, properties and services, resulting in an average per share cost of approximately \$.021. The public purchasers of the Units being offered hereby will own 5,600,000 shares, or approximately 30.2% of the Company's Common Shares to be outstanding, for which they will have paid a total of \$1,400,000 (\$.25 per share).

If only the minimum number of Units being offered hereby is sold, the officers, directors and present shareholders of the Company will own 12,940,000 shares, or approximately 82.2% of the Company's Common Shares, which will then be outstanding, for which they will have contributed to the Company \$273,100 in cash, properties and services, resulting in an average per share cost of approximately \$.021. The public purchasers of the Units being offered hereby will own 2,800,000 shares, or approximately 17.8% of the Company's Common Shares to be outstanding, for which they will have paid \$700,000 (\$.25 per share).

If all of the Units being offered hereby are sold, of which there can be no assurance, the Company's Common Shares which will then be outstanding will have a positive net tangible book value of approximately \$.050 per share. Therefore, the public purchasers of the Company's Common Shares being offered hereby will incur immediate dilution of approximately \$.20 per share, or approximately 80% of the public purchase price of \$.25 per share. Conversely, the present shareholders of the Company will receive an immediate benefit of approximately \$.064 per share, without any additional cost to them. The total immediate dilution to the public shareholders will be approximately \$1,120,000, and the total benefit to the present shareholders will be approximately \$828,160.

If only the minimum number of Units being offered hereby is sold, the 15,740,000 shares which will then be outstanding will have a positive net tangible book value of approximately \$.020 per share. Therefore, the public purchasers of the Company's Common Shares will suffer an immediate dilution of approximately \$.23 per share, or approximately 86% of the public offering price of \$.25 per share. Conversely, the present shareholders of the Company's Common Shares will receive an immediate benefit of approximately \$.034 per share, without any additional cost to them. The total immediate dilution to the public shareholders will be approximately \$644,000, and the total benefit to the present shareholders will be approximately \$439,960.

Dilution arises mainly from the arbitrary determination of the offering price per Unit by the Company and the Underwriter at a price substantially more than the net tangible book value of the Company's Common Shares on May 31, 1982. Dilution of the net tangible book value of the shares purchased by the public in this offering also arises from the lower prices paid by officers and directors of the Company (\$.005 per share based upon their capital contributions), the lower prices paid by those who purchased Common Shares in a private offering (\$.0625 per share) and, in part, to the selling cost (including Underwriter's commissions and non-accountable expenses) of the publicly offered Units. See "Certain Transactions".

shares of Common Stock issuable upon exercise thereof) be offered, transferred, assigned or sold by the Underwriter to any person, including transfer by the Underwriter to its officers except in compliance with the Securities Act of 1933, as amended (the "Act"). No public offering of the Underwriter's Warrants, the underlying units, shares or Unit Warrants will be made until either an Offering Statement or a Registration Statement has been filed with the Securities and Exchange Commission or an exemption from the requirement to make any such filing exists. Any profits realized by the Underwriter upon the sale of the Underwriter's Warrants, the underlying units, shares or Unit Warrants may be deemed to be additional compensation.

With respect to the Underwriter's Warrants and the underlying units, shares, and Unit Warrants, the Company has agreed that, upon the written request of the then holder(s) of 50% of the total Underwriter's Warrants, Units, shares, Unit Warrants and Common Stock issued upon the exercise of the Underwriter's Warrants made at any time within the period commencing 13 months after the date of the consummation of this offering and ending 48 months thereafter, the Company will file, not more than once, a Registration Statement or a Offering Statement under the Act, registering or qualifying such securities for public sale. The Company has agreed to use its best efforts to cause any such filing to become effective. All expenses of such registration or qualification, including but not limited to, legal, accounting and printing fees, will be borne by the Company. Such costs can be expected to be substantial. In addition, the Company has granted to the holder or holders of the Underwriter's Warrants the right and option (the "Piggy Back Right"), at any time during the life of the Underwriter's Warrants to join shares of Common Stock issued upon exercise of the Underwriter's Warrants in any Registration Statement, or in any Offering Statement, to the maximum extent permissible, filed by the Company. With respect to the Piggy Back Right, any expenses of such registration or qualification will be paid by the Company.

Holders of the Underwriter's Warrants will be protected against dilution of the equity interest represented by the underlying shares of Common Stock upon the occurrence of certain events, including, but not limited to, stock dividends. If the Company merges or reorganizes in such a way as to terminate the Underwriter's Warrants, the Underwriter's Warrants holders may exercise the Underwriter's Warrants immediately prior to such action. In the event of liquidation or dissolution of the Company, the holders of the Underwriter's Warrants will not be entitled to participate in the Company's assets.

It may be expected that the Underwriter's Warrants will be exercised only if it is advantageous to the holders of the Underwriter's Warrants. It may also be expected that if the Underwriter's Warrants are exercised, the value of the Company's Common Stock held by public investors will be diluted if the value of such stock immediately prior to the exercise of the Underwriter's Warrants exceeds the exercise price, and the extent of such dilution depending upon such excess. Therefore, for the term of the Underwriter's Warrants, the holders thereof are given, at a nominal cost, the opportunity to profit from a rise in the market price of the Company's Common Stock. The terms upon which the Company could obtain additional capital during such period may be adversely affected. The holders of such Underwriter's Warrants might be expected to exercise them at a time when the Company would in all likelihood be able to obtain any additional needed capital on terms more favorable than those provided for by the Underwriter's Warrants. Any gain realized by the Underwriters on any resale of the Underwriter's Warrants and/or underlying shares may be deemed additional underwriting compensation.

LEGAL OPINIONS

Michael C. Duban, P.C., 44 South Broadway, White Plains 10601, counsel to the Company, will render an opinion as to the legality of the shares being offered by the Company. Snow, Becker, Kroll, Klaris & Krauss, P.C., 99 Park Avenue, New York, N.Y. 10016, are acting as counsel for the Underwriter.

to the purchasers thereof, such purchasers, if any, will be deemed subscribers and not stockholders. The funds in escrow will be held for the benefit of those subscribers until released to the Company and will not be subject to claims of creditors of the Company or for the expenses of this offering.

Subject to the sale of a minimum of 280,000 Units prior to the termination of this offering, the Company has agreed to pay the Underwriter a cash sales commission of \$.25 per Unit sold. In addition, the Company has agreed to pay to the Underwriter from the proceeds of the offering, a non-accountable expense allowance of \$.10 per Unit. An advance of \$3,500 has been paid, and the balance of the expense allowance will be paid at the closing of the offering. The Underwriter's expenses in excess of \$.10 per Unit will be paid by the Underwriter. To the extent that the expenses of the underwriting are less than that amount, such excess shall be deemed to be additional compensation to the Underwriter.

The Agreement may be terminated by the Underwriter if, in its judgment, payment for and delivery of the Units being offered hereunder is rendered impracticable or inadvisable because of conditions of the market (either generally or with reference to the sale of the Units) or any matter affecting the Company is such that it would be undesirable or inadvisable, in the judgment of the Underwriter, to proceed with the Agreement or with this offering.

The Underwriter has the right to purchase from the Company stock purchase warrants to acquire units, at \$3.75 per unit, each consisting of 10 shares of Common Stock of the Company [a maximum of 560,000 shares of the Company's Common Stock and 10 Unit Warrants (exercisable to purchase a maximum of 560,000 additional shares of Common Stock at \$.35 per share)]. Such warrants and shares may be considered additional compensation to the Underwriter. See "Underwriter's Warrants" below.

The Underwriter has the right to offer the Units offered hereby only through securities dealers in the United States who are members of the National Association of Securities Dealers, Inc., and may allow such dealers such portion of its 10% percent commission as the Underwriter may determine.

The Company has agreed to indemnify the Underwriter against any costs or liabilities incurred by the Underwriter by reason of misstatements or omissions to state material facts in connection with statements made in the Offering Statement. The Underwriter has in turn agreed to indemnify the Company against any liabilities by reason of misstatements or omissions to state material facts in connection with the statements made in the Offering Statement based on information relating to the Underwriter and furnished by the Underwriter.

The foregoing does not purport to be a complete statement of the terms and conditions of the Agreement, copies of which are on file at the offices of the Underwriter, the Company and the office of the Securities and Exchange Commission in New York, New York ("SEC").

Underwriters' Warrants

Subject to the sale of the minimum of 280,000 Units prior to the termination of this offering, the Company has agreed to sell to the Underwriter, for \$.001 per warrant, warrants (the "Underwriter's Warrants") to purchase units consisting of 10 shares of the Company's Common Stock and 10 Unit Warrants. Subject to the minimum sale to the public of 280,000 Units, the number of Underwriter's Warrants to be issued to the Underwriter will be one Underwriter's Warrant to purchase one unit, exercisable at \$3.75 per unit, for each 10 Units sold to the public. The Underwriter's Warrants are exercisable at a price equal to 150% of the public offering price of the Units, for a period of four years commencing 13 months after the date of this Offering Circular. The Underwriter's Warrants may not be pledged, assigned, transferred, sold or delivered for a period of 13 months from the date of the consummation of the offering, except to officers of the Underwriter and to officers of participating brokers or dealers who may be members of the selling group; and in no event will such Underwriter's Warrants (or the

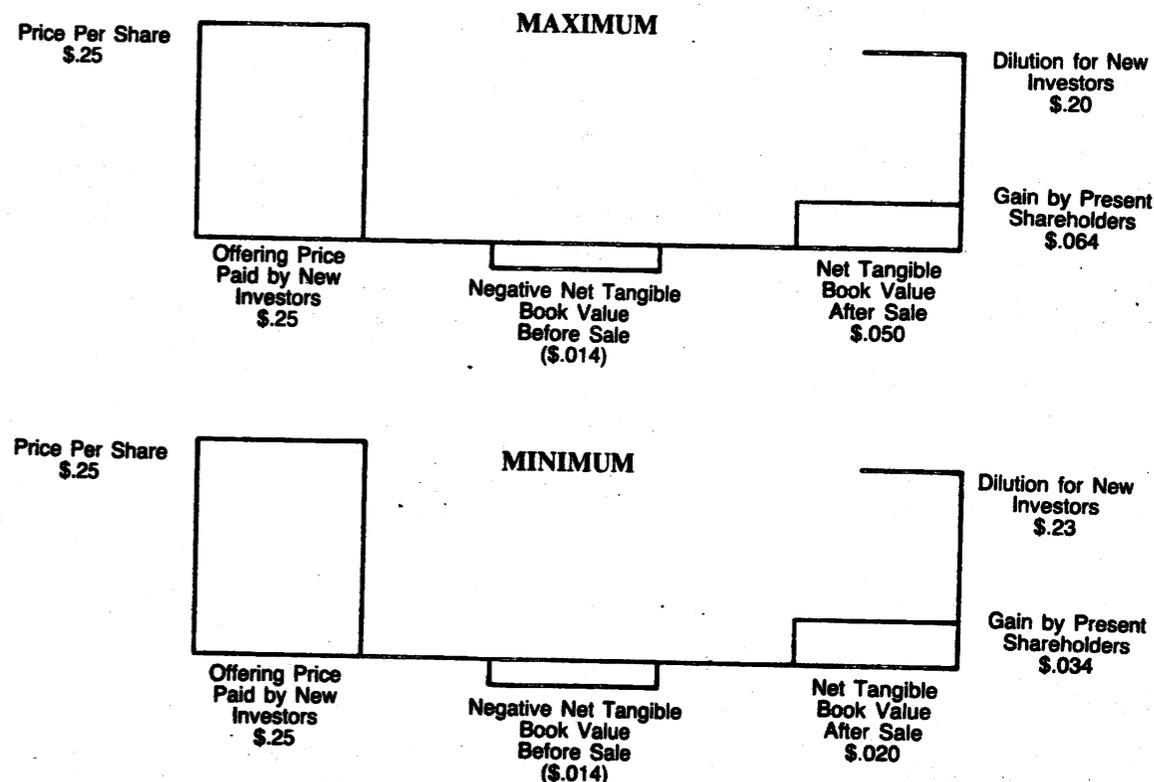
The foregoing paragraphs do not take into account: (i) the issuance of up to a maximum of 5,600,000 Common Shares at \$.35 per share that may be purchased by the public purchasers upon the exercise of the Unit Warrants; (ii) the issuance to the Underwriter at \$3.75 per unit of units consisting of a minimum of 280,000 and a maximum of 560,000 Common Shares and Unit Warrants for the issuance of a like number of Common Shares upon the exercise thereof and the exercise of the Underwriter's Warrants. See "Underwriting".

For the term of the warrants, the holders thereof are given, at nominal cost, the opportunity to profit from a rise in the market price of the Company's Common Shares with a resulting dilution in the interest of the remaining shareholders. Terms on which the Company may obtain additional financing during that period may be adversely affected. The holders of such warrants might be expected to exercise them at a time when the Company would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favorable than those provided for by the warrants.

All of the presently outstanding Common Shares of the Company may be deemed to be "restricted" as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the "Act"). By virtue of that Rule, a portion of those shares could become available for sale in the open market after the public offering is completed.

OFFERING PRICE IN RELATION TO BOOK VALUE

The following graphic material illustrates the per share dilution, assuming the maximum and minimum number of Units offered hereby are sold, of the Company's Common Shares to be purchased by the public as offered by this Prospectus. The information set forth does not take into consideration the issuance of up to 6,720,000 Common Shares upon exercise of the Unit Warrants or the Underwriter's Warrants.



USE OF PROCEEDS

In the event that the minimum number of Units are sold, after deducting underwriting commissions and expenses of this offering, the net proceeds to the Company will be \$514,500. In the event that the maximum number of Units are sold, net proceeds to the Company will be \$1,116,500. The Company expects to use the net proceeds over the next twelve months in the following manner and priority:

	<u>Minimum</u>	<u>Maximum</u>
ADMINISTRATIVE EXPENSES		
Officers' Salaries(1)	\$ 96,000	\$ 125,000
Office Overhead	20,000	20,000
Legal and Accounting Fees	35,000	35,000
Insurance	20,000	20,000
EXPLORATION COSTS AND WORKING CAPITAL (first phase)		
A. White Mule(3)	84,000	84,000
Glory Anna(3)	111,500	111,500
Brooklyn(3)	7,000	7,000
B. Uncommitted funds and working capital(2)	141,000	714,000
	<u>\$514,500</u>	<u>\$1,116,500</u>

- (1) See "Management—Remuneration" for further information.
- (2) A substantial portion of the funds to be derived from this offering is uncommitted. The Company's estimate of the application and allocation of the proceeds is based upon the best present judgment of management in the determination of funds necessary for these purposes. In addition, the Company may use proceeds of this offering not only to acquire additional mining properties, tailings and dumps, but also to acquire interests in the operations of companies which are currently engaged in mining and milling. See "Uncommitted Funds" below.
- (3) A detailed breakdown of the expenses of the first phase of exploration is set forth with respect to each property under the caption "History and Business". Actual first phase expenditures may vary from such estimates. Additional exploration expenses may also be incurred. Such additional expenses may substantially exceed the expenses incurred during the first phase of exploration.

To the extent that the proposed expenditures cannot be achieved for the scheduled amounts, supplemental amounts required may be drawn from working capital, if available, or derived either from joint ventures with others, or from additional financing of which there is no assurance. See "Risk Factors".

UNCOMMITTED FUNDS

The items set forth above as Exploration Costs and Working Capital are a firm commitment by the Company. The Company has not engaged in any operations to date and the prepared costs in the foregoing table are estimates and approximations only. The distribution of the uncommitted funds will depend upon, among other factors, the expenses the Company may incur in the future, future income the Company may receive, the size of drilling prospects, the costs of geophysical and geological investigation and whether economically recoverable mineral deposits are located. If the Company deems its exploration activities on a particular prospect to be successful, it may elect, because of the substantial costs involved, to enter into joint ownership or other sharing arrangements for actual mining operations with the resultant sharing of expenses and revenues. No assurance can be given that the Company will be successful in entering into these types of arrangements or, if such arrangements are consummated, that they will be on terms favorable to the Company. The Company will initially explore for minerals on the sites it now holds. It has no options or present intentions for any other properties. Management,

expiration of the warrants the Company would recognize income equal to the portion of the consideration received for the Units at the time the Units were issued allocable to any warrants remaining unexercised. Furthermore, a redemption of the warrants may result in the recognition of gain or loss to the Company.

Unitholders, Stockholders and Warrantholders

The cost basis of the Units will be the purchase price paid by each Unitholder. Purchasers of Units will be required to allocate the price paid for their Units between the Common Stock and Warrants constituting the Units on the basis of their relative fair market values for purposes of computing gain or loss upon the subsequent sale or exchange of the Common Stock or Warrants.

If the warrants are exercised for Common Stock, the warrant holder's cost basis in the Common Stock thus acquired will be the original purchase price allocable to the warrants plus any additional amount paid upon the exercise thereof. No gain or loss will be recognized by the warrant holder upon exercise of the warrants. However, gain or loss will be recognized upon the subsequent sale or exchange of the Common Stock acquired by the exercise of the warrants. Gain or loss will also be recognized upon the sale or exchange of the warrants. Generally, gain or loss will be long or short-term capital gain or loss, depending upon whether the Common Stock or the warrants are held for more than one year. If the warrants are exercised, the holding period of the Common Stock will not include the period during which the warrants were held.

If the warrants are not exercised and allowed to expire, the warrants are deemed to have been sold or exchanged on the Expiration Date. Any loss to the warrant holder will be considered long or short-term capital loss, depending upon the length of time the warrant was held.

Under Section 305 of the Code and the regulations promulgated thereunder, an adjustment in conversion ratio with respect to a security (including warrants) may in some circumstances be deemed a taxable distribution to the holder thereof. Because of features of the warrants, no assurance can be given that any adjustment in the exercise price of the warrants or the number of shares purchasable upon exercise made hereafter as a result of the anti-dilution provisions applicable to the warrants will not be deemed a taxable distribution to the holders of the warrants.

UNDERWRITING

Summary of Underwriting Agreement

The Company has entered into an Underwriting Agreement (the "Agreement") with Cosentino & DeFelice, Inc. (the "Underwriter"). Pursuant to the terms of the Agreement, the Underwriter, as the Company's exclusive agent, has agreed to use its best efforts to sell on an "all-or-none" basis 280,000 Units, and on a "best efforts" only basis, an additional 280,000 Units within a period of 90 days from the date of this Offering Circular, subject to an extension by mutual agreement of the Company and the Underwriter for an additional period not to exceed 30 days.

All funds received by the Underwriter with respect to the minimum of 280,000 Units which may be sold will be immediately deposited in a non-interest bearing account with Chemical Bank, 20 Pine St., New York, N.Y. 10005, as Escrow Agent, pursuant to the terms of the escrow agreement entered into by the Company, the Underwriter and the Escrow Agent. In the event a minimum of 280,000 Units are not sold within the offering period, all funds will be promptly refunded to the subscribers in full, without deduction therefrom or interest thereon. Certificates will be issued to purchasers only if the proceeds from the sale of at least 280,000 Units are released to the Company. Until such times as funds have been released from escrow and the certificates delivered

The Unit Warrants are exercisable by surrendering them, duly executed, to the Company's Warrant Agent together with payment of the exercise price in certified or official bank check payable to the order of the Company, subject to timely receipt by the Warrant Agent, as provided by the Unit Warrants, the form of which has been filed as an exhibit to the Offering Statement of which this Offering Circular is a part.

The Unit Warrants will be issued pursuant to a Warrant Agreement between the Company and American Transfer Company, as Warrant Agent. The Warrant Agreement will provide for adjustment of the exercise price of the Unit Warrants and the change of the number and kind of shares of Common Stock or other securities available for purchase upon exercise of the Unit Warrants upon occurrence of certain events in order to protect the Unit Warrant holders against dilution. The events requiring such adjustments and changes will include stock dividends, split-ups, combinations and reclassifications but will not include sales of Common Stock by the Company at prices lower than the exercise price. No fractional shares will be issued upon the exercise of the Warrants, but the Company will have the option to pay the cash value of any fractional shares otherwise issuable or to issue scrip certificates in lieu thereof.

The holders of the Unit Warrants will have no voting nor any other rights as stockholders unless and until such Unit Warrants are exercised.

Transfer Agent and Warrant Agent

American Transfer Company, 44 Beaver St., New York, N.Y. 10004 will act as Transfer Agent and Warrant Agent for the Common Stock and Warrants.

Reports to Securities Holders

The Company will furnish its securities holders of record with annual reports containing financial statements of the Company audited by independent public accountants. The Company will also issue quarterly reports containing unaudited financial information and such other interim reports as the Board of Directors may determine necessary to inform shareholders of major developments concerning the Company.

LITIGATION

The Company is not a party to any litigation and, to the best of its knowledge, none is contemplated or has been threatened.

FEDERAL INCOME TAXES

The following summary is based upon present Federal income tax law, including provisions of the Internal Revenue Code of 1954, as amended (the "Code"), existing regulations thereunder and judicial decisions, and the Internal Revenue Service's current administrative rules, practices and interpretation of law, all of which are subject to change or modification. The discussion is limited to the Federal income tax matters discussed below, not necessarily all of the Federal income tax considerations relevant to each investor's personal tax situation. The foregoing has not been passed upon by counsel for the Company or the Underwriter. Investors should consult their own tax advisors with respect to the matters discussed below and with respect to other Federal and state tax considerations which may be applicable to their own personal tax situations.

No gain or loss will be recognized by the Company upon receipt of payment for the Common Stock and warrants or upon the exercise of the warrants. Under the current Internal Revenue Service position, upon the

however, does represent that the uncommitted funds will only be used for mining ventures in the United States and Canada. An allocation of Uncommitted Funds and Working Capital is as follows:

	<u>Minimum</u>	<u>Maximum</u>
(a) Acquisition of additional mining or natural resource properties (\$50,000-\$200,000) and investment in companies owning operating mining properties (\$50,000-\$400,000). None of these funds will be invested in an affiliate of the Company. The Company will acquire mining properties only after its geologists have compiled and studied published reports, production records, geological surveys and geological photographs relating to the property being evaluated to determine its potential for commercial mineralization. The Company will make investments in operating properties when it is satisfied that the investment will contribute materially to the improvement of the operation of the property. In either event, a feasibility study will be conducted before the acquisition or investment is made. Additional criteria in the selection of properties are the terms of acquisition and work commitments to enable the maximum amount to be spent for exploration. (see "General Terms of Acquisition of Properties")	\$100,000	\$600,000
(b) Working Capital	<u>41,000</u>	<u>114,000</u>
	<u>\$141,000</u>	<u>\$714,000</u>

It should be understood that the foregoing are only estimates, and are necessarily subject to such changes as may be deemed necessary or desirable in the light of future developments and the evolution of the Company's business. In the opinion of management, the above proceeds should be sufficient for the Company's operations for twelve months from the date of the offering, and no additional funds need be raised during that period. There is no priority of expenditures in the foregoing Use of Proceeds.

To the extent that the proceeds of this offering are not utilized immediately, they will be invested in minimum risk instruments such as certificates of deposit, short term obligations of the United States Government or other interest bearing instruments.

ACQUISITION PROGRAM

General Terms of Acquisition of Properties

The Company may use proceeds of this offering not only to acquire additional mining properties, tailings and dumps, but also to acquire interests in companies which are currently engaged in mining and milling.

An additional criterion with respect to the selection of such properties is the terms of the acquisition. With respect to properties which are acquired through installment payment or are subject to mortgages of leases, the terms of any such installment payment contract, mortgage or lease must be reasonable, particularly with respect to advance royalty payments, the production royalty percentage to be paid in the event of operations, and any work commitments which are undertaken upon the signing of the contract or lease. Reasonableness will be based in each

instance on an evaluation of the potential of the property, the amount of time and money that will be required to conduct an appropriate exploration program and a determination that the payments to be made be sufficiently low so as not to be burdensome on the operations of the Company. Thus, the objective of the Company will be to spend as much as possible for exploration, as opposed to the costs of acquiring exploration rights, with the resultant flexibility to abandon a prospect if the results of initial drilling activities are not encouraging. In addition, production royalties must be low enough so as not to constitute an excessive economic burden on operations if a commercial deposit is discovered.

DESCRIPTION OF SECURITIES

Units

Each Unit consists of ten shares of the Company's Common Stock, \$.001 Par Value and ten Common Stock Purchase Warrants ("Unit Warrants"). Unit Warrants are detachable and separately transferable immediately.

Common Stock

The Company is authorized to issue 50,000,000 shares of Common Stock, \$.001 Par Value ("Common Stock"). The following summary description of the capital stock is qualified in its entirety by reference to the Company's Articles of Incorporation.

The outstanding shares of Common Stock are, and the shares of Common Stock offered by the Company hereunder will be, upon issuance as contemplated herein, fully paid and non-assessable. At the date of this Offering Circular, 12,940,000 shares of Common Stock were issued and outstanding.

Voting Rights

Holders of shares of Common Stock are entitled to one vote per share. Shares of Common Stock do not have cumulative voting rights. This means that the holders of more than fifty percent of the shares voting for the election of directors can elect all the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect a single director.

Dividend Rights

Holders of shares of Common Stock are entitled to receive such dividends as the Board of Directors may from time to time declare out of funds of the Company legally available for the payment of dividends.

Liquidation Rights

Upon any liquidation, dissolution or winding up of the Company, holders of shares of Common stock are entitled to receive pro rata all of the assets of the Company available for distribution to shareholders.

Pre-Emptive Rights

Shareholders of the Company do not have any pre-emptive rights to subscribe for or purchase any stock, obligations, warrants or other securities of the Company.

Common Stock Purchase Warrant—Unit Warrants

The Unit Warrants entitle the holder to purchase one share of the Company's Common Stock thirteen (13) months from the date of this Offering Circular until thirty-six (36) months from the date of this Offering Circular at a price of \$.35 per share, after which time the Unit Warrants will expire unless previously called by the Company. The Company may call such Unit Warrants at any time during said period, upon thirty (30) days notice, by the payment of \$.01 per Unit Warrant to the holder thereof.

However, before the date the Unit Warrants become exercisable, it will be necessary for the Company to file a registration statement or an Offering Statement under Regulation A under the Securities Act of 1933 with respect to the shares underlying the Unit Warrants and before the Unit Warrants can be exercised or the shares issued.

CERTAIN TRANSACTIONS

The Company was organized under the laws of the State of Delaware in October 1980 for the purpose of developing mining properties for production of refined gold. It was originally incorporated with 10,000 shares of Common Stock authorized, par value \$.01 per share. By amendment authorized by the Board of Directors, the Company was recapitalized on January 13, 1981, on July 17, 1981 and finally on August 5, 1981 whereby the Company is presently authorized to issue 50,000,000 shares, \$.001 par value.

As of October 31, 1982, 12,940,000 shares of Common Stock were issued to officers, directors, promoters and private investors. Officers and directors paid \$.001 in cash and contributed services for each of their shares. The rights to all of the properties of the Company were acquired by the issuance of 1,200,000 shares of the Company's Common Stock valued at \$.01 each (an aggregate of \$12,000) to Stanley Pellow and Peter Incardona. In addition, the Company is obligated to pay royalty expenses related to leasing of mine rights to certain unaffiliated individuals. Commitments under these leasing agreements require monthly payments of the greater of 7% of net income from mine production of the Glory Anna Mine or minimal royalty payments set forth in each lease. In the event that the Company fails to make the required royalty payments, it would be obligated to remove its equipment from the minesites within 60 days from any such default and would abandon all improvements. Such leases have no expiration dates and are cancellable by the Company at any time with 30 days notice and are renegotiable if ore yields do not reach specified levels. Management believes that these terms are standard in the industry. See Notes 3, 6 and 10 of "Notes to Financial Statements".

On April 22, 1982, Robert Margulies resigned as an officer and director of the Company since he was unable to devote sufficient time to the affairs of the Company. Of the 2,000,000 shares originally owned by him, 1,500,000 shares have been tendered to the Company in consideration for the payment of \$7,500 by the Company, to be paid over a period of twelve months, without interest. The Company is holding such shares in its treasury.

On September 18, 1981, Peter Green resigned as an officer and director and was replaced by Peter Tobia. Of the 2,200,000 shares reserved for issuance to Mr. Green, 1,800,000 were then purchased by Mr. Tobia and the balance of 400,000 shares were subscribed by Mr. Green at \$.01 per share (an aggregate of \$400 which amount was subsequently paid).

At the inception of the Company, it had its offices upon premises occupied by Sci-Technics, Inc., a Delaware Corporation, and paid a minimal rental of \$100 per month. Peter Green, the Chairman of the Board of that company was an officer and director of the Company. In September, 1981, the Company moved to its present location in Woodbridge, New Jersey.

On August 8, 1981, the Company entered into an agreement with Mr. F. S. Pettyjohn whereby the Company obtained an option to purchase mining rights located at Honey Creek, Alaska. If the Company exercises this option, they will issue 250,000 shares of the Company's stock to Mr. Pettyjohn in consideration for such property and incur the cost of assessment work up to \$15,000. In addition, the Company has agreed to purchase a key man life insurance policy on the life of Mr. Pettyjohn.

On October 31, 1980, the Company acquired through a formal agreement with Stanley C. Pellow and Peter Incardona their rights and title to mining claims at six locations in the Black Canyon area of Yavapai County in Arizona. As consideration for the assignment of such mining claims, Messrs. Pellow and Incardona each received 600,000 shares from the Company at an assigned value of \$.01 per share.

Since the Company's inception there have not been any material transactions between it and any of its officers and/or directors, except as set forth in this Offering Circular, and no such transactions are contemplated.

CAPITALIZATION

The following table sets forth the capitalization of the Company as of October 31, 1982, and as adjusted to give effect to the sale of the Units offered by this Prospectus.

Title of Class	Amount Authorized	Before Offering	As Adjusted	
			Assuming Sale Of Minimum	Maximum
Common Stock, \$.001 Par Value . . .	50,000,000	12,940,000	15,740,000	18,540,000
Common Stock Purchase Warrants . .	5,600,000	-0-	2,800,000	5,600,000
Underwriter's Warrants	560,000	-0-	280,000	560,000

Does not include up to 6,720,000 shares that may be issued as follows:

- (a) 5,600,000 shares that may be issued upon the exercise of the Common Stock Purchase Warrants included in the Units being offered hereby (assuming sale of the maximum);
- (b) 1,120,000 shares reserved for issuance upon exercise of the Underwriter's Warrants and the further exercise of Unit Warrants issuable under the Underwriter's Warrants.

Reference is made to "Offices and Facilities" and Note 6 of Notes to Financial Statements for information concerning the Company's lease obligations.

DIVIDENDS

It is anticipated that after the receipt of the proceeds of the offering, approximately twelve months of exploration and construction work will be required on the Company's leased properties before any significant mining can occur. Therefore, the Company does not intend to pay any cash dividends in the near future. Thereafter, if the Company's operations prove sufficiently profitable, of which there can be no assurance, the Board of Directors will consider the payment of a cash dividend after allocations are provided for additional development of the Company's properties as required and any other needs of the Company.

PROPOSED BUSINESS

The Company proposes to engage in the mining of gold from its owned and leased properties. To a lesser extent, it will seek to extract silver and any other minerals which may be left as a by-product from its gold mining activities. To date, its activities have been limited to the formation of the corporation, the raising of private venture capital, the leasing of mining properties, and preliminary exploration work on such properties. The Company is in the exploration stage and is without known probable or proven reserves. The properties which are described in detail below are located in the State of Arizona. According to reports available to the Company, the properties have previously held quantities of gold. The Company intends to allocate the proceeds of this offering to the renovation, if warranted, of these properties. See "Use of Proceeds".

GENERAL CHARACTERISTICS OF MINING PROPERTIES

Geological Development

Deposits of mineralization can occur in many geologic environments, some of which are more favorable than others for the existence of such minerals in significant or potentially commercial quantities. The type of rock formation favorable for deposition of minerals may be generally referred to as a "host rock", and the existence of a host rock favorable for mineral deposition is quite important to a geologist in selecting properties which will be the subject of exploration. In some cases, the existence of favorable host rock can be ascertained by a geologist from inspection of surface outcroppings or other natural conditions which expose the host rock. In other instances, the existence of favorable host rock can be ascertained by examination of mine workings, drilling data obtained by others or from a study of numerous and varied published reports upon the geology of a particular area.

It can be generally stated that the geologic environment which is favorable for deposition of mineral deposits is the result of changes which have occurred in the earth's crust over millions of years. In some instances, the changes are rather violent, such as in the case of volcanic activity or prehistoric earthquake-like occurrences causing buckling and sliding of massive areas of the earth's crust, which is the case with respect to the formation of many mountain ranges. In other instances, the changes occur gradually over hundreds of thousands (or even millions) of years whereby sedimentary rock deposits are laid down by nature through lakes, oceans, rivers, erosion and similar natural forces. Over long periods of time, there may also be natural changes in the chemistry of a particular geologic formation which is particularly favorable for the deposition or concentration of mineralization. The objective of exploration is to discover areas in which minerals are concentrated to a degree that they may have economic value.

Most of the exploration performed by the Company will be accomplished through drilling programs on properties selected for exploration. Actual drilling will be performed by independent contractors who own the drilling equipment and who will operate under the close supervision of Company geologists. Normally, the cost of drilling will be based on the amount of footage drilled, although it is common to charge on an hourly basis when difficult drilling conditions are encountered. The drilling contractor will also generally seek compensation for mobilization and demobilization; moving time, standby time and similar items. Drilling is normally performed by either of two methods; core drilling, in which the equipment actually extracts a cylinder of rock from the geologic formation being explored; or rotary drilling, in which only drill cuttings are extracted from the hole. In both cases, the rock or cuttings extracted from the formation of interest is usually taken to an independent assay laboratory in order to determine whether mineralization is present and, if so, the quality thereof, with part of the sample being retained in the event additional assaying or metallurgical work is to be performed with respect to the sample. Metallurgical work, which is essentially research work in order to determine milling characteristics of the material, will generally be performed through a combined effort between engineers and metallurgists employed by the Company and independent consultants specializing in metallurgy.

As stated above, deposition of mineral deposits generally occurs through changes in the earth's crust. At times, cracks have been created which are ultimately filled with molten material from below or with solutions which, because of changing chemical conditions, precipitate solid materials into the cracks. The result of this type of occurrence is a vein or vein-like structure which has in effect, filled the crack or gap. It is common to find mineralized zones within such vein-like structures. Veins tend to be vertical structures, although further changes or upheavals in the earth's crust subsequent to formation of the vein can shift a vein more towards the horizontal. The known horizontal length over which a vein or vein-like structure extends, when tending towards the vertical, is referred to as the "strike length".

PRINCIPAL SHAREHOLDERS

The following table sets forth the amount of the Company's Common Stock, as of May 31, 1982, owned by persons who are known by the Company to own more than 5% of the Company's Common Stock and by all directors and officers individually and as a group.

Name and Address	Number of Shares Owned	Percentage Before Offering	Percentage of Class(1)		Total Consideration Paid
			Assuming Sale of Maximum	Assuming Sale of Minimum	
Rudolph Laterza 1810 Benson Ave. Brooklyn, N. Y. 11214	3,400,000	26.8%	18.6%	21.9%	\$17,000(2)
Peter Tobia 27 Lake Drive Roosevelt, N. J. 08555	1,800,000	14.2	9.8	11.6	\$ 9,000(2)
All Officers and Directors as a Group (3 persons)	5,200,000	41.0	28.4	33.5	\$26,000
Amelia T. Brennan 106 Mapleton St. Hartford, CT 06103	800,000	6.3	4.4	5.1	\$ 8,000
Rod Munyon 170 Route 24 Mendham, N. J. 07945	1,000,000	7.9	5.5	6.5	\$25,000
Total	7,000,000	55.2%	38.3%	45.1%	\$59,000

- (1) Without giving effect to any shares which may be issued as a result of the exercise of the Unit Warrants or the Underwriter's Warrants.
- (2) Includes contribution of services valued at \$.004 per shares.

Each of the above named persons may be deemed a "parent" and "promoter" of the Company as those terms are defined in the Rules and Regulations promulgated under the Securities Act of 1933, as amended. See "Certain Transactions".

MANAGEMENT

Officers and directors are elected for terms of one year and serve until a successor is elected.

The officers and directors of the Company are:

<u>Name and Address</u>	<u>Position With the Company</u>	<u>Year Term as Director Expires</u>
Rudolph Laterza	President and Director	1982
Victor V. Livingston	Vice President—Exploration and Director	1982
Peter Tobia	Secretary-Treasurer and Director	1982

Rudolph Laterza—age 55

For more than the past thirty years, Mr. Laterza has been the owner of a funeral home in Brooklyn, New York. In 1980, Mr. Laterza became a director of Sci-Technics, Inc., a Delaware corporation. In October, 1980, Mr. Laterza became president and Chief Operating Officer of the Company. For more than the past 25 years, Mr. Laterza has been president of National Funeral Services, Inc., a management consulting organization to the funeral industry. He will devote full time to the business of the Company.

Peter Tobia—age 36

Since 1977, Mr. Tobia has been a private business consultant. In April, 1980, he became an officer and director of Black Hawk Resources Co. Inc. but resigned as a director in December, 1980 and has not been active in the business since that date. From 1970 to 1977, he was a builder of custom homes. He was graduated from Rutgers University in 1967 with a B.S. in Civil Engineering and is a licensed professional engineer (P.E.). He will devote seventy-five percent of his time to the business of the Company.

Victor V. Livingston—age 48

From April, 1979 to date, Mr. Livingston has been the owner and operator of PREMEX, a geological consulting firm in Tucson, Arizona. From June, 1975 to April, 1979, he was the District Manager (S.W. USA) for P.P.G. Ind. Inc., in charge of minerals exploration. Prior to that, he has held various positions in the capacity of exploration geologist. He holds a B.S. degree in Geological Engineering from the University of Arizona (1970). Mr. Livingston will commence his employment with the Company upon the completion of the public offering and he is expected to devote one-third of his time to the business of the Company.

Remuneration of Officers and Directors

None of the Company's current executive officers have received any compensation to date, with the exception of Mr. Laterza who has received \$17,500 in salaries. During the Company's formation, a former officer and certain other persons received salaries. The Company does not anticipate entering into any employment agreements, and no officer will receive a salary in excess of \$50,000 during the twelve months from the date of this Offering Circular. Messrs. Laterza and Tobia have each been accruing, but not paid, salaries of \$36,000 per annum starting March 1, 1982. Mr. Livingston will receive a salary of \$24,000 per year commencing upon the completion of this public offering. No retirement, pension, profit sharing or stock option plans have been adopted by the Company. During the fiscal year the Company's three officers and directors, as a group, were paid \$19,500.

A bedded or stratiform deposit can be best characterized as a layer of mineralization which sometimes occurs between two layers of a different geologic formation. It is common for bedded deposits to have been formed through a sedimentary or volcanogenic process and, when mineralization is present in significant quantities, it is often the result of chemical changes causing the precipitation of minerals from solutions flowing over or through the particular formation. It is anticipated that most of the exploration activities conducted by the Company will be in connection with vein-like structures or stratiform volcanogenic deposits.

Title to Mining Properties

In the western United States, vast areas of land are owned by the United States Government and are classified as public domain. A substantial portion of such lands have been, for many years, open to prospecting and mineral entry by the public under federal and state mining laws. A common method of mineral entry is through location of an unpatented mining claim which creates in the locator possessory rights against third persons and the right to prospect, explore and commercially develop minerals. There are essentially two types of mining claims; lode mining claims, which are generally located to acquire rights to vein or bedded type mineralized formations generally referred to as rock-in-place; or placer mining claims, which are generally located to acquire rights to mineral deposits contained within loose or unconsolidated materials generally at or near the surface, such as gravel, which materials have been deposited on the location site through such natural migration processes as glacial action, alluvial action or erosion. In some cases, particularly when a commercially minable deposit of minerals has been discovered within the boundaries of a mining claim, a patent may be obtained from the United States Government, which has the effect of conveying fee title to the mineral interests to the owner of the mining claim.

As hereinafter described, title to a mining claim can be extremely uncertain until such time as a patent is issued to the owner of a claim. More often than not, titles to unpatented mining claims are found to have numerous defects, particularly in the case of older claims having been the subject of numerous conveyances.

The Company intends to engage in a program of evaluation of existing properties ("Evaluation Program") and if required, a program of acquisition of other properties or claims.

Evaluation Program

The first stage, regional appraisal, begins with the compilation of all known published reports, studies, production records and geological surveys. Study of geological photographs and low level aerial photography provide data for preparation of topographic maps. The documentation, photography and topographic mapping are supplemented by ground survey inspections to establish the boundaries of claims.

Reconnaissance, the second stage of exploration, includes geological mapping to identify various rock types and geological structures, and geochemical surveys which consist of taking samples of soil at specified depths and intervals on a widely spaced grid of lines. The soil samples are analyzed by fire assay for metallic traces.

The Company then intends to conduct a geophysical ground survey employing electrical conductivity in order to detect anomalies that show differences in conductivity and resistivity and could indicate metallic zones buried at depth. When an electrical current encounters a probable metallic conductor, the field is modified, providing a means of indicating the size, depth, and direction of the conductor. Finally, reconnaissance includes analysis of mineralization to determine target areas for the next stage of exploration. Geological features other than metallic deposits may exhibit conductivity.

The third stage, if warranted, appraisal of target areas, is basically a concentrated repetition of the second stage and includes detailed mapping of the selected target, extensive geochemical sampling over selected zones and geophysical studies in greater detail. In determining drilling targets, old mine workings are also taken into consideration.

Diamond drilling, the fourth stage, takes core samples from surface to considerable depths. The samples are analyzed, labeled and stored by Company geologists. The core is obtained by diamond drilling rigs. Core containing mineralization is sent out for chemical-mineralogical analysis. The fourth stage of exploration may include two last steps (which the Company has not yet reached) a scale geological model of the mineralized zone and an engineering feasibility study to assess the financial requirements for bringing a property into production.

Possible Future Development

If the Company discovers encouraging mineralization after completing the diamond drilling program described above (see "Evaluation Program"), a detailed program will be initiated which would require additional financing. This will entail appreciable drilling in order to supply grades and mineralized zone thickness with respect to estimating tonnage and average grade. It may also entail underground exploratory work of the drilled off mineral zone requiring shaft sinking and underground development. Following these works a feasibility study will evaluate the economic parameters of the mineralized zone that has been developed. Management would then, if the results are favorable, endeavor to institute underground mining operations.

The Company has never conducted underground mining and there is a limited underground mining labor force currently available in Arizona. Underground mining would normally require construction of a mill. Such a mill would cost between \$5,000,000 to \$15,000,000 or more for which the Company would be required to seek additional financing.

PROPERTIES

White Mule

Location:

The Company has secured ownership of 18 underground mining claims and mill sites in the Squaw Creek Mining District, Yavapai County, Arizona, situated in the Tonto National Forest, approximately 3.2 miles northeast of Black Canyon City and 4 miles upstream from the confluence of Squaw Creek and the Aqua Fria River, approximately 50 miles north of Phoenix.

These 18 claims and sites cover approximately 160 acres and consist of eight (8) lode claims, two (2) mill sites, and three (3) tunnel sites, and one (1) 20-acre placer claim. All of the mining claims are unpatented and have been recorded in the County Recorder's office in Yavapai, Arizona. The Company acquired these claims from Stanley C. Pellow and Peter Incardona in October, 1980 (and as amended August 27, 1981) by the issuance of 600,000 unregistered shares of the Company's Common Stock to each of said individuals. The Company valued the total transaction at \$12,000. See "Certain Transactions," and Note 3 of the Notes to Financial Statements.

History and Background:

The White Mule mines were first recorded in 1881 by R. P. Holmes. In 1883 through 1887, further claims on the properties were made. In 1887, the New Era Mining and Milling Co. had secured title to certain of the claims and had started a stamp mill at Holmes Spring and on the Golden Eagle Mill site. From 1897 through 1911, the mines were worked and ore was milled in a ten stamp mill on the Ontario mill site and a smaller stamp mill on the Golden Eagle Mill site. No patent was issued on any of the claims as can be ascertained by any local records. The amount of ore mined is not ascertainable, and production records have not been found, but during the years 1896-1911, between 20 and 40 persons were continuously employed, and two boarding houses were operating. A stage coach road had been constructed from the present Black Canyon City through Squaw Canyon at least as far as the Brooklyn Mine seven miles into the canyon. A stage coach stop called "White Horse" was constructed by the Wells-Fargo Co., and it was reported that, for a time, a United States post office had been opened in that

The Company has not applied for any prospecting permits for any of its properties but will do so upon the completion of this offering. There is no assurance that the Company will be granted any of the requisite permits needed for its operations.

EMPLOYEES AND CONSULTANTS

In addition to its executive officers, the Company currently retains a mining consultant, H. Mason Coggin, on a part-time basis. Mr. Coggin holds a B.S. degree from the University of Arizona and is a licensed professional engineer in six states and is a land surveyor. In addition to being a mining consultant to the industry in the southwest, he is a member and past president of the Arizona Small Mine Operators Association and Southwestern New Mexico Section of the AIME. He has published articles on mining engineering and economics. With the exception of occasional part-time mine workers who are employed from time to time, the Company will not hire any mining crews until the completion of this offering.

OFFICES AND FACILITIES

The Company's headquarters and principal offices are located at 81 Woodbridge Terrace, Suite F, Woodbridge, New Jersey, where it occupies approximately 175 sq. ft. The lease is for a term of one year at an annual rental of \$6,960 plus taxes and utilities. The lease expires October 1, 1982. Additionally the Company leases an apartment in Phoenix, Arizona, on a month to month basis at a monthly rental of \$475, which apartment is utilized by the Company's officers while attending to business in Arizona. The Company leases approximately 1,000 sq. ft. in a building in Phoenix, Arizona, under a lease which expires April 14, 1983 at an annual rental of \$4,080. This facility is used for office, warehouse space and for repair of tools and equipment. The Company leased a 1981 Ford Bronco 4-wheel drive vehicle under a 36-month leasing agreement for a total lease amount of \$13,734.

COMPETITION

The exploration for and development and production of gold and silver are subject to intense competition. The principal methods of competition in the industry for the acquisition of mineral leases are the payment of bonus payments at the time of acquisition of leases, rentals, advance royalties, the amount of annual rental payments and stipulations requiring exploration and production commitments by the lessee. Companies with greater financial resources, existing staff and labor forces, equipment for exploration, and vast experience may be in a better position than the Company to compete for such leases. In addition, the availability of a ready market for gold and silver will depend upon numerous factors beyond the Company's control. Because of the current price of gold and silver and the resultant search for additional reserves of gold and silver, it must be expected that competition for leasing mineral prospects will become even more intense in the future. In addition, the Company is in direct competition with individual gold mining prospectors and with large corporations owning vast tracts of gold mining property and having far greater resources and experience than the Company.

On a line with this principal portal, to the South, is a continuation of the vein. Nearby is the base of the old stamping mill. To the Southeast, approximately a quarter of a mile away, is a hillside exposure of quartz that has localized copper mineralization. An exploratory hole has been dug down about 30 feet around this outcropping. The schist dips quite steeply and malachite and azurite are visible in the quartz. It is located between two draws and quartz outcroppings which are visible on the west side and to north and east. Small granite dike runs in intermittent segments in the schist nearby. Two other holes, by veins, are found close to the road.

Utilities:

No gas or water supplied by a public utility are available on the property. However, electric power is available. There is some water available in an intermittent stream approximately 50 yards from the main portal of the Glory Anna Mine. Remains of a dam is also evident in the stream bed indicating that the miners working here attempted to pond the water flow for a more reliable supply in past years. There is also a spring or seep, depending on the amount of water flowing in response to rainfall, located 25 yards to the east of the old wagon road to Black Canyon. The water was tested and is not potable.

Buildings & Equipment:

There is a mobile home presently on the site and used by a watchman.

Objective:

Gold and silver are the principal minerals of interest with respect to Company exploration activities on this property. As in the case of the White Mule property described above, work performed by others, together with assays of chip and grab samples taken by the Company on the property, indicates the presence of gold and silver mineralization.

In the case of this property, however, the prior work was not nearly as extensive as was conducted on the White Mule property and there is far less information available to the Company.

The mineralization of primary interest on the property occurs in both a quartz vein approximately 5 feet thick and a parallel quartz vein approximately 2 feet thick in green metamorphised schist, which are believed to contain gold and silver mineralization.

The initial objective of the Company's exploration program on this property will be to drill approximately 10 holes in two groups, intersecting the veins and varying in depth from 100 to 300 feet (totalling 2,000 feet in depth) utilizing core drilling equipment.

The Company estimates that the cost of performing the initial phase will be approximately as follows:

Geologic mapping	\$ 10,000
Drill site preparation	5,000
Direct drilling expense	80,000
Assaying	7,500
Supervisory salaries	10,000
Travel and miscellaneous expense	3,000
Metallurgical testing	5,000
Provision for contingencies	16,000
Estimated total cost	\$136,500

As stated above, in the event that the results of the initial phase are encouraging, it is the Company's intention

to conduct a second phase of drilling to determine the extent and quality of any mineralization discovered. As in the case of the White Mule property, the estimated cost and extent of the second phase, if any, cannot at present be determined and will depend to a large degree on the results obtained during the initial phase.

As stated above, some of the leasehold properties consist of unpatented lode mining claims, which are subject to the same title risks as described with respect to the White Mule property.

Brooklyn Mine

Location:

The Brooklyn Mine is located in Yavapai County, Arizona, 10 miles in a northeasterly direction from Black Canyon City, on an unnamed tributary of the North Fork of Squaw Creek, one mile above its continuance with the North Fork of Squaw Creek, and is situated in the Tonto National Forest in sections 29, 30, 31, and 32 of Township 9½ North, Range 4 East, Gila and Salt River Base and Meridian. The property is in the Copper Creek Mining District and is 6 miles northeast of the White Mule mine.

Ownership:

The Brooklyn Mine consists of 47 unpatented Federal lode claims located by Stan Pellow and Peter Incardona and subsequently assigned to the Company. The quit claim deed and the location notices are recorded with the County Recorder of Yavapai County in Prescott, Arizona, and with the United States Bureau of Land Management (U.S.B.L.M.) in Phoenix, Arizona. Assessment work is up to date.

Access to the Mines:

The above mentioned properties may be reached in 25 minutes by helicopter from the Deer Valley Airport, Phoenix, or by vehicle by following Interstate #17 north from Phoenix, a distance of 57 miles to the Bloody Basin Road turnoff, thence 14 miles southward to the Brooklyn Mine Road, thence one mile eastward to the Brooklyn Mine.

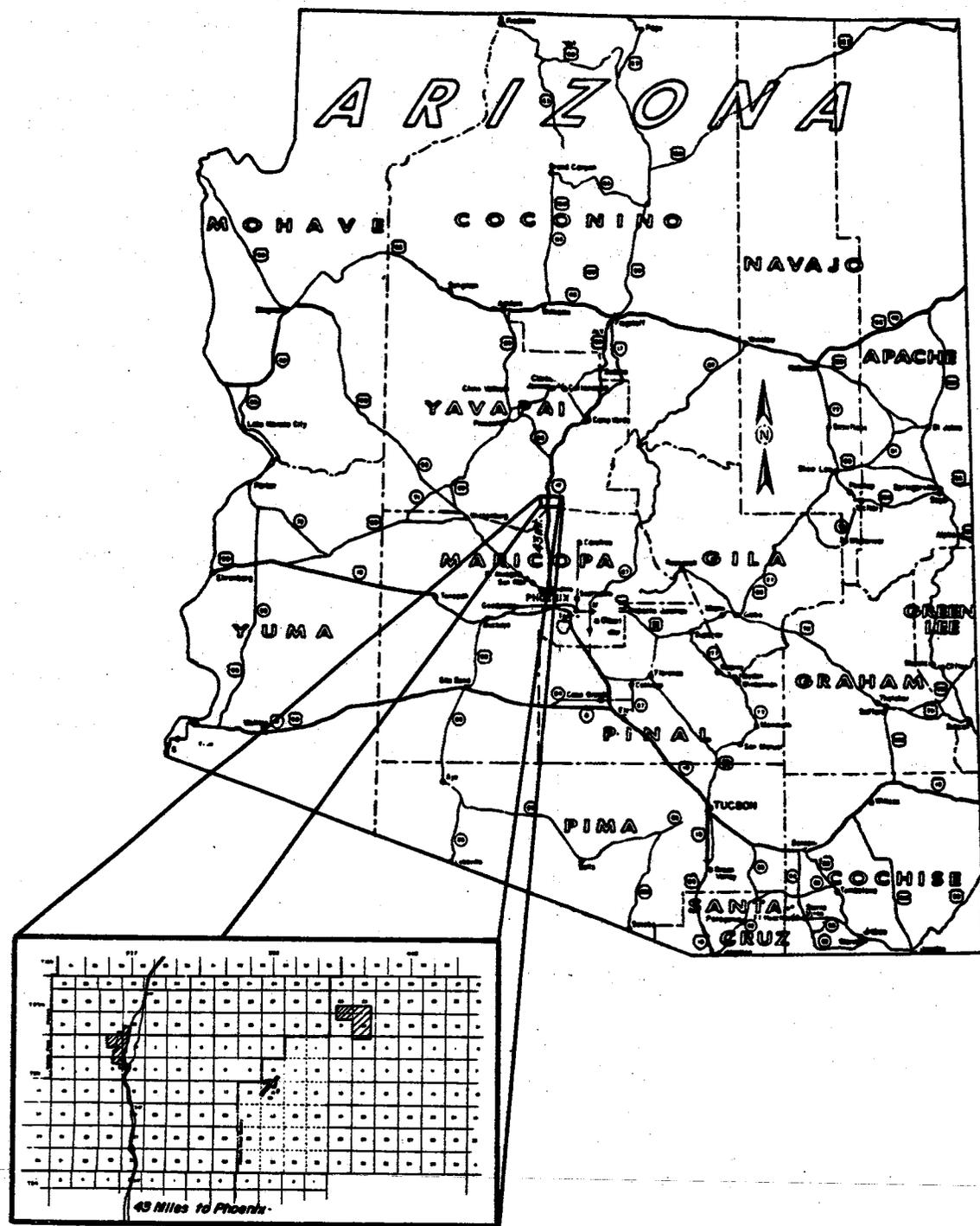
Background and History:

It is apparent from the remains of the buildings that the mine at one time supported a population of from 50 to 100 persons. The boarding house (in early day Arizona also a hotel) serviced at least 25 persons, and the many rock foundations indicate a sizable camp. One old map classified Brooklyn as a town. The mine was at one time connected to Black Canyon City by stage coach.

The little known facts are all attributed to a Frank Randall, at one time an Arizona Ranger, now deceased. A deep glory hole (now filled with water, but said to reach 175 feet), in addition to a dozen or more coyote holes of varying depths, all show copper stained rock. Sometime after the Brooklyn Co. abandoned the property, it was relocated by Frank Randall who held it for more than 20 years.

Property:

The main shaft, 8 feet by 8 feet, is at present filled to within 20 feet of the surface with water and the many surface crosscuts have sloughed in. The tunnel was not located on the ground but is shown on the map as being on Lode Claim #18.



Glory Anna

Location:

The Glory Anna mining properties are located approximately 50 miles north of Phoenix, near Bumble Bee. The claims cover approximately 700 acres and are situated adjacent to Interstate Route #17, a four-lane paved highway. The Company owns 12 lode claims outright and leases 23 other claims from Frank Melluzzo. All the following claims are located in the Black Canyon mining district, Yavapai County, Arizona.

History and Background:

The above properties have a history dating back to the 1870's when the first Notice of Location of the mines was filed by one J. R. Dorruche on June 29, 1877. On July 12, 1879, another Notice of Location was filed, and on January 2, 1891, A. J. McPhee filed a further Notice of Location on the site that is assumed to be of a similar position to the previous ones. Mr. McPhee expanded his claims and retained control of the mines for at least the next five years and filed assessment certificates in January of 1896 attesting to the activity in the area. Records do not reveal any additional activity or change of ownership until January 3, 1907, when James Morris filed a series of Notices of Location for the above properties. Title to these claims passed ultimately to Walter MacDonald who sold his right, title and interest in the claims to Peter Incardona and then to the Company. See "Certain Transactions". Adjoining claims owned by Frank Melluzzo were leased to the Company. No accurate records of production or dollar value of minerals extracted from the mines have been discovered.

The Company leases the mining rights to the Glory Anna Mine. Royalty expenses related to such leases of mining rights amounted to \$10,875 during the period from inception (October 21, 1980) to February 28, 1982. Commitments under these lease agreements require monthly payments of the larger of a minimal royalty payment (of \$500 per month) subject to periodic escalation, or seven percent of net income from mine production. Such leases have no expiration date, are cancelable by the lessee at any time with 30-day notice, and are renegotiable if ore yields do not reach specified levels. The lessor may cancel the lease after 60 days only in the event of delinquency of royalty payments. The lessee is allowed 60 days in which to remove any equipment from the premises. However, in the event of cancellation, any costs incurred in improving the property by the lessee will be lost to the lessee upon repossession of the property. The minimal annual royalties are: \$11,700 for 1982 through 1984; \$12,450 for 1985; \$14,250 for 1986; \$15,450 for 1987; and \$17,700 for 1988 and beyond. See "Certain Transactions".

Access to the Mine:

Proceed North on I-17 on dual highway to Bumble Bee Interchange, 50 miles from Phoenix. The off ramp leads to the mine site approximately 1½ miles away on an all-weather county maintained gravel road that permits passenger cars to travel this route. The claims are found at the end of said road.

Property:

The country rock is an old, metamorphosed schist with localized gneissose sections. The lineation is generally North-South. The rock is cut by several old doric dikes and some quartz veins. Many of the latter appear to be segregations in old shear zones of green schist. The mineralization appears to be minimal, with some iron carbonate pyrite, copper stains, and free gold. Late dikes of basalt cross-cut the bedrock and are widely exposed as the cap-rocks on nearby mesas.

A deep hole has been bulldozed into the old schist where former workings indicated a large "room". The main portal indicates at least three different adits. A badly-weathered schist, with some mineralization, shows around the excavated sections, while some of the quartz shows reds and purples. The normal quartz seems stark white with black streaks. The "pillars" are of green schist.

Utilities:

A hi-power line is located one mile west of the BM Lode Claim #1 and sufficient water has been developed in the main shaft, shown on the map as the Brooklyn Well, to indicate that sufficient water for a 50-100 ton pilot mill can be developed. There are also several springs, flowing year round, in the immediate vicinity that may also be utilized.

Rock Formations:

The Brooklyn Mine occurs within a geological structure known as the Bradshaw Granites, a complex formation of schist, gneiss and granites. The claims cover three domes or hills and wherever cut by any fracture (faults, veins, etc.) the rocks are heavily copper stained and if in quartz show copper iron sulfide, copper carbonate, and bornite.

Geologic studies and mapping will be performed prior to and during the initial phase of exploratory operations. The Company estimates that approximately two months will be required to perform such work and estimates that the cost of performing the initial phase of exploration will be approximately as follows:

Geologic mapping	\$10,000
Assaying	1,000
Provision for contingencies	<u>1,000</u>
Estimated total cost	\$12,000

If the results of the initial phase of exploration are encouraging, the Company intends to undertake a second phase of exploration in order to determine the quality and extent of mineralization on the property and, accordingly, whether a commercially minable deposit exists. It is anticipated that the second phase of the project would also involve some metallurgical work to determine the amenability to treatment and the milling characteristics of mineralization encountered. As in the case of the White Mule and Glory Anna properties, the estimated cost and extent of the second phase, if any, cannot at present be determined and will depend to a large degree on the results obtained during the initial phase.

As stated above, the leasehold properties consist of unpatented lode mining claims, which are subject to the same title risks as described with respect to the White Mule property.

ABANDONED PROPERTIES

All of the Company's properties consist of previously producing mines which have been abandoned. In all cases, the mines were abandoned due to the expense involved in further extracting minerals from the sites. There can be no assurance that the price of gold and silver will be high enough, assuming such metals are present, to enable the Company to operate at a profit.

GOVERNMENTAL REGULATION

The exploration and production of gold and silver is generally subject to regulation by state regulatory authorities. In most states, the production of gold and silver is regulated by conservation laws and regulations. Compliance with state and federal statutory requirements respecting environmental quality, safety and recordation now existing or as amended in the future, may necessitate significant capital outlays and prevent or delay the commencement or continuance of given operations by the Company. These relate to exploration procedures, reclamation, safety precautions, employees' health and safety, explosives use, air quality standards, pollution of stream and fresh water sources, odor, noise, dust, and other environmental protection controls as well as the rights of adjoining property owners.

area. The mines were deserted and all claims abandoned by 1942 and remained that way until 1973, when a few claims were located by Henry P. McNeill, and a small 1-2 ton ball mill with a Shaker table recovery unit was installed at the No. 2 tunnel on the Devonshire claim.

Prior to 1930, a pumping station with a four-inch pump powered by a gasoline engine was installed to pump water 2,300 feet through a four-inch pipe from the Holmes spring in the Golden Eagle mine site to the Ontario mill site. In addition to two dilapidated boarding houses, there were erected rock and lumber houses, tent houses, and horse barns. Two tramways were in operation, carrying ore down the mountain to the mills from both the Golden Eagle and Ontario claims, one of which was an 1,800-ft. long combination track-tram. By the 1930's, both mills, the pump station, tramways, cars, rails, timber and all lumber had been removed. The mine was operative for an additional two years, the ore being hauled out over the old stage road to a custom mill. In 1973, when certain claims were located by Henry P. McNeill, a small 1-2 ton ball mill with a Shaker table recovery unit was installed on the Devonshire claim.

Access to the Mines:

Present access to the mines is by helicopter from Phoenix (approximately 20 minutes away) or by four-wheel drive vehicle, on secondary roads approximately 50 miles from Phoenix. All of the mining claims, mill sites, and tunnel sites are classified as unpatented Federal mining claims.

Property:

The entire mine is in complete disrepair, tunnels and shafts caved in and open cuts filled with debris. Most of the roads, including the stagecoach road, the access road from the Ontario Mill up the mountain side to the #1 tunnel, the roadway from the #2 shaft on the Ontario to the tramway head on the Golden Eagle Mill, are washed out. All ladders, stagings and most timbering has been pulled out. The Reindeer ledge-vein crosses the full length of the property in a northeast-southwest direction and crosses the full length of the Reindeer and Wraps claims, the full width (600 foot) of the Devonshire and the Golden Eagle claims, the full lengths of the Aztec and Dundee claims and 1,000 feet of the Empire claim, a total of 7,600 feet.

The Golden Eagle vein runs from a general west to east to southeast in a half moon shape and is exposed by outcroppings, cross-cuts, shafts and cross-cut tunnels, a distance of 1,000 feet on the Golden Eagle claim, and 900 feet on the Ontario. The branch vein on the Reindeer claim crops out for a distance of 400 feet, and the two veins on the Devonshire which converge are traced on the surface for 1,200 feet. The total length of the veins is 10,500 feet.

The veins-ledges are all of quartz intruded into a country rock of granitic schist altered into a type of gneiss in places, sometimes the granite predominates and sometimes the schist.

Utilities:

Public utilities such as gas and water are not available on the property. However, a major power line runs adjacent to the claims. Poles and lines can be strung from this source to the center of the property.

Equipment:

Water can be pumped to the location from Squaw Creek. In addition, there are several springs located in the area and percolating water issues from the lowest existing tunnel on the Devonshire claim. It appears that miners working this claim subsequent to 1973 dammed the tunnel, trapping enough water to serve their needs to run a washer and Shaker table and for their personal and cooking needs. The water from the tunnel has not been

chemically analyzed. The springs in the area seem to have supplied most of the needs for processing ore from the stamp mill in the past and management believes it to be sufficient for exploratory work. The Company believes that it has the right to the unencumbered use of surface water flowing to the property.

Objectives:

The principal exploration target on the White Mule properties is a quartz calcite vein approximately 5 feet in thickness which on the basis of fairly extensive work performed by others together with assays of chip and channel samples taken by the Company, throughout portions of the exposed vein and existing underground workings, indicates the presence of gold and silver mineralization. Such information is not necessarily complete or accurate, however, and cannot be relied upon for purposes of determining the extent or quality of the mineralization contained within the property, which can only be determined through exploration.

The initial objective of the Company's exploration program on this property will be to drill approximately 8 (totalling 1,400 feet in depth) widely spaced holes intersecting the vein at various down-dip horizons from 50 feet to 300 feet in depth utilizing core drilling equipment. The dip of the quartz vein is approximately 78 degrees and the drill targets will be established at regular intervals along the strike. Geologic mapping will be used to determine the precise location for each drill hole.

The Company estimates that the cost of performing the initial phase will be approximately as follows:

Geological mapping	\$ 10,000
Drill site preparation	10,000
Direct drilling expense	56,000
Assaying	5,000
Supervisory salaries	7,500
Travel and miscellaneous expense	4,000
Metallurgical testing	3,000
Provision for contingencies	11,000
Estimated total cost	\$106,500

It is not likely that the initial phase of drilling would determine whether a commercially minable deposit is contained within the property or the extent of any mineralization, particularly at greater depth. If the results of the initial phase of drilling are encouraging, it is the Company's intention to perform a second phase of drilling to determine the extent to which the vein-like structure persists at greater depth and the degree to which gold and silver mineralization of economic interest is contained at such depths, as well as along the strike length of the vein. The second phase of drilling would similarly be accomplished by core drilling. The extent and anticipated cost of the second phase of drilling cannot now be determined, and if a second phase of drilling is undertaken the nature of the program will be largely dependent on the results achieved in the initial phase.

As stated above, the White Mule property consists of unpatented lode mining claims. The validity of the title to a mining claim depends upon the availability of the land for location at the time the location is made, the validity of the mineral discovery within the boundaries of each claim, compliance with federal and state laws and regulations relating to location procedures and maintenance of title, the bona fides of the original locators and the performance of annual assessment work on the property. Inasmuch as title to a mining claim can only be perfected through issuance of a patent from the United States Government, which is generally possible at present only when commercial ore reserves are known to exist on the mining claim, there is always some risk that titles to unpatented mining claims may ultimately be found to be defective.

